

# **Onboarding process for becoming a Participating Transmission Owner**

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## 1. PURPOSE

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This procedure describes the process for a entity to become a new Participating Transmission Owner (PTO) with the CAISO. All capitalized definitions are as defined in Appendix A Master Definition Supplement of the CAISO Tariff, unless defined in this document. In case of a conflict between the CAISO Tariff, Transmission Control Agreement, and this document, the CAISO Tariff and the Transmission Control Agreement will hold.

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## 2. SCOPE

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### Overview

The procedure is intended to be used by external entities to follow the process required under the CAISO Tariff to become a new PTO with the CAISO. This procedure does not cover any internal processes required by the CAISO.

Applications for Participating Transmission Owner (Participating TO) status with the California Independent System Operator Corporation (CAISO) are in accordance with Section 2.2 of the Transmission Control Agreement (TCA) and Section 4.3 of the CAISO Tariff. Applications must be approved by the CAISO Board before the TCA can be executed. The TCA is executed by all PTOs and therefore has multiple signatories, the CAISO, and all current PTOs. All amendments to the TCA are made either by (1) mutual agreement of all Parties, subject to Federal Energy Regulatory Commission (FERC) approval; (2) through the CAISO ADR process; or (3) upon issuance of a FERC order. While the procedures and criteria in the TCA and the CAISO Tariff are summarized in this document, this document does not amend, supplement or supplant the TCA or the CAISO Tariff and the applicant is responsible with familiarizing itself with the terms of the TCA and of the CAISO Tariff, including the CAISO Protocols.<sup>1</sup> The applicant should also be aware that the terms of the CAISO Tariff are subject to change, upon application to and approval by FERC. Nothing in this document will limit the applicability of amendments to the TCA or the CAISO Tariff, even if the document is not revised to reflect such amendments.

### Procedures and Charges

The CAISO shall adopt fair and non-discriminatory procedures for processing applications. The CAISO shall publish its procedures for processing applications on the CAISO website and shall furnish a copy of such procedures to the applicant.

### CAISO Grid Planning Criteria

The CAISO Governing Board has adopted specific planning criteria for the CAISO Controlled Grid that is posted at on the CAISO website<sup>2</sup>.

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## 3. IMPORTANT DOCUMENTS AND LINKS

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The section of the CAISO website ([www.caiso.com](http://www.caiso.com)) that provides general information regarding New Participating TOs is found under the headings: [Home](#) > [Participate](#) > Transmission. The following URL will take you directly to this set of documents:

<http://www.caiso.com/docs/2005/10/05/2005100520294623188.html>.

The CAISO does not have a form for the "Notice of Intent" and would accept a letter as providing that notice. The documents submitted by prior applicants seeking to become New Participating TOs, including both their Participating TO applications and their draft Transmission Owner Tariffs ("TO Tariff") are posted on the CAISO website under the headings [Home](#) >

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<sup>1</sup> Overtime the term "Protocols" in the TCA have become the appendicies to the CAISO Tariff.

<sup>2</sup> <http://www.caiso.com/informed/Pages/StakeholderProcesses/TransmissionPlanningStandards.aspx>

[Market Operations](http://www.caiso.com/market/Pages/TransmissionOperations/Default.aspx) > Transmission operations at the following internet address:  
<http://www.caiso.com/market/Pages/TransmissionOperations/Default.aspx>.

Two other key documents to become familiar with are the TCA and the CAISO Tariff. The current version of the full text of the TCA, is posted on the CAISO website under the headings [Home](#) > [Market Operations](#) > Transmission Operations at the following internet address:  
<http://www.caiso.com/market/Pages/TransmissionOperations/Default.aspx>.

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#### 4. PRE-APPLICATION PROCESS WITH CAISO

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The Applicant is advised to follow this process prior to declaring its intent to become a Participating TO

1. Contact CAISO with an email describing interest in becoming Participating TO. Please send the email to [RegulatoryContracts@caiso.com](mailto:RegulatoryContracts@caiso.com), addressed to Manager, Regulatory Contracts, with subject line "Participation TO pre-application".
2. Provide all documents required for application process in draft form
3. The CAISO will review the drafts documents and advise applicant of any modifications or changes
4. Applicant should review prior applications and TO Tariffs as examples to support its own application

