



July 21, 2023

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Re: California Independent System Operator Corporation  
Docket No. ER23-\_\_\_\_-000**

**Tariff Amendment to Eliminate Competitive Solicitation  
Process Cost Recovery Cap and Increase Deposit**

Dear Secretary Bose:

The California Independent System Operator Corporation (CAISO) submits this tariff amendment to (1) increase the deposit fee for project sponsors submitting proposals into the CAISO's competitive solicitation process from \$75,000 to \$100,000 per proposal, and (2) eliminate the \$150,000 cap on the total fees the CAISO can charge for evaluating each project sponsor proposal.<sup>1</sup> Instead, a project sponsor would be responsible for paying the actual costs the CAISO incurs to study and evaluate its proposal. These changes are necessary to ensure the CAISO has access to all of the resources it needs to conduct future competitive solicitations diligently given the number and complexity of expected solicitations. These changes are consistent with the fees other independent system operators (ISOs) and regional transmission organizations (RTOs) charge in their competitive transmission processes and will ensure that CAISO ratepayers do not bear the costs of competitive solicitations. In the stakeholder process that led to this tariff amendment, no stakeholder opposed the CAISO's proposal.

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<sup>1</sup> The CAISO submits this filing pursuant to section 205 of the Federal Power Act (FPA), 16 U.S.C. § 824d, and Part 35 of the Commission's Regulations, 18 C.F.R. Part 35. Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A to the CAISO tariff, and references herein to specific tariff sections are references to sections of the CAISO tariff unless otherwise specified.

The two tariff changes are separate, discrete, and severable from each other. They are not interrelated, interdependent, or affected by Commission action on the other tariff revision. Accordingly, the Commission should evaluate the justness and reasonableness of each proposed tariff revision on its individual merits. Rejection of one tariff revision does not *per se* require rejection of the other tariff revision.

The CAISO requests the Commission issue an order on September 19, 2023, approving the proposed tariff revisions effective September 20, 2023. Such action will allow the CAISO to apply the revised deposit and fee structure to the competitive solicitations it is opening in 2023.<sup>2</sup>

## **I. Background**

### **A. History of the Competitive Solicitation Deposit and Cap**

Under Phase 3 of the CAISO's transmission planning process, all transmission projects approved in the CAISO's annual Transmission Plan that are 200 kV and above and are not upgrades to, or replacements of, existing transmission facilities are subject to competitive solicitation. Currently, a project sponsor must pay an initial deposit of \$75,000 for each proposal it submits in a specific competitive solicitation.<sup>3</sup> The deposit helps pay for the CAISO's and its contractors' costs in evaluating project proposals and ultimately selecting the approved project sponsor. The total amount the CAISO can charge a project sponsor for each proposal it submits into a competitive solicitation is capped at \$150,000.<sup>4</sup> CAISO ratepayers bear any costs the CAISO incurs above that amount. In addition, if the actual costs the CAISO incurs are less than the deposit amount, the CAISO will refund the difference to project sponsors (plus interest).<sup>5</sup>

The existing deposit amount and cap date back to a tariff amendment the CAISO filed in Docket No. ER14-1206 on January 30, 2014. The Commission issued the order approving the deposit and fee structure on March 31, 2014.<sup>6</sup>

Since 2014, the CAISO has not increased the cap or the deposit fee.

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<sup>2</sup> The deadline for project sponsors to submit proposals into the first 2023 competitive solicitation is September 29, 2023.

<sup>3</sup> CAISO tariff section 24.5.6(b).

<sup>4</sup> CAISO tariff section 24.5.6(a).

<sup>5</sup> CAISO tariff sections 24.5.6(c) and (d).

<sup>6</sup> *Cal. Indep. Sys. Operator Corp.*, 146 FERC ¶61,237 (2014), *order on reh'g*, 149 FERC ¶ 61,178 (2014).

