



May 10, 2013

**VIA ELECTRONIC FILING**

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

**RE: Western Interconnection - Order No. 1000 Interregional Compliance Filings**

*California Independent System Operator Corporation*  
Docket No. ER13-\_\_\_\_\_

Northern Tier Transmission Group

*Deseret Generation & Transmission Co-operative, Inc.*  
Docket No. ER13-\_\_\_\_\_

*Idaho Power Company*  
Docket No. ER13-\_\_\_\_\_

*NorthWestern Corporation*  
Docket No. ER13-\_\_\_\_\_

*PacifiCorp*  
Docket No. ER13-\_\_\_\_\_

*Portland General Electric Company*  
Docket No. ER13-\_\_\_\_\_

WestConnect

*Arizona Public Service Company*  
Docket No. ER13-\_\_\_\_\_

*Black Hills Power, Inc.*  
Docket No. ER13-\_\_\_\_\_

*Black Hills Colorado Electric Utility Company, LP*  
Docket No. ER13-\_\_\_\_\_

*Cheyenne Light, Fuel & Power Company*  
Docket No. ER13-\_\_\_\_\_

*El Paso Electric Company*  
Docket No. ER13-\_\_\_\_\_

*NV Energy*  
Docket No. ER13-\_\_\_\_\_

*Public Service Company of Colorado*  
Docket No. ER13-\_\_\_\_\_

*Public Service Company of New Mexico*  
Docket No. ER13-\_\_\_\_\_

*Tucson Electric Power Company*  
Docket No. ER13-\_\_\_\_\_

*UNS Electric, Inc.*  
Docket No. ER13-\_\_\_\_\_

Dear Secretary Bose:

Pursuant to Order No. 1000 of the Federal Energy Regulatory Commission (the “Commission”),<sup>1</sup> 18 C.F.R. § 35.28(c) (2012), and the Commission’s February 26, 2013 Notice Granting an Extension of Time to Submit Interregional Compliance Filings,<sup>2</sup> the California Independent System Operator Corporation (“CAISO”); Deseret Generation & Transmission Cooperative, Inc., Idaho Power Company, NorthWestern Corporation, PacifiCorp, and Portland General Electric Company (collectively, the “**Northern Tier Transmission Group Applicants**”); and Arizona Public Service Company, Black Hills Power, Inc., Black Hills Colorado Electric Utility Company, LP, Cheyenne Light, Fuel & Power Company, El Paso Electric Company, NV Energy, Public Service Company of Colorado, Public Service Company of New Mexico, Tucson Electric Power Company, and UNS Electric, Inc. (collectively, the “**WestConnect Applicants**”) (individually, an “**Applicant**” or, collectively, the “**Applicants**”), hereby submit their Order No. 1000 interregional compliance filings in the above-captioned proceedings.<sup>3</sup>

As discussed in greater detail herein, after a comprehensive collaborative process, the Applicants and ColumbiaGrid, encompassing the four transmission planning regions in the United States portion of the Western Interconnection (the “**Planning Regions**”),<sup>4</sup> developed

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<sup>1</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011), *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132 (2012), *order on reh’g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012).

<sup>2</sup> *Notice Granting an Extension of Time to Submit Interregional Compliance Filings*, Docket No. RM10-23-000 (Feb. 26, 2013).

<sup>3</sup> The WestConnect Applicants note that on March 22, 2013, the Commission issued an Order on Compliance filings, 142 FERC ¶ 61,206 (the “Compliance Order”) directing the WestConnect Applicants to make further modifications to their open access transmission tariffs to address the Commission’s direction in Order No. 1000 with respect to regional transmission planning and cost allocation, as set forth in the Compliance Order. The WestConnect Applicants note that on April 22, 2013, the WestConnect Applicants filed requests for clarification or in the alternative rehearing of the Commission’s Compliance Order. Accordingly, the WestConnect Applicants note that the instant filing addresses only those requirements of Order No. 1000 that relate to the interregional transmission planning and cost allocation process and not the items raised in the Commission’s Compliance Order. The WestConnect Applicants will make the necessary filings with the Commission to address its Compliance Order, or any subsequent order as necessary, through a separate filing.

<sup>4</sup> Avista Corporation (“Avista”), Puget Sound Energy, Inc. (“Puget”), and Bonneville Power Administration (“Bonneville”) are members of the ColumbiaGrid transmission planning region. Bonneville (unless it decides to

common tariff language addressing the interregional transmission coordination and cost allocation planning requirements of Order No. 1000 (“**Common Language**”).<sup>5</sup> The Applicants’ proposed interregional transmission coordination and cost allocation planning process is intertwined with the modifications to the Applicants’ regional and, to some extent, local, transmission planning processes currently pending before the Commission.<sup>6</sup> Based upon this integrated solution, submitted through this common filing letter, the Applicants are requesting an effective date of October 1, 2013 or alternatively, October 1, 2015, as further discussed in Section VII below.

While the Applicants are submitting a common filing letter, each Applicant is individually submitting the revised provisions to its respective tariff, through eTariff, to comply with the Commission’s filing requirements. The Applicants submit, and request that the Commission find, that these tariff revisions comply with the interregional requirements of Order No. 1000.

In support of this compliance filing, the Applicants state the following:

## **I. STRUCTURE OF TRANSMITTAL LETTER**

In this single compliance filing, the Applicants include *all* matters relating to each of their revised tariff provisions necessary to address Order No. 1000’s interregional requirements.<sup>7</sup> It is important to the Applicants that the interregional provisions of their tariffs be consistent with one another, and be approved contemporaneously (or within a reasonable window) to allow the coordinated interregional effort to be conducted in the most efficient manner. To accomplish this goal, this transmittal letter is structured as follows:

Section II describes the Common Language provisions;

Section III describes the process employed by the Applicants to develop the common interregional provisions of their tariffs in compliance with the requirements of Order No. 1000;<sup>8</sup>

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delay its filing due to a supervening Commission order), Avista and Puget will submit their filings in response to the interregional requirements of Order No. 1000 under separate transmittal letter or letters. They have authorized the Applicants to represent in this letter that they participated in the development of, and will incorporate in their filings, the Common Language, barring a supervening Commission order determined to be inconsistent with such incorporation.

<sup>5</sup> Order No. 1000 at PP 346 & 475.

<sup>6</sup> *Deseret Generation & Transmission Co-operative, Inc.*, Docket No. ER13-65-000 (filed Oct. 10, 2012); *Idaho Power Co.*, Docket No. ER13-106-000 (filed Oct. 11, 2012); *NorthWestern Corp.*, Docket No. ER13-67-000 (filed Oct. 10, 2012); *PacifiCorp*, Docket No. ER13-64-000 (filed Oct. 10, 2012); *Portland Gen. Elec. Co.*, Docket No. ER13-68-000 (Oct. 10, 2012); *Cal. Indep. Sys. Operator Corp.*, 143 FERC ¶ 61,057 (2013); *Pub. Serv. Co. of Colorado, et al.*, 142 FERC ¶ 61,206 (2013).

<sup>7</sup> Information about each Applicant, and its respective transmission planning region, can be found in each Applicant’s filing submitted in response to the regional requirements of Order No. 1000. That information is incorporated herein by reference.

<sup>8</sup> Order No. 1000 at P 607.

Section IV explains how the Applicants' interregional provisions satisfy the interregional transmission coordination requirements set forth in Order No. 1000;

Section V explains how the Applicants' interregional provisions satisfy the six interregional cost allocation principles set forth in Order No. 1000;

Section VI contains a discussion of the modifications to each Applicant's tariff necessary to incorporate the interregional provisions, including any necessary modifications to the local and regional transmission planning provisions of its tariff;

Section VII specifies and explains the requested effective date for the modifications to each Applicant's tariff;<sup>9</sup>

Section VIII provides a list of the attachments to the filing;

Section IX identifies the representatives of each Applicant to whom any communications should be directed; and

Section X contains the conclusion.

## **II. SUMMARY OF INTERREGIONAL PROVISIONS AND PROCESS DIAGRAM**

Through a collaborative interregional process, the Applicants developed the Common Language that each Applicant has incorporated into its respective tariff as described herein. For reference purposes only, the Applicants are providing this Common Language as **Attachment 1**.

For illustrative purposes, the Applicants prepared a flow diagram ("**Flow Diagram**"), included as **Attachment 2**, that provides a high level and general illustration of the interregional coordination and cost allocation processes described in the Common Language. The Flow Diagram is provided for illustrative purposes only and is not intended to modify the Common Language or any of the Applicant's tariff provisions. The Flow Diagram presents each Planning Region and stakeholders as separate, horizontal paths, or so-called "swim lanes." The arrows represent the flow of information to and from each Planning Region and stakeholders. Additional interregional coordination and collaboration between Planning Regions are reflected by the oblong bubbles, titled "Interregional Data Sharing." The bottom swim lane, titled "Tariff Section," provides the corresponding general time bands and Common Language section for the process milestones depicted in the regional and stakeholder swim lanes.

In addition, to provide more information about the cost allocation process and for illustrative purposes only, the Applicants have included a hypothetical example demonstrating the application of their interregional cost allocation process as **Attachment 3**.

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<sup>9</sup> *Id.* P 162.

### **A. Year 1 of the Flow Diagram**

The interregional coordination process begins with each Planning Region making available its Annual Interregional Information, which may include (i) the current planning cycle study plan, or underlying information that would typically be included in a study plan, (ii) initial study reports (or system assessments) from the current or previous planning cycle; and (iii) the regional transmission plan from the previous planning cycle. These data may be used to select appropriate power flow cases and develop study assumptions and methodologies to be used during each Planning Region's current planning cycle. Each Planning Region makes this Annual Interregional Information available to the other Planning Regions as described in Section 2 of the Common Language and depicted in the Flow Diagram by the "Interregional Data Sharing" bubbles.

Pursuant to the Common Language, each Planning Region is to participate in an Annual Interregional Coordination Meeting, which is open to stakeholders.<sup>10</sup> In both years of the planning cycle, prior to the Annual Interregional Coordination Meeting, each Planning Region is to make available its Annual Interregional Information by posting such information on its website, as described in Section 3 of the Common Language and depicted in the Flow Diagram by the arrows from each region to the "Annual Interregional Coordination Meeting" box. At the first-year Annual Interregional Coordination Meeting, the Planning Regions and stakeholders are to have the opportunity to identify conceptual interregional solutions that may meet regional transmission needs more efficiently or cost effectively.

Following the first-year Annual Interregional Coordination Meeting, each Relevant Planning Region, with regard to an Interregional Transmission Project ("ITP") that has been properly submitted (as described in Section 4.1 of the Common Language),<sup>11</sup> is to participate in the joint evaluation of such Interregional Transmission Projects as described in Section 4.2 of the Common Language and depicted in the Flow Diagram by the "Regional Needs Analysis" box. Each Relevant Planning Region is to confer with each other Relevant Planning Region on project data and cost and study assumptions and methodologies, as illustrated by the "Interregional Data Sharing" bubbles in the Flow Diagram. Following this analysis the CAISO publishes a final transmission plan, ColumbiaGrid publishes a system assessment report and updates the prior cycle transmission plan and Northern Tier Transmission Group generates a draft transmission plan. Within WestConnect, the first year of the regional transmission planning cycle is focused on the task of identifying regional needs, and development of a regional transmission plan occurs in the second year.

When there has been a request for an Interregional Cost Allocation that is properly submitted (as described in Section 5.1 of the Common Language), the CAISO and Northern Tier Transmission Group Applicants and ColumbiaGrid produce an initial determination of ITP

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<sup>10</sup> Common Language at § 3.

<sup>11</sup> An "Interregional Transmission Project" means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with Tariff Section 4.1. Common Language at § 1.

benefits.<sup>12</sup> Each Relevant Planning Region is to share its determination of regional ITP benefits with the other Relevant Planning Regions to provide an ITP cost assignment among the Relevant Planning Regions, as depicted in the Flow Diagram and described in Section 5.2 of the Common Language. The Relevant Planning Regions may share these plans and benefit determinations with stakeholders as depicted in the Flow Diagram by the arrows to the Year 2 link symbol (see Section 5.2(b) of the Common Language).

### **B. Year 2 of the Flow Diagram**

At the beginning of the second year, the Planning Regions are again to participate in an Annual Interregional Coordination Meeting. During this meeting, the Planning Regions are to have an opportunity to discuss the status of the ITP evaluations, including regional ITP benefits and regional cost assignment, with stakeholders.

Following the second-year Annual Interregional Coordination Meeting, each Planning Region is expected to incorporate information from other Planning Regions and stakeholders into its study plan, if applicable, and proceed to complete its transmission plan analysis and initial regional cost allocation. As described in Section 5.2 of the Common Language, each Relevant Planning Region is to determine if a properly-submitted ITP is a more cost effective or efficient solution to a transmission need in its region. To do so, each Relevant Planning Region is to use what its regional cost allocation would be, based on its *pro rata* share of projected ITP costs, in determining whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation. If all the Relevant Planning Regions have selected an ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, then such Relevant Planning Regions will each finalize their cost allocation and transmission plans, as depicted in the Flow Diagram at the end of each Relevant Planning Region's swim lane (see Section 6.1 of the Common Language).

However, if not all Relevant Planning Regions select the ITP in their regional transmission plans for purposes of Interregional Cost Allocation, but at least two Relevant Planning Regions have so selected the ITP, the Relevant Planning Regions that have selected the ITP in their regional transmission plans for purposes of Interregional Cost Allocation are to continue the analysis according to Common Language Section 6.2, with the planning cycle continuing beyond the second year as depicted in the Flow Diagram at the end of the "Tariff Section" swim lane.

## **III. DEVELOPMENT PROCESS OVERVIEW**

### **A. Description of the Applicants' Interregional Transmission Coordination and Cost Allocation Development Process**

In Order No. 1000, the Commission directed public utility transmission providers to document, in their compliance filings, the steps taken to reach consensus on a cost allocation

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<sup>12</sup> The WestConnect Applicants are reviewing needs through the WECC Transmission Expansion Planning Policy Committee process in year one. The initial determination of benefits occurs in year two, quarter one.

methodology, or set of applicable methodologies.<sup>13</sup> The Commission encouraged groups of public utility transmission providers who have reached consensus, like the Applicants, to make coordinated filings containing their views of the process by which consensus was reached.<sup>14</sup>

As discussed below, the Applicants conducted an extensive collaboration, which included stakeholder meetings and input,<sup>15</sup> to develop the data exchange, interregional coordination, joint evaluation and interregional cost allocation processes embodied in the Common Language set forth in Attachment 1. On August 31, 2012, representatives from each Planning Region met informally to begin the interregional collaboration process by establishing an Interregional Coordination Team (“ICT”) that would develop the necessary proposals to comply with Order No. 1000’s interregional requirements. Among other things, the Planning Region representatives decided that ColumbiaGrid would create a page on its website and post interregional coordination materials.<sup>16</sup> The other Planning Regions provided links on their websites to that location.<sup>17</sup>

Subsequently, the ICT members organized an initial meeting held on October 1, 2012, at the CAISO offices in Folsom, California. The objectives of this meeting were to formally establish the ICT and its two workgroups (described below); develop a mission statement, principles and a framework for the final product; discuss fully public “big tent” interregional stakeholder meetings; and establish a milestone schedule to meet the Commission’s initial April 11, 2013 compliance filing deadline (see **Table 1** below). ICT membership included representatives from each Planning Region, and included jurisdictional and non-jurisdictional public utility transmission providers, state agencies and municipalities, independent transmission providers and public interest groups.<sup>18</sup> Two workgroups – made up of subsets of these representatives – were established to develop, respectively, interregional coordination and cost allocation proposals that would be presented to the ICT and, ultimately, the larger interregional stakeholder group.

A key function of both workgroups was to identify the Order No. 1000 interregional transmission coordination and cost allocation requirements and to ensure that proposals developed by each group complied with those requirements. Both groups worked from the fundamental requirements, established at the first ICT meeting, that the Common Language must build upon and integrate with each Planning Region’s regional processes to ensure (i) apples-to-apples comparisons of ITPs to regional projects, and (ii) that ITPs are evaluated on the same

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<sup>13</sup> Order No. 1000 at P 607.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* PP 465-66.

<sup>16</sup> <http://www.columbiagrid.org/O1000Inter-overview.cfm>.

<sup>17</sup> CAISO: <http://www.caiso.com/informed/Pages/StakeholderProcesses/Default.aspx>; Northern Tier Transmission Group: [http://nttg.biz/site/index.php?option=com\\_content&task=view&id=173&Itemid=1](http://nttg.biz/site/index.php?option=com_content&task=view&id=173&Itemid=1); WestConnect: [http://westconnect.com/planning\\_order\\_1000\\_interregional\\_coord\\_process.php](http://westconnect.com/planning_order_1000_interregional_coord_process.php).

<sup>18</sup> The ICT participants represented a broad spectrum of membership groups from each region, depending on the unique structure of the Planning Region. The “big tent” stakeholder meetings not only included the members of each Planning Region, but were open to the public, all stakeholders, and interested parties.

schedule as regional projects. These requirements ensure that neither ITPs nor regional projects are unintentionally favored during the development of each Planning Region’s regional transmission plan.

**Table 1 – Interregional Milestones and Date Completed**

Date	Milestone
October	Formation of ICT <ul style="list-style-type: none"> <li>• Development of mission statement and principles</li> <li>• Creation of planning and cost allocation workgroups</li> <li>• Document planning and cost allocation requirements of Order No. 1000</li> <li>• Development of ideas/options for meeting requirements</li> </ul>
Nov. 7	ICT public stakeholder meeting #1 <ul style="list-style-type: none"> <li>• Present initial ideas/options/approaches to stakeholders</li> </ul>
Nov. 16	ICT public stakeholder call <ul style="list-style-type: none"> <li>• Follow-up to Nov 7 stakeholder meeting</li> </ul>
Nov. 21	Written stakeholder comments due (comments template provided)
Late Nov. / Early Dec.	ICT develops combined proposal that addresses both transmission planning and cost allocation requirements <ul style="list-style-type: none"> <li>• To the extent consensus is not reached on preferred approach, then options would be presented that appear most attractive and feasible</li> <li>• May contain unresolved design elements</li> </ul>
Dec. 19	ICT public stakeholder meeting #2 <ul style="list-style-type: none"> <li>• Present combined proposal to stakeholders (document posted in advance)</li> </ul>
Jan. 7	Written stakeholder comments due
Early Jan.	ICT determines whether a single proposal for all four Planning Regions is achievable or whether a more disaggregated approach with different proposals for each pair of Planning Regions will be needed
Jan. 30	ICT public stakeholder meeting #3 <ul style="list-style-type: none"> <li>• Present resulting approach(es)/proposal(s) to stakeholders (documents posted in advance)</li> </ul>
Feb. 6	Written stakeholder comments due
Feb.-Apr.	Tariff language developed based on resulting approach/proposal <ul style="list-style-type: none"> <li>• Includes opportunity for stakeholder input through each Planning Region</li> </ul>

Date	Milestone
Mar. 11 <sup>19</sup>	ICT public stakeholder meeting #4 <ul style="list-style-type: none"><li data-bbox="418 342 1386 411">• Present common tariff language intended to be adopted by transmission providers in each Planning Region (document posted on March 4, 2013)</li></ul>
Apr. 8	Common tariff language finalized by all four Planning Regions

In accordance with the Table 1 schedule, the ICT held the first public interregional stakeholder meeting in Seattle, Washington on November 7, 2012, to inform stakeholders about the progress the ICT and its workgroups had accomplished, as well as to provide stakeholders an opportunity to provide input on this work and suggestions on matters related to the ICT's effort. At this meeting, a representative from each Planning Region provided information about the regional compliance filings submitted to the Commission for approval on October 11, 2012. The planning coordination workgroup members reported that their efforts were focused on three topics: (1) definition of an "interregional project"; (2) stakeholder participation in the process; and (3) the framework for evaluating interregional projects. The cost allocation workgroup presented three draft proposals for assessing project benefits and allocating costs to the regions based on those benefits. Following the workgroup presentations, the ICT provided stakeholders with information about the interregional process milestones and meeting dates and invited stakeholders to submit comments on the information presented.