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#### 5. APPLICATION DETAILS

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1. Description of transmission lines and associated facilities<sup>3</sup>
2. Document setting out Entitlements<sup>4</sup>
3. A statement of Encumbrances and documents creating Encumbrances and dispatch protocols<sup>5</sup>
4. Statement of intent to place all transmission lines, associated facilities, entitlements under CAISO operational control<sup>6,7</sup>
5. Statement of Local Reliability Criteria included as part of Applicable Reliability Criteria<sup>8</sup>
6. Description of current maintenance practices<sup>9</sup>
7. List of waivers requested under TCA Section 5.1.6<sup>10</sup>
8. Copy of applicant's proposed Transmission Owner Tariff<sup>11</sup>
9. Notice that the applicant will be filing its TRR at FERC and such TRR will be included in the CAISO's Access Charge when it has been accepted by the Commission

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<sup>3</sup> TCA 2.2.2 (i)

<sup>4</sup> TCA 2.2.2 (ii)

<sup>5</sup> TCA 2.2.2 (iii)

<sup>6</sup> TCA 2.2.2 (iv)

<sup>7</sup> Transmission lines and associated facilities will be deemed not to form part of a Participating TO's transmission network if they meet any of the following descriptions:

- 1) they are directly assignable radial lines and associated facilities interconnecting generation to the grid (other than those facilities which may be identified from time to time interconnecting CAISO Controlled Grid Critical Protective systems or Generators contracted to provide Black Start or Voltage Support) ("generation leads" or "generation tie lines");
- 2) they are lines and associated facilities classified as "local distribution" facilities in accordance with FERC's applicable technical and functional test; or
- 3) they are other facilities excluded consistent with FERC established criteria for determining facilities subject to CAISO Operational Control.

<sup>8</sup> TCA 2.2.2 (v)

<sup>9</sup> TCA 2.2.2 (vi)

<sup>10</sup> TCA 2.2.2 (vii)

<sup>11</sup> TCA 2.2.2 (viii)

10. Address and contact names for notices under TCA Section 26.1<sup>12</sup>
11. Other information reasonably required by CAISO<sup>13</sup>
12. Details of intent to establish settlement account
13. MWh demand per month for the test period (1 year); and
14. Instructions on how to implement Encumbrances and Entitlements, if available, if the instructions are not readily available then applicant will work with the CAISO to provide the instructions prior to the effective date.

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## 6. TO TARIFF FILING

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The applicant will need to file its TO Tariff and associated Transmission Revenue Requirement (TRR) with FERC at least 90 days prior to its intended effective date. This timing allows for an order from FERC to act on the filing and for the CAISO to have sufficient time after acceptance by FERC to incorporate the applicant's TRR into the CAISO systems and processes prior to the actual effective date. The applicant should familiarize itself with the guidance provided in Attachment C located at the following link<sup>14</sup>. Attachment C provides guidance on the development of the TRR.

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## 7. APPLICATION PROCESS TO BECOME A PTO

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### Overview of Process

The CAISO Tariff Section 4.3.1.1 specifies that an applicant must provide the CAISO its "Notice of Intent" letter to become a Participating TO prior to January 1 or July 1 for effectiveness by the following July 1 or January 1 and that the applicant's TO Tariff and application are due "within 15 days of such notice of intent." If an applicant were to wait until June 30 to send us its notice letter, the application, including the applicant's draft TO Tariff, and associated cover letter would be due to the CAISO by July 14. (If the applicant did not meet the date of July 14 there may be issues regarding the filing and conditional acceptance by FERC of the revised TCA prior to January 1 and it might need to wait for the next window of July 1.) Once the notice and application are submitted, the CAISO is required to post them on the CAISO website for public comment for 60 days (i.e., until September 11 if the application were posted on July 14). The CAISO then typically provides a response to these public comments and, unless the comments raise issues of significant concern, proposes that the application be accepted by the CAISO Governing Board. The timing of the submittal of the application and the ensuing request for CAISO Governing Board acceptance in some cases depends on the need for the acceptance as a condition of the applicant's financing arrangements and the timing of those financing arrangements.

1. Applicant declares intent to submit an application in writing to CAISO, Manager, Regulatory Contracts, which is considered the Notice of Intent<sup>15,16</sup>
2. CAISO informs the market of applicant's intent through a Market Notice
3. Applicant provides CAISO, Manager, Regulatory Contracts with application within 15 calendar days of intent notice
4. Applicant provides notice of application to each Participating TO, along with a copy of the application or an amendment to the application.<sup>17</sup>
  - 4.1. Participating TOs are listed in Appendix F to the TCA on the CAISO website.

