

SDG&E's Comments on the CAISO's May 14, 2009 Market Notice Regarding The Nevada Hydro Company Amended PTO Application

San Diego Gas & Electric Company (SDG&E) hereby comments on CAISO's May 14, 2009 Market Notice inviting stakeholder comments on The Nevada Hydro Company ("TNHC") Amended PTO Application (hereafter, "Application"). The Application was submitted by The Nevada Hydro Company to the CAISO on April 21, 2009 regarding its proposed Talega-Escondido/Valley-Serrano 500 kV transmission line ("TE/VS Interconnect"). SDG&E appreciates this opportunity to comment and, as discussed below, supports the CAISO's position, as indicated in its Market Notice, of deferring further consideration of the Application until the Federal Energy Regulatory Commission (FERC) resolves the pending question of whether TNHC must subject its proposed TE/VS Interconnect to the CAISO's existing, FERC-approved Transmission Expansion and Planning Process.¹

As is indicated by the CAISO's May 14, 2009 Market Notice, this very question, framed by both the CAISO and TNHC regarding the subject facilities, is pending at FERC in ER06-278: whether the TE/VS Interconnect shall be subject to the CAISO's and parties' substantive review through processes specified by the CAISO's Tariff. SDG&E emphatically supports the application of the existing transmission planning processes both generally and with respect to the TE/VS Interconnect, and SDG&E is aware of no sound basis by which TNHC can obviate those processes.

TNHC's apparent justifications for seeking the CAISO's approval of its application at this time, as suggested in its April 21, 2009 cover letter, are that "... FERC has acted in ER06-278, and as TNHC also has executed its interconnect agreement with SDG&E in FERC Docket ER08-654." Both of these supposed justifications are off-base. First, as explained above, FERC has not issued a final ruling in ER06-278 or elsewhere on the issue at hand, namely, the applicability of the existing tariff requirements to the proposed TE/VS Interconnect. Second, the Large Generation Interconnection Agreement between TNHC, CAISO and SDG&E has not been executed, and in fact, TNHC has protested the most recent unexecuted iteration filed jointly by the CAISO and SDG&E at FERC.²

In FERC's most recent Order in ER06-278, FERC emphasized that "our findings cannot be construed as an opinion on the relative merits of this or competing transmission projects. Those decisions rest with the CPUC and CAISO."³ Based on this text, FERC has already denied the relief that TNHC essentially seeks, which is avoiding the CAISO's substantive review of its proposed transmission project under the CAISO's FERC tariff. SDG&E concurs with the CAISO that, because the matter is squarely presented before and pending at FERC, all affected parties should await FERC's final disposition on this matter.

¹ See CAISO FERC Electric Tariff, Appendix EE.

² See ER08-654.

³ *The Nevada Hydro Company, Inc.*, 122 FERC PP 61,272 (2008), at 5.