On November 16, 2012, the ICT held a web conference call to seek stakeholder input on the November 7<sup>th</sup> stakeholder meeting topics and share additional options that had been developed on how to define an interregional project and allocate costs. Following the stakeholder session, the ICT held a meeting to review input received from the stakeholders and prepare an action plan, based upon the input received, for developing the requisite interregional provisions. On November 21, 2012, individual stakeholders or groups of stakeholders provided comments to the ICT.<sup>20</sup>

Consistent with the milestone schedule, and with the benefit of stakeholder input received on November 21, 2012, the ICT and its two workgroups continued to work together throughout November and early December to prepare for a second public stakeholder meeting. At a December 4-5, 2012 meeting in Salt Lake City, Utah, the ICT reviewed and considered stakeholder comments, evaluated a draft proposal from the planning coordination workgroup covering data exchange and project assessment procedures, and developed the topics to be presented to stakeholders at the December 19, 2012 public meeting in Las Vegas, Nevada.

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<sup>19</sup> While not originally scheduled, the ICT members held the additional meeting to ensure the interregional collaboration process provided for robust and inclusive stakeholder involvement.

<sup>20</sup> See ColumbiaGrid website: <http://www.columbiagrid.org/O1000Inter-documents.cfm>. This link provides the various presentation materials and submitted stakeholder comments related to the preparation of the Applicants' Common Language.

At the December 19, 2012 meeting, ICT members presented an overview and summary of stakeholder comments and resulting modifications of the proposals, review of coordination principles and Order No. 1000 requirements, and proposals from the planning and cost allocation workgroups. The planning coordination workgroup proposals included a description of the data to be exchanged between the regions and a draft process timeline for data submission and project study. The cost allocation workgroup proposal described the benefits assessment and cost allocation process that had been developed. Stakeholders were encouraged to submit comments and were provided information about upcoming ICT meetings and the final stakeholder meeting on January 30, 2013.

Following the December 19, 2012 stakeholder meeting, and with the benefit of written stakeholder comments received on January 7, 2013, the ICT and workgroups continued working to develop interregional proposals for an ICT meeting in Portland, Oregon on January 16-17, 2013. On January 16, 2013, team members, including representatives of the Applicants who would work on the common tariff language, finalized the proposals for planning coordination and cost allocation that would be presented to stakeholders at the final public stakeholder meeting scheduled for January 30, 2013. The ICT formed a drafting team that would develop the common tariff language to be filed by the Applicants.

Prior to the January 30, 2013 public stakeholder meeting in Folsom, California, the ICT posted the draft “FERC Order No. 1000 Compliance Proposed Interregional Coordination Approach” (the “final proposal”). At the January 30, 2013 meeting, the ICT presented the final proposal, sought comments, and advised parties that the work of the group would shift to the tariff drafting team, with ongoing guidance from the ICT.

Applicants’ tariff drafting representatives met in Portland, Oregon on February 4-5, 2013 to develop tariff language that would be presented for final revisions and consensus approval by the Applicants’ representatives at a joint meeting with the ICT in Salt Lake City, Utah on February 13-14, 2013. Following Applicant approval, on March 4, 2013, the ICT posted the Common Language on the ColumbiaGrid website. On March 11, 2013, the ICT held a public stakeholder conference call, and stakeholders were given an opportunity to ask questions and provide comments on the proposed tariff language.

As noted earlier, the Applicants structured the process and timeline for developing the final proposal to meet the Commission’s initial April 11, 2013 compliance date. While the Commission extended the compliance date, given the robust and inclusive scope of the interregional stakeholder process to date, the Applicants concluded that additional input from stakeholders was unnecessary.

## **B. Stakeholder Comment Synopsis**

In developing and refining the final proposal, the ICT provided stakeholders with eight separate opportunities to provide comment on the draft and final proposals, including five stakeholder meetings and three windows for submitting written comments.

In general, stakeholders raised questions and concerns about specific elements of the proposal as it evolved, and the ICT carefully considered these comments and assessed whether they were consistent with the Order No. 1000 requirements. The ICT discussed stakeholder comments and resulting modifications to the proposal at the next public meeting, rather than providing written responses to comments.

The following is a short summary of some of the major issues raised in stakeholder comments, and a description of how the Planning Regions responded to each of these issues.

1. *Need for Transparent Coordination Process and Alignment of Regional Planning Processes*

In the first two rounds of stakeholder comments, stakeholders emphasized that interregional collaboration needed to be well defined and provide for robust stakeholder participation. Stakeholders also suggested methods by which interregional project proponents could submit projects into each regional process and the evaluation criteria by which regions could assess sponsor qualifications. Another stakeholder suggested that Planning Regions should collaborate to determine whether an interregional solution would be more efficient and cost effective than regional solutions in their regional plans. A stakeholder suggested that the process include an opportunity for projects to be submitted directly for evaluation into the interregional process. One stakeholder, whose representative participated on the ICT, also advocated that evaluation of interregional projects should include projects not seeking interregional cost allocation. Several stakeholders, particularly independent transmission developers, requested more clarity about the coordination process and more certainty about the time that it would take for interregional project assessment and to reach the ultimate approval decision.

The Planning Regions considered these comments and incorporated many of the suggestions into the final proposal and Common Language. The ICT developed a process framework that provides for an annual exchange of planning data followed by an annual coordination meeting at which Planning Regions and their stakeholders may consider potential interregional solutions that might meet regional needs.<sup>21</sup> The annual coordination meeting is to be held during the first quarter of the year, preferably in February but no later than March 31. This schedule was specifically established in response to stakeholder comments and provides interested parties with the opportunity to attend the annual coordination meeting and still have time to submit an interregional project into the regional planning processes by the March 31 deadline (in even-numbered years).

Although some stakeholders requested that the Planning Regions establish a completely separate interregional process, the ICT concluded that adopting this proposal would go well

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<sup>21</sup> Any interregional conceptual solutions that are identified at this meeting will be subject to consideration in the regional transmission planning processes of the Relevant Planning Regions if a proponent or sponsor submits the conceptual solution into the regional planning processes of all Relevant Planning Regions.

beyond the requirements of Order No. 1000.<sup>22</sup> Nonetheless, the ICT considered the planning cycles of all four Planning Regions to provide a common interregional project submission period and two-year evaluation timeframe. The process contemplates that project sponsors may seek joint evaluation regardless of whether interregional cost allocation is requested. The Applicants believe that this framework, including an annual coordination meeting and a joint evaluation process layered on top of the regional processes and regional stakeholder activities, addresses stakeholder concerns about transparency and certainty.

2. Coordination with Western Electricity Coordinating Council (“WECC”)

Several stakeholders encouraged the Planning Regions to explicitly incorporate WECC’s Transmission Expansion Planning Policy Committee (“TEPPC”) planning process, transmission plans and solutions as part of the interregional evaluation process. The Applicants declined to incorporate the TEPPC process based on concerns that the data, criteria, and methods used in evaluating regional (and local) transmission projects would differ from those used in a Planning Region, preventing the evaluation of projects within that Planning Region on a comparable basis.<sup>23</sup> In addition, as explained to stakeholders at the December 19, 2012 meeting, Order No. 1000 does not require interconnection-wide planning.<sup>24</sup>

Nonetheless, all Planning Regions benefit from their participation in WECC activities, and WECC data are collected from its members and, in turn, are used by each Planning Region in its planning activities. In addition, some Planning Regions use the WECC study process to meet certain Order No. 890 compliance obligations. Certain of the Applicants’ Attachment Ks provide for interconnection-wide planning through TEPPC. Based on current practices, the Planning Regions intend to continue utilizing WECC data gathering and study services after Order No. 1000 implementation.

3. Common Cost Allocation Process and a Path Forward for Interregional Transmission Project Development

In several sets of comments, one stakeholder raised two general areas of concern: (1) that Order No. 1000, paragraph 578, requires regions and neighboring regions to have a common methodology for allocating interregional project costs to the beneficiaries in the neighboring regions; and (2) that the proposed interregional process lacks a path forward for interregional projects that are found by the relevant regions to meet regional needs.

The Applicants believe that the proposed cost allocation process for interregional projects is entirely consistent with paragraph 578 and the spirit of Order No. 1000. When an

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<sup>22</sup> See Order No. 1000 at App. C (“The Transmission Provider, through its regional transmission planning process, must coordinate with the public utility transmission providers in each neighboring transmission planning region within its interconnection to address transmission planning coordination issues related to interregional transmission facilities.”).

<sup>23</sup> See *Pub. Serv. Co. of Colorado, et al.*, 142 FERC ¶ 61,206, at P 319 (2013).

<sup>24</sup> *Id.* P 660.

interregional project is properly submitted to the Relevant Planning Regions, the regions are to confer about the inputs and assumptions, including common cost estimates, to be used in each regional process to determine the dollar value of benefits to the region and are to seek to resolve any differences in data or other information.<sup>25</sup> Each Planning Region is to then calculate its *pro rata* share of the project costs by multiplying its share of the total benefits identified by all the Planning Regions by the total project costs. This is a consistent and common process by which each Planning Region is to then be able to determine whether the interregional project is a more cost effective or efficient solution to a regional transmission need.

Once two or more Planning Regions have found that the interregional solution provides regional benefits, the *pro rata* share of the costs assigned to the Planning Region is to be allocated to the beneficiaries in accordance with each regional cost allocation methodology, which may vary by Planning Region. This process is clearly contemplated by the language of Order No. 1000 at paragraph 578, which states:

As we discuss further below, the cost allocation method or methods used by the pair of neighboring transmission regions can differ from the cost allocation method or methods used by each region to allocate the cost of a new interregional transmission facility within that region. For example, region A and region B could have a cost allocation method for the allocation of the costs of an interregional transmission facility between regions A and B (the interregional cost allocation method) that could differ from the respective regional cost allocation method that either region A or region B uses to further allocate its share of the costs of an interregional transmission facility.

The Applicants understand and appreciate the concerns expressed by stakeholders about the path forward for interregional projects once approved in regional plans. While implementation details such as ownership, construction, permitting, operational control and other issues are not required elements of the Order No. 1000 transmission coordination and cost allocation directives, where the Relevant Planning Regions find the proposed project to be a more cost effective or efficient solution for a regional need there may exist a strong interest in seeing that the project moves forward on a schedule that meets these needs. Furthermore, the status of previously approved projects will be the topic of discussion and stakeholder input at the annual interregional coordination meeting, and details about project implementation issues can be addressed at that time.<sup>26</sup>

In summary, the design and development of the interregional transmission coordination and cost allocation process for Order No. 1000 compliance, that began in August 2012 and concluded with Common Language finalized by the Planning Regions in early April 2013, included multiple opportunities for stakeholder comment and input. The ICT took all stakeholder concerns into consideration while undertaking the rather complex task of developing

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<sup>25</sup> Common Language at § 5.2.

<sup>26</sup> *Id.* § 3(iii).

a coordinated interregional approach that meets the interregional requirements of Order No. 1000 and could be supported by Planning Regions with very diverse membership and transmission planning processes. To the extent that stakeholders made suggestions that were beyond the scope of Order No. 1000, the ICT considered such comments but did not include them in the proposals and recommendations unless they were acceptable to all of the Planning Regions. By coming to a consensus on all of the Order No. 1000 interregional requirements, the ICT was able to craft a framework with broad support from all the Planning Regions. The Applicants believe that the common interregional transmission evaluation and cost allocation processes developed through this process is in the best interests of stakeholders and ratepayers, will serve to promote interregional projects, and will encourage participation by independent transmission providers.

### **C. Description of the Regional Stakeholder Outreach Processes**

In addition to the joint interregional collaboration process described above, CAISO and the Northern Tier Transmission Group Applicants conducted additional regional stakeholder outreach processes. The WestConnect Applicants conducted their stakeholder outreach through the interregional process.

#### **1. California Independent System Operator**

The CAISO initiated its stakeholder process with the posting of an issue paper<sup>27</sup> on September 17, 2012 in which the CAISO identified and described the interregional requirements of Order No. 1000 and proposed a process to develop a compliance proposal. The CAISO held a stakeholder web conference on September 25, 2012 to discuss the issue paper with stakeholders and solicit input. Written stakeholder comments were received on October 2, 2012. In their written comments, stakeholders indicated that the CAISO's description of the interregional requirements of Order No. 1000 was indeed accurate and complete. Stakeholders also commented that in the effort to develop conceptual policies and procedures to address the interregional requirements of Order No. 1000, stakeholder representation should be comparable among the planning regions. After considering this, the CAISO asked its participating transmission owners to participate in the discussions with the other planning regions' representatives.

The CAISO subsequently held a second stakeholder web conference on October 11, 2012 during which the CAISO presented its initial ideas on a possible framework for interregional transmission planning coordination and an approach for developing a framework for interregional cost allocation. The CAISO also briefed stakeholders on the formation of the ICT and discussions with the neighboring planning regions which had commenced by that point in time. Written stakeholder comments were received on October 18, 2012. In their written comments stakeholders acknowledged that this would be a challenging effort requiring extensive coordination among the planning regions in a short period of time. Stakeholders expressed both appreciation and support for the level of stakeholder engagement proposed by the CAISO and the other planning regions. Stakeholders also recommended that the CAISO develop draft

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<sup>27</sup> See CAISO website: <http://www.caiso.com/Documents/FERCOrder1000ComplianceInterregionalIssuePaper.pdf>

proposals as a basis for further stakeholder discussion. The CAISO subsequently did this as described below.

On November 5, 2012, the CAISO held a third stakeholder web conference during which the CAISO presented two preliminary straw proposals—one on interregional planning coordination and another on interregional cost allocation. These two preliminary straw proposals represented a refinement of the CAISO's initial thinking based both on feedback the CAISO had received from stakeholders following the October 11, 2012 stakeholder meeting and on discussions the CAISO had with the planning regions through the ICT. The CAISO also provided an update during the web conference on ICT activities. Written stakeholder comments were due by November 21, 2012.

Based on stakeholder input and interregional discussions up to that point, the CAISO continued to further refine its ideas on interregional planning coordination and cost allocation and combined them into its straw proposal<sup>28</sup> posted on November 21, 2012. The CAISO subsequently held a fourth stakeholder meeting on November 28, 2012 to discuss its proposals in detail with stakeholders. The CAISO received written comments from stakeholders on December 5, 2012. Having an in-depth discussion with stakeholders at that point benefitted the CAISO's participation in ICT discussions and development of the ICT's draft proposal for interregional coordination and cost allocation.<sup>29</sup>

Throughout January and the first half of February the ICT completed an intensive effort to complete development of a draft proposed approach for interregional coordination and cost allocation. The CAISO utilized this draft approach in developing its draft final proposal<sup>30</sup> posted on February 21, 2013. The CAISO subsequently held a fifth stakeholder meeting on February 27, 2013 to discuss the proposal with stakeholders. The CAISO received written comments from stakeholders on March 7, 2013. The CAISO presented the draft final proposal to the CAISO Board of Governors at its March 21-22, 2013 meeting where it was approved.

Throughout March and April the CAISO consulted with stakeholders in the development of draft tariff language. Stakeholders were given an opportunity to comment on two versions of the draft tariff sections that will implement the Common Language and better align the CAISO's regional process with the interregional coordination process. The CAISO's proposed tariff language is described in detail in Section VI.A. below.

The activities discussed above are summarized in **Table 2** below.

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<sup>28</sup> See CAISO website: <http://www.caiso.com/Documents/StrawProposal-FERCOrder1000ComplianceInterregionalRequirements.pdf>

<sup>29</sup> This draft proposal was presented at the ICT's interregional stakeholder meeting on December 19, 2012.

<sup>30</sup> See CAISO website: <http://www.caiso.com/Documents/DraftFinalProposal-FERCOrder1000Compliance-InterregionalRequirements.pdf>

**Table 2 – CAISO Stakeholder Activity Summary**

<b>Date</b>	<b>ISO Stakeholder Process</b>
Sep. 17	CAISO posts issue paper
Sep. 25	CAISO stakeholder web conference
Oct. 2	Stakeholder comments due to CAISO
Oct. 11	CAISO stakeholder web conference
Oct. 18	Stakeholder comments due to CAISO
Nov. 5	CAISO stakeholder web conference
Nov. 21	Stakeholder comments due to CAISO
Nov. 21	CAISO posts straw proposal
Nov. 28	CAISO stakeholder meeting
Dec. 5	Stakeholder comments due to CAISO
Feb. 20	CAISO posts draft final proposal
Feb 27	CAISO stakeholder web conference
Mar. 7	Stakeholder comments due to CAISO
Mar. 13	CAISO posts draft tariff language
Mar. 20	Stakeholder comments due to CAISO
Mar. 21- 22	CAISO presents proposal to CAISO Board of Governors
Mar. 25	CAISO stakeholder web conference
Apr. 8	CAISO posts revised draft tariff language
Apr. 15	Stakeholder comments due to CAISO
Apr. 22	CAISO stakeholder web conference

2. *Northern Tier Transmission Group*

The Northern Tier Transmission Group (“NTTG”), jointly with ColumbiaGrid, CAISO and WestConnect, shared hosting responsibilities and participated in the interregional Order No. 1000 stakeholder meetings previously described in Section III-A above.

In addition, NTTG reviewed the proposals for interregional Order No. 1000 compliance at the October 2012 through March 2013 Planning and Steering Committee meetings and at the February 2013 NTTG Semi-Annual Stakeholder meeting. These meetings were open public

meetings with additional opportunities for stakeholder comment and input. The dates of these meetings and key discussion topics are described in **Table 3** below.

**Table 3 – Northern Tier Interregional Meetings and Key Discussion Topics**

Date	Meeting / Key Discussion Topics
Oct. 3	NTTG Planning Committee Meeting <ul style="list-style-type: none"> <li>• Briefing on initial October 1<sup>st</sup> ICT meeting               <ul style="list-style-type: none"> <li>○ Workgroup structure for coordinated interregional cost allocation &amp; transmission coordination proposal development</li> <li>○ Interregional principles, process and schedule</li> </ul> </li> </ul>
Nov. 14	NTTG Planning Committee Meeting <ul style="list-style-type: none"> <li>• Order 1000 interregional requirements</li> </ul>
Dec. 4	NTTG Steering Committee meeting <ul style="list-style-type: none"> <li>• Order No. 1000 requirements</li> <li>• Coordinated interregional principles, process and schedule</li> <li>• Initial cost allocation options</li> </ul>
Dec. 12	NTTG Planning Committee Meeting <ul style="list-style-type: none"> <li>• Overview of the draft cost allocation and transmission coordination proposals</li> <li>• Schedule for upcoming joint interregional stakeholder meetings</li> </ul>
Jan. 9	NTTG Planning Committee Meeting <ul style="list-style-type: none"> <li>• Proposals for defining an interregional transmission facility, joint study team and joint evaluation</li> <li>• January 30<sup>th</sup> interregional stakeholder meeting: final proposal for stakeholder review</li> </ul>
Feb. 7	NTTG Semi-Annual Stakeholder Meeting <ul style="list-style-type: none"> <li>• High level briefing on the Interregional Order No. 1000 compliance activities</li> </ul>

Date	Meeting / Key Discussion Topics
Feb. 12	NTTG Steering Committee meeting <ul style="list-style-type: none"> <li>• Interregional Order No. 1000 process and schedule update</li> <li>• Key elements of the Interregional Proposal for Order No. 1000 compliance               <ul style="list-style-type: none"> <li>○ Utilization of regional methodologies as the foundation for interregional compliance</li> <li>○ Cost allocation proposal</li> <li>○ Definition of an interregional transmission facility, Interregional data exchange and joint evaluation</li> <li>○ Stakeholder comments and input</li> </ul> </li> </ul>
Mar. 13	NTTG Planning Committee meeting <ul style="list-style-type: none"> <li>• Interregional Order No. 1000 common tariff language</li> </ul>
Mar. 15	NTTG Steering Committee meeting <ul style="list-style-type: none"> <li>• Interregional Order No. 1000 common tariff language</li> <li>• NTTG Steering Committee vote to support the proposed approach for Interregional Order No. 1000 compliance and the conforming common interregional tariff language</li> </ul>

### 3. WestConnect

WestConnect achieved stakeholder participation in the interregional compliance development process by affording all stakeholders in the WestConnect region direct participation in interregional discussions, meetings, and direct access and review of interregional written work product. This level of direct involvement by regional stakeholders in the interregional compliance development process eliminated the need for a separate regional process.

