



California ISO

Decision on the subscriber participating transmission owner model

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Subscriber PTO enables development of renewable generation outside of the ISO balancing area to meet policy goals

- CPUC resource portfolios call for out-of-state wind generation
- The out-of-state wind generation requires new transmission which aligns with the 20-Year Transmission Outlook
- FERC's policies support development of long distance transmission funded by subscribers
- The proposed subscriber PTO model provides an option for projects not chosen in the transmission planning process to solicit subscribers who then pay for the subscriber PTO project and join the ISO balancing area

Subscriber PTO model elements

- Use of encumbrances:
 - Provides subscribers priority on transmission line
 - Exempt from transmission, congestion and other minimal costs on the subscriber PTO line
- Transmission costs
 - Non-subscribers will pay for the use of the subscriber PTO line
 - Subscriber PTO non-subscriber usage rate will not be greater than the access charge
 - Generators will finance upfront and then be reimbursed by existing PTOs for upgrades on their system
 - Future network upgrades associated with future generation interconnection or transmission planning requirements will be recovered by the Subscriber PTO through a cost of service rate approved by FERC

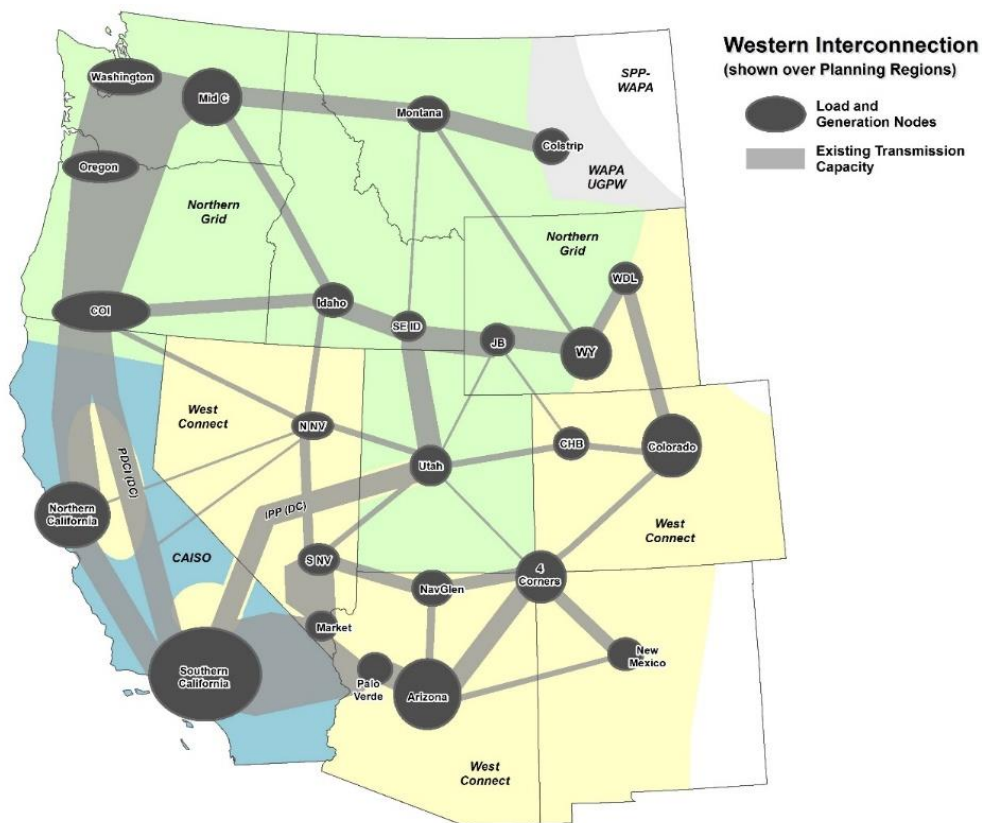
Subscriber PTO model elements (*cont.*)

- Generator interconnection and transmission planning process
 - Subscriber PTO project will be studied through the transmission interconnection process
 - To be included in the base case, subscriber PTO needs to execute the applicant agreement; have the generator execute the interconnection agreement; and provide a notice to proceed to the ISO
- Deliverability
 - Subscriber PTO has the first option to acquire the deliverability established for it in the CPUC resource portfolio using the transmission plan deliverability process
 - Priority is given to maximum import capability at existing points

The subscriber PTO model enables resource diversity to support California's reliability and clean energy needs

- The subscriber PTO model is a new service the ISO will make available to transmission projects outside the ISO balancing area to bring generation to meet California's policy goals
- The model allows the load serving entities to determine the best fit for their portfolio requirements
- By using existing functionality, minimal changes are needed to our systems

The subscriber PTO model supports connectivity in the West, and is critical both to long-term planning and market opportunities



- The subscriber PTO will allow new interconnections to other areas
- Related to interregional transmission planning, EDAM, resource adequacy, deliverability, and enhances resilience

Stakeholders are supportive of developing the subscriber PTO model, with isolated concerns around specific charges and usage fees

- All stakeholders support development of the subscriber PTO model, some strongly
- Stakeholder concerns:
 - Network upgrades of existing PTOs included in access charge paid by all loads and exports
 - This treatment is consistent with existing tariff authority

Additional isolated stakeholder concerns

- Stakeholder concerns (*cont.*)
 - If the beneficiaries of the generation are not ISO load, then the out-of-ISO load should pay for upgrades
 - The ISO doesn't require this treatment for other generators
 - Stakeholder opposed to subscriber PTO being allowed to collect usage fee from non-subscribers
 - Collecting a fee is consistent with cost causation and FERC open access principles

Stakeholder engagement and next steps

- Six stakeholder meetings from August 2022 – June 2023
- Comments received from 19 stakeholders over the course of five papers
- With Board approval
 - Tariff stakeholder process in July - August
 - FERC filing in September
 - FERC order in November
 - TransWest Express can market its project with certainty of the rules that will apply
 - TransWest Express broke ground in June 2023
 - If successful in securing subscribers for the generation, TransWest Express plans to energize in 2027

ISO Board of Governors approval will enable the ISO to proceed with this innovative approach to improve connectivity across the west

- The subscriber PTO model provides a mechanism to meet the CPUC portfolio resource needs without some additional cost to ISO ratepayers
- ISO will be using existing functionality with minimal changes to the ISO's systems
- Non-subscriber use of the line will be paid to the subscriber PTO based on a FERC approved rate
- Management recommends approval of the subscriber PTO proposal