## **B. Stakeholder Process for this Tariff Amendment**

The CAISO posted an issue paper and straw proposal on June 1, 2023.<sup>7</sup> The CAISO held a stakeholder meeting on June 8, 2023 to discuss its proposal. The CAISO provided stakeholders an opportunity to submit comments on the straw proposal.<sup>8</sup> No stakeholder submitted comments opposing the CAISO's proposal. The CAISO posted a Final Proposal and draft tariff language on July 5, 2023. The CAISO provided stakeholders an opportunity to submit comments on the tariff language. No stakeholders submitted comments. At its July 18, 2023 meeting, the CAISO Board of Governors approved the instant proposal and directed CAISO management to make the necessary tariff amendment filing with the Commission.<sup>9</sup>

## **C. The CAISO's Experience With the Current Fee Structure and the Considerations Supporting a Change**

Figure 1 below summarizes the costs the CAISO has incurred per project sponsor proposal for each of the competitive solicitations it has conducted since March 31, 2014.

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<sup>7</sup> Issue Paper and Straw Proposal, *Transmission Planning Process Phase 3: Revise Competitive Solicitation Project Proposal Fee*, available at <http://www.caiso.com/InitiativeDocuments/Issue-Paper-and-Straw-Proposal-Transmission-Planning-Process-Phase-3-Revise-Competitive-Solicitation-Project-Proposal-Fee-Jun082023.pdf>.

<sup>8</sup> The record for the stakeholder initiative is available at <https://stakeholdercenter.caiso.com/StakeholderInitiatives/transmission-planning-process-phase-3-revise-competitive-solicitation-project-proposal-fee>.

<sup>9</sup> The Board Memorandum and Board Presentation supporting the proposed tariff revisions are included in Attachment D to this tariff amendment filing.

**Figure 1**

<b>TPP Plan Years</b>	<b>Project</b>	<b>Number of Sponsors Proposals</b>	<b>Evaluation cost per proposal</b>
<b>2013-2014</b>	Miguel	1	\$ 15,056
	Suncrest	2	\$ 130,286.27
	Desert Link	3	\$ 144,901.05
	Delaney - Colorado	5	\$ 106,071.78
	Estrella SS	4	\$ 51,526.09
	Spring SS	3	\$ 55,303.92
	Wheeler Ridge SS	4	\$ 37,794.81
<b>2018-2019</b>	Gates Voltage Support	10	\$ 50,591.45
	Round Mtn. Support	14	\$ 37,293.30
<b>2021-2022</b>	Manning SS	4	\$ 112,783.01
	Collinsville SS	4	\$ 119,574.83
	Metcalf-SJB DC project	5	\$ 84,117.22
	Newark-NRC DC project	6	\$ 63,923.50

Although the CAISO's costs have not exceeded the \$150,000 cap to date, costs have approached the cap. The CAISO's costs have exceeded the \$75,000 deposit in several instances. In some of the competitive solicitations, the per project sponsor cost was driven down by the fact that certain sponsors submitted multiple proposals into a single solicitation or participated in multiple competitive solicitations in a single annual competitive solicitation cycle, resulting in the consideration of redundant information. Project proposal evaluation costs also are driven by the complexity of the transmission solutions being evaluated and the CAISO's need to utilize outside contractors. Transmission needs are growing immensely to meet climate and electrification goals and load growth. Thus, the CAISO expects a large number of competitive solicitations in the future. Also, the CAISO expects the project proposals it will be evaluating will be increasingly complex, e.g., raising difficult environmental, siting, routing, overhead vs.

underground, AC vs. DC, and offshore siting-related issues. The competitive solicitation process is extremely time consuming, and the CAISO staff engaged in them have other significant day-to-day responsibilities. Under these circumstances, the CAISO will need to rely more heavily on contractors and consultants with special expertise. This suggests that \$150,000 will be insufficient to cover future evaluations, causing CAISO ratepayers to bear any costs above the cap. Also, there has been significant inflation since the CAISO first established the deposit and fee structure in 2014.