## IV. REQUIREMENTS FOR IMPLEMENTING INTERREGIONAL TRANSMISSION COORDINATION

In Order No. 1000, the Commission required that each public utility transmission provider ensure that the following requirements are included in the applicable interregional transmission coordination procedures: (1) a commitment to coordinate and share the results of each transmission planning region's regional transmission plans to identify possible interregional transmission facilities that could address regional transmission needs more efficiently or cost-effectively than separate regional transmission facilities, as well as a procedure for doing so; (2) a formal procedure to identify and jointly evaluate transmission facilities that are proposed to be located in both transmission planning regions; (3) an agreement to exchange, at least annually, planning data and information; and (4) a commitment to maintain a website or e-mail list for the

communication of information related to the coordinated planning process.<sup>31</sup> The Applicants respectfully submit that each of these requirements is satisfied with the Planning Regions' approach to interregional transmission coordination.

**A. Commitment and Procedures to Coordinate and Share the Results of Each Region's Regional Transmission Plans**

The Commission required each public utility transmission provider, through its regional transmission planning process, to establish procedures with each of its neighboring transmission planning regions for the purpose of coordinating and sharing the results of regional transmission plans to identify possible interregional transmission facilities that could address regional transmission needs more efficiently or cost-effectively than separate regional transmission facilities.<sup>32</sup> In addition to committing to share regional transmission planning information, the Commission directed each public utility transmission provider to develop and implement additional procedures that provide for the sharing of information regarding the respective transmission needs of each neighboring transmission planning region, and potential solutions to those needs, as well as the identification and joint evaluation of interregional transmission alternatives to those regional needs.<sup>33</sup>

The Applicants have each committed to sharing each Planning Region's regional transmission plan in order to jointly identify and evaluate whether proposed interregional transmission projects would address regional transmission needs more efficiently or cost-effectively than separate regional transmission projects. In furtherance of this commitment, and as described in this compliance filing, the Applicants have developed the requisite procedures governing the sharing of regional transmission planning information and needs and the identification and joint evaluation of potential interregional transmission solutions. These procedures are embodied in the Common Language (Attachment 1) and are discussed in detail below.

**B. Procedures to Identify and Jointly Evaluate Interregional Transmission Facilities**

The Commission required each public utility transmission provider to develop a formal procedure to identify and jointly evaluate interregional transmission facilities that are proposed to be located in neighboring transmission planning regions.<sup>34</sup> Regarding the applicable procedures, the Commission stated that the developer of an interregional transmission project must first propose its project in the regional transmission planning processes of each of the planning regions in which the transmission facility is proposed to be located.<sup>35</sup> In addition, the

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<sup>31</sup> Order No. 1000 at App. C, pp. 613-14.

<sup>32</sup> *Id.* P 396.

<sup>33</sup> *Id.* P 398.

<sup>34</sup> *Id.* P 435.

<sup>35</sup> *Id.* PP 436 & 442.

neighboring transmission planning regions must jointly evaluate the proposed transmission project within the same general timeframe as each planning region's individual consideration of the proposed transmission project.<sup>36</sup> Finally, each public utility transmission provider, through its transmission planning region, must develop procedures by which differences in the data, models, assumptions, planning horizons, and study criteria can be identified and resolved for purposes of jointly evaluating the proposed interregional transmission facility.<sup>37</sup>

The Applicants have developed procedures to identify and jointly evaluate transmission facilities that are proposed to be located in more than one Planning Region. For consideration and joint evaluation in the interregional transmission planning process, the proponent of an ITP must submit the project to the Relevant Planning Regions<sup>38</sup> no later than March 31<sup>st</sup> of any even-numbered calendar year in accordance with the requirements of each Planning Region's regional transmission planning process.<sup>39</sup> In its submittal, to facilitate joint evaluation, the ITP proponent must include a list of all Planning Regions to which the project is submitted.<sup>40</sup>

For properly submitted ITPs, the Relevant Planning Regions are to initiate joint evaluation of the proposed ITP in conjunction with their individual consideration of the proposed project pursuant to their regional transmission planning processes.<sup>41</sup> When conducting the joint evaluation, the Relevant Planning Regions are to confer with each other regarding the data and costs associated with the proposed ITP and the study assumptions and methodologies to use in evaluating the project in each regional transmission planning process.<sup>42</sup> The Relevant Planning Regions are to identify the appropriate transmission studies in each of their regional planning processes, based in part upon a consideration of experiences in prior planning cycles and the availability of new transmission study tools. Each Relevant Planning Region is to seek to resolve any differences it has with the other Relevant Planning Regions regarding the ITP if those differences would affect the evaluation of the project.<sup>43</sup> During the second year of the interregional transmission planning process, each Relevant Planning Region is to determine if

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<sup>36</sup> *Id.* PP 436, 438 & 440. The Commission expects the public utility transmission providers to develop a time line that "provides a meaningful opportunity to review and evaluate through the interregional transmission coordination procedures information developed through the regional transmission planning process and, similarly, provides a meaningful opportunity to review and use in the regional transmission planning process information developed in the interregional transmission coordination procedures." *Id.* at P 439.

<sup>37</sup> *Id.* P 437.

<sup>38</sup> "Relevant Planning Region" means, with respect to an ITP, the Planning Region that would directly interconnect electrically with such ITP, unless and until such time as a Relevant Planning Region determines that such ITP will not meet any of its regional transmission needs in accordance with Section 4.2, at which time it shall no longer be considered a Relevant Planning Region. Common Language at § 1.

<sup>39</sup> *Id.* § 4.1. For projects seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region, the proponent of the ITP must submit the project to each such Planning Region in accordance with the applicable regional transmission planning processes. *Id.*

<sup>40</sup> *Id.*

<sup>41</sup> *Id.* § 4.2.

<sup>42</sup> *Id.*

<sup>43</sup> *Id.* § 4.2(a).

the proposed ITP is more cost effective or efficient than other projects in its regional transmission planning process.<sup>44</sup> If a Relevant Planning Region determines that the ITP would not satisfy any of its regional transmission needs, it is to notify the other Relevant Planning Region(s), and it is not obligated to continue the joint evaluation of the proposed project.<sup>45</sup> In accordance with its regional transmission planning process, each Relevant Planning Region is to provide stakeholders with an opportunity to participate during the evaluation of the ITP.<sup>46</sup>

### **C. Annual Exchange of Planning Data and Information**

The Commission required each public utility transmission provider to adopt interregional transmission coordination procedures that provide for the exchange of planning data and information between transmission planning regions at least annually.<sup>47</sup> The Commission stated that these procedures must include the specific obligations for sharing planning data and information rather than only an agreement to do so.<sup>48</sup>

As set forth in the Common Language, each Planning Region is to participate in an Annual Interregional Coordination Meeting, which should be convened in February, but not later than March 31, of each year.<sup>49</sup> Prior to the Annual Interregional Coordination Meeting, each Planning Region is “to make available by posting on its website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in [that Planning Region’s] transmission planning region and potential solutions thereto:

- (i) study plan or underlying information that would typically be included in a study plan, such as:
  - (a) identification of base cases;
  - (b) planning study assumptions; and
  - (c) study methodologies;
- (ii) initial study reports (or system assessments); and
- (iii) regional transmission plan ...”<sup>50</sup>

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<sup>44</sup> *Id.* § 4.2(d).

<sup>45</sup> *Id.* § 4.2(c).

<sup>46</sup> *Id.* § 4.2(b).

<sup>47</sup> Order No. 1000 at P 454.

<sup>48</sup> *Id.* P 455.

<sup>49</sup> Common Language at § 3. The Applicants note that the Annual Interregional Coordination Meeting is the minimum requirement. The Planning Regions expect to have additional meetings as needed to evaluate the ITPs under consideration and as dictated by the unique circumstances of each regional transmission plan. Any additional meetings are to occur pursuant to each Planning Region’s rules and procedures.

<sup>50</sup> *Id.* § 2.

At the Annual Interregional Coordination Meeting, or during additional meetings as needed, the Planning Regions may discuss each Planning Region's most recent Annual Interregional Information, interregional solutions that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently, and updates of the status of ITPs being evaluated or previously included in a Planning Region's regional transmission plan.<sup>51</sup> The Annual Interregional Coordination Meeting is to be open to stakeholder attendance.<sup>52</sup>

#### **D. Maintenance of a Website or E-mail List for Communication of Information**

The Commission required public utility transmission providers to maintain a website or e-mail list for the communication of information related to interregional transmission coordination procedures.<sup>53</sup> The Commission indicated that this information could be maintained on an existing public utility transmission provider's website or on a regional transmission planning website, and must be posted in a manner allowing stakeholders to distinguish between interregional and regional transmission planning information.<sup>54</sup>

Accordingly, each Planning Region is to post its Annual Interregional Information on its website in accordance with its regional transmission planning process.<sup>55</sup> A Planning Region is not required to post information that is not developed by the Planning Region, information that is to be provided by another Planning Region, or information that would violate the Commission's Standards of Conduct or other applicable legal requirements.<sup>56</sup> In addition, pursuant to the Planning Region's regional transmission planning process, any Annual Interregional Information posted by a Planning Region shall be subject to applicable confidentiality and Critical Energy Infrastructure Information restrictions, and any other applicable laws.<sup>57</sup>

### **V. SATISFACTION OF PRINCIPLES FOR INTERREGIONAL COST ALLOCATION**

In Order No. 1000, the Commission required each public utility transmission provider to demonstrate that its interregional cost allocation method is just and reasonable and not unduly discriminatory or preferential by demonstrating that it satisfies the following six cost allocation principles: (1) costs must be allocated in a way that is roughly commensurate with benefits; (2) there must be no involuntary allocation of costs to non-beneficiaries; (3) a benefit to cost

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<sup>51</sup> *Id.* § 3.

<sup>52</sup> *Id.* Stakeholder involvement in any additional planning meetings will follow each Planning Region's rules and procedures.

<sup>53</sup> Order No. 1000 at P 458.

<sup>54</sup> *Id.*

<sup>55</sup> Common Language at § 2.

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

threshold ratio cannot exceed 1.25; (4) costs must be allocated solely within the transmission planning region or pair of regions unless those outside the region or pair of regions voluntarily assume costs; (5) there must be a transparent method for determining benefits and identifying beneficiaries; and (6) there may be different methods for different types of transmission facilities.<sup>58</sup> As described below,<sup>59</sup> the Applicants respectfully submit that their interregional cost allocation process satisfies each of the Commission's six cost allocation principles in a manner that best suits regional needs.<sup>60</sup>

**A. Cost Allocation Principle No. 1: Costs are to be allocated among regions in a way that is roughly commensurate with benefits.**

The Commission required that “[t]he costs of a new interregional transmission facility must be allocated to each transmission planning region in which that transmission facility is located in a manner that is at least roughly commensurate with the estimated benefits of that transmission facility in each of the transmission planning regions. In determining the beneficiaries of interregional transmission facilities, transmission planning regions may consider benefits including, but not limited to, those associated with maintaining reliability and sharing reserves, production cost savings and congestion relief, and meeting Public Policy Requirements.”<sup>61</sup>

To be eligible for Interregional Cost Allocation, an ITP must be submitted into and request Interregional Cost Allocation from each Relevant Planning Region in accordance with its regional transmission planning process.<sup>62</sup> Each Relevant Planning Region is to first evaluate whether the ITP meets a regional need, and, if so, then identify its regional benefits associated with an ITP through the application of its regional cost allocation methodology.<sup>63</sup> Each Relevant Planning Region is to calculate its assigned *pro rata* share of the projected ITP costs, which is equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the ITP.<sup>64</sup> After sharing with the other Relevant Planning Regions information regarding what its regional benefit would be if it were to select the ITP for Interregional Cost Allocation, the Relevant Planning Region may use such information from all Relevant Planning Regions to identify its total share of the projected ITP costs in order to

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<sup>58</sup> Order No. 1000 at PP 587, 603; Order No. 1000-A at P 524. These six interregional cost allocation principles only apply to “a new transmission facility that is located in two neighboring transmission planning regions and accounted for in the interregional transmission coordination procedure in an OATT.” Order No. 1000 at P 603.

<sup>59</sup> In addition, in Section II of this transmittal letter, the Applicants describe the interregional cost allocation process and provide an example of its application, and in Section III of this transmittal letter, the Applicants describe the process by which they sought to reach consensus on the interregional cost allocation process set forth in the Common Language.

<sup>60</sup> The Commission provided jurisdictional transmission providers with “the flexibility to develop cost allocation methods that best suit regional needs.” Order No. 1000-A at P 647.

<sup>61</sup> Order No. 1000 at P 622; Order No. 1000-A at P 654.

<sup>62</sup> Common Language at § 5.1.

<sup>63</sup> *Id.* § 5.2(c).

<sup>64</sup> *Id.* § 5.2(d).

determine whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation based upon its regional transmission planning process.<sup>65</sup> Accordingly, and as shown in Attachment 3, by allocating ITP costs on a *pro rata* basis based upon the projected benefits in a Relevant Planning Region, the Applicants' Interregional Cost Allocation process ensures that costs are allocated in a manner that is roughly commensurate with estimated benefits.

**B. Cost Allocation Principle No. 2: No involuntary allocation of costs to non-beneficiary regions.**

The Commission requires that “[a] transmission planning region that receives no benefit from an interregional transmission facility that is located in that region, either at present or in a likely future scenario, must not be involuntarily allocated any of the costs of that transmission facility.”<sup>66</sup>

The Applicants ensure that non-benefiting Planning Regions are not involuntarily allocated costs associated with an ITP that is located in that region. Costs of a proposed ITP can only be allocated to a Relevant Planning Region when it would directly interconnect with the ITP, and the ITP would meet the Relevant Planning Region's transmission needs.<sup>67</sup> If a Relevant Planning Region determines that a proposed ITP will not meet any of its regional transmission needs,<sup>68</sup> it ceases being a Relevant Planning Region, has no further obligation to participate in the evaluation of the ITP, and will not be allocated costs attributable to that ITP.<sup>69</sup> Further, a Relevant Planning Region will only be allocated costs attributable to the ITP if the ITP is selected in that Relevant Planning Region's regional transmission plan.<sup>70</sup>

**C. Cost Allocation Principle No. 3: Use of benefit-to-cost threshold ratio.**

The Commission requires that “[i]f a benefit-cost threshold ratio is used to determine whether an interregional transmission facility has sufficient net benefits to qualify for interregional cost allocation, this ratio must not be so large as to exclude a transmission facility with significant positive net benefits from cost allocation. ... If adopted, such a threshold may not include a ratio of benefits to costs that exceeds 1.25 unless the pair of regions justifies and the Commission approves a higher ratio.”<sup>71</sup>

The Applicants' Interregional Cost Allocation process relies upon a *pro rata* allocation of ITP costs among the benefitting Relevant Planning Regions, and does not use a benefit-cost

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<sup>65</sup> *Id.* §§ 5.2(e) & (f).

<sup>66</sup> Order No. 1000 at P 637; Order No. 1000-A at P 684.

<sup>67</sup> Common Language at § 1 (“Relevant Planning Region”),

<sup>68</sup> *Id.* § 4.2(c).

<sup>69</sup> *Id.* §§ 1 (“Relevant Planning Region”), 4.2(c) & 5.

<sup>70</sup> Common Language at § 6.

<sup>71</sup> Order No. 1000 at P 646; Order No. 1000-A at P 692.

threshold.<sup>72</sup> As a result, Cost Allocation Principle No. 3 does not apply. Notwithstanding, a Relevant Planning Region may use a benefit-cost threshold to determine whether to select an ITP as the more efficient or cost-effective solution to a regional transmission need. If a Relevant Planning Region's regional methodology includes the use of a benefit-cost threshold ratio, the Relevant Planning Region would have to secure Commission approval that Principle No. 3 is satisfied with respect to its proposed regional cost allocation method.

**D. Cost Allocation Principle No. 4: Costs for an interregional transmission project are to be assigned only to the regions in which the project is located.**

The Commission requires that “[c]osts allocated for an interregional transmission facility must be assigned only to transmission planning regions in which the transmission facility is located. Costs cannot be assigned involuntarily under this rule to a transmission planning region in which that transmission facility is not located.”<sup>73</sup>

Pursuant to the Applicants' Interregional Cost Allocation process, costs can only be allocated to Relevant Planning Regions.<sup>74</sup> A Relevant Planning Region is defined, in part, as “the Planning Regions that would directly interconnect with such ITP.”<sup>75</sup> Further, an ITP is defined, in part, as “a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions.”<sup>76</sup> Accordingly, consistent with the Commission's requirement, a Planning Region can only be allocated costs for an ITP located within the Planning Region.

**E. Cost Allocation Principle No. 5: Transparent method for determining benefits and identifying beneficiaries.**

The Commission requires that “[t]he cost allocation method and data requirements for determining benefits and identifying beneficiaries for an interregional transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed interregional transmission facility.”<sup>77</sup>

Pursuant to the Interregional Cost Allocation process, the proponent of an ITP must submit the ITP, along with all required data, into the regional transmission planning process of each Relevant Planning Region.<sup>78</sup> When assessing an ITP, each Relevant Planning Region is to use its regional planning process and regional cost allocation methodology to determine the

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<sup>72</sup> Common Language at § 5.2(d) & (e).

<sup>73</sup> Order No. 1000 at P657; Order No. 1000-A at P 696.

<sup>74</sup> Common Language at §§ 5 & 6.

<sup>75</sup> *Id.* § 1.

<sup>76</sup> *Id.*

<sup>77</sup> Order No. 1000 at P 668.

<sup>78</sup> Common Language at § 4.1.

regional benefits resulting from the ITP and identify beneficiaries.<sup>79</sup> Stakeholders are afforded opportunities to participate in these regional planning processes.<sup>80</sup> These regional processes of stakeholder participation with information dissemination procedures ensure a transparent cost allocation process with sufficient documentation regarding the identification of benefits and beneficiaries for proposed ITPs.

**F. Cost Allocation Principle No. 6: Different cost allocation methods may apply to different types of interregional projects.**

The Commission requires that “[t]he public utility transmission providers located in neighboring transmission planning regions may choose to use a different cost allocation method for different types of interregional transmission facilities, such as transmission facilities needed for reliability, congestion relief, or to achieve Public Policy Requirements. Each cost allocation method must be set out clearly and explained in detail in the compliance filing for this rule.”<sup>81</sup>

The Applicants have adopted one Interregional Cost Allocation process that applies to all ITPs in the United States portion of the Western Interconnection. Specifically, as shown in Attachment 3, the Applicants rely upon a *pro rata* method to allocate the costs of a selected ITP among the Relevant Planning Regions based upon each region’s share of the benefits.<sup>82</sup> However, at the regional level, each Planning Region has its own unique regional transmission planning process, which may include different cost allocation methods. The Applicants’ regional processes are currently pending Commission approval, and the Common Language does not disturb those regional allocation methods.<sup>83</sup>

**VI. TARIFF CHANGES NECESSARY TO INCORPORATE THE INTERREGIONAL PROVISIONS**

This section provides an explanation of each Applicant’s tariff modifications necessary to incorporate the interregional provisions discussed above.

**A. California Independent System Operator Corporation**

As part of the stakeholder process, the CAISO posted proposed modifications to tariff Section 24 and Appendix A that both implement and incorporate the Common Language. In addition, several revisions to existing tariff language were required to align the CAISO’s regional process with proposed interregional process and to provide clarification. The clean

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<sup>79</sup> *Id.* § 5.2(c).

<sup>80</sup> *Id.* §§ 4.2(b) & 5.2(b).

<sup>81</sup> Order No. 1000 at P 685.

<sup>82</sup> Common Language at § 5.2(d).

<sup>83</sup> *Id.* §§ 5.2(c) & 6.1.

tariff language is set forth at Attachment 4 and the black-line version can found at Attachment 5.<sup>84</sup>

1. *New Section 24.18- Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language*

The CAISO proposes to incorporate the Common Language as new Section 24.18. The new common definitions have been incorporated into Appendix A. The CAISO chose to use the common definition for the Order No. 1000 Common Interregional Coordination and Cost Allocation Tariff Language, but did not incorporate the warranty limitation provision in Section 2 of the common tariff language.<sup>85</sup>

The CAISO made one other change to the Common Language. Because the CAISO is both a tariff filing entity and a Planning Region, the CAISO modified the Common Language to be prescriptive rather than passive. In contrast, because the other three Planning Regions are not tariff filing entities, the common tariff provisions do not contain prescriptive language as to activities that the Planning Regions are expected to undertake. The common tariff provisions, however, will obligate the other Applicants to jointly administer the Planning Regions in a manner consistent with the tariff provisions. Thus, the tariff language in Section 24.18 describes the activities in which the CAISO, as a Planning Region, *will* participate.<sup>86</sup>

2. *New Section 24.17 and Subsections- Interregional Coordination Implementation Details*

Proposed section 24.17 sets forth the steps that CAISO will take to implement the interregional coordination and cost allocation processes. In response to stakeholder concerns, the CAISO explained in this section that the CAISO will conduct its evaluation of ITPs in a two year cycle but that it may conclude the evaluation earlier if the Relevant Planning Regions complete their assessments in time for an earlier decision.

