

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 21, 2007

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: *California Independent System Operator Corporation*
Docket No. ER08-140-000

Dear Ms. Salas:

Enclosed for filing in the above-docketed matters, please find an original electronic filing of the attached document entitled **“NOTICE OF INTERVENTION AND COMMENTS OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION.”**

Thank you for your cooperation in this matter.

Sincerely,

/s/ *Laurence G. Chaset*

Laurence G. Chaset
Staff Counsel

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator
Corporation

Docket No. ER08-140-000

**NOTICE OF INTERVENTION AND COMMENTS OF
THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

I. INTRODUCTION

Pursuant to Rule 214 (a) and Rule 211 and Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), and the FERC’s November 5, 2007, Notice of Filing, the Public Utilities Commission of the State of California (“CPUC”) hereby intervenes in the above-docketed proceedings.

These proceedings concern the filing by the California Independent System Operator Corporation (“CAISO”) for *Commission* approval an amendment to the CAISO Tariff implementing the CAISO's Location Constrained Resource Interconnection (“LCRI”) policy. The amendment effectuates the policy that the Commission approved in principle in its *Order Granting Petition for Declaratory Order* issued on April 19, 2007 in Docket No. EL07-33.

The CPUC actively supported the CAISO’s Petition for Declaratory Order in

Docket No. EL07-33, and has worked closely and collaboratively with the CAISO in the development of the tariff amendment that is the subject of the filing in this Docket.

II. NOTICE OF INTERVENTION

The CPUC is a constitutionally established agency charged with the responsibility for regulating electric corporations within the State of California. In addition, the CPUC has a statutory mandate to represent the interest of electric consumers throughout California in proceedings before the FERC.

Communications to the CPUC should be addressed to:

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State of California
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This intervention serves to make the CPUC a party to these proceedings.

III. COMMENTS

The CPUC strongly supports the CAISO's requested tariff modification. Since 2001, the CPUC has been actively working toward the goal of assuring that the transmission needed to access location constrained resources is developed. The CAISO and other stakeholders have been collaboratively working with the CPUC toward the

achievement of this goal. However, significant barriers currently exist to the efficient development of the transmission infrastructure that is needed to connect location-constrained resources to the grid. For example, the areas in which location constrained resources are located are often remote from the grid and load centers and, as such, require the construction of relatively long (and expensive) high-voltage interconnection transmission lines. Further, the pattern of resource development in identified renewable resource areas (many of which are location constrained) is such that multiple individual generation projects will be developed by multiple competing developers, the individual generation resources will generally be smaller than typical fossil fuel projects, and the generation resources will come on-line in relatively small increments over a period spanning many years.

The CAISO's proposed Location Constrained Resource Interconnection ("LCRI") tariff revision is consistent with the concepts reflected in the Petition and approved by the Commission in the Declaratory Order in Docket EL07-33. The proposed tariff amendment that is the subject of this filing addresses four broad aspects of the LCRI proposal: (1) the criteria under which a project qualifies for consideration as a LCRI facility; (2) the criteria the CAISO will apply, during its Transmission Planning Process, to determine whether a proposed LCRI facility is needed, so as to qualify for inclusion in the CAISO's Transmission Plan; (3) the mechanism to recover the costs of construction of an LCRI facility; and (4) the allocation of the costs of a LCRI facility. The CAISO's proposal addresses all of these aspects in a well-considered and balanced manner that is

reasonable and fair to all of the stakeholder interests that participated in the process that led up to this filing.

The CPUC accordingly urges the FERC to approve this proposed tariff revision, which would recognize the unique circumstances associated with the transmission infrastructure required to interconnect location-constrained resources, and will provide for a new and innovative financing mechanism that facilitates needed transmission investment in a manner that recognizes these unique circumstances.

Respectfully submitted,

RANDOLPH L. WU
HARVEY Y. MORRIS
LAURENCE G. CHASET

By: */s/ Laurence G. Chaset*

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Attorneys for the Public Utilities Commission
of the State of California

November 21, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing document to be served upon all known parties in this proceeding by e-mail upon each party identified in the official service list compiled by the Secretary in this proceeding.

Dated at San Francisco, California, this 21st day of November, 2007.

/s/ Laurence G. Chaset

Laurence G. Chaset

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