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To: RETI Stakeholder Steering Committee Members

CC: RETI Coordinating Committee Members

From: Michael R. Peevey, President, California Public Utilities Commission
Jeffrey Byron, Commissioner, California Energy Commission

Subject: Renewable Energy Transmission Initiative Guidance

Date: December 15, 2009

The Renewable Energy Transmission Initiative (RETI) is at a crossroads. We know that you are undergoing critical deliberations concerning the future of RETI, and we wanted to share with you our thoughts on the continued role we encourage you to play in transmission planning in California.

It is clear that without extensive stakeholder support, transmission project applications will continue to face serious and perhaps insurmountable hurdles when it comes to siting approval. The state will not be able to meet its 2020 renewable energy and carbon reduction goals if it relies on business as usual approaches to transmission planning and development. This is why the planning approach developed by RETI stakeholders must continue to be a vital part of identifying the infrastructure requirements necessary to meet the state's goals.

Furthermore, proactive transmission planning requires coordination with the resource planning and procurement processes overseen by the CPUC and POUs. In the case of CPUC-jurisdictional utilities, we anticipate significant delays in the transmission permitting process if the demand and supply-side assumptions used in transmission planning are inconsistent with those used in resource planning processes such as the Long-Term Procurement Plan (LTPP) proceeding. Parties, and the CPUC itself, given its statutory responsibilities, will raise valid questions about "need" for new generation and transmission facilities if planning inputs and assumptions are not consistent. Delays and controversy over needed facilities are potentially very serious, but we believe they can be largely avoided by engaging stakeholders and agencies fully in the process of developing a set of consistent scenarios to be used in transmission planning processes.

We applaud formation of the California Transmission Planning Group (CTPG) as a forum for coordinating IOU and POU transmission planning and development. As the CTPG moves forward we expect that it will demonstrate increased openness and transparency. This will be important if transmission infrastructure, including IOU/POU projects emerging from the CTPG process is to achieve broad public support.

We invite RETI involvement in our agency forums and plan to give great weight to the RETI products in these forums. The CPUC requests RETI participation in the development of generation scenarios in the LTPP proceeding that would be used in transmission planning by the CAISO as well as CTPG. The Energy Commission values RETI's participation in the Desert Renewable Energy Conservation Plan development.

Each of these forums will benefit from the broad stakeholders represented in the RETI SSC and the emphasis RETI places on reaching consensus, when possible.

The Commissions therefore maintain that the extraordinarily effective consensus-based RETI process must continue to be an integral part of the state's transmission planning processes. We expect RETI to organize and provide stakeholder input to support CTPG and CAISO detailed planning processes, supplementing FERC Order 890 requirements as appropriate. Our common goal is to develop a planning process in the state that ensures incorporation of stakeholder input into project design in order to produce needed project proposals and applications that have the best chance of being timely approved.

Sincerely,

Michael Peevey
President
California Public Utilities Commission

Jeffrey Byron
Commissioner
California Energy Commission

CC: John Bohn, Commissioner, California Public Utilities Commission
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