

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**California Independent System) Docket No. ER23-838-000
Operator Corporation)**

**ANSWER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
TO COMMENTS OF NEXTERA RESOURCES**

The California Independent System Operator Corporation (“CAISO”) submits this answer to the comments filed by NextEra Energy Resources, LLC (“NextEra Resources”) in response to the CAISO’s submittal on January 13, 2023 (“January 13 Filing”) of an Applicant Participating Transmission Owner Agreement (“APTOA”) between the CAISO and TransWest Express, LLC (“TransWest”).¹ The APTOA sets forth the terms and conditions that will govern TransWest’s responsibilities and relationship with the CAISO prior to such time as the CAISO assumes operational control over the TransWest Express Transmission Project (“Project”), an interregional high-voltage transmission project proposed to be energized in 2027.²

The Commission should accept the APTOA as filed. NextEra Resources states that it “does not object to the terms and conditions of the APTOA . . . and

¹ The CAISO submits this answer pursuant to Rule 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213.

² The CAISO submitted the January 13 Filing pursuant to Section 205 of the Federal Power Act (“FPA”).

supports timely acceptance of the January 13 Filing.”³ TransWest also submitted comments stating that it supports the January 13 Filing.⁴ No other party submitted substantive comments on the January 13 Filing. Therefore, all commenters support acceptance of the APTOA effective March 15, 2023, as requested by the CAISO.⁵

NextEra Resources, however, also “expresses its concern with one component of CAISO’s incipient Subscriber PTO [Participating Transmission Owner] Model that is alluded to in the materials provided in support of the January 13 Filing.”⁶ The specifics of the Subscriber PTO Model being developed by the CAISO is beyond the scope of this proceeding, which is solely about the APTOA. Further, NextEra Resources will have the opportunity to raise any concern it has about the proposed Subscriber PTO Model in the relevant CAISO stakeholder process. Therefore, the Commission should accept the APTOA without addressing the concern raised by NextEra Resources.

I. Answer

The January 13 Filing makes it clear that this proceeding has to do with one issue: Commission acceptance of the APTOA for filing. The CAISO

³ NextEra Resources at 1. See also *id.* at 6 (asking the Commission to “accept the APTOA as requested in the January 13 Filing”).

⁴ TransWest at 1, 4. In addition, the California Department of Water Resources State Water Project, Northern California Power Agency, Pacific Gas and Electric Company, and San Diego Gas & Electric Company filed motions to intervene in this proceeding.

⁵ See January 13 Filing at 2, 9.

⁶ NextEra Resources at 1. NextEra Resources states that it is concerned about “the apparent decision by the CAISO that network upgrade costs should be directly assigned to interconnecting generator subscribers, without reimbursement.” *Id.* NextEra Resources describes its concern in more detail at pages 2-5 of its comments.

explained the background and purpose of the APTOA and provided a detailed description of its provisions.⁷ In the “Background” section of the January 13 Filing, the CAISO also stated that in the future it expects to account for existing TransWest customer arrangements through the addition of a new model for transmission owner participation in the CAISO, called the Subscriber PTO Model, that the CAISO plans to implement through future targeted revisions to the Transmission Control Agreement (“TCA”) and the CAISO Tariff.⁸ However, because the stakeholder process to develop the Subscriber PTO Model is ongoing, “[t]he CAISO is not currently seeking a Commission order addressing the substance of the Subscriber PTO Model currently in development.”⁹

The terms and conditions of the APTOA do not predetermine the details of the Subscriber PTO Model. Instead, the APTOA obligates TransWest—whose PTO application was conditionally approved by the CAISO Board of Governors—to fulfill certain obligations to facilitate TransWest’s full PTO status when TransWest is prepared to sign the TCA. In the January 13 Filing, the CAISO explained that “the APTOA ‘bridges the gap’ until the TCA and the CAISO Tariff can govern TransWest’s relationship with the CAISO as a Participating TO,” in order to “allow generator interconnections to the Project to be studied in queue

⁷ Transmittal letter for January 13 Filing at 5-9.

⁸ *Id.* at 3.

⁹ *Id.* at 3 n.10, 4, and 5-6.

cluster 15 of the CAISO’s generator interconnection process opening April 1, 2023.”¹⁰ The APTOA itself makes no reference to the Subscriber PTO Model.¹¹

NextEra Resources requests in its comments that the Commission timely accept the APTOA but also raises a concern as to the “incipient Subscriber PTO Model.”¹² NextEra Resources concedes that the Subscriber PTO Model “will need to be fleshed out in greater detail and supported by the CAISO in future submissions to this Commission under section 205 of the Federal Power Act.”¹³ Nevertheless, NextEra Resources asks the Commission to “consider these comments as it begins to form its views of the CAISO’s Subscriber PTO Model.”¹⁴

It would be premature for the Commission to make any findings in this proceeding with regard to the specifics of the proposed Subscriber PTO Model, which is still under development in the CAISO stakeholder process. After it is finalized, the CAISO will file for Commission acceptance any revisions to the TCA and the CAISO Tariff that are needed to implement the Subscriber PTO Model, which interested parties and the Commission will then have the opportunity to review. NextEra raises reasonable and meaningful questions in its comments, and the CAISO has every intention of considering them in its stakeholder process. Nevertheless, NextEra Resource’s concern about the

¹⁰ *Id.* at 5-6.

