

PG&E appreciates the opportunity to provide comments on the implementation of a new Subscriber Participating Transmission Owner (SPTO) model and the presentation provided by CAISO staff on August 1, 2022. Generally, PG&E supports California accessing out-of-state (OOS) wind as an option to meet its clean energy goals while ensuring system reliability and customer affordability, and PG&E itself is interested in investigating procurement of OOS wind to meet its own clean energy goals. However, PG&E believes that stakeholders need additional information on how the SPTO model will be implemented and will function before endorsing the proposal. Below please find PG&E's comments and requests for clarification. We would appreciate an expeditious response to PG&E's questions and requests for clarification considering the importance of this initiative and stakeholder comments on TWE's SPTO application being due on September 19, 2022.

1. The CAISO presentation indicates that the out-of-state wind generators will be required to go through the CAISO interconnection process, which will identify necessary network upgrades (NUs) on the CAISO system to obtain deliverability. PG&E requests clarification on who will be responsible for the costs of the NUs (i.e., subscribers of TWE or all CAISO customers) given the uncertainty of the scale of upgrades necessary. Also, will the NU analysis be completed before the CAISO admits TransWest Express (TWE) as a SPTO? If the costs of the necessary NUs are large and CAISO ratepayers are responsible for them, there could be a significant impact on TAC rates.

PG&E also requests CAISO clarify what happens if the OOS generators in Wyoming that use the TWE transmission line decide to stop selling energy to California at the end of the initial power purchase agreements (or even earlier) and start selling to other off-takers outside California, who would be responsible for the potentially stranded NU assets given their lifespan is typically 40-50 years?

In addition, PG&E seeks clarity on what "exit" rights a SPTO will have to leave the CAISO balancing area and how will the CAISO ensure that California consumers are not harmed due to stranded costs or lack of expected reliability resources.

2. PG&E understands that with the addition of TWE, the CAISO boundary will move from Harry Allen to Ferris Substation in Wyoming. With regard to Maximum Import Capability (MIC), PG&E seeks clarification on how the CAISO will calculate MIC at Ferris, and what will happen to MIC rights already allocated at Harry Allen?
3. In the August 1, 2022, presentation, CAISO staff indicated that load-serving entities (LSEs) could use their MIC allocations before the necessary NUs for deliverability are complete. PG&E requests CAISO clarify how this will work in practice.

4. PG&E's understanding is there are other independent transmission facilities interested in following TWE's footsteps and joining CAISO as a SPTO to bring out-of-state generation to California. PG&E requests CAISO provide additional information on: (1) whether each of these additions will necessitate NUs on the CAISO system, and (2) how CAISO will evaluate the various transmission options for NUs (and their timing) to assure that the least-cost, best-fit, out-of-state renewables are chosen to meet the state's portfolio needs.
5. PG&E also would like to understand if there are any existing state laws and regulations in the other states that the transmission facilities will traverse that could allow those states to take operational control of transmission facilities and/or divert the energy produced by the out-of-state renewable resources to serve their own load needs during system emergencies (e.g., a west-wide heat event). For instance, what requirements could be placed on certificates of need and convenience that could hamper CAISO operations for those paying for the facilities? What contingencies will be put into place to ensure the transmission facilities serve their intended purpose even during reliability emergencies in states that the facilities reside?
6. Finally, PG&E requests CAISO provide an explanation if the creation of one or more "tentacle" boundaries (e.g., TWE and potentially SunZia Transmission in the future) and inclusion in the CAISO BAA will create any operational/planning issues. The CAISO has expressed challenges with producing meaningful study results to accommodate a significant volume of interconnection requests that are based on reasonable study scenarios and dispatch assumptions. It will be important to understand the overlapping implications of the assumptions being made in various processes (i.e., GIDAP, Transmission Planning Process, Maximum Import Capability, Transmission Service and Market Scheduling Priorities, etc.).