## II. PROPOSED TARIFF REVISIONS

To address the concerns described above, the CAISO proposes to revise the competitive solicitation project proposal fees by (1) increasing the initial deposit amount in tariff section 24.5.6 (b) from \$75,000 per project sponsor application to \$100,000, and (2) removing the ‘not to exceed’ cap of \$150,000 in tariff section 24.5.6 (a). The CAISO also proposes to remove the duplicative references to the ‘not to exceed’ cap of \$150,000 in tariff sections 24.5.6(c) and 24.5.6(d) and add a reference in Section 24.5.6(c) to ‘charging’ project sponsors if the actual costs exceed the initial deposit. Going forward, each project sponsor will be responsible for its *pro rata* share of the actual costs the CAISO incurs in qualifying and selecting an approved project sponsor. To the extent the actual costs the CAISO incurs are less than the initial deposit amount, the CAISO will only bill the actual costs it incurs and will continue to refund any excess deposit amounts (plus interest) to the project sponsors at the end of the competitive solicitation process.<sup>10</sup>

These changes are necessary to ensure the CAISO has access to the resources necessary to conduct its competitive solicitation process thoroughly and diligently given the expected number and complexity of future competitive solicitations. The changes will also ensure the CAISO recovers the costs of conducting competitive solicitations from the applicants – competing project sponsors – in those competitions and not from CAISO ratepayers. The CAISO’s proposed deposit and fee structure is in line with the Commission-approved deposit and fee structures of other ISOs and RTOs in their competitive transmission processes. For example, Southwest Power Pool (SPP), PJM Interconnection LLC (PJM), the New York Independent System Operator (NYISO), ISO-New England (ISO-NE), and the Midcontinent Independent System Operator Corporation (MISO) do not have caps on the total fees they charge for conducting their competitive transmission processes; they recover

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<sup>10</sup> Existing CAISO tariff section 24.5.6 (c) and (d).

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their actual study costs from the project sponsors.<sup>11</sup> PJM, NYISO, ISO-NE, and MISO also have initial deposits of up to \$100,000 or more.<sup>12</sup>

### **III. Effective Date(s)**

The CAISO respectfully requests that the Commission issue an order accepting the tariff revisions with an effective date of September 20, 2023 for these tariff revisions.

### **IV. Communications**

Under Rule 203(b)(3),<sup>13</sup> the CAISO respectfully requests that all correspondence and other communications about this filing be served upon:

Anthony Ivancovich  
Deputy General Counsel  
California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Tel: (916)802-3724  
Fax: (916)608-7222  
Email: [aivancovich@caiso.com](mailto:aivancovich@caiso.com)

### **V. Service**

The CAISO has served copies of this filing on the CPUC, the California Energy Commission, and all parties with scheduling coordinator agreements under the CAISO tariff. In addition, the CAISO has posted a copy of the filing on the CAISO website.

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<sup>11</sup> SPP Open Access Transmission Tariff (OATT), Attachment Y, §§ III.2.e and III.2.f; PJM OATT, Section VI, 206.3; NYISO OATT, Attachment Y, § 31.4.4.4; ISO-NE OATT, Attachment K § 4.3(c); and MISO Tariff, Attachment FF, § VIII.D.3.

<sup>12</sup> PJM OATT, Section VI, 206.3; NYISO OATT, Attachment Y, § 31.4.4.4; ISO-NE OATT, Attachment K § 4.3(i); and MISO Tariff, Attachment FF, § VIII.D.2. On July 21, 2023, the Commission issued a Letter Order in Docket No. ER23-2169 approving MISO's request to increase its maximum deposit amount from \$100,000 to \$150,000.

<sup>13</sup> 18 C.F.R. § 385.203(b)(3).

**VI. Contents of this filing**

Besides this transmittal letter, this filing includes these attachments:

Attachment A	Clean CAISO tariff sheets
Attachment B	Redlined CAISO tariff sheets
Attachment C	Final Proposal
Attachment D	Board of Governors Memorandum and Presentation

**VII. Conclusion**

For the reasons set forth in this filing, the CAISO respectfully requests that the Commission issue an order accepting the proposed tariff revisions effective September 20, 2023.