¹¹ See Attachment A to the January 13 Filing.

¹² NextEra Resources at 1.

¹³ *Id.* at 5.

¹⁴ *Id.* at 6.

Subscriber PTO Model is beyond the scope of this proceeding on acceptance of the APTOA for filing. The Commission does not permit parties to raise issues that go beyond the scope of the filing of an agreement for Commission acceptance pursuant to FPA Section 205, such as the January 13 Filing of the APTOA.¹⁵ Therefore, the Commission should disregard the comments of NextEra Resources regarding the Subscriber PTO Model.

NextEra Resources specifically comments on the funding of network upgrades for subscriber generation assets proposing to interconnect to the CAISO controlled grid through the TransWest Project. The CAISO discussed this issue in its Subscriber Participating TO Model Straw Proposal, published on February 7, 2023 (“Straw Proposal”).¹⁶ As detailed in the Straw Proposal, the CAISO Tariff currently allows generators interconnecting to the CAISO to receive cash reimbursement for the network upgrades they trigger and finance.

¹⁵ See, e.g., *Cal. Indep. Sys. Operator Corp.*, 166 FERC ¶ 61,098, at P 12 (2019) (“We reject as beyond the scope of this proceeding SPPA’s comments regarding the implications of Salt River’s entry into the EIM on Salt River’s wholesale customers. The filing before us seeks Commission acceptance of non-conforming provisions in the Agreement between CAISO and Salt River. SPPA does not oppose Salt River’s entry into the EIM, and does not raise any concerns regarding any element of the Agreement filed by CAISO. Because none of the issues raised by SPPA implicate the Agreement that is before us, we need not address them here.”); *Cal. Indep. Sys. Operator Corp.*, 170 FERC ¶ 61,069, at P 17 (2020) (finding that “concerns about modeling issues in a looped transmission configuration that may arise under a hypothetical future exchange agreement are beyond the scope of this filing” of a Congestion Revenue Rights Exchange Agreement); *Cal. Indep. Sys. Operator Corp.*, 170 FERC ¶ 61,168, at P 27 (2020) (finding that “the instant filing concerns the Implementation Agreement between CAISO and Bonneville and is not a proposed revision to the CAISO tariff. Therefore, arguments seeking to modify the terms of the currently-effective CAISO tariff are outside the scope of this proceeding.”).

¹⁶ The Straw Proposal can be found at: <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Subscriber-participating-transmission-owner-model>. This CAISO website page also contains other materials related to the ongoing CAISO stakeholder initiative to develop the Subscriber PTO Model. These include materials that were previously available on the CAISO website page cited in footnote 10 of the transmittal letter for the January 13 Filing.

However, in cases where a subscriber-funded transmission project will become part of the CAISO controlled grid, but was not approved through the transmission planning process, the Straw Proposal notes that the current proposal does not directly address whether the initial generator causing the project to be built to connect to the CAISO should be responsible for both the transmission interconnection and deliverability network upgrades, if applicable. The Straw Proposal requests stakeholder comments on this issue to develop a just and reasonable policy the CAISO will bring to the Commission.¹⁷ But the issue is not before the Commission now. The Commission recently approved a similar approach when the CAISO developed its CAISO as an Affected System Study Agreement. The CAISO's initial tariff filing established the study procedures and agreements, but deferred the issue of reimbursement for network upgrades for more stakeholder development.¹⁸ The Commission approved the initial tariff filing, and the CAISO filed the reimbursement provisions last month.¹⁹

NextEra Resources can raise any concern it has with the Subscriber PTO Model in its comments on the Straw Proposal and more generally through the ongoing CAISO stakeholder process.²⁰ There is no reason for the Commission

¹⁷ See Straw Proposal at 13.

¹⁸ *Cal. Indep. Sys. Operator Corp.*, 178 FERC ¶ 61,223 (2022).

¹⁹ *Cal. Indep. Sys. Operator Corp.*, Interconnection Process Enhancements, Docket No. ER23-941-000 (Jan. 26, 2023).

²⁰ See, e.g., *Cal. Indep. Sys. Operator Corp.*, 172 FERC ¶ 61,262, at P 56 (2020) (“[W]e find that the issues raised by protesters are beyond the scope of this proceeding. However, we note CAISO's commitment to address issues raised in this proceeding in its ongoing stakeholder process, and we encourage stakeholders to actively engage with CAISO to address their concerns.”); *Cal. Indep. Sys. Operator Corp.*, 165 FERC ¶ 61,059, at P 16 (2018) (“[W]e do not address PG&E's comments regarding existing provisions of the *pro forma* RMR Agreement that CAISO has not proposed to modify here because they are beyond the scope of this

to dictate any outcomes that the stakeholder process must reach, or otherwise preempt any discussion in the stakeholder process.

II. Conclusion

For the foregoing reasons, the Commission should accept the APTOA effective March 15, 2023, as requested in January 13 Filing, and should disregard the portion of the NextEra Resources comments regarding the proposed Subscriber PTO Model being developed through the CAISO stakeholder process.

Respectfully submitted,

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proceeding. We note that there currently is a stakeholder process underway at CAISO working to address issues like those raised by PG&E.”).

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, pursuant to the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA on this 10th day of February, 2023.

/s/ Jacqueline Meredith
Jacqueline Meredith