

2009 CRR Release Process

Merchant CRRs associated with the Blythe Path 59 Upgrade:

- *Proposed Tariff language:*

<http://www.caiso.com/204c/204ce03223080.doc>

- *Discussion Paper:*

<http://www.caiso.com/204c/204cdfc218180.pdf>

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What are Merchant Transmission CRRs?

- CRRs allocated to Project Sponsors of transmission facilities or upgrades that are:
 - part of the CAISO Controlled Grid
 - with costs that are NOT recovered through a regulated rate of return.
- CRRs reflect the incremental addition in grid capacity.
 - Determined (under MRTU) by three-step analysis detailed in Section 36.11 of MRTU Tariff.
- Project Sponsor has choice of option or obligation CRRs.
- Merchant CRRs remain in effect for 30 years, or the life of the facility.

What is the Blythe Path 59 upgrade and how does it relate to Merchant CRRs?

Path 59 is the Blythe-Eagle Mountain transmission line.

- Upgrade increased the rating on the 161/230 kV transformer at the Eagle Mountain substation
- Upgrade placed into service in Dec 2002.
- FP&L paid SCE for the costs of the upgrade.
 - As the existing Project Sponsor. FPL Energy has received annual FTRs under the current market design.

- For the transition to MRTU, Project Sponsors are entitled to Merchant CRRs (*MRTU Tariff Section 24.10*)

- One other transitioning Project Sponsor (*WAPA*) for Merchant Transmission (*Western Path 15*)
 - Compensation authorized in *MRTU Tariff Section 24.10.3*

What does this proposed Tariff language do?

- Allocates Merchant CRRs to FPL Energy based upon the established allocation of Path 59 rights (for FTRs).
 - FERC previously approved FPL Energy's rights for 57.1% of the total capacity on Path 59.
 - Translates into 96 MWs of CRR Options in each direction between the Blythe Scheduling Point and the 230 kV side of the 161/230 kV transformer at the Eagle Mtn substation.
 - For the transition to MRTU, this allocation was agreed upon by the Project Sponsor (FPL Energy) and the PTO (SCE).
- This allocation is the same capacity that would result if the three-step methodology (in Section 36.11) were applied.

What are the next steps?

- Proposed Tariff language and Discussion Paper posted September 24.
- Stakeholder discussion today.
- Further written stakeholder comments are welcome.
 - Send to CRRComments@caiso.com by October 17, 2008.
- FERC filing by end of October.