



Laura J. Manz
Vice President, Market & Infrastructure Development

April 3, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 28123
Lakewood, CO 80228-8213

Via email: txprogram@wapa.gov

Dear Transmission Infrastructure Program Administrator:

This correspondence is in response to the Western Area Power Administration's ("Western's") March 4 Notice of Proposed Program and Request for Public Comments regarding proposed practices and policies to implement authority granted in Section 402 of the American Recovery and Reinvestment Act of 2009. The purposes of this Section include construction, financing, planning, operating, maintaining or studying construction of new or upgraded power lines to deliver, or facilitate delivery of, power generated by renewable energy resources (*Federal Register*, Vol. 74, No. 41, pp.9391-93). The California Independent System Operator ("ISO") very much appreciates the opportunity to provide input on this important initiative.

Western, as its name connotes, is very much a regional organization with service territories in California and every other state in the Western Interconnection. Western's transmission practices and policies - and how they are implemented - are therefore of significant importance and interest to the ISO, which also represents a significant portion of load in the West, and to other entities in the region as well. In recognition of our clear mutual interests, the ISO encourages Western to join western policymakers and transmission stakeholders and become a full participant in ongoing state and regional planning initiatives aimed at ensuring that the bulk transmission system of the future is optimally planned in fulfillment of renewable portfolio standard, greenhouse gas and other important policy goals affecting the entire West.

The California ISO's 2009 Transmission Plan has recently been posted on the ISO website (<http://www.caiso.com/1ca5/1ca5d8334b920.html>). The plan, which was developed through a coordinated process compliant with the nine planning principles contained in the Federal Energy Regulatory Commission's Order 890, sets out a roadmap for 2009 that explicitly recognizes the importance of consistency with environmental policies going forward. We envision the 2009 plan as a partial foundation for important state and regional initiatives including a focus on renewable energy integration, and we see great value in working together with Western to support these initiatives.

The transmission program set forth by Western must recognize that the entire West faces significant challenges in meeting aggressive renewable energy and climate goals. The ISO has joined with the State of California and other entities in a major statewide initiative, the Renewable Energy Transmission Initiative ("RETI"). The RETI initiative was organized by state policymakers in 2008 to identify "Competitive Renewable Energy

Zones" ("CREZ") and develop an optimal statewide transmission plan to access those zones. The ISO is playing a significant role in the RETI planning effort, and we would be pleased to have Western's participation.

The groundbreaking RETI effort resulted in adoption of a resolution by the Western Governors' Association to prepare a similar plan for the entire Western Interconnection. This larger regional effort is known as the "Western Renewable Energy Zones" initiative, or "WREZ." Both the RETI and WREZ efforts are aimed at achieving the most cost-effective and least environmentally disruptive transmission system possible, recognizing that the state and region will best be served by minimizing the total number of transmission projects needed to reach state and regional renewable and climate change goals, while ensuring reliability, reducing congestion, and providing cost-effective service to customers. This, combined with the increasingly difficult task of siting transmission facilities in the many scenic or sensitive areas in our region, clearly warrants a strategic, thoughtful and holistic approach to planning our interconnected grid.

In terms of supporting integration of renewables, the ISO has a significant effort underway to evaluate the integration requirements created by different portfolios of renewable resources (by type of technology) and different levels of renewable resources as a percentage of California and regional supply. Our initial assessments suggest that such integration requirements – essentially the capability of other generation and non-generation resources to balance the variability of wind and solar generation on various time-frames (seconds, minutes, hours) through the use of the energy dispatch and ancillary services – can be better met through regional cooperation that can take full advantage of regional resource capabilities. There are also opportunities to plan for geographic diversity of renewable development across the West, so as to facilitate integration and minimize mismatches between supply and demand generally.

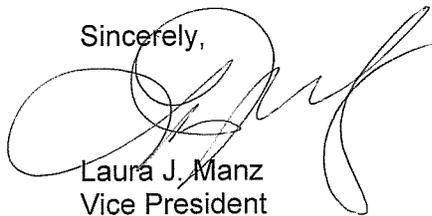
In the ISO's view, Western has a critical role to play in planning for renewable energy development in the West, and the Transmission Infrastructure Program offers a mechanism for participation in regional planning forums. We encourage Western to be actively involved in the ISO's ongoing planning as well as in the RETI and WREZ initiatives. We believe that Western's participation and spirit of cooperation are essential to identifying and planning for an optimal transmission system that recognizes regional interdependencies and respects regional environmental goals. The ISO would be pleased to work cooperatively with Western and others to pursue the best use of federal funds provided through the American Recovery and Reinvestment Act of 2009 for this purpose.

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We look forward to further developing ideas in connection with the Transmission Infrastructure Program and working with Western toward mutually beneficial transmission solutions.

Thank you for providing an opportunity to comment on this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Laura J. Manz', written over the word 'Sincerely,'.

Laura J. Manz
Vice President
Market & Infrastructure Development

cc: T. Boyko
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