



# CALIFORNIA ISO

Armando J. Perez  
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California Independent  
System Operator

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June 2, 2006

Mr. Bob Worl  
Project Manager  
Systems Assessment & Facility Siting Division  
California Energy Commission  
1516 Ninth Street, MS-15  
Sacramento, CA 95814

Subject: Los Esteros Critical Energy Center Phase II

Dear Mr. Worl:

By request of California Energy Commission Staff, I am writing this letter to reaffirm the California Independent System Operator's support for Phase II of the Los Esteros Critical Energy Center (LECEF) in San Jose. The California Independent System Operator (California ISO) believes the power plant will provide grid reliability benefits for the Greater Bay Area, which in the past has suffered deficiencies of electricity resources.

The addition of Phase II of the LECEF will provide additional operational flexibility for operators of the California ISO controlled grid. The additional generation provided by LECEF Phase II will afford greater flexibility for the California ISO, PG&E and generation owners in the Bay Area when it comes to scheduling maintenance of transmission facilities and generating units.

The majority of the load in San Jose is connected to the 115 kV electrical system. The present interconnection of the LECEF to the 115 kV electrical system makes the LECEF effective in reducing power flowing through San Jose from the south. In fact, the most recent LCR and RMR studies performed by the California ISO show that the existing Los Esteros Power Plant is effective in mitigating thermal overloads in the San Jose area. However, relocating the interconnection of LECEF to the 230 kV system may cause the Los Esteros Power Plant to become less effective at mitigating local constraints on the 115 kV electrical system in the San Jose area.

In closing, the California ISO promotes and supports reliable generation interconnection to the California ISO controlled grid. Accordingly, the California ISO is writing this letter in support of the Los Esteros Critical Energy Center Phase II project.

Sincerely,

A handwritten signature in blue ink that reads "Armando J. Perez". The signature is fluid and cursive, with a long horizontal stroke at the end.

Armando J. Perez  
Vice President  
Planning and Infrastructure Development

cc: Michael Argentine, Director, Calpine  
Jim Detmers, Vice President, California ISO  
Jacqueline DeRosa, Account Manager, California ISO  
Gary DeShazo, Director, California ISO