Respectfully submitted,

**/s/ Anthony Ivancovich**

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General Counsel  
Anthony Ivancovich  
Deputy General Counsel  
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Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630

Counsel for the California Independent  
System Operator

**Attachment A – Clean Tariff**

**Tariff Amendment – Competitive Solicitation Cap and Deposit**

**California Independent System Operator Corporation**

**July 21, 2023**



#### **24.5.6 Competitive Solicitation Project Proposal Fee**

- (a) In General.** For competitive solicitations opening in 2023 and thereafter, Project Sponsors shall, on a pro rata basis, be responsible for the actual costs that the ISO incurs in qualifying and selecting an Approved Project Sponsor through the competitive solicitation process, including the costs of the expert consultant engaged to assist with the selection process pursuant to Section 24.5.3.5. Such costs include the actual costs of the validation, qualification and selection process for each solution subject to the competitive solicitation process.
- (b) Deposit.** For competitive solicitations opening in 2023 and thereafter, each Project Sponsor will pay a deposit of \$100,000 to the CAISO with the submission of each Project Sponsor application project proposal under section 24.5.2. A separate deposit is required for each solution for which a Project Sponsor submits an application.
- (c) Reconciliation of costs for unqualified Project Sponsors.** Within seventy-five days of the final listing of qualified Project Sponsors for each solution under Section 24.5.3.3, in accordance with the schedule in the Business Practice Manual, the CAISO will determine each Project Sponsor's pro rata share of the costs that the CAISO incurred in determining the qualified Project Sponsors for that solution and will refund to or charge each Project Sponsor that the CAISO did not include in the list of qualified Project Sponsors the difference between its pro rata costs and the deposit. If a refund is owed the Project Sponsor, the refund shall include interest at the rate that the CAISO earned on the deposit.
- (d) Reconciliation of Costs for Qualified Project Sponsors.** Within seventy-five days of the CAISO's Notice to qualified Project Sponsors under Section 24.5.5, in accordance with the schedule in the Business Practice Manual, the CAISO will determine each Project Sponsor's pro rata share of the costs that the CAISO incurred in selecting an Approved Project Sponsor from among the qualified Project Sponsors for each solution. The ISO will refund to or charge each qualified Project Sponsor the difference between its pro rata costs and the

deposit. If a refund is owed to the Project Sponsor, the refund shall include interest at the rate that the CAISO earned on the deposit.

**(e) Posting of Incurred Costs.** Following the reconciliation of costs in (d) above, the ISO will post an accounting of the costs incurred in qualifying and selecting the Approved Project Sponsor for each solution and how the deposit reconciliation for each Project Sponsor was calculated.

**Attachment B – Marked Tariff**

**Tariff Amendment – Competitive Solicitation Cap and Deposit**

**California Independent System Operator Corporation**

**July 21, 2023**

#### 24.5.6 Competitive Solicitation Project Proposal Fee

- (a) **In General.** For competitive solicitations opening in 2023 and thereafter, Project Sponsors shall, on a pro rata basis, be responsible for the actual costs that the ISO incurs in qualifying and selecting an Approved Project Sponsor through the competitive solicitation process, including the costs of the expert consultant engaged to assist with the selection process pursuant to Section 24.5.3.5, ~~not to exceed \$150,000 per Project Sponsor application~~. Such costs include the actual costs of the validation, qualification and selection process for each solution subject to the competitive solicitation process.
- (b) **Deposit.** For competitive solicitations opening in 2023 and thereafter, ~~e~~Each Project Sponsor will pay a deposit of \$~~10075~~,000 to the CAISO with the submission of each Project Sponsor application project proposal under section 24.5.2. A separate deposit is required for each solution for which a Project Sponsor submits an application.
- (c) **Reconciliation of costs for unqualified Project Sponsors.** Within seventy-five days of the final listing of qualified Project Sponsors for each solution under Section 24.5.3.3, in accordance with the schedule in the Business Practice Manual, the CAISO will determine each Project Sponsor's pro rata share of the costs that the CAISO incurred in determining the qualified Project Sponsors for that solution and will refund to or charge each Project Sponsor that the CAISO did not include in the list of qualified Project Sponsors the difference between its pro rata costs, ~~not to exceed \$150,000 per Project Sponsor,~~ and the deposit. If a refund is owed the Project Sponsor, the refund shall include interest at the rate that the CAISO earned on the deposit.
- (d) **Reconciliation of Costs for Qualified Project Sponsors.** Within seventy-five days of the CAISO's Notice to qualified Project Sponsors under Section 24.5.5, in accordance with the schedule in the Business Practice Manual, the CAISO will determine each Project Sponsor's pro rata share of the costs that the CAISO incurred in selecting an Approved Project Sponsor from among the qualified Project Sponsors for each solution. The ISO will refund to or charge each qualified Project Sponsor the difference between its pro rata costs, ~~not to~~