Consistent with the Common Language, sections 24.17.1 and 24.17.2 provide that ITPs must be submitted by March 31 in the first even-numbered calendar year after the effective date of the tariff sections and must satisfy the CAISO's filing requirements set forth in the Business

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<sup>84</sup> On April 18, 2013, the Commission issued an Order on Compliance Filing ("Regional Order") that addressed the CAISO's Order No. 1000 regional compliance filing. California Independent System Operator Corporation, et. al. 143 FERC ¶61,057 (2013). In the Regional Order, the Commission directed the CAISO to make a second compliance filing within 120 days of the Order date. Several of the tariff sections that the CAISO is modifying to align its regional and interregional processes contain modifications that were approved in the Regional Order, and also will be further modified in the second compliance filing. To avoid confusion, the version of the CAISO tariff used for the purposes of this compliance filing contains both the tariff changes approved in the Regional Order and those that the CAISO will propose in the second compliance filing.

<sup>85</sup> See Attachment 1.

<sup>86</sup> See, for example, CAISO tariff section 24.18.1, which states that "(A)nnually, prior to the Annual Interregional Coordination Meeting, the CAISO will make available..." (Attachment 4). In contrast, Section 2 of the Common Language states that "(A)nnually, prior to the Annual Interregional Coordination Meeting, [[Planning Region]] is to make available..." (Attachment 1).

Practice Manual for Transmission Planning (“TPP BPM”). Section 24.17.2 describes the CAISO’s preliminary evaluation of the interregional project in more detail, including a description of the topics that will be considered in deciding whether to further study the project in the second year.<sup>87</sup>

In proposed section 24.17.3 the CAISO describes the factors that the CAISO will take into account as part of the in-depth analysis of an ITP during the second cycle, and the coordination efforts that will take place if the CAISO and other regions approve such a project in their respective regional transmission plans. This section, of course, will only apply if the CAISO’s preliminary analysis determines that the ITP potentially could meet a regional need for which a solution is not urgent, so that the CAISO has time in which to evaluate the ITP in more detail. In determining whether the ITP is a more cost efficient or effective solution, the CAISO will consider whether it can be constructed in the same timeframe as the regional solution. If the CAISO finds the ITP to be the preferred solution, the CAISO will identify the regional solution that it initially identified, but which the ITP replaced.

Once CAISO concludes that the ITP is found to be the better solution and two or more Relevant Planning Regions include it in their transmission plans, the CAISO will seek to coordinate with the project proponent, the Relevant Planning Regions and all affected transmission providers to address project implementation issues. These issues could include cost overruns, ownership and operational control, scheduling rights and other matters.

Proposed section 24.17.4 provides for the recovery of the CAISO’s assigned cost share of the project by the designated owner of an ITP. Consistently with the existing procedures for recovery of a transmission owner’s costs, the transmission owner will include the cost in its regional transmission revenue requirement, which the CAISO collects through its access charge and wheeling access charge. To implement this procedure, the CAISO’s proposal also amends Appendix F, Schedule 3, Section 6.1, and provides more detail on the calculation of a PTO’s regional revenue requirement, which is the sum of the PTO’s transmission revenue requirement and the annual high voltage transmission revenue balancing account adjustment. The transmission revenue requirement is net of revenues received from Existing Contracts (i.e., contractual scheduling rights that preceded this ISO). The revision specifies that it is also net of revenues received from other regions for ITPs. Once the interregional process is implemented and the Planning Regions gain experience from evaluating ITPs, it is possible that additional stakeholder consultation and tariff changes could be required. The CAISO will also consider making changes to its business practice manuals through the established change management procedures if additional clarification on cost recovery details is warranted.

Southern California Edison Company requested that the CAISO include more detail in the tariff regarding how costs will be recovered from the other planning regions. This is not an appropriate matter for the CAISO Tariff, however; rather, it is a matter that the designated owner of an ITP must address with the utilities in the other regions that will share the costs.

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<sup>87</sup> Stakeholders specifically requested that the urgency of the regional need be taken into consideration in the evaluation process.

The CAISO recognizes that there may be circumstances in which the proposed tariff mechanism for recovery of the CAISO's share might not be suitable for a designated owner of an ITP that is not an existing participating transmission owner in the CAISO and does not wish to become one. The CAISO believes that it is more appropriate to address such circumstances if and when they arise, in the context of the specific facts presented.

Proposed sections 24.17.5 and 24.17.6 describe the steps that the CAISO will take to monitor the progress of an ITP that has been selected in the CAISO's transmission plan. Should the CAISO determine that ITP completion and energization has been delayed beyond the regional solution need date, the CAISO will take steps, in conjunction with the applicable PTO, to address potential NERC reliability concerns and possibly to select a regional solution that would supplant the ITP. Section 24.17.6 provides that the CAISO will use best efforts to select a regional solution in the same planning cycle in which the ITP was found to be delayed beyond the regional need date.

### 3. Other Tariff Revisions

The CAISO's current regional transmission planning process contains procedures for coordination with neighboring systems and balancing authority areas. Some of these procedures and tariff references will be superseded by the common tariff language and the proposed interregional process. There are other sections of the current tariff that needed to be clarified, enhanced or deleted to provide consistency between the regional and interregional processes.

Section 24.2 provides an overview of the regional transmission planning process. At 24.2.(c) the CAISO proposes to delete references to coordination with regional and sub-regional planning processes and to clarify that, as part of the regional process, the CAISO will continue to coordinate not only with the Planning Regions but also with interconnected balancing authority areas. Proposed new subsection 24.2(f) clarifies that the regional process will now provide an opportunity for project sponsors to submit ITPs into the CAISO's process to be evaluated as potential regional solutions.

At Section 24.3.1(m), the CAISO proposes to clarify that it will consider the Annual Interregional Information in the development of the unified planning assumptions and study plan. The revision eliminates language referring to consideration of sub-regional or regional proposals by other balancing authority areas from the Phase 2 request window requirements.<sup>88</sup> The CAISO also proposes to add references to ITP submission and assessment as additional topics that could be addressed in the comprehensive transmission plan and to add ITPs to the list of projects and elements that could be approved as part of the comprehensive transmission plan.<sup>89</sup> The CAISO also proposes minor modification to Sections 24.8.4 and 24.12 to reflect changes in nomenclature from "sub-regional" and "regional" to "regional" and "interregional" brought about by Order No. 1000.

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<sup>88</sup> Section 24.4.3(b)(iii).

<sup>89</sup> Section 24.4.8 (8) and (9).

Sections 24.13.1 and 24.13.2 set forth a structure for sub-regional and regional data exchange and process coordination that has been completely superseded by the common tariff language and therefore the CAISO proposes to eliminate these sections. However, during the stakeholder process it became clear that parties were somewhat confused about CAISO regional transmission solutions that might interconnect to a neighboring Planning Region but would be eligible for cost recovery according to the CAISO's regional cost allocation process and not submitted to the other Planning Regions for cost allocation purposes. To provide clarification on this point, the CAISO is proposing new language for Section 24.13, which was supported by the stakeholders.

Specifically, proposed Section 24.13 refers to the three points in the regional process at which parties may suggest interregional solutions that could meet regional needs.<sup>90</sup> These points are (1) during the development of the study plan when parties can submit economic planning study requests, (2) into the Phase 2 request window as a solution to reliability or other concerns, or (3) as comments on the statewide conceptual plan. These proposals will be evaluated in the regional process on the basis of need for the entire facility, including the costs of the entire facility. If approved through the regional process, the project sponsor will be selected through the CAISO's competitive solicitation process.<sup>91</sup> The project sponsor is free to then submit the project to the Relevant Planning Regions for evaluation or cost allocation through the interregional process, if so desired.

Section 24.13 also contains language clarifying that, to the extent the CAISO concludes that a potential interregional solution could provide benefits to other planning regions, the CAISO may identify the potential interregional solution to the relevant planning regions prior to fully assessing and approving a regional solution in its transmission planning process.

#### **B. Northern Tier Transmission Group Applicants**

In order to incorporate and implement the Common Language, the Northern Tier Transmission Group Applicants made several revisions to their respective Attachment Ks. First, the Northern Tier Transmission Group Applicants incorporated the Common Language into each of their Attachment Ks in a new part or section in between the regional and interconnection-wide planning processes.<sup>92</sup> The Common Language provides two sections of optional language: a definition that references the entire Common Language and a warranty limitation on the Annual Interregional Information made available to the other Planning Regions. All of the Northern Tier Transmission Group Applicants incorporated the latter provision into their Attachment Ks, while none of them incorporated the former provision.

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<sup>90</sup> These proposals would not be referred to as ITPs.

<sup>91</sup> Section 24.5.

<sup>92</sup> Deseret § C - Introduction; Idaho Power § C - Introduction; NorthWestern § 4 - Introduction; PacifiCorp § 4 – Introduction; Portland General § C – Introduction. Note that, in addition to the changes described herein, Portland General is updating the numbering of its Attachment K to correct inadvertent numbering changes that occurred in the conversion of its Attachment K to .rtf format when Portland General submitted its regional Order 1000 compliance filing on October 10, 2012.

Second, the Northern Tier Transmission Group Applicants revised existing sections of their respective Attachment Ks to incorporate the Common Language as follows:

- The preamble,<sup>93</sup> the introduction of the regional planning process,<sup>94</sup> and the introduction to the interconnection-wide planning process<sup>95</sup> were modified to reference the incorporation of the Common Language.
- A footnote was added to the definition section indicating that definitions specific to interregional transmission coordination and cost allocation are found within the Common Language section.<sup>96</sup>
- In the local planning provisions, a reference(s) to interregional transmission planning was added.<sup>97</sup>
- In the regional planning provisions, references to interregional transmission planning were added in various locations. The information required to be submitted by project sponsors was revised to incorporate the information needed for ITPs,<sup>98</sup> and the procedures for curing deficiencies in information were clarified to provide for an end date to the cure provisions.<sup>99</sup> An end date is needed to ensure complete information is available for interregional transmission coordination and the interregional annual coordination meeting. The description of the Biennial Study Plan was revised to specifically provide that it will include “analysis tools” and “local, regional and interregional projects.”<sup>100</sup>

### **C. WestConnect Applicants**

The WestConnect Applicants incorporated the Common Language into each of their Attachment Ks as a new part or section and made other minor conforming changes to various

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<sup>93</sup> Deseret § Preamble; Idaho Power § Preamble; NorthWestern § Preamble; PacifiCorp § Preamble; Portland General § Preamble.

<sup>94</sup> Deseret § B – Introduction; Idaho Power § B – Introduction; NorthWestern § 3.1; PacifiCorp § 3.1; Portland General § B – Introduction.

<sup>95</sup> Deseret § D – Introduction; Idaho Power § D – Introduction; NorthWestern § 5.1; PacifiCorp § 5.1; Portland General § D - Introduction.

<sup>96</sup> Deseret § Definitions n1; Idaho Power § 1 n1; NorthWestern § Definitions n1; PacifiCorp § 1 n1; Portland General § Definitions n1.

<sup>97</sup> Deseret § A7; Idaho Power § A8; NorthWestern § 2.4.6 and 2.4.9; PacifiCorp § 2.8; Portland General § A8 - Recovery of Planning Costs.

<sup>98</sup> Deseret § B2.2; Idaho Power § B13.2; NorthWestern § 3.3.2; PacifiCorp § 3.3.2; Portland General § B13.2 – Study Process.

<sup>99</sup> Deseret § B2.2; Idaho Power § B13.2; NorthWestern § 3.3.2; PacifiCorp § 3.3.2; Portland General § B13.2 – Study Process.

<sup>100</sup> Deseret § B2.3; Idaho Power § B13.3; NorthWestern § 3.3.3; PacifiCorp § 3.3.3; Portland General § B13.3 – Study Process.

sections of their Attachment K's, identified in redline in their individual filings.<sup>101</sup> The Common Language provides two separate elections of optional language: (1) a definition that references the entire Common Language part or section, and (2) a warranty limitation on the Annual Interregional Information made available to the other Planning Regions. The WestConnect Applicants incorporated this provision into their Attachment Ks.

## VII. EFFECTIVE DATE

Each of the Applicants respectfully requests an effective date of October 1, 2013 for the revisions to their respective Attachment Ks set forth in this filing, provided that the two events set forth below have occurred. Otherwise, the Applicants request an effective date of October 1, 2015.

The Applicants believe that certain events must occur in order for this October 1, 2013 effective date to be workable without disrupting their respective transmission planning cycles. First, the Applicants request that the Commission issue order(s) accepting the substantive elements of this interregional compliance filing of the Applicants in their respective Planning Regions by October 1, 2013. Second, Northern Tier Transmission Group Applicants request that the Commission issue orders accepting the substantive elements of each of their Order No. 1000 regional compliance filings in advance of the date the Commission issues order(s) with respect to this interregional compliance filing.<sup>102</sup>

Commencement of the activities under the interregional transmission planning processes contained in the Common Language depends upon the prior or contemporaneous implementation of the regional transmission planning processes. The regional transmission planning cycles for each of the Planning Regions commence on January 1<sup>st</sup> of each even-numbered calendar year. Accordingly, January 1, 2014 and January 1, 2016 mark the commencement of the next two regional transmission planning cycles. However, in their regional compliance filings, certain Planning Regions have proposed pre-qualification requirements that apply during the eighth quarter of the preceding planning cycle (*i.e.*, beginning October 1<sup>st</sup>) to the submission of transmission projects for the next planning cycle. An October 1, 2013 effective date for this filing therefore allows project sponsors to satisfy the applicable regional pre-qualification requirements for the 2014-2015 planning cycle.

If the Commission cannot issue orders on each respective Planning Region's interregional and regional compliance filings by October 1, 2013, then the Applicants request an October 1, 2015 effective date. Imposition of a mid-cycle effective date would disrupt the Applicants' local and regional planning processes, impede decisions relating to interregional

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<sup>101</sup> The regional transmission planning process for Public Service Company of Colorado is incorporated into Attachment R-PSCo to the Xcel Energy OATT. The regional transmission planning process for Arizona Public Service Company is incorporated into Attachment E of its OATT.

<sup>102</sup> The Commission accepted, subject to a compliance filing, the WestConnect and CAISO regional compliance filings. *Pub. Serv. Co. of Colorado, et al.*, 142 FERC ¶ 61,206 (2013); *Cal. Indep. Sys. Operator Corp.*, 143 FERC ¶ 61,057 (2013).

projects, and make it difficult for stakeholders to participate effectively in the Applicants' regional and interregional processes.

The schedule set out above therefore permits the earliest date possible for implementation of interregional transmission coordination and cost allocation, as contemplated by Order No. 1000. The Applicants wish to make clear that, to the extent the Commission can issue orders with respect to the regional and interregional compliance filings of two or more of the Planning Regions by October 1, 2013, those regions will commence with interregional transmission coordination and cost allocation on the requested effective date of October 1, 2013, with the other regions joining the interregional process in the next planning cycle, commencing October 1, 2015.

### **VIII. EACH APPLICANT'S FILING PACKAGE**

For each Applicant, its compliance filing consists of this transmittal letter, the Common Language (Attachment 1), the process diagram (Attachment 2), the cost allocation explanation (Attachment 3), a clean version of the Applicant's tariff (Attachment 4), and a red-lined version of the Applicant's tariff (Attachment 5).

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**X. CONCLUSION**

For the reasons set forth above, the Applicants request that the Commission find the changes to each Applicant's tariff provisions submitted herewith to be in full compliance with the interregional provisions of Order No. 1000 and permit the proposed changes to become effective as set forth above.

Respectfully submitted this 10th day of May, 2013.

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**Attachment 1**

**Order 1000 Common Interregional Coordination and  
Cost Allocation Tariff Language**



**[[insert name/number of this part of Attachment K/Tariff]]  
Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language**

*[Note: While the majority of the following is intended to be common language used by all four Planning Regions, in some instances the Planning Regions have discretion on whether to address a topic and what language to use. Those instances have been noted. In addition, the language may be formatted or capitalized differently to match individual Planning Region style.]*

*Where there are bracketed references to "[[Planning Region]]", each Planning Region is to insert its name.*

*ColumbiaGrid, Northern Tier, and WestConnect will reflect the following language in their Attachment Ks (and will use the term "part" or "Part"). CA ISO does not have an Attachment K and will add this to its general tariff (and will use the term "section" or "Section").*

### **Introduction**

*[Note: Introductory language will be at the discretion of each Planning Region.]*

This [[insert name/number of this part of Attachment K/Section \_\_\_\_]] sets forth common provisions, which are to be adopted by or for each Planning Region and which facilitate the implementation of Order 1000 interregional provisions. [[Planning Region]] is to conduct the activities and processes set forth in this [[insert name/number of this part of [[Attachment K/Section \_\_\_\_]] in accordance with the provisions of this [[insert name/number of this part of Attachment K/Section \_\_\_\_]] and the other provisions of this [[Attachment K/tariff]].

Nothing in this [[part/section]] will preclude any transmission owner or transmission provider from taking any action it deems necessary or appropriate with respect to any transmission facilities it needs to comply with any local, state, or federal requirements.

Any Interregional Cost Allocation regarding any ITP is solely for the purpose of developing information to be used in the regional planning process of each Relevant Planning Region, including the regional cost allocation process and methodologies of each such Relevant Planning Region.

References in this [part/section] to any transmission planning processes, including cost allocations, are references to transmission planning processes pursuant to Order 1000.

## Section 1. Definitions

The following capitalized terms where used in this Part [\*\*\*] of Attachment K, are defined as follows: *[Note – CA ISO will incorporate definitions into its tariff's general definition section]*

**Annual Interregional Coordination Meeting:** shall have the meaning set forth in Section 3 below.

**Annual Interregional Information:** shall have the meaning set forth in Section 2 below.

**Interregional Cost Allocation:** means the assignment of ITP costs between or among Planning Regions as described in Section 5.2 below.

**Interregional Transmission Project (“ITP”):** means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with Section 4.1.

*[Optional Language]* **Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language:** means this [[Section \_\_\_/Part \_\_\_]], which relates to Order 1000 interregional provisions.

**Planning Region:** means each of the following Order 1000 transmission planning regions insofar as they are within the Western Interconnection: California Independent System Operator Corporation, ColumbiaGrid, Northern Tier Transmission Group, and WestConnect.

**Relevant Planning Regions:** means, with respect to an ITP, the Planning Regions that would directly interconnect electrically with such ITP, unless and until such time as a Relevant Planning Region determines that such ITP will not meet any of its regional transmission needs in accordance with Section 4.2, at which time it shall no longer be considered a Relevant Planning Region.

## Section 2. Annual Interregional Information Exchange

Annually, prior to the Annual Interregional Coordination Meeting, [[Planning Region]] is to make available by posting on its website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in [[Planning Region's]] transmission planning region and potential solutions thereto:

- (i) study plan or underlying information that would typically be included in a study plan, such as:
  - (a) identification of base cases;

- (b) planning study assumptions; and
- (c) study methodologies;
- (ii) initial study reports (or system assessments); and
- (iii) regional transmission plan

(collectively referred to as “Annual Interregional Information”).

[[Planning Region]] is to post its Annual Interregional Information on its website according to its regional transmission planning process. Each other Planning Region may use in its regional transmission planning process [[Planning Region’s]] Annual Interregional Information. [[Planning Region]] may use in its regional transmission planning process Annual Interregional Information provided by other Planning Regions.