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<sup>12</sup> TCA 2.2.2 (ix)

<sup>13</sup> TCA 2.2.2 (x)

<sup>14</sup> <http://www.caiso.com/participate/Pages/Transmission/Default.aspx>

<sup>15</sup> Tariff 4.3.1.1

<sup>16</sup> By January 1 for a July 1 implementation or by July 1 for a January 1 implementation

<sup>17</sup> TCA 2.2.2

5. Applicant must submit application in a timely manner to allow at least 60 days for all Participating TOs and the public to review, and allow at least 30 days of review for any amendment to an application. The application will be publicly noticed on the CAISO webpage at the following link<sup>18</sup>
6. Applicant must obtain regulatory (FERC) approvals of TO Tariff and TRR prior to becoming a Participating TO.
7. Applicant should consider developing and posting Interconnection Handbook in a timely manner.
8. Approved project sponsor exempt from this process<sup>19</sup>

#### Becoming a Participating TO

An applicant whose application has been accepted shall become a Participating TO with effect from the date when the later of: (i) its TO Tariff takes effect, if applicable, either as a result of acceptance by FERC or by action of a Local Regulatory Authority, whichever is appropriate; or (ii) the TCA takes effect or (iii) CAISO assumes operational control. The TO Tariff of each Participating TO shall be posted on the CAISO website.

#### Additional Information Required Prior to Operation as a Participating TO

The applicant must enter the CAISO transmission implementation process to implement the change in operational control of its transmission facilities as part of the process of joining the CAISO as a Participating TO. The process details can be found at the following link:

<http://www.aiso.com/market/Pages/NetworkandResourceModeling/Default.aspx>

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## **8. DETERMINATION OF ELIGIBILITY**

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Subject to challenges to eligibility discussed below, the CAISO shall permit an applicant who has submitted an application to become a Participating TO if, after considering all comments received from other Parties and third parties, the CAISO determines that:

1. the applicant's transmission lines and associated facilities that are to be placed under the CAISO's Operational Control can be incorporated into the CAISO Controlled Grid without any material adverse impact on its reliability;
2. incorporating such transmission lines and associated facilities into the CAISO Controlled Grid will not put the CAISO in breach of Applicable Reliability Criteria and its obligations as a member of WECC;
3. objections by the CAISO shall have been withdrawn or determined by the CAISO Governing Board to be invalid;
4. all applicable regulatory approvals of the applicant's TO Tariff have been obtained; and
5. the applicant is capable of performing its obligations under the TCA.

#### Challenges to Eligibility

The CAISO shall permit an applicant to become a Participating TO pending the outcome of CAISO ADR Procedures challenging whether or not the applicant satisfies the criteria discussed in Determination of Eligibility if the CAISO determines that the applicant satisfies those criteria unless otherwise ordered by FERC. Objections relating solely to a portion of an applicant's Facilities shall not prevent the applicant from becoming a Participating TO while the objections are being resolved.

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<sup>18</sup> <https://www.aiso.com/Pages/documentsbygroup.aspx?GroupID=758E7F6E-E8E2-4E50-A7E2-7887223FA2B4>

<sup>19</sup> Tariff 4.3.1.1 and 4.3.1.3 (b)

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## 9. DESIGNATION OF TRANSMISSION FACILITIES

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Except for facilities described above, all transmission facilities that a applicant either owns or to which it has an Entitlement that is represented by a Converted Right shall be included in the application and placed under the Operational Control of the CAISO. Subject to some conditions, the cost of all such facilities shall be recovered in the CAISO's Access Charge. Each applicant must designate its transmission facilities, and provide supporting documentation for such designation, in the TCA.

### I. Criteria for Distinguishing Transmission and Distribution Facilities

As stated in Section 3.1 of the CAISO Tariff, the general framework specified in FERC's 7-point test, as set forth in Order 888, shall be used to distinguish a Participating TO's Distribution System from its transmission facilities. A Participating TO may use additional criteria as long as such criteria are consistent with the FERC's 7-point test and are fully explained and documented. The CAISO reserves the right to supplement the FERC's 7-point test, on a case-by- case basis.

The FERC's 7-point test to distinguish local distribution facilities from transmission facilities applies the following criteria to identify local distribution facilities:

1. Local distribution facilities are normally in close proximity to retail customers.
2. Local distribution facilities are primarily radial in character.
3. Power flows into local distribution systems; it rarely, if ever, flows out.
4. When power enters a local distribution system, it is not reconsigned or transported on to some other market.
5. Power entering a local distribution system is consumed in a comparatively restricted geographical area.
6. Meters are based at the transmission/local distribution interface to measure flows into the local distribution system.
7. Local distribution systems will be of reduced voltage.

### II. Criteria for Distinguishing Transmission and Generation Facilities

An applicant shall identify all of its Generation-Tie Lines. The costs associated with such facilities shall be excluded from the portion of a Participating TO's TRR that is recovered through the CAISO's Access Charge.<sup>20</sup> Generation-Tie Lines are facilities that are primarily radial in character and used exclusively for the purpose of transporting energy from a power plant to the point of interconnection with the transmission network.