~~exceed \$150,000 per qualified Project Sponsor,~~ and the deposit. If a refund is owed to the Project Sponsor, the refund shall include interest at the rate that the CAISO earned on the deposit.

**(e) Posting of Incurred Costs.** Following the reconciliation of costs in (d) above, the ISO will post an accounting of the costs incurred in qualifying and selecting the Approved Project Sponsor for each solution and how the deposit reconciliation for each Project Sponsor was calculated.

**Attachment C – Final Proposal**

**Tariff Amendment – Competitive Solicitation Cap and Deposit**

**California Independent System Operator Corporation**

**July 21, 2023**



# Transmission Planning Process Phase 3

## Revise Competitive Solicitation Project Proposal Fee

Final Proposal

July 5, 2023

Prepared by:  
Stephen Rutty

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## **1. Introduction**

With this paper, the California Independent System Operator (ISO) proposes to revise the competitive solicitation project proposal fees by (1) increasing the initial deposit from \$75,000 per project sponsor application to \$100,000, and (2) removing the ‘not to exceed’ cap of \$150,000. Going forward, each project sponsor would be responsible for its pro rata share of the actual costs the ISO incurs in qualifying and selecting an approved project sponsor.

These changes are necessary to ensure the ISO has access to the resources necessary to diligently conduct its competitive solicitation process given the number and complexity of expected competitions. The changes are also needed to ensure the costs are recovered from the applicants – competing project sponsors - in those competitions.

## **2. Background**

The tariff requires project sponsors who participate in the competitive solicitation process to submit an initial \$75,000 deposit with each of their project proposals to pay for the ISO’s and its contractors’ costs in evaluating project proposals and ultimately selecting the approved project sponsor. If the costs go above the \$75,000 initial deposit, the tariff allows the ISO to bill each project sponsor up to another \$75,000, for a total of \$150,000 per project proposal. Any costs above the \$150,000 threshold are absorbed by the ISO. In addition, the ISO only bills the actual costs it incurs and refunds any excess deposit amounts to the project sponsors.

Although the ISO’s costs have not exceeded the \$150,000 cap to date (see actual costs per project proposals in the table below), costs have approached the cap. Also, the ISO anticipates going forward that it may need to rely more heavily on contractors as the number of competitive projects increase. This expectation, combined with more complex projects being considered for competitive solicitation, suggests that \$150,000 will be insufficient to cover future evaluations.

TPP Plan Years	Project	Number of Sponsors Proposals	Evaluation cost per proposal
2013-2014	Miguel	1	\$ 15,056
	Suncrest	2	\$ 130,286.27
	Desert Link	3	\$ 144,901.05
	Delaney - Colorado	5	\$ 106,071.78
	Estrella SS	4	\$ 51,526.09
	Spring SS	3	\$ 55,303.92
	Wheeler Ridge SS	4	\$ 37,794.81

**Revise Competitive Solicitation Project Proposal Fee**  
**Final Proposal**

2018-2019	Gates Voltage Support	10	\$ 50,591.45
	Round Mtn. Voltage Support	14	\$ 37,293.30
2021-2022	Manning SS	4	\$ 114,546.76
	Collinsville SS	4	\$ 121,408.82
	Metcalf-SJB DC Project	5	\$ 84,117.22
	Newark-NRC DC Project	6	\$ 63,923.50

### **3. Proposal**

This final proposal has not changed from the straw proposal. No stakeholder objected to the straw proposal, and one stakeholder submitted comments supporting the proposal. The ISO proposes to increase the initial deposit for each competitive solicitation project sponsor application from \$75,000 per project sponsor application to \$100,000. The ISO also proposes to remove the ‘not to exceed’ cap of \$150,000. Instead, going forward, each project sponsor, for each application in a competitive solicitation, will pay its pro rata share of the actual costs that the ISO incurs in qualifying and selecting an approved project sponsor. The ISO will only bill actual costs it incurs and will refund any excess deposit amounts to the project sponsors.

