

CALIFORNIA ENERGY COMMISSION

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California Energy Commission

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AUG 29 2013

Ms. Jayshree Desai
Executive Vice President
Clean Line Energy Partners LLC
1001 McKinney, Suite 700
Houston, Texas 77002
Transmitted Electronically

Dear Ms. Desai:

I am writing in response to your letter addressed to the California Energy Commission (Energy Commission) dated October 3, 2012, and the subsequent meeting with Keith Sparks from Clean Line Energy Partners on November 28, 2012, regarding the Centennial West Clean Line transmission project. I read your letter to Neil Millar of the California Independent System Operator (California ISO) dated July 26, 2012, and his response dated September 12, 2012. While I understand your comments and recommended changes to the Generation Interconnection and Deliverability Allocation Process (GIDAP), I am not prepared to support your recommendation to the California ISO at this time.

The Energy Commission supports Senate Bill 1X 2, the legislation creating the current 33 percent Renewables Portfolio Standard. Opening up opportunities that comply with the statute are inherent to a robust and diverse portfolio. With that said, the investor-owned utilities have already reached 20 percent renewables and have contracted to meet 33 percent renewables even with some degree of contract failure by 2020.¹ As I am sure you are aware, the current California ISO interconnection queue includes more capacity than California has load, which is an indication of robust competition in the market place.

I am more concerned with other broader policy issues dealing with the reliability of the transmission and distribution system and I am working closely with the California ISO to develop solutions. These issues include:

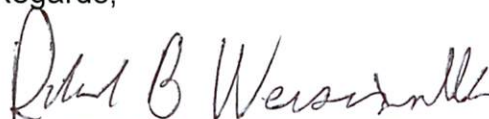
- Reliability of transmission in the Orange County and the San Diego regions with San Onofre Nuclear Generating Station currently down;

¹ In an October 1, 2012 workshop, Energy Commission staff presented the methodology for calculating the renewable net short. Renewable net short is the difference between California retail sale demand and existing renewable electricity generation. Due to increased amount of renewables becoming operational, the net short has declined significantly. See the staff presentation from October 1, 2012 for the net short range, http://www.energy.ca.gov/2013_energypolicy/documents/2012-10-01_webinar/presentations/Tanghetti_RNS_Update_2012-10-01.pdf. The investor owned utilities have contracted for this additional need even accounting for some expected contract failure.

- Increasing the utilization and efficiency of the existing transmission with an energy imbalance market in the West;
- California ISO interconnection queue management;
- Analysis of Senate Bill 1318 implications within the Integrated Energy Policy Report relating to energy scenarios without nuclear power;
- Need for a backstop procurement market to keep existing resources online and operating;
- Need for a more coordinated effort for environmental and land-use planning of transmission lines identified in the California ISO's Transmission Planning Process; and
- Implementation of recommendations from the Federal Energy Regulatory Commission regarding the September 8, 2011 blackout in Arizona and Southern California.²

This is a fairly substantial workload and will be my main area of focus with respect to transmission. I encourage you to participate in the 2013 Integrated Energy Policy Report proceeding. For more information, visit the webpage and sign up to get on the proceeding list server at http://www.energy.ca.gov/2013_energypolicy/ or contact Lynette Esternon-Green at Lynette.Green@energy.ca.gov or 916-653-2728. As suggested in Neil Millar's letter to you, I also encourage you to participate in the "GIP-3" process, kicking off in early 2013.

Regards,



ROBERT B. WEISENMILLER
Chair

CC: Karen Douglas, Commissioner
Carla Peterman, Commissioner
Andrew McAllister, Commissioner
Rob Oglesby, Executive Director
Steve Berberich, President and Chief Executive Office,
California Independent System Operator

² <http://www.ferc.gov/legal/staff-reports/04-27-2012-ferc-nerc-report.pdf>