[[Planning Region]] is not required to make available or otherwise provide to any other Planning Region (i) any information not developed by [[Planning Region]] in the ordinary course of its regional transmission planning process, (ii) any Annual Interregional Information to be provided by any other Planning Region with respect to such other Planning Region, or (iii) any information if [[Planning Region]] reasonably determines that making such information available or otherwise providing such information would constitute a violation of the Commission’s Standards of Conduct or any other legal requirement. Annual Interregional Information made available or otherwise provided by [[Planning Region]] shall be subject to applicable confidentiality and CEII restrictions and other applicable laws, under [[Planning Region’s]] regional transmission planning process. *[[Optional Language - Any Annual Interregional Information made available or otherwise provided by [[Planning Region]] shall be “AS IS” and any reliance by the receiving Planning Region on such Annual Interregional Information is at its own risk, without warranty and without any liability of [[Planning Region]] or any [if this is used, Planning Region can put in the descriptor they want]] in [[Planning Region]], including any liability for (a) any errors or omissions in such Annual Interregional Information, or (b) any delay or failure to provide such Annual Interregional Information.]]*

### **Section 3. Annual Interregional Coordination Meeting**

[[Planning Region]] is to participate in an Annual Interregional Coordination Meeting with the other Planning Regions. [[Planning Region]] is to host the Annual Interregional Coordination Meeting in turn with the other Planning Regions, and is to seek to convene such meeting in February, but not later than March 31<sup>st</sup>. The Annual Interregional Coordination Meeting is to be open to stakeholders. [[Planning Region]] is to provide notice of the meeting to its stakeholders in accordance with its regional transmission planning process.

At the Annual Interregional Coordination Meeting, topics discussed may include the following:

- (i) each Planning Region’s most recent Annual Interregional Information (to the extent it is not confidential or protected by CEII or other legal restrictions);

- (ii) identification and preliminary discussion of interregional solutions, including conceptual solutions, that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently; and
- (iii) updates of the status of ITPs being evaluated or previously included in [[Planning Region's]] regional transmission plan.

## **Section 4. ITP Joint Evaluation Process**

### **4.1 Submission Requirements**

A proponent of an ITP may seek to have its ITP jointly evaluated by the Relevant Planning Regions pursuant to Section 4.2 by submitting the ITP into the regional transmission planning process of each Relevant Planning Region in accordance with such Relevant Planning Region's regional transmission planning process and no later than March 31<sup>st</sup> of any even-numbered calendar year. Such proponent of an ITP seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region must submit the ITP to each such Planning Region in accordance with such Planning Region's regional transmission planning process. In addition to satisfying each Relevant Planning Region's information requirements, the proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions to which the ITP is being submitted.

### **4.2 Joint Evaluation of an ITP**

For each ITP that meets the requirements of Section 4.1, [[Planning Region]] (if it is a Relevant Planning Region) is to participate in a joint evaluation by the Relevant Planning Regions that is to commence in the calendar year of the ITP's submittal in accordance with Section 4.1 or the immediately following calendar year. With respect to any such ITP, [Planning Region]] (if it is a Relevant Planning Region) is to confer with the other Relevant Planning Region(s) regarding the following:

- (i) ITP data and projected ITP costs; and
- (ii) the study assumptions and methodologies it is to use in evaluating the ITP pursuant to its regional transmission planning process.

For each ITP that meets the requirements of Section 4.1, [[Planning Region]] (if it is a Relevant Planning Region):

- (a) is to seek to resolve any differences it has with the other Relevant Planning Regions relating to the ITP or to information specific to other Relevant Planning Regions insofar as such differences may affect [[Planning Region's]] evaluation of the ITP;

- (b) is to provide stakeholders an opportunity to participate in [[Planning Region's]] activities under this Section 4.2 in accordance with its regional transmission planning process;
- (c) is to notify the other Relevant Planning Regions if [[Planning Region]] determines that the ITP will not meet any of its regional transmission needs; thereafter [[Planning Region]] has no obligation under this Section 4.2 to participate in the joint evaluation of the ITP; and
- (d) is to determine under its regional transmission planning process if such ITP is a more cost effective or efficient solution to one or more of [[Planning Region's]] regional transmission needs.

## **Section 5. Interregional Cost Allocation Process**

### **5.1 Submission Requirements**

For any ITP that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with Section 4.1, a proponent of such ITP may also request Interregional Cost Allocation by requesting such cost allocation from [[Planning Region]] and each other Relevant Planning Region in accordance with its regional transmission planning process. The proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

### **5.2 Interregional Cost Allocation Process**

For each ITP that meets the requirements of Section 5.1, [[Planning Region]] (if it is a Relevant Planning Region) is to confer with or notify, as appropriate, any other Relevant Planning Region(s) regarding the following:

- (i) assumptions and inputs to be used by each Relevant Planning Region for purposes of determining benefits in accordance with its regional cost allocation methodology, as applied to ITPs;
- (ii) [[Planning Region's]] regional benefits stated in dollars resulting from the ITP, if any; and
- (iii) assignment of projected costs of the ITP (subject to potential reassignment of projected costs pursuant to Section 6.2 below) to each Relevant Planning Region using the methodology described in this section 5.2.

For each ITP that meets the requirements of Section 5.1, [[Planning Region]] (if it is a Relevant Planning Region):

- (a) is to seek to resolve with the other Relevant Planning Regions any differences relating to ITP data or to information specific to other Relevant Planning Regions insofar as such differences may affect [[Planning Region's]] analysis;
- (b) is to provide stakeholders an opportunity to participate in [[Planning Region's]] activities under this Section 5.2 in accordance with its regional transmission planning process;
- (c) is to determine its regional benefits, stated in dollars, resulting from an ITP; in making such determination of its regional benefits in [[Planning Region]], [[Planning Region]] is to use its regional cost allocation methodology, as applied to ITPs;
- (d) is to calculate its assigned *pro rata* share of the projected costs of the ITP, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the ITP;
- (e) is to share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation; [[Planning Region]] may use such information to identify its total share of the projected costs of the ITP to be assigned to [[Planning Region]] in order to determine whether the ITP is a more cost effective or efficient solution to a transmission need in [[Planning Region]];
- (f) is to determine whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and
- (g) is to endeavor to perform its Interregional Cost Allocation activities pursuant to this Section 5.2 in the same general time frame as its joint evaluation activities pursuant to Section 4.2.

## **Section 6. Application of Regional Cost Allocation Methodology to Selected ITP**

### **6.1 Selection by All Relevant Planning Regions**

If [[Planning Region]] (if it is a Relevant Planning Region) and all of the other Relevant Planning Regions select an ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, [[Planning Region]] is to apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under Sections 5.2(d) or 5.2(e) above in accordance with its regional cost allocation methodology, as applied to ITPs.

## **6.2 Selection by at Least Two but Fewer than All Relevant Regions**

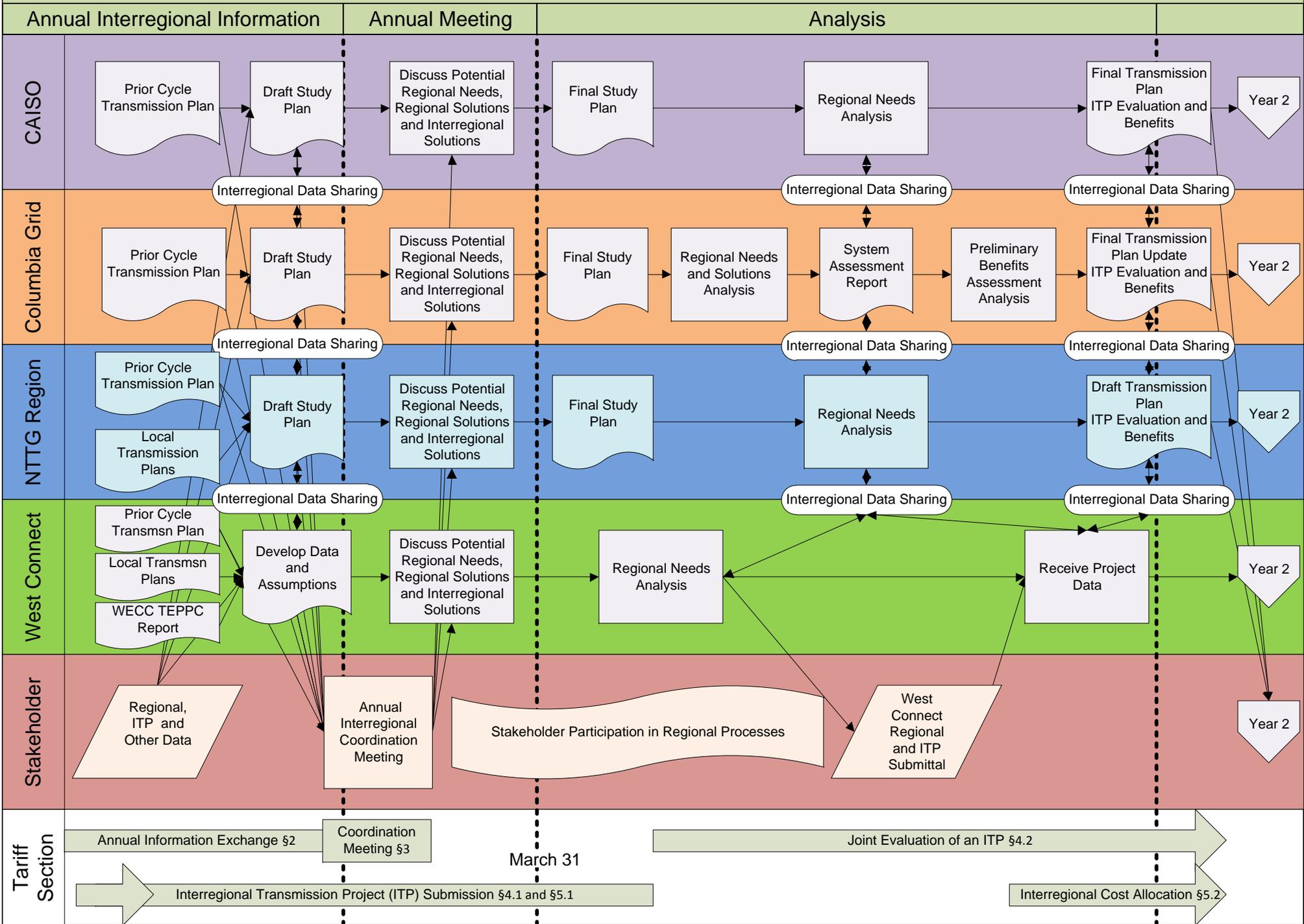
If the [[Planning Region]] (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, [[Planning Region]] is to evaluate (or reevaluate, as the case may be) pursuant to Sections 5.2(d), 5.2(e), and 5.2(f) above whether, without the participation of the non-selecting Relevant Planning Region(s), the ITP is selected (or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many times as necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

If following such evaluation (or reevaluation), the number of selecting Relevant Planning Regions does not change and the ITP remains selected for purposes of Interregional Cost Allocation in the respective regional transmission plans of [[Planning Region]] and at least one other Relevant Planning Region, [[Planning Region]] is to apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under Sections 5.2(d) or 5.2(e) above in accordance with its regional cost allocation methodology, as applied to ITPs.

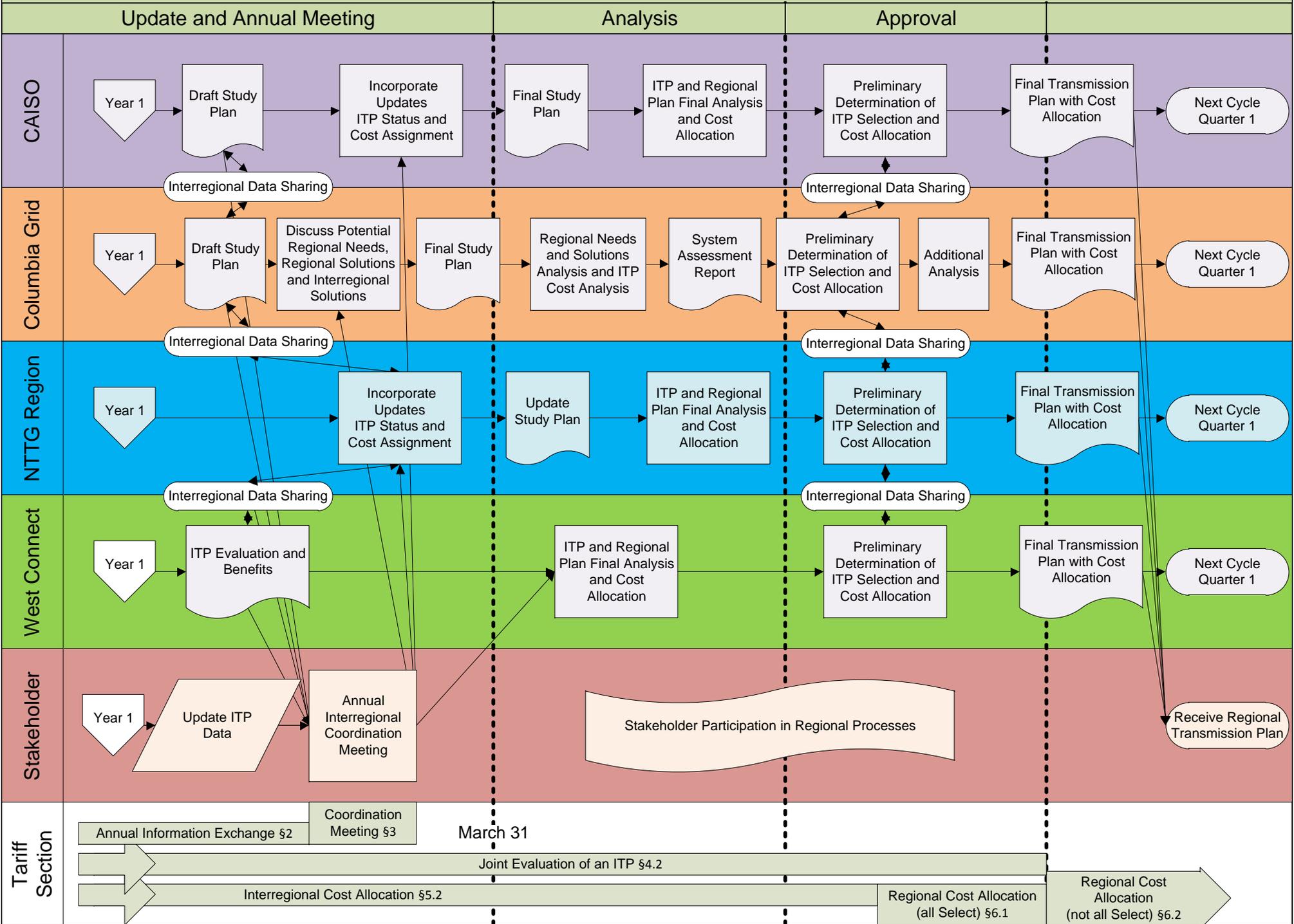
**Attachment 2**

**Interregional Process Diagram**

# Interregional Coordination Process Representative Schedule (Year 1)



# Interregional Coordination Process Representative Schedule (Year 2)



## **Attachment 3**

### **Example of a Pro Rata Cost Assignment**

## Example of a Pro Rata Cost Assignment

An Interregional Transmission Project estimated to cost \$45 million is submitted for consideration for Interregional Cost Allocation in the regional transmission planning processes of the three of the Western Interconnection's four regions in which the Applicants are located.

- One region determines that the project does not meet any need within that region, and is permitted to disengage from the joint evaluation process under Section 4.2 of the Common Language.
- Two regions select the project in their regional transmission plans and determine that the project satisfies one or more regional needs and creates benefits<sup>103</sup> for the region, as follows:
  - Region X determines that the project would create \$35 million in benefits for its region.
  - Region Y determines that the project would create \$42 million in benefits for its region.
- Under the Common Language, the *pro rata* assignment would result in:
  - An assignment of project costs to Region X of \$20 million
    - \$35 million divided by \$77 million equals a 45% share of project benefits
    - 45% of the project's \$45 million estimated total cost equals \$20 million
  - An assignment of project costs to Region Y of \$25 million
    - \$42 million divided by \$77 million equals a 55% share of project benefits
    - 55% of the project's \$45 million estimated total cost equals \$25 million
- Given the use of a *pro rata* assignment method, both Region X and Region Y experience benefits greater than its assigned share of costs:
  - Region X: \$20 million in assigned costs versus \$35 million in quantified benefits
  - Region Y: \$25 million in assigned costs versus \$42 million in quantified benefits

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<sup>103</sup> To the extent an individual planning region uses a Commission-approved benefit-to-cost threshold in assessing whether a project creates sufficient net benefits to warrant inclusion in its regional plan, the region would employ its approved threshold in quantifying net benefits of an interregional transmission project proposed for interregional cost allocation.

**Attachment 4**

**CAISO's Tariff**

## **24.2 Nature of the Transmission Planning Process**

The CAISO will develop the annual comprehensive Transmission Plan and approve transmission upgrades or additions using a Transmission Planning Process with three (3) phases. In Phase 1, the CAISO will develop and complete the Unified Planning Assumptions and Study Plan and, in parallel, begin development of a conceptual statewide plan. In Phase 2, the CAISO will complete the comprehensive Transmission Plan. In Phase 3, the CAISO will evaluate proposals to construct and own certain transmission upgrades or additions specified in the comprehensive Transmission Plan. The Transmission Planning Process shall, at a minimum:

- (a) Coordinate and consolidate in a single plan the transmission needs of the CAISO Balancing Authority Area for maintaining the reliability of the CAISO Controlled Grid in accordance with Applicable Reliability Criteria and CAISO Planning Standards, in a manner that promotes the economic efficiency of the CAISO Controlled Grid and considers federal and state environmental and other policies affecting the provision of Energy;
- (b) Reflect a planning horizon covering a minimum of ten (10) years that considers previously approved transmission upgrades and additions, Demand Forecasts, Demand-side management, capacity forecasts relating to generation technology type, additions and retirements, and such other factors as the CAISO determines are relevant;
- (c) Seek to avoid unnecessary duplication of facilities and ensure the simultaneous feasibility of the CAISO Transmission Plan and the transmission plans of interconnected Balancing Authority Areas, and coordinate with other Planning Regions and interconnected Balancing Authority Areas in accordance with, but not limited to, the Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language in Section 24.18;
- (d) Identify existing and projected limitations of the CAISO Controlled Grid's physical, economic or operational capability or performance and identify

transmission upgrades and additions, including alternatives thereto, deemed needed to address the existing and projected limitations;

- (e) Account for any effects on the CAISO Controlled Grid of the interconnection of Generating Units, including an assessment of the deliverability of such Generating Units in a manner consistent with CAISO interconnection procedures; and
- (f) Provide an opportunity for Interregional Transmission Projects submitted to the CAISO as a Relevant Planning Region to be evaluated as potential solutions to CAISO regional transmission needs.

\* \* \*

#### **24.3.1 Inputs to the Unified Planning Assumptions and Study Plan**

The CAISO will develop Unified Planning Assumptions and a Study Plan using information and data from the approved Transmission Plan developed in the previous planning cycle. The CAISO will consider the following in the development of the Unified Planning Assumptions and Study Plan:

- (a) WECC base cases, as may be modified for the relevant planning horizon;
- (b) Transmission upgrades and additions approved by the CAISO in past Transmission Planning Process cycles, including upgrades and additions which the CAISO has determined address transmission needs in the comprehensive Transmission Plan developed in the previous planning cycle;
- (c) Category 2 policy-driven transmission upgrades and additions from a prior planning cycle as described in Section 24.4.6.6;
- (d) Location Constrained Resource Interconnection Facilities conditionally approved under Section 24.4.6.3;
- (e) Network Upgrades identified pursuant to Section 25, Appendix U, Appendix V, Appendix Y or Appendix Z relating to the CAISO's Large Generator Interconnection Procedures and Appendices S and T relating to the CAISO's

Small Generator Interconnection Procedures that were not otherwise included in the comprehensive Transmission Plan from the previous annual cycle;

- (f) Operational solutions validated by the CAISO in the Local Capacity Technical Study under Section 40.3.1;
- (g) Policy requirements and directives, as appropriate, including programs initiated by state, federal, municipal and county regulatory agencies;
- (h) Energy Resource Areas or similar resource areas identified by Local Regulatory Authorities;
- (i) Demand response programs that are proposed for inclusion in the base case or assumptions for the comprehensive Transmission Plan;
- (j) Generation and other non-transmission alternatives that are proposed for inclusion in long-term planning studies as alternatives to transmission additions or upgrades;
- (k) Beginning with the 2011/2012 planning cycle, Economic Planning Study requests submitted in comments on the draft Unified Planning Assumptions and Study;
- (l) Planned facilities in interconnected Balancing Authority Areas; and
- (m) The most recent Annual Interregional Information provided by other Planning Regions.