This proposal is in line with competitive solicitations run by other ISOs that have been approved by FERC. For example SPP, PJM, NYISO, ISO-New England, and MISO do not have caps on their competitive transmission processes, and they recover their actual study costs from the project sponsors. MISO, NYISO, and ISO-New England have initial deposits of up to \$100,000.

### **4. WEIM Classification**

This initiative will adjust a tariff rule that governs the competitive solicitation process for proposed enhancements to the ISO controlled grid. ISO staff believes that the WEIM Governing Body would have no role in the decision about this initiative.

The proposed tariff rule change contemplated in this initiative will not be “applicable to EIM Entity balancing authority areas, EIM Entities, or other market participants within EIM Entity balancing authority areas, in their capacity as participants in EIM.” Rather, the proposed tariff rules will be applicable “only to the ISO balancing authority area or to the ISO-controlled grid.” Accordingly, the decision to approve this change will fall outside the scope of joint authority.

While the WEIM “Governing Body may provide advisory input over proposals to change or establish tariff rules that apply to the real-time market but are not within the scope of joint authority,” no aspects of this initiative will apply to the real time market. Accordingly, this initiative falls outside of the WEIM Governing Body’s advisory role as well.

**Revise Competitive Solicitation Project Proposal Fee  
Final Proposal**

Stakeholders are encouraged to submit a response to this proposed classification in their written comments, particularly if they have concerns or questions.

## **5. Stakeholder engagement**

The schedule for stakeholder engagement is provided below. Because the ISO is not changing its straw proposal and no stakeholders objected to the straw proposal, there will be no further stakeholder meetings on this initiative. Simultaneously with the posting of this Final Proposal, the ISO is posting draft tariff language for comment. The ISO will present its proposal to the Board of Governors for approval in July 2023.

<b>Date</b>	<b>Event</b>
<b>Track 1</b>	
7/5/2023	Final Proposal and Draft Tariff Language Posting
7/12/2023	Comments due on Draft Tariff Language
7/20/2023	BOG Meeting

**Attachment D – Board Memo and Presentation**

**Tariff Amendment – Competitive Solicitation Cap and Deposit**

**California Independent System Operator Corporation**

**July 21, 2023**

# Memorandum

**To:** ISO Board of Governors  
**From:** Neil Millar, Vice President of Infrastructure and Operations Planning  
**Date:** July 12, 2023  
**Re:** **Decision on revised competitive solicitation project proposal fees**

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*This memorandum requires ISO Board of Governors action.*

## EXECUTIVE SUMMARY

Management proposes to revise the competitive solicitation project proposal fees by: (1) increasing the initial deposit from \$75,000 per project sponsor application to \$100,000; and (2) removing the “not to exceed” cap of \$150,000. Going forward, each project sponsor will be responsible for its pro rata share of the actual costs the ISO incurs in qualifying and selecting an approved project sponsor.

Project sponsors who participate in the competitive solicitation process as part of phase 3 of the ISO’s transmission planning process are required to submit an initial deposit, currently \$75,000, with each project proposal to pay for the ISO’s costs in evaluating project proposals and ultimately selecting the approved project sponsor. If the ISO’s costs exceed \$75,000, the ISO bills each project sponsor an additional amount, up to \$75,000, for a total of \$150,000 per project proposal. Under the existing process, the ISO absorbs any costs above \$150,000. The ISO only bills the actual costs it incurs and, if such costs are less than the amount deposited, the ISO refunds any excess deposit amounts to the project sponsors. This will not change under this proposal. The only changes will be to increase the initial deposit (which will still be refunded if it exceeds actual costs) and to remove the cost cap.

These proposed changes are necessary to ensure the ISO has access to the resources necessary to conduct its competitive solicitation process diligently given the expected number and complexity of future solicitations. The changes also will ensure the ISO recovers the costs of retaining consultants and conducting competitive solicitations from the applicants – competing project sponsors in those solicitations.

