



December 16, 2010

Commissioner John R. Norris

FEDERAL ENERGY REGULATORY COMMISSION

STATEMENT

Docket Nos. ER10-1401-000, ER10-2191-000 & EL10-76-000

Item No. E-5

Statement of Commissioner John R. Norris on California ISO Revised Transmission Planning Process

"I am pleased to vote for today's order approving the CAISO's revised transmission planning process. I want to thank the team for a well-written and thoughtful order. The CAISO's proposal is innovative, proactive and ultimately worthy of my support for a number of reasons.

First, it seeks to create a new category of transmission facilities to help achieve public policy objectives, such as renewable energy targets. This recognizes the public policy leadership role that California, among many states in our nation, is taking on renewable energy. Second, the proposal transforms CAISO's existing approach to transmission planning on a project-by-project basis into a more comprehensive assessment of needs and opportunities. Across the nation, transmission planning, like competitive markets, is now regional and requires a broader perspective. The proposals we consider today by CAISO in this proceeding, and the Midwest ISO proposal, recognize this change in circumstances.

Third, the proposal fosters statewide participation in the planning process. This is particularly important, given that CAISO is one of five balancing authorities in California that all must meet the state's ambitious renewable energy targets. Finally, the proposal provides an opportunity for independent transmission developers to propose and construct policy- and economically-driven transmission projects.

It is interesting to compare and contrast the CAISO proposal with the Midwest ISO Multi-Value Project proposal in E-1. Both Midwest ISO and CAISO seek to revise their respective transmission planning processes to establish a new category of transmission projects to support public policy requirements.

In the Midwest ISO proceeding, much of the focus and debate is on whether transmission projects are eligible for region-wide cost allocation. California, on the other hand, already has a region-wide postage stamp cost allocation mechanism in place for new and existing facilities. That debate is pretty much settled.

Instead, much of the focus in this proceeding is on another topic of interest to the Commission, and one that is discussed in our Transmission Planning and Cost Allocation NOPR: the right of first refusal. The order approves new CAISO planning processes that increase competitive opportunities to propose and build transmission. The order rightly declines, however, to eliminate the right of first refusal in all instances, in part because it is premature to get ahead of any final rule that will address this very issue.

The CAISO proposal raised a number of practical issues related to the right of first refusal that I look forward to addressing on a comprehensive basis in the Final Rule on Transmission Planning and Cost Allocation."