\* \* \*

#### **24.4.3 Phase 2 Request Window**

- (a) Following publication of the results of the technical studies, and in accordance with the schedule set forth in the Business Practice Manual, the CAISO will open a Request Window during Phase 2 for the submission of proposed transmission solutions for reliability-driven needs identified in the studies, Location Constrained Resource Interconnection Facility projects, demand response or generation proposed as alternatives to transmission additions or upgrades to meet reliability needs, proposals for Merchant Transmission Facility projects, proposed transmission solutions needed to maintain the feasibility of long-term

CRRs and efficient or cost effective Regional Transmission Facility alternatives for meeting identified needs. The CEC, CPUC, and interested parties may submit potential reliability transmission solutions within the same timeframe established for Participating TOs to submit reliability transmission solutions, but they are not required to do so to the extent the Business Practice Manual grants them a longer period of time.

- (b) All facilities proposed during the Request Window must use the forms and satisfy the information and technical requirements set forth in the Business Practice Manual. Proposed transmission solutions must be within or connect to the CAISO Balancing Authority Area or CAISO Controlled Grid. The CAISO will determine whether each of these proposed solutions will be considered in the development of the comprehensive Transmission Plan. In accordance with the schedule and procedures set forth in the Business Practice Manual, the CAISO will notify the party submitting the proposed solution of any deficiencies in the proposal and provide the party an opportunity to correct the deficiencies. Such proposed solutions can only be considered in the development of the comprehensive Transmission Plan if the CAISO determines that:
  - (i) the proposed solution satisfies the information requirements for the particular type of facility submitted as set forth in templates included in the Business Practice Manual; and
  - (ii) the proposed solution is not functionally duplicative of transmission upgrades or additions that have previously been approved by the CAISO.
- (c) The duration of the Request Window will be set forth in the Business Practice Manual.

\* \* \*

#### **24.4.8 Additional Contents of Comprehensive Transmission Plan**

In addition to the detailed descriptions of specific needed transmission additions and upgrades, the draft

and final comprehensive Transmission Plan may include: (1) the results of technical studies performed under the Study Plan; (2) determinations and recommendations regarding the need for identified transmission upgrades and additions and their identification as either Local or Regional Transmission Facilities; (3) assessments of transmission upgrades and additions submitted as alternatives to the potential solutions to transmission needs identified by the CAISO and studied during the Transmission Planning Process cycle; (4) results of Economic Planning Studies (except for the 2010/2011 cycle); (5) an update on the status of transmission upgrades or additions previously approved by the CAISO, including identification of mitigation plans, if necessary, to address any potential delay in the anticipated completion of an approved transmission upgrade or addition; (6) a description of transmission additions and upgrades with an estimated capital investment of \$50 million or more for which additional studies are required before being presented to the CAISO Governing Board for approval following completion of the studies; (7) a description of Category 2 transmission upgrades or additions recommended for consideration in future planning cycles; (8) identification of Interregional Transmission Projects that were submitted in the current planning cycle, could potentially meet regional needs, and will be evaluated in the next planning cycle; and (9) determinations and recommendations regarding the need for Interregional Transmission Projects that have been evaluated and found to be more cost effective and efficient solutions to regional transmission needs and that satisfy all requirements relevant to meeting such needs.

\* \* \*

#### **24.4.10 Transmission Plan Approval Process**

The revised draft comprehensive Transmission Plan, along with the stakeholder comments, will be presented to the CAISO Governing Board for consideration and approval. Upon approval of the plan, all needed transmission additions and upgrades, and Interregional Transmission Projects, net of all transmission and non-transmission alternatives considered in developing the comprehensive Transmission Plan, will be deemed approved by the CAISO Governing Board. Following Governing Board approval, the CAISO will post the final comprehensive Transmission Plan to the CAISO Website. According to the schedule set forth in the Business Practice Manual, transmission upgrades and additions with capital costs of \$50 million or less can be approved by CAISO management and may proceed to permitting and construction prior to Governing Board approval of the plan. Such CAISO management

approved transmission solutions may be subject to a competitive solicitation process, consistent with Section 24.5, on an accelerated schedule that will allow the approved Project Sponsor to proceed to permitting and construction prior to Governing Board approval of the plan. CAISO management may also expedite approval of a transmission solution ahead of the approval schedule for other solutions with capital costs of \$50 million or less if: (1) there is an urgent need for approval of the solution ahead of the schedule established in the Business Practice Manual; (2) there is a high degree of certainty that approval of the upgrade or addition will not conflict with other solutions being considered in Phase 2; and (3) the need to accelerate a solution is driven by the CAISO's study process or by external circumstances. Should the CAISO find that a transmission solution with capital of \$50 million or less is needed on an expedited basis, after a stakeholder consultation process, CAISO management shall brief the Governing Board at a regularly-scheduled or special public session prior to approving the solution and conducting the competitive solicitation, if appropriate. A Participating Transmission Owner will have the responsibility to construct, own, finance and maintain any Local Transmission Facility deemed needed under this section 24 that is located entirely within such Participating Transmission Owner's PTO Service Territory or footprint. The provisions of Section 24.5 will apply to a Regional Transmission Facility deemed needed under this section 24. Section 24.5 will also apply to any transmission upgrades or additions that are associated with both Regional Transmission Facilities and Local Transmission Facilities but for which the CAISO determines that it is not reasonable to divide construction responsibility among multiple Project Sponsors. Construction and ownership of a selected Interregional Transmission Project shall be determined in accordance in Section 24.17.3.

\* \* \*

#### **24.8.4 Information from BAAs and Regulators**

The CAISO shall obtain or solicit from interconnected Balancing Authority Areas, the CPUC, the CEC, and Local Regulatory Authorities information required by, or anticipated to be useful to, the CAISO in its performance of the Transmission Planning Process, including, but not limited to: (1) long-term transmission system plans; (2) long-term resource plans; (3) generation interconnection process information; (4) Demand Forecasts; and (5) any other data necessary for the development of power flow, short-circuit, and stability cases over the planning horizon of the CAISO Transmission Planning Process.

\* \* \*

#### **24.12 WECC and Interregional Coordination**

The Project Sponsor will have responsibility for completing any applicable WECC requirements and rating study requirements to ensure that a proposed transmission addition or upgrade meets regional planning requirements. The Project Sponsor may request the Participating TO to perform this coordination on behalf of the Project Sponsor at the Project Sponsor's expense.

#### **24.13 Interregional Transmission Proposals in the Regional Process**

Under the procedures set forth in Sections 24.3.3(d), 24.4.3 and 24.4.4, the CAISO may consider potential interregional solutions to regional needs during Phase 2 of the Transmission Planning Process. Potential interregional solutions submitted to the CAISO pursuant to these sections will be evaluated on the basis of the need for the entire proposed facility as a CAISO regional solution, the costs of which would be recovered through the Transmission Access Charge if approved as part of the comprehensive Transmission Plan. A potential interregional solution found by the CAISO to meet identified regional needs will be submitted to the CAISO Board for approval in the Transmission Plan and, if approved and applicable, the Project Sponsor will be selected in accordance with the competitive solicitation process described in Section 24.5. Subsequently, the Project Sponsor may elect to have the project studied by Relevant Planning Regions other than the CAISO pursuant to section 24.18.3 and may elect to seek Interregional Cost Allocation per section 24.18.4. The Project Sponsor must comply with the submission requirements contained in sections 24.18.3.1 and 24.18.4.1, respectively. The CAISO may also identify an interregional solution to the Relevant Planning Regions if the CAISO believes such conceptual solution could provide benefits to the other Planning Regions.

\* \* \*

#### **24.17 Evaluation of Interregional Transmission Projects**

In coordination with other Planning Regions and in accordance with the Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language set forth in Section 24.18, the CAISO will assess whether proposed Interregional Transmission Projects provide more cost effective or efficient solutions to regional transmission needs than proposed regional solutions and should be included in the comprehensive Transmission Plan. The CAISO's evaluation will generally be conducted in a two year

evaluation cycle as set forth in this section, but could be concluded earlier if all Relevant Planning Regions complete their assessments to allow an earlier decision.

#### **24.17.1 Submission of Interregional Transmission Projects**

Starting at the beginning of the first even-numbered calendar year after the effective date of this section 24.17, and at the beginning of every even-numbered year thereafter, the CAISO will initiate a submission period in which proponents may request evaluation of an Interregional Transmission Project. The date upon which the submission period begins will be as set forth in the Business Practice Manual and the CAISO will provide notice of this date to interested parties. The submission window will close on March 31. Interregional Transmission Project proponents must use the forms and satisfy the technical and other requirements set forth in the Business Practice Manual for Transmission Planning.

#### **24.17.2 Interregional Transmission Project Assessment**

During the planning cycle in which an Interregional Transmission Project is submitted, the CAISO will make a preliminary assessment as to whether the submitted project could potentially meet a regional need by eliminating or deferring the need for a regional transmission solution. The CAISO, working with its stakeholders, will then develop an initial estimate of the benefits of the Interregional Transmission Project in terms of the estimated avoided costs of the regional transmission solution for which it eliminates or defers the regional need. If the Interregional Transmission Project could potentially meet a regional need more cost-effectively and efficiently than the regional transmission solution and the project proponent has properly requested Interregional Cost Allocation from each Relevant Planning Region, the CAISO will confer with the Relevant Planning Regions, consistent with Section 24.18.4, to determine the assignment of Interregional Transmission Project costs to the CAISO. Based on this initial assessment of Interregional Transmission Project benefits, the CAISO cost share assignment and the urgency of the need for a regional transmission solution, the CAISO will determine whether to further evaluate the project during the next planning cycle. Should the CAISO determine that the need for the regional solution is not urgent, the CAISO will defer approval of the regional solution until the Interregional Transmission Project assessment is concluded in the second cycle.

#### **24.17.3 Selection in the Comprehensive Transmission Plan**

During the second planning cycle after an Interregional Transmission Project is submitted, the CAISO will

conduct a more in-depth analysis of the Interregional Transmission Project which will include a consideration of the timing in which a regional solution is needed and the likelihood that the proposed Interregional Transmission Project will be constructed and operational in the same timeframe as the regional solution. If the CAISO determines that the proposed Interregional Transmission Project is a more efficient or cost effective solution to a regional need and the Interregional Transmission Project can be constructed and operational in the same timeframe as the regional solution, the CAISO will identify such facility as the preferred solution and recommend it for approval by the CAISO Governing Board in the comprehensive Transmission Plan. The CAISO will also identify the regional transmission additions or upgrades that were initially identified but were eliminated by selecting the Interregional Transmission Project. Once an Interregional Transmission Project has been selected in the CAISO comprehensive Transmission Plan and the transmission plans of all Relevant Planning Regions, the CAISO will seek to coordinate with the project proponent, the other Relevant Planning Regions and all affected transmission providers to address project implementation issues, including, project financing, cost overruns, ownership and construction, operational control, scheduling rights and other matters related to the Interregional Transmission Project.

#### **24.17.4 Interregional Transmission Project Cost Recovery**

The designated owner of the Interregional Transmission Project shall recover the CAISO's assigned share of the Interregional Transmission Project costs through its Regional Transmission Revenue Requirement as approved by FERC.

#### **24.17.5 Monitoring the Status of Interregional Transmission Projects**

The CAISO will monitor the progress of an Interregional Transmission Project selected in the comprehensive transmission plan to meet regional needs with regard to the status of the project owner, financing, permitting, construction, and other milestones pertinent to the completion and commercial operation date of the Interregional Transmission Project. Such monitoring may include a request for periodic reports from the project sponsor and the Relevant Planning Region or affected transmission provider who are sharing the costs of the project. The CAISO shall make available to all Participating TOs with which the project interconnects all information about the status of the project and its progress towards completion and energization. As necessary, the CAISO will hold a call with such Participating TO

to review whether the project completion date for the Interregional Transmission Project owner can reasonably be expected to be met and to review any other items of concern to either the CAISO or the Participating TO.

#### **24.17.6 Delay in Interregional Transmission Project In Service Date**

If the CAISO determines that the Interregional Transmission Project completion and energization date has been delayed beyond the date upon which the regional transmission solution was found to be needed, the CAISO shall issue a Market Notice stating that it is necessary for the CAISO, the Interregional Transmission Project owner and the applicable Participating TO to develop a plan to address potential NERC Reliability Standards violations as set forth in Section 24.6.3 as well as any other issues that may be of material concern to the CAISO or Participating TO. If the potential NERC Reliability Standards violations or other issues of material concern cannot be promptly and adequately addressed, the CAISO shall reconsider the need for a regional solution and identify a regional solution to supplant the Interregional Transmission Project. The CAISO will use its best efforts to identify such a regional solution during the planning cycle in which the CAISO determined that the Interregional Transmission Project would not be completed and energized in the identified timeframe to meet the regional need originally identified in the comprehensive Transmission Plan. The regional solution may consist of the same transmission elements that were originally identified in the comprehensive Transmission Plan in which the Interregional Transmission Project was selected, or it may be a different transmission or non-transmission solution.

#### **24.18 Order 1000 Common Interregional Tariff**

##### **24.18.1 Annual Interregional Information Exchange**

Annually, prior to the Annual Interregional Coordination Meeting, the CAISO will make available by posting on its website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in the CAISO's transmission planning region and potential solutions thereto:

- (i) study plan or underlying information that would typically be included in a study plan, such as:

- (a) identification of base cases;
- (b) planning study assumptions; and
- (c) study methodologies;
- (ii) initial study reports (or system assessments); and
- (iii) regional transmission plan

(collectively referred to as “Annual Interregional Information”).

The CAISO will post its Annual Interregional Information on its website according to its regional transmission planning process. Each other Planning Region may use in its regional transmission planning process the CAISO's Annual Interregional Information. The CAISO may use in its regional transmission planning process Annual Interregional Information provided by other Planning Regions.

The CAISO is not required to make available or otherwise provide to any other Planning Region (i) any information not developed by the CAISO in the ordinary course of its regional transmission planning process, (ii) any Annual Interregional Information to be provided by any other Planning Region with respect to such other Planning Region, or (iii) any information if the CAISO reasonably determines that making such information available or otherwise providing such information would constitute a violation of the Commission's Standards of Conduct or any other legal requirement. Annual Interregional Information made available or otherwise provided by the CAISO shall be subject to applicable confidentiality and CEII restrictions and other applicable laws, under the CAISO's regional transmission planning process.

#### **24.18.2 Annual Interregional Coordination Meeting**

The CAISO will participate in an Annual Interregional Coordination Meeting with the other Planning Regions. The CAISO will host the Annual Interregional Coordination Meeting in turn with the other Planning Regions, and is to seek to convene such meeting in February, but not later than March 31<sup>st</sup>.

The Annual Interregional Coordination Meeting is to be open to stakeholders. The CAISO will provide notice of the meeting to its stakeholders in accordance with its regional transmission planning process.

At the Annual Interregional Coordination Meeting, topics discussed may include the following:

- (i) each Planning Region's most recent Annual Interregional Information (to the extent it is not confidential or protected by CEII or other legal restrictions);

- (ii) identification and preliminary discussion of interregional solutions, including conceptual solutions, that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently; and
- (iii) updates of the status of ITPs being evaluated or previously included in the CAISO's comprehensive transmission plan.

### **24.18.3 Interregional Transmission Project Joint Evaluation Process**

#### **24.18.3.1 Submission Requirements**

A proponent of an Interregional Transmission Project may seek to have its Interregional Transmission Project jointly evaluated by the Relevant Planning Regions pursuant to Section 24.18.3.2 by submitting the Interregional Transmission Project into the regional transmission planning process of each Relevant Planning Region in accordance with such Relevant Planning Region's regional transmission planning process and no later than March 31<sup>st</sup> of any even-numbered calendar year. Such proponent of an Interregional Transmission Project seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region must submit the Interregional Transmission Project to each such Planning Region in accordance with such Planning Region's regional transmission planning process. In addition to satisfying each Relevant Planning Region's information requirements, the proponent of an Interregional Transmission Project must include with its submittal to each Relevant Planning Region a list of all Planning Regions to which the Interregional Transmission Project is being submitted.

#### **24.18.3.2 Joint Evaluation of an Interregional Transmission Project**

For each Interregional Transmission Project that meets the requirements of Section 24.18.3.1, the CAISO (if it is a Relevant Planning Region) will participate in a joint evaluation by the Relevant Planning Regions that is to commence in the calendar year of the Interregional Transmission Project's submittal in accordance with Section 24.18.3.1, or the immediately following calendar year. With respect to any such Interregional Transmission Project, the CAISO (if it is a Relevant Planning Region) will confer with the other Relevant Planning Region(s) regarding the following:

- (i) Interregional Transmission Project data and projected Interregional Transmission Project costs; and
- (ii) the study assumptions and methodologies it is to use in evaluating the Interregional Transmission Project pursuant to its regional transmission planning process.

For each Interregional Transmission Project that meets the requirements of Section 24.18.3.1, the CAISO (if it is a Relevant Planning Region):

- (a) will seek to resolve any differences it has with the other Relevant Planning Regions relating to the Interregional Transmission Project or to information specific to other Relevant Planning Regions insofar as such differences may affect the CAISO's evaluation of the Interregional Transmission Project;
- (b) will provide stakeholders an opportunity to participate in the CAISO's activities under this Section 24.18.3.2 in accordance with its regional transmission planning process;
- (c) will notify the other Relevant Planning Regions if the CAISO determines that the Interregional Transmission Project will not meet any of its regional transmission needs; thereafter the CAISO has no obligation under this Section 24.18.3.2 to participate in the joint evaluation of the Interregional Transmission Project; and
- (d) will determine under its regional transmission planning process if such Interregional Transmission Project is a more cost effective or efficient solution to one or more of the CAISO's regional transmission needs.

#### **24.18.4 Interregional Cost Allocation Process**

##### **24.18.4.1 Submission Requirements**

For any Interregional Transmission Project that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with Section 24.18.3.1, a proponent of such Interregional Transmission Project may also request Interregional Cost Allocation by requesting such cost allocation from the CAISO and each other Relevant Planning Region in accordance with its regional transmission planning process. The proponent of an Interregional Transmission Project must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

#### **24.18.4.2 Interregional Cost Allocation Process**

For each Interregional Transmission Project that meets the requirements of Section 24.18.4.1, the CAISO (if it is a Relevant Planning Region) is to confer with or notify, as appropriate, any other Relevant Planning Region(s) regarding the following:

- (i) assumptions and inputs to be used by each Relevant Planning Region for purposes of determining benefits in accordance with its regional cost allocation methodology, as applied to Interregional Transmission Projects;
- (ii) the CAISO's regional benefits stated in dollars resulting from the Interregional Transmission Project, if any; and
- (iii) assignment of projected costs of the Interregional Transmission Project (subject to potential reassignment of projected costs pursuant to Section 24.18.5.2 below) to each Relevant Planning Region using the methodology described in this section 24.18.4.2.

For each Interregional Transmission Project that meets the requirements of Section 24.18.4.1, the CAISO (if it is a Relevant Planning Region):

- (a) will seek to resolve with the other Relevant Planning Regions any differences relating to Interregional Transmission Project data or to information specific to other Relevant Planning Regions insofar as such differences may affect the CAISO's analysis;
- (b) will provide stakeholders an opportunity to participate in the CAISO's activities under this Section 24.18.4.2 in accordance with its regional transmission planning process;
- (c) will determine its regional benefits, stated in dollars, resulting from an Interregional Transmission Project; in making such determination of its regional benefits in the CAISO's region, the CAISO will use its regional cost allocation methodology, as applied to Interregional Transmission Projects;
- (d) will calculate its assigned *pro rata* share of the projected costs of the Interregional Transmission Project, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the Interregional Transmission Project;
- (e) will share with the other Relevant Planning Regions information regarding what its

regional cost allocation would be if it were to select the Interregional Transmission Projects in its regional transmission plan for purposes of Interregional Cost Allocation; the CAISO may use such information to identify its total share of the projected costs of the Interregional Transmission Projects to be assigned to the CAISO in order to determine whether the Interregional Transmission Project is a more cost effective or efficient solution to a transmission need in the CAISO region;

- (f) will determine whether to select the Interregional Transmission Project in its regional transmission plan for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and
- (g) will endeavor to perform its Interregional Cost Allocation activities pursuant to this Section 24.18.4.2 in the same general time frame as its joint evaluation activities pursuant to Section 24.18.3.2.