Management recommends the following motion:

***Moved, that the ISO Board of Governors approves the revised competitive solicitation project proposal fees, as described in the memorandum dated July 12, 2023; and***

***Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposal, including any filings that implement the overarching initiative policy but contain discrete revisions to incorporate Commission guidance in any initial ruling on the proposed tariff amendment.***

## **DISCUSSION AND ANALYSIS**

Although the ISO's costs have not exceeded the \$150,000 cap to date, costs have exceeded the \$75,000 deposit amount in several instances and have approached the cap. The ISO anticipates that going forward, it will need to rely more heavily on contractors to effectively complete this competitive solicitation work as the number of projects subject to competitive solicitation continues to increase. This expectation, combined with the increased complexity of the projects being considered for competitive solicitation and the need for special expertise, suggests that \$150,000 will be insufficient to cover future evaluations.

The ISO proposes to increase the initial deposit for each individual competitive solicitation from \$75,000 per project sponsor application to \$100,000. The ISO also proposes to remove the "not to exceed" cap of \$150,000. Instead, going forward, each project sponsor, for each application it submits in a competitive solicitation, will pay its pro rata share of the actual costs that the ISO incurs in qualifying and selecting an approved project sponsor. The ISO will only bill actual costs it incurs and will refund any deposit amounts in excess of deposits received to the project sponsors.

This proposal is in line with the fees charged by other independent system operators and regional transmission organizations in their competitive transmission processes approved by FERC. For example SPP, PJM, NYISO, ISO-New England, and MISO do not cap the costs they can recover from their project sponsors' competitive transmission processes. They are authorized to recover the full amount of their actual study costs from the project sponsors. Further, MISO, NYISO, and ISO-New England require initial deposits of up to \$100,000.

## **POSITIONS OF THE PARTIES**

The ISO posted an issue paper and straw proposal on June 1, 2023, and hosted a stakeholder call on June 8, 2023. During the call, no stakeholder voiced any objections

to the proposal. Following the call, the ISO received only one set of stakeholder written comments, which voiced full support for the proposal.

## **CONCLUSION**

Management recommends that the ISO Board of Governors approve the proposed revisions to the competitive solicitation project proposal fees as outlined in this memorandum. These changes are necessary to ensure the ISO has access to the resources necessary to effectively and efficiently conduct its competitive solicitation process given the expected number and complexity of future competitive solicitations. The changes will also ensure the costs are recovered fully from those participants in the competitive solicitations.



# Decision on revised competitive solicitation project proposal fees

Stephen Ruty

Director – Grid Assets

ISO Board of Governors meeting

General Session

July 20, 2023



Eligible transmission facilities are subject to the ISO's competitive solicitation process.

- Following Board approval of the transmission plan, the ISO solicits proposals to finance, construct, own, operate and maintain transmission facilities that are:
  - 200 kV and above, and
  - not upgrades to, or replacements of, existing transmission facilities
- Participants in this process pay their pro-rata share of the ISO's costs (capped at \$150,000) of selecting an approved project sponsor
  - Initial \$75,000 deposits required with each proposal
  - ISO can bill up to an additional \$75,000

## Management proposes to revise the competitive solicitation project proposal fees

- Propose to raise initial deposit to \$100,000
  - The current \$75,000 deposit has been exceeded in several instances
- Propose to eliminate the ‘not to exceed’ \$150,000 cap
  - Anticipated to be insufficient to cover future evaluations
  - Ensures costs are recovered from competitive solicitation participants
  - FERC has authorized others to recover actual costs

## Stakeholders did not voice any objections to the proposal

- During the stakeholder call held on June 1, 2023, there were no objections voiced regarding the proposal
- Following the call, the ISO received only one set of stakeholder written comments, which voiced full support for the proposal

## Management recommends approval of revising competitive solicitation project proposal fees

- These changes ensure the ISO has access to the resources necessary to effectively and efficiently conduct its competitive solicitation process given the expected number and complexity of future competitive solicitations. The changes will also ensure the costs are fully recovered from participants in the competitive solicitation process.