Generation-Tie Lines include:

1. the lead line from the generator to the point of interconnection with the CAISO Controlled Grid;
2. station equipment used as Generation Step-Up Transformers (GSUs), which convert generation to transmission-level voltage;
3. other interconnection facilities properly assigned to a specific generator under the FERC's transmission pricing policy; and
4. Entitlements to Generation tie lines owned by others. Generation-Tie Lines also include tie lines to third-party generators, and Generation lead lines and GSUs that a Participating TO

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<sup>20</sup> Excluding the costs of Generation-Tie Line facilities from the Access Charge is consistent with federal policy. Under the FERC's long established ratemaking practices, the costs of interconnection facilities are assigned directly to those customers who benefit from such facilities. For example, in its Opinion No. 432 issued in Docket No. ER95-854 (85 FERC 61,274) the FERC ruled that the costs of GSU transformers should be assigned directly to the generator to which it is connected.



retains ownership of or an Entitlement to after the divestiture of one or more of its generating plants.

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## 10. NEGOTIATE TRANSMISSION CONTROL AGREEMENT WITH APPLICANT AND PARTICIPATING TRANSMISSION OWNERS

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1. CAISO provides applicant with templates to be filled out and returned
  - 1.1. Signature page
  - 1.2. Appendix F notice
2. CAISO updates TCA
  - 2.1. Add signature page reference to table of contents
3. CAISO adds signature page
4. CAISO adds to description of transmission lines and associated facilities to Appendix A
5. CAISO adds encumbrances to Appendix B – should be none
6. CAISO confirms negotiation team with applicant
7. CAISO sends draft agreement to negotiation team and applicant
8. CAISO solicits updates from participating transmission owners to
  - 8.1. Appendix A
  - 8.2. Appendix B
  - 8.3. Signature page/Signatory
  - 8.4. Appendix F notice
9. Notify CAISO of required conditional acceptance from FERC of the TCA amendment in line with the operation date as PTO.
10. Execute TCA<sup>21</sup>
  - 10.1. CAISO must execute
  - 10.2. Applicant must execute
  - 10.3. Only those PTOs making a change to their specific information in the agreement or appendices must execute
  - 10.4. All PTOs must execute when material changes made to the articles of the agreement

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## 11. SUMMARY OF CAISO ACTIONS

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1. After application has been accepted, CAISO posts application to website<sup>18</sup>
2. CAISO distributes market notice announcing receipt of application and commencement of 60 day comment period<sup>22</sup>.
  - 2.1. Amendments to the application start a 30 day comment period.
3. Following acceptance of application and execution of amendments to the TCA, the CAISO shall seek board approval at the appropriate Board meeting
4. CAISO shall file the amended TCA with FERC following board approval
5. CAISO issues a Market Notice to notify market participants when new PTO (Applicant/Approved Project Sponsor) executes the TCA and date CAISO will have operational control<sup>23</sup>

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<sup>21</sup> Tariff 4.3.1

<sup>22</sup> TCA 2.2.2

<sup>23</sup> Tariff 4.3.1

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## 12. APPLICANT BECOMES A PARTICIPATING TRANSMISSION OWNER

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1. Applicant/approved project sponsor turns over operational control of transmission lines and associated facilities and entitlements to the CAISO<sup>24</sup>
  - 1.1. CAISO assumes operational control<sup>25</sup>
2. TO Tariff takes effect
  - 2.1. Applicant provides CAISO with the FERC Order approving TO Tariff and copy of approved TO Tariff
  - 2.2. CAISO to post TO Tariff on CAISO website<sup>26</sup>
3. In addition Applicant provides CAISO with FERC Order accepting TRR and TRBA if applicable
4. CAISO notifies applicant and PTOs of effective date of amended TCA, and posts amended TCA on website<sup>27</sup>
5. Update list of participating transmission owners on the CAISO website<sup>18</sup>

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## 13. CONTACTS

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For questions regarding subject matter covered in this procedure, please contact CAISO Regulatory Contracts at [RegulatoryContracts@caiso.com](mailto:RegulatoryContracts@caiso.com)

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<sup>24</sup> Tariff 4.3.1 and 4.3.1.3 (b)

<sup>25</sup> Operational control occurs after completion of the transmission implementation process described at following link

<http://www.caiso.com/market/Pages/NetworkandResourceModeling/Default.aspx>

<sup>26</sup> TCA 2.2.5

<sup>27</sup> <https://www.caiso.com/Pages/documentsbygroup.aspx?GroupID=3972DF1A-2A18-4104-825C-E24350BA838F>