#### **24.18.5 Application of Regional Cost Allocation Methodology to Selected Projects**

##### **24.18.5.1 Selection by All Relevant Planning Regions**

If the CAISO (if it is a Relevant Planning Region) and all of the other Relevant Planning Regions select an Interregional Transmission Project in their respective regional transmission plans for purposes of Interregional Cost Allocation, the CAISO will apply its regional cost allocation methodology to the projected costs of the Interregional Transmission Project assigned to it under Sections 24.18.4.2(d) or 24.18.4.2(e) above in accordance with its regional cost allocation methodology, as applied to Interregional Transmission Project.

##### **24.18.5.2 Selection by at Least Two but Fewer than All Regions**

If the CAISO (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the Interregional Transmission Project in their respective regional transmission plans for purposes of Interregional Cost Allocation, the CAISO is to evaluate (or reevaluate, as the case may be) pursuant to Sections 24.18.4.2(d), 24.18.4.2(e), and 24.18.4.2(f) above whether, without the participation of the non-selecting Relevant Planning Region(s), the Interregional Transmission Project is selected (or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many times as

necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

If following such evaluation (or reevaluation), the number of selecting Relevant Planning Regions does not change and the Interregional Transmission Project remains selected for purposes of Interregional Cost Allocation in the respective regional transmission plans of the CAISO and at least one other Relevant Planning Region, the CAISO will apply its regional cost allocation methodology to the projected costs of the Interregional Transmission Project assigned to it under Sections 24.18.4.2(d) or 24.18.4.2(e) above in accordance with its regional cost allocation methodology, as applied to Interregional Transmission Projects.

\* \* \*

## **Appendix A**

### **Master Definition Supplement**

\* \* \*

**- Annual Interregional Coordination Meeting**

Shall have the meaning set forth in Section 24.18.2.

**- Annual Interregional Information**

Shall have the meaning set forth in Section 24.18.1.

\* \* \*

**- Interregional Cost Allocation**

Means the assignment of Interregional Transmission Project costs between or among Planning Regions as described in Section 24.18.5.

**- Interregional Transmission Project (ITP)**

Means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with Section 24.18.4.

\* \* \*

**- Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language**

Means Section 24.18, which relates to Order 1000 interregional provisions.

\* \* \*

**- Planning Region**

Means each of the following Order 1000 transmission planning regions insofar as they are within the Western Interconnection: CAISO, ColumbiaGrid, Northern Tier Transmission Group, and WestConnect.

\* \* \*

**- Regional Transmission Revenue Requirement (RTRR)**

The portion of a Participating TO's Transmission Revenue Requirement associated with and allocable to: 1) the Participating TO's Regional Transmission Facilities and Converted Rights associated with Regional Transmission Facilities, 2) the CAISO's assigned share of Interregional Transmission Project costs, and 3) Location Constrained Resource Interconnection Facilities that are under the CAISO Operational Control.

\* \* \*

**- Relevant Planning Regions**

Means, with respect to an Interregional Transmission Project, the Planning Regions that would directly interconnect electrically with such Interregional Transmission Project, unless and until such time as a Relevant Planning Region determines that such Interregional Transmission Project will not meet any of its regional transmission needs in accordance with Section 24.18.3.2, at which time it shall no longer be considered a Relevant Planning Region.

\* \* \*

**Appendix F Rate Schedules**

\* \* \*

**Schedule 3  
Regional Access Charge and Wheeling Access Charge**

\* \* \*

**6. Regional Transmission Revenue Requirement.**

**6.1** The Regional Transmission Revenue Requirement of a Participating TO will be determined consistent with CAISO procedures posted on the CAISO Website and shall be the sum of:

- (a) the Participating TO's Regional Transmission Revenue Requirement (including costs related to Existing Contracts associated with transmission by others and deducting transmission revenues actually expected to be received by the Participating TO related to transmission for others in accordance with Existing Contracts and Interregional Transmission Projects, less the sum of the Standby Transmission Revenues); and
- (b) the annual Regional TRBA adjustment, which shall be based on the principal balance in the Regional TRBA as of September 30 and shall be calculated as a dollar amount based on the projected Transmission Revenue Credits as adjusted for the true up of the prior year's difference between projected and actual credits. A Non-Load-Serving Participating TO shall include any over- or under-recovery of its annual Regional Transmission Revenue Requirement in its Regional TRBA. If the annual Regional TRBA adjustment

involves only a partial year of operations, the Non-Load-Serving Participating TO's over- or under-recovery shall be based on a partial year revenue requirement, calculated by multiplying the Non-Load-Serving Participating TO's Regional Transmission Revenue Requirement by the number of days the Regional Transmission Facilities were under the CAISO's Operational Control divided by the number of days in the year.

\* \* \*

**14. Wheeling Access Charges.**

- 14.1** CAISO Charges on Scheduling Coordinators for Wheeling. The CAISO will charge Scheduling Coordinators for a Wheeling Out or a Wheeling Through transaction the product of the Wheeling Access Charge and the total of the hourly Schedules or awards of Wheeling in MWh for each Trading Interval at each Scheduling Point associated with that transaction pursuant to Section 26.1.4 of the CAISO Tariff.
- 14.2** Wheeling Access Charge. The Wheeling Access Charge for each Participating TO shall be as specified in Section 26.1.4 of the CAISO Tariff.
- 14.3** CAISO Payments to Transmission Owners for Wheeling. The CAISO will pay all Wheeling revenues to Participating TOs on the basis of the ratio of each Participating TO's Transmission Revenue Requirement (less the TRR associated with Existing Rights and Interregional Transmission Projects) to the sum of all Participating TOs' TRRs (less the TRRs associated with Existing Rights and Interregional Transmission Projects) as specified in Section 26.1.4.3 of the CAISO Tariff and in the applicable Business Practice Manual. The Local Wheeling Access Charge shall be disbursed to the appropriate Participating TO in accordance with the applicable Business Practice Manual.
- 14.4** Weighted Average Rate for Wheeling Service. The weighted average rate payable for Wheeling over joint facilities at each Scheduling Point shall be calculated as the sum of the applicable Wheeling Access Charge rates for each applicable TAC Area or Participating TO as these rates are weighted by the ratio of the Available Transfer Capability for each Participating TO at the particular Scheduling Point to the total Available Transfer Capability for the Scheduling Point. The calculation of this rate is set forth in more detail in the applicable Business Practice Manual.

**Attachment 5**

**Redline Version of CAISO's Tariff**

## 24.2 Nature of the Transmission Planning Process

The CAISO will develop the annual comprehensive Transmission Plan and approve transmission upgrades or additions using a Transmission Planning Process with three (3) phases. In Phase 1, the CAISO will develop and complete the Unified Planning Assumptions and Study Plan and, in parallel, begin development of a conceptual statewide plan. In Phase 2, the CAISO will complete the comprehensive Transmission Plan. In Phase 3, the CAISO will evaluate proposals to construct and own certain specific transmission upgrades or additions elements specified in the comprehensive Transmission Plan. The Transmission Planning Process shall, at a minimum:

- (a) Coordinate and consolidate in a single plan the transmission needs of the CAISO Balancing Authority Area for maintaining the reliability of the CAISO Controlled Grid in accordance with Applicable Reliability Criteria and CAISO Planning Standards, in a manner that promotes the economic efficiency of the CAISO Controlled Grid and considers federal and state environmental and other policies affecting the provision of Energy. ~~;~~
- (b) Reflect a planning horizon covering a minimum of ten (10) years that considers previously approved transmission upgrades and additions, Demand Forecasts, Demand-side management, capacity forecasts relating to generation technology type, additions and retirements, and such other factors as the CAISO determines are relevant. ~~;~~
- (c) Seek to avoid unnecessary duplication of facilities and ensure the simultaneous feasibility of the CAISO Transmission Plan and the transmission plans of interconnected Balancing Authority Areas, and ~~otherwise~~ coordinate with other Planning Regions and interconnected Balancing Authority Areas in accordance with, but not limited to, the Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language in Section 24.18; regional and sub-regional transmission planning processes and entities, including interconnected Balancing Authority Areas.

- (d) Identify existing and projected limitations of the CAISO Controlled Grid's physical, economic or operational capability or performance and identify transmission upgrades and additions, including alternatives thereto, deemed needed to address the existing and projected limitations~~;~~;
- (e) Account for any effects on the CAISO Controlled Grid of the interconnection of Generating Units, including an assessment of the deliverability of such Generating Units in a manner consistent with CAISO interconnection procedures~~;~~ ; and
- (f) Provide an opportunity for Interregional Transmission Projects submitted to the CAISO as a Relevant Planning Region to be evaluated as potential solutions to CAISO regional transmission needs.

\* \* \*

#### **24.3.1 Inputs to the Unified Planning Assumptions and Study Plan**

The CAISO will develop Unified Planning Assumptions and a Study Plan using information and data from the approved Transmission Plan developed in the previous planning cycle. The CAISO will consider the following in the development of the Unified Planning Assumptions and Study Plan:

- (a) WECC base cases, as may be modified for the relevant planning horizon;
- (b) Transmission upgrades and additions approved by the CAISO in past Transmission Planning Process cycles, including upgrades and additions which the CAISO has determined address transmission needs elements in the comprehensive Transmission Plan developed in the previous planning cycle;
- (c) Category 2 policy-driven transmission upgrades~~s~~ and additions~~s~~ elements from a prior planning cycle as described in Section 24.4.6.6;
- (d) Location Constrained Resource Interconnection Facilities conditionally approved under Section 24.4.6.3;
- (e) Network Upgrades identified pursuant to Section 25, Appendix U, Appendix V, Appendix Y or Appendix Z relating to the CAISO's Large Generator

Interconnection Procedures and Appendices S and T relating to the CAISO's Small Generator Interconnection Procedures that were not otherwise included in the comprehensive Transmission Plan from the previous annual cycle;

- (f) Operational solutions validated by the CAISO in the Local Capacity Technical Study under Section 40.3.1;
- (g) Policy requirements and directives, as appropriate, including programs initiated by state, ~~and~~ federal, municipal and county regulatory agencies;
- (h) Energy Resource Areas or similar resource areas identified by Local Regulatory Authorities;
- (i) Demand response programs that are proposed for inclusion in the base case or assumptions for the comprehensive Transmission Plan;
- (j) Generation and other non-transmission projects alternatives that are proposed for inclusion in long-term planning studies as alternatives to transmission additions or upgrades;
- (k) Beginning with the 2011/2012 planning cycle, Economic Planning Study requests submitted in comments on the draft Unified Planning Assumptions and Study;
- (l) Planned facilities in interconnected Balancing Authority Areas; and
- (m) The most recent Annual Interregional Information provided by other Planning Regions.-

\* \* \*

### 24.4.3

#### Phase 2 Request Window

- (a) Following publication of the results of the technical studies, and in accordance with the schedule set forth in the Business Practice Manual, the CAISO will open a Request Window during Phase 2 for the submission of proposed transmission solutions for reliability-driven needs identified in the studies, Location Constrained Resource Interconnection Facility projects, demand response or generation proposals proposed as alternatives to transmission additions or upgrades to meet reliability needs, proposals for Merchant Transmission Facility

projects, proposed transmission solutions needed to maintain the feasibility of long-term CRRs and efficient or cost effective Regional Transmission Facility alternatives for meeting identified needs. The CEC, CPUC, and interested parties may submit potential reliability transmission solutions within the same timeframe established for Participating TOs to submit reliability transmission solutions, but they are not required to do so to the extent the Business Practice Manual grants them a longer period of time.

- (b) All facilities proposed during the Request Window must use the forms and satisfy the information and technical requirements set forth in the Business Practice Manual. Proposed transmission solutions must be within or connect to the CAISO Balancing Authority Area or CAISO Controlled Grid. The CAISO will determine whether each of these proposed solutions will be considered in the development of the comprehensive Transmission Plan. In accordance with the schedule and procedures set forth in the Business Practice Manual, the CAISO will notify the party submitting the proposed solution of any deficiencies in the proposal and provide the party an opportunity to correct the deficiencies. Such proposed solutions can only be considered in the development of the comprehensive Transmission Plan if the CAISO determines that:
- (i) the proposed solution satisfies the information requirements for the particular type of facility project submitted as set forth in templates included in the Business Practice Manual; and
  - (ii) the proposed solution is not functionally duplicative of transmission upgrades or additions that have previously been approved by the CAISO; and
  - ~~(iii) the proposal, if a sub-regional or regional project that affects other interconnected Balancing Authority Areas, has been reviewed by the appropriate sub-regional or regional planning entity, is not inconsistent with such sub-regional or regional planning entity's preferred solution or~~

~~project, and has been determined to be appropriate for inclusion in the CAISO Study Plan, rather than, or in addition to, being included in or deferred to the planning process of the sub-regional or regional planning entity.~~

- (c) The duration of the Request Window will be set forth in the Business Practice Manual.

\* \* \*

#### **24.4.8 Additional Contents of Comprehensive Transmission Plan**

In addition to the detailed descriptions of specific needed transmission additions and upgrades ~~projects and elements~~, the draft and final comprehensive Transmission Plan may include: (1) the results of technical studies performed under the Study Plan; (2) determinations and recommendations regarding the need for identified transmission upgrades and additions ~~projects and elements~~ and their identification as either Local or Regional Transmission Facilities; (3) assessments of transmission upgrades and additions submitted as alternatives to the potential solutions to transmission needs identified by the CAISO and studied during the Transmission Planning Process cycle; (4) results of Economic Planning Studies (except for the 2010/2011 cycle); (5) an update on the status of transmission upgrades or additions previously approved by the CAISO, including identification of mitigation plans, if necessary, to address any potential delay in the anticipated completion of an approved transmission upgrade or addition; ~~and~~ (6) a description of transmission additions and upgrades ~~projects~~ with an estimated capital investment of \$50 million or more ~~submitted through the Request Window and~~ for which additional studies are required before being presented to the CAISO Governing Board for approval following completion of the studies; ~~and~~ (7) a description of Category 2 transmission upgrades or additions ~~elements~~ recommended for consideration in future planning cycles; (8) identification of Interregional Transmission Projects that were submitted in the current planning cycle, could potentially meet regional needs, and will be evaluated in the next planning cycle; and (9) determinations and recommendations regarding the need for Interregional Transmission Projects that have been evaluated and found to be more cost effective and efficient solutions to regional transmission needs and that satisfy all requirements relevant to meeting such needs.

\* \* \*

#### 24.4.10 Transmission Plan Approval Process

The revised draft comprehensive Transmission Plan, along with the stakeholder comments, will be presented to the CAISO Governing Board for consideration and approval. Upon approval of the plan, all needed transmission additions and upgrades, ~~and elements~~ and Interregional Transmission Projects, net of all transmission and non-transmission alternatives considered in developing the comprehensive Transmission Plan, will be deemed approved by the CAISO Governing Board. Following Governing Board approval, the CAISO will post the final comprehensive Transmission Plan to the CAISO Website. According to the schedule set forth in the Business Practice Manual, transmission upgrades and additions ~~and elements~~ with capital costs of \$50 million or less can be approved by CAISO management and may proceed to permitting and construction prior to Governing Board approval of the plan. Such CAISO management approved transmission solutions ~~or elements~~ may be subject to a competitive solicitation process, consistent with Section 24.5, on an accelerated schedule that will allow the approved Project Sponsor to proceed to permitting and construction prior to Governing Board approval of the plan. CAISO management may also expedite approval of a transmission solution ~~or element~~ ahead of the approval schedule for other solutions ~~or elements~~ with capital costs of \$50 million or less if: (1) there is an urgent need for approval of the solution ahead of the schedule established in the Business Practice Manual; (2) there is a high degree of certainty that approval of the upgrade or addition will not conflict with other solutions ~~or elements~~ being considered in Phase 2; and (3) the need to accelerate a solution ~~or element~~ is driven by the CAISO's study process or by external circumstances. Should the CAISO find that a transmission solution ~~policy-driven or economically-driven element~~ with capital of \$50 million or less is needed on an expedited basis, after a stakeholder consultation process, CAISO management shall brief the Governing Board at a regularly-scheduled or special public session prior to approving the solution ~~elements~~ and conducting the competitive solicitation, if appropriate. A Participating Transmission Owner will have the responsibility to construct, own, finance and maintain any Local Transmission Facility deemed needed under this section 24 that is located entirely within such Participating Transmission Owner's PTO Service Territory or footprint. The provisions of Section 24.5 will apply to a Regional Transmission Facility deemed needed under this section 24. Section 24.5 will also apply to any

transmission upgrades or additions that are associated with both Regional Transmission Facilities and Local Transmission Facilities but for which the CAISO determines that it is not reasonable to divide construction responsibility among multiple Project Sponsors. Construction and ownership of a selected Interregional Transmission Project shall be determined in accordance in Section 24.17.3.

\* \* \*

#### **24.8.4 Information from ~~Planning Groups~~, BAAs and Regulators**

~~In accordance with Section 24.8,~~ The CAISO shall obtain or solicit from interconnected Balancing Authority Areas, ~~regional and sub-regional planning groups within the WECC,~~ the CPUC, the CEC, and Local Regulatory Authorities information required by, or anticipated to be useful to, the CAISO in its performance of the Transmission Planning Process, including, but not limited to: (1) long-term transmission system plans; (2) long-term resource plans; (3) generation interconnection process information; (4) Demand Forecasts; and (5) any other data necessary for the development of power flow, short-circuit, and stability cases over the planning horizon of the CAISO Transmission Planning Process.

\* \* \*

#### **24.12 WECC and ~~Interr~~Regional Coordination**

The Project Sponsor will have responsibility for completing any applicable WECC requirements and rating study requirements to ensure that a proposed transmission addition or upgrade meets regional planning requirements. The Project Sponsor may request the Participating TO to perform this coordination on behalf of the Project Sponsor at the Project Sponsor's expense.

#### **24.13 Interregional Transmission Proposals in the ~~-Regional~~ Process**

##### **~~Regional and Sub-Regional Planning Process~~**

Under the procedures set forth in Sections 24.3.3(d), 24.4.3 and 24.4.4, the CAISO may consider potential interregional solutions to regional needs during Phase 2 of the Transmission Planning Process. Potential interregional solutions submitted to the CAISO pursuant to these sections will be evaluated on the basis of the need for the entire proposed facility as a CAISO regional solution, the costs of which would be recovered through the Transmission Access Charge if approved as part of the comprehensive Transmission Plan. A potential interregional solution found by the CAISO to meet identified regional needs will be submitted to the CAISO Board for approval in the Transmission Plan and, if approved and

applicable, the Project Sponsor will be selected in accordance with the competitive solicitation process described in Section 24.5. Subsequently, the Project Sponsor may elect to have the project studied by Relevant Planning Regions other than the CAISO pursuant to section 24.18.3 and may elect to seek Interregional Cost Allocation per section 24.18.4. The Project Sponsor must comply with the submission requirements contained in sections 24.18.3.1 and 24.18.4.1, respectively. The CAISO may also identify an interregional solution to the Relevant Planning Regions if the CAISO believes such conceptual solution could provide benefits to the other Planning Regions.

