

Steve Berberich
President & Chief Executive Officer

December 17, 2013

President Michael Peevey
Commissioner Mark Ferron
Commissioner Michel Florio
Commissioner Carla Peterman
Commissioner Catherine Sandoval

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Peevey and Commissioners:

The ISO hereby affirms its support for the Commission's two-phase biennial structure for the long-term procurement plan (LTPP) proceeding, as described in the order instituting rulemaking (OIR) to be adopted by the Commission on December 19, 2013. The new LTPP structure will align well with the ISO's annual transmission planning process (TPP) and the California Energy Commission's (CEC) demand forecast developed through the Integrated Energy Policy Report (IEPR) proceeding. The resulting alignment will achieve continued improvement in consistency of assumptions and data inputs and will improve coordination of decision timing across the state's key procurement and planning processes.

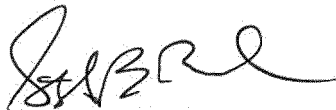
In supporting the LTPP structure, the ISO affirms its intention to perform the activities it is responsible for under the inter-agency process alignment, as described briefly in section 3.2 of the OIR. Specifically, the ISO will:

- perform the needed system, flexibility and local area studies utilizing input from the CPUC and CEC, the results of which will be used as formal inputs to the LTPP Phase 1 process by late summer of each even numbered year;
- provide any needed ISO inputs to the "RPS calculator," which is the tool used by the CPUC for developing renewable resource portfolios used for planning and procurement purposes; and
- collaborate with the CPUC and CEC staff in the annual process for updating the assumptions, scenarios and renewable resource portfolios.

The ISO notes that the success of the process alignment depends on each of the three agencies maintaining the timelines for completing their activities and providing the results to the others. The ISO notes in this regard that the process and timetable for its annual TPP are set forth in its FERC-approved tariff, and that the ISO has conducted the TPP in accordance with these provisions for several cycles. Therefore, barring unexpected events such as significant changes in state policies or system conditions that create additional study requirements, the ISO expects to complete its elements of the process alignment on the schedule required to maintain the timetable of the two-phase LTPP.

Finally, in the event that unforeseen events occur that impact the ability of any of the agencies to maintain the timetable of the process alignment, the ISO commits to work collaboratively with the CPUC and CEC to find ways to adapt to such events in the most effective manner.

Sincerely,



Steve Berberich
California ISO
President & Chief Executive Officer