~~The CAISO will be a member of the WECC and other applicable regional or sub-regional organizations and participate in WECC's operation and planning committees, and in other applicable regional and sub-regional coordinated planning processes.~~

**24.13.1 [Not Used] Scope of Regional or Sub-Regional Planning Participation**

~~The CAISO will collaborate with adjacent transmission providers and existing sub-regional planning organizations through existing processes. This collaboration involves a reciprocal exchange of information, to the maximum extent possible and subject to applicable confidentiality restrictions, in order to ensure the simultaneous feasibility of respective Transmission Plans, the identification of potential areas for increased efficiency, and the consistent use of common assumptions whenever possible. The details of the CAISO's participation in regional and sub-regional planning processes are set forth in the Business Practice Manual. At a minimum, the CAISO shall be required to:~~

- ~~(a) — solicit the participation, whether through sub-regional planning groups or individually, of all interconnected Balancing Authority Areas in the development of the Unified Planning Assumptions and Study Plan and in reviewing the results of technical studies performed as part of the CAISO's Transmission Planning Process in order to:~~
  - ~~(i) — coordinate, to the maximum extent practicable, planning assumptions, data and methodologies utilized by the CAISO, regional and sub-regional planning groups or interconnected Balancing Authority Areas;~~
  - ~~(ii) — ensure transmission expansion plans of the CAISO, regional and sub-regional planning groups or interconnected Balancing Authority Areas~~

~~are simultaneously feasible and seek to avoid duplication of facilities.~~

- ~~(b) — coordinate with regional and sub-regional planning groups regarding the entity to perform requests for Economic Planning Studies or other Congestion related studies;~~
- ~~(c) — transmit to applicable regional and sub-regional planning groups or interconnected Balancing Authority Areas information on technical studies performed as part of the CAISO Transmission Planning Process;~~
- ~~(d) — post on the CAISO Website links to the planning activities of applicable regional and sub-regional planning groups or interconnected Balancing Authority Areas.~~

#### **24.13.2 [Not Used] Limitation on Regional Activities**

~~Neither the CAISO nor any Participating TO nor any Market Participant shall take any position before the WECC or a regional organization that is inconsistent with a binding decision reached through an arbitration proceeding pursuant to Section 13, in which the Participating TO or Market Participant voluntarily participated.~~

\* \* \*

#### **24.17 Evaluation of Interregional Transmission Projects**

In coordination with other Planning Regions and in accordance with the Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language set forth in Section 24.18, the CAISO will assess whether proposed Interregional Transmission Projects provide more cost effective or efficient solutions to regional transmission needs than proposed regional solutions and should be included in the comprehensive Transmission Plan. The CAISO's evaluation will generally be conducted in a two year evaluation cycle as set forth in this section, but could be concluded earlier if all Relevant Planning Regions complete their assessments to allow an earlier decision.

##### **24.17.1 Submission of Interregional Transmission Projects**

Starting at the beginning of the first even-numbered calendar year after the effective date of this section 24.17, and at the beginning of every even-numbered year thereafter, the CAISO will initiate a submission period in which proponents may request evaluation of an Interregional Transmission Project. The date upon which the submission period begins will be as set forth in the Business Practice Manual and the

CAISO will provide notice of this date to interested parties. The submission window will close on March 31. Interregional Transmission Project proponents must use the forms and satisfy the technical and other requirements set forth in the Business Practice Manual for Transmission Planning.

#### **24.17.2 Interregional Transmission Project Assessment**

During the planning cycle in which an Interregional Transmission Project is submitted, the CAISO will make a preliminary assessment as to whether the submitted project could potentially meet a regional need by eliminating or deferring the need for a regional transmission solution. The CAISO, working with its stakeholders, will then develop an initial estimate of the benefits of the Interregional Transmission Project in terms of the estimated avoided costs of the regional transmission solution for which it eliminates or defers the regional need. If the Interregional Transmission Project could potentially meet a regional need more cost-effectively and efficiently than the regional transmission solution and the project proponent has properly requested Interregional Cost Allocation from each Relevant Planning Region, the CAISO will confer with the Relevant Planning Regions, consistent with Section 24.18.4, to determine the assignment of Interregional Transmission Project costs to the CAISO. Based on this initial assessment of Interregional Transmission Project benefits, the CAISO cost share assignment and the urgency of the need for a regional transmission solution, the CAISO will determine whether to further evaluate the project during the next planning cycle.- Should the CAISO determine that the need for the regional solution is not urgent, the CAISO will defer approval of the regional solution- until the Interregional Transmission Project assessment is concluded in the second cycle.

#### **24.17.3 Selection in the Comprehensive Transmission Plan**

During the second planning cycle after an Interregional Transmission Project is submitted, the CAISO will conduct a more in-depth analysis of the Interregional Transmission Project which will include a consideration of the timing in which a regional solution is needed and the likelihood that the proposed Interregional Transmission Project will be constructed and operational in the same timeframe as the regional solution.- If the CAISO determines that the proposed Interregional Transmission Project is a more efficient or cost effective solution to a regional need and the Interregional Transmission Project can be constructed and operational in the same timeframe as the regional solution, the CAISO will identify such facility as the preferred solution and recommend it for approval by the CAISO Governing Board in

the comprehensive Transmission Plan. The CAISO will also identify the regional transmission additions or upgrades that were initially identified but were eliminated by selecting the Interregional Transmission Project. Once an Interregional Transmission Project has been selected in the CAISO comprehensive Transmission Plan and the transmission plans of all Relevant Planning Regions, the CAISO will seek to coordinate with the project proponent, the other Relevant Planning Regions and all affected transmission providers to address project implementation issues, including, project financing, cost overruns, ownership and construction, operational control, scheduling rights and other matters related to the Interregional Transmission Project.

#### **24.17.4 Interregional Transmission Project Cost Recovery**

The designated owner of the Interregional Transmission Project shall recover the CAISO's assigned share of the Interregional Transmission Project costs through its Regional Transmission Revenue Requirement as approved by FERC.

#### **24.17.5 Monitoring the Status of Interregional Transmission Projects**

The CAISO will monitor the progress of an Interregional Transmission Project selected in the comprehensive transmission plan to meet regional needs with regard to the status of the project owner, financing, permitting, construction, and other milestones pertinent to the completion and commercial operation date of the Interregional Transmission Project. Such monitoring may include a request for periodic reports from the project sponsor and the Relevant Planning Region or affected transmission provider who are sharing the costs of the project. The CAISO shall make available to all Participating TOs with which the project interconnects all information about the status of the project and its progress towards completion and energization. As- necessary, the CAISO will hold a call with such Participating TO to review whether the project completion date for the Interregional Transmission Project owner can reasonably be expected to be met and to review any other items of concern to either the CAISO or the Participating TO.

#### **24.17.6 Delay in Interregional Transmission Project In Service Date**

If the CAISO determines that the Interregional Transmission Project completion and energization date has been delayed beyond the date upon which the regional transmission solution was found to be needed, the CAISO shall issue a Market Notice stating that it is necessary for the CAISO, the

Interregional Transmission Project owner and the applicable Participating TO to develop a plan to address potential NERC Reliability Standards violations as set forth in Section 24.6.3 as well as any other issues that may be of material concern to the CAISO or Participating TO. If the potential NERC Reliability Standards violations, or other issues of material concern, cannot be promptly and adequately addressed, the CAISO shall reconsider the need for a regional solution and identify a regional solution to supplant the Interregional Transmission Project. The CAISO will use its best efforts to identify such a regional solution during the planning cycle- in which the CAISO determined that the Interregional Transmission Project would not be completed and energized in the identified timeframe -to meet the regional need originally identified in the comprehensive Transmission Plan. The regional solution may consist of the same transmission elements that were originally identified in the comprehensive Transmission Plan in which the Interregional Transmission Project was selected, or it may be a different transmission or non-transmission solution.

#### **24.18 Order 1000 Common Interregional Tariff**

##### **24.18.1 Annual Interregional Information Exchange**

Annually, prior to the Annual Interregional Coordination Meeting, the CAISO will make available by posting on its website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in the CAISO's transmission planning region and potential solutions thereto:

- (i) study plan or underlying information that would typically be included in a study plan, such as:
  - (a) identification of base cases;
  - (b) planning study assumptions; and
  - (c) study methodologies;
- (ii) initial study reports (or system assessments); and
- (iii) regional transmission plan

(collectively referred to as "Annual Interregional Information").

The CAISO will post its Annual Interregional Information on its website according to its regional transmission planning process. Each other Planning Region may use in its regional transmission planning process the CAISO's Annual Interregional Information. The CAISO may use in its regional transmission planning process Annual Interregional Information provided by other Planning Regions.

The CAISO is not required to make available or otherwise provide to any other Planning Region (i) any information not developed by the CAISO in the ordinary course of its regional transmission planning process, (ii) any Annual Interregional Information to be provided by any other Planning Region with respect to such other Planning Region, or (iii) any information if the CAISO reasonably determines that making such information available or otherwise providing such information would constitute a violation of the Commission's Standards of Conduct or any other legal requirement. Annual Interregional Information made available or otherwise provided by the CAISO shall be subject to applicable confidentiality and CEII restrictions and other applicable laws, under the CAISO's regional transmission planning process.

#### **24.18.2 Annual Interregional Coordination Meeting**

The CAISO will participate in an Annual Interregional Coordination Meeting with the other Planning Regions. The CAISO will host the Annual Interregional Coordination Meeting in turn with the other Planning Regions, and is to seek to convene such meeting in February, but not later than March 31<sup>st</sup>. The Annual Interregional Coordination Meeting is to be open to stakeholders. The CAISO will provide notice of the meeting to its stakeholders in accordance with its regional transmission planning process.

At the Annual Interregional Coordination Meeting, topics discussed may include the following:

- (i) each Planning Region's most recent Annual Interregional Information (to the extent it is not confidential or protected by CEII or other legal restrictions);
  
- (ii) identification and preliminary discussion of interregional solutions, including conceptual solutions, that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently; and

(iii) updates of the status of ITPs being evaluated or previously included in the CAISO's comprehensive transmission plan.

### **24.18.3 Interregional Transmission Project Joint Evaluation Process**

#### **24.18.3.1 Submission Requirements**

A proponent of an Interregional Transmission Project may seek to have its Interregional Transmission Project jointly evaluated by the Relevant Planning Regions pursuant to Section 24.18.3.2 by submitting the Interregional Transmission Project into the regional transmission planning process of each Relevant Planning Region in accordance with such Relevant Planning Region's regional transmission planning process and no later than March 31<sup>st</sup> of any even-numbered calendar year. Such proponent of an Interregional Transmission Project seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region must submit the Interregional Transmission Project to each such Planning Region in accordance with such Planning Region's regional transmission planning process. In addition to satisfying each Relevant Planning Region's information requirements, the proponent of an Interregional Transmission Project must include with its submittal to each Relevant Planning Region a list of all Planning Regions to which the Interregional Transmission Project is being submitted.

#### **24.18.3.2 Joint Evaluation of an Interregional Transmission Project**

For each Interregional Transmission Project that meets the requirements of Section 24.18.3.1, the CAISO (if it is a Relevant Planning Region) will participate in a joint evaluation by the Relevant Planning Regions that is to commence in the calendar year of the Interregional Transmission Project's submittal in accordance with Section 24.18.3.1, or the immediately following calendar year. With respect to any such Interregional Transmission Project, the CAISO (if it is a Relevant Planning Region) will confer with the other Relevant Planning Region(s) regarding the following:

- (i) Interregional Transmission Project data and projected Interregional Transmission Project costs; and
- (ii) the study assumptions and methodologies it is to use in evaluating the Interregional Transmission Project pursuant to its regional transmission planning process.

For each Interregional Transmission Project that meets the requirements of Section 24.18.3.1, the CAISO (if it is a Relevant Planning Region):

- (a) will seek to resolve any differences it has with the other Relevant Planning Regions relating to the Interregional Transmission Project or to information specific to other Relevant Planning Regions insofar as such differences may affect the CAISO's evaluation of the Interregional Transmission Project ;
- (b) will provide stakeholders an opportunity to participate in the CAISO's activities under this Section 24.18.3.2 in accordance with its regional transmission planning process;
- (c) will notify the other Relevant Planning Regions if the CAISO determines that the Interregional Transmission Project will not meet any of its regional transmission needs; thereafter the CAISO has no obligation under this Section 24.18.3.2 to participate in the joint evaluation of the Interregional Transmission Project; and
- (d) will determine under its regional transmission planning process if such Interregional Transmission Project is a more cost effective or efficient solution to one or more of the CAISO's regional transmission needs.

#### **24.18.4 Interregional Cost Allocation Process**

##### **24.18.4.1 Submission Requirements**

For any Interregional Transmission Project that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with Section 24.18.3.1, a proponent of

such Interregional Transmission Project may also request Interregional Cost Allocation by requesting such cost allocation from the CAISO and each other Relevant Planning Region in accordance with its regional transmission planning process. The proponent of an Interregional Transmission Project must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

#### **24.18.4.2 Interregional Cost Allocation Process**

For each Interregional Transmission Project that meets the requirements of Section 24.18.4.1, the CAISO (if it is a Relevant Planning Region) is to confer with or notify, as appropriate, any other Relevant Planning Region(s) regarding the following:

- (i) assumptions and inputs to be used by each Relevant Planning Region for purposes of determining benefits in accordance with its regional cost allocation methodology, as applied to Interregional Transmission Projects;
- (ii) the CAISO's regional benefits stated in dollars resulting from the Interregional Transmission Project, if any; and
- (iii) assignment of projected costs of the Interregional Transmission Project (subject to potential reassignment of projected costs pursuant to Section 24.18.5.2 below) to each Relevant Planning Region using the methodology described in this section 24.18.4.2.

For each Interregional Transmission Projects that meets the requirements of Section 24.18.4.1, the CAISO (if it is a Relevant Planning Region):

- (a) will seek to resolve with the other Relevant Planning Regions any differences relating to Interregional Transmission Project data or to information specific to other Relevant Planning Regions insofar as such differences may affect the CAISO's analysis;
- (b) will provide stakeholders an opportunity to participate in the CAISO's activities under this

Section 24.18.4.2 in accordance with its regional transmission planning process:

- (c) will determine its regional benefits, stated in dollars, resulting from an Interregional Transmission Project; in making such determination of its regional benefits in the CAISO's region, the CAISO will use its regional cost allocation methodology, as applied to Interregional Transmission Projects;
- (d) will calculate its assigned *pro rata* share of the projected costs of the Interregional Transmission Project, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the Interregional Transmission Project;
- (e) will share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the Interregional Transmission Projects in its regional transmission plan for purposes of Interregional Cost Allocation; the CAISO may use such information to identify its total share of the projected costs of the Interregional Transmission Projects to be assigned to the CAISO in order to determine whether the Interregional Transmission Project is a more cost effective or efficient solution to a transmission need in the CAISO region;
- (f) will determine whether to select the Interregional Transmission Project in its regional transmission plan for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and
- (g) will endeavor to perform its Interregional Cost Allocation activities pursuant to this Section 24.18.4.2 in the same general time frame as its joint evaluation activities pursuant to Section 24.18.3.2.

**24.18.5 Application of Regional Cost Allocation Methodology**

#### **24.18.5.1 Selection by All Relevant Planning Regions**

If the CAISO (if it is a Relevant Planning Region) and all of the other Relevant Planning Regions select an Interregional Transmission Project in their respective regional transmission plans for purposes of Interregional Cost Allocation, the CAISO will apply its regional cost allocation methodology to the projected costs of the Interregional Transmission Project assigned to it under Sections 24.18.4.2(d) or 24.18.4.2(e) above in accordance with its regional cost allocation methodology, as applied to Interregional Transmission Project.

#### **24.18.5.2 Selection by at Least Two but Fewer than All Regions**

If the CAISO (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the Interregional Transmission Project in their respective regional transmission plans for purposes of Interregional Cost Allocation, the CAISO is to evaluate (or reevaluate, as the case may be) pursuant to Sections 24.18.4.2(d), 24.18.4.2(e), and 24.18.4.2(f) above whether, without the participation of the non-selecting Relevant Planning Region(s), the Interregional Transmission Project is selected (or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many times as necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

If following such evaluation (or reevaluation), the number of selecting Relevant Planning Regions does not change and the Interregional Transmission Project remains selected for purposes of Interregional Cost Allocation in the respective regional transmission plans of the CAISO and at least one other Relevant Planning Region, the CAISO will apply its regional cost allocation methodology to the projected costs of the Interregional Transmission Project assigned to it under Sections 24.18.4.2(d) or 24.18.4.2(e) above in accordance with its regional cost allocation methodology, as applied to Interregional Transmission Projects.

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**Appendix A**  
**Master Definition Supplement**

\* \* \*

**- Annual Interregional Coordination Meeting**

Shall have the meaning set forth in Section 24.18.2.

**- Annual Interregional Information**

Shall have the meaning set forth in Section 24.18.1.

\* \* \*

**- Interregional Cost Allocation**

Means the assignment of Interregional Transmission Project costs between or among Planning Regions as described in Section 24.18.5.

**- Interregional Transmission Project (“ITP”)**

Means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with Section 24.18.4.

\* \* \*

**- Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language**

Means Section 24.18, which relates to Order 1000 interregional provisions.

\* \* \*

**- Planning Region**

Means each of the following Order 1000 transmission planning regions insofar as they are within the Western Interconnection: CAISO, ColumbiaGrid, Northern Tier Transmission Group, and WestConnect.

\* \* \*

**- Relevant Planning Regions**

Means, with respect to an Interregional Transmission Project, the Planning Regions that would directly interconnect electrically with such Interregional Transmission Project, unless and until such time as a Relevant Planning Region determines that such Interregional Transmission Project will not meet any of its

regional transmission needs in accordance with Section 24.18.3.2, at which time it shall no longer be considered a Relevant Planning Region.

**- Regional Transmission Revenue Requirement (RTRR)**

The portion of a Participating TO's Transmission Revenue Requirement associated with and allocable to: 1) the Participating TO's Regional Transmission Facilities and Converted Rights associated with Regional Transmission Facilities, 2) the CAISO's assigned share of Interregional Transmission Project costs, and 3) Location Constrained Resource Interconnection Facilities that are under the CAISO Operational Control.

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**Appendix F Rate Schedules**

\* \* \*

**Schedule 3  
Regional Access Charge and Wheeling Access Charge**

\* \* \*

**6. Regional Transmission Revenue Requirement.**

**6.1** The Regional Transmission Revenue Requirement of a Participating TO will be determined consistent with CAISO procedures posted on the CAISO Website and shall be the sum of:

- (a) the Participating TO's Regional Transmission Revenue Requirement (including costs related to Existing Contracts associated with transmission by others and deducting transmission revenues actually expected to be received by the Participating TO related to transmission for others in accordance with Existing Contracts and Interregional Transmission Projects, less the sum of the Standby Transmission Revenues); and
- (b) the annual Regional TRBA adjustment, which shall be based on the principal balance in the Regional TRBA as of September 30 and shall be calculated as a dollar amount based on the projected Transmission Revenue Credits as adjusted for the true up of the prior year's difference between projected and actual credits. A Non-Load-Serving Participating TO shall include any over- or under-recovery of its annual Regional Transmission Revenue Requirement in its Regional TRBA. If the annual Regional TRBA adjustment involves only a partial year of operations, the Non-Load-Serving Participating TO's over- or under-recovery shall be based on a partial year revenue requirement, calculated by multiplying the Non-Load-Serving Participating TO's Regional Transmission Revenue Requirement by the number of days the Regional Transmission Facilities were under the CAISO's Operational Control divided by the number of days in the year.

\* \* \*

**14. Wheeling Access Charges.**

- 14.1** CAISO Charges on Scheduling Coordinators for Wheeling. The CAISO will charge Scheduling Coordinators for a Wheeling Out or a Wheeling Through transaction the product of the Wheeling Access Charge and the total of the hourly Schedules or awards of Wheeling in MWh for each Trading Interval at each Scheduling Point associated with that transaction pursuant to Section 26.1.4 of the CAISO Tariff.
- 14.2** Wheeling Access Charge. The Wheeling Access Charge for each Participating TO shall be as specified in Section 26.1.4 of the CAISO Tariff.
- 14.3** CAISO Payments to Transmission Owners for Wheeling. The CAISO will pay all Wheeling revenues to Participating TOs on the basis of the ratio of each Participating TO's Transmission Revenue Requirement (less the TRR associated with Existing Rights and Interregional Transmission Projects) to the sum of all Participating TOs' TRRs (less the TRRs associated with Existing Rights and Interregional Transmission Projects) as specified in Section 26.1.4.3 of the CAISO Tariff and in the applicable Business Practice Manual. The Local Wheeling Access Charge shall be disbursed to the appropriate Participating TO in accordance with the applicable Business Practice Manual.
- 14.4** Weighted Average Rate for Wheeling Service. The weighted average rate payable for Wheeling over joint facilities at each Scheduling Point shall be calculated as the sum of the applicable Wheeling Access Charge rates for each applicable TAC Area or Participating TO as these rates are weighted by the ratio of the Available Transfer Capability for each Participating TO at the particular Scheduling Point to the total Available Transfer Capability for the Scheduling Point. The calculation of this rate is set forth in more detail in the applicable Business Practice Manual.