



California ISO

Subscriber Participating TO Model Straw Proposal

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Stakeholder Briefing

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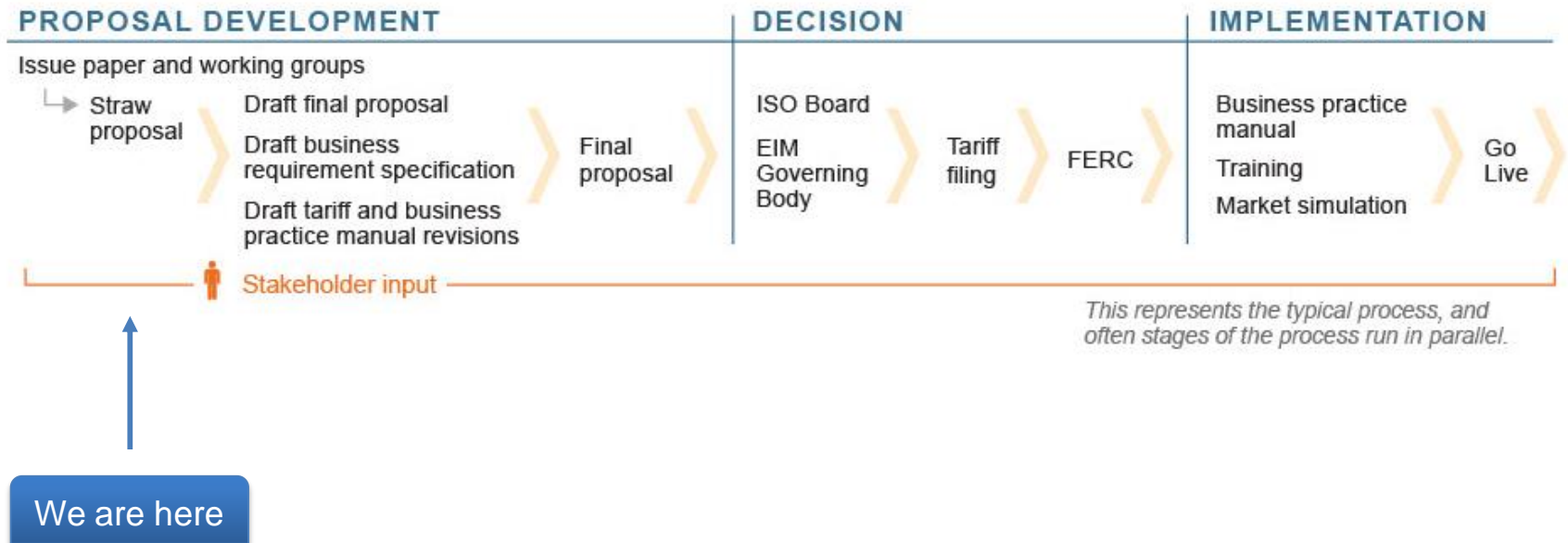
Housekeeping reminders

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.
- Meeting is structured to stimulate dialogue and engage different perspectives.
- Please keep comments professional and respectful.
- Please try and be brief and refrain from repeating what has already been said so that we can manage the time efficiently.

Instructions for raising your hand to ask a question

- If you are connected to audio through your computer or used the “call me” option, select the raise hand icon  located on the top right above the chat window. **Note:** #2 only works if you dialed into the meeting.
 - Please remember to state your name and affiliation before making your comment.
- If you need technical assistance during the meeting, please send a chat to the event producer.
- You may also send your question via chat to either Kaitlin McGee or to all panelists.

CAISO Policy Initiative Stakeholder Process



Out of state wind resources play a growing role in state agency resource planning

Out of state wind resources in different resource plans:

- The current “Preferred System Plan” calls for 1500 MW in 2032
- The High Transportation Electrification portfolio calls for 4828 MW by 2035
- The “starting point” scenario provided by the CEC and CPUC for the 20 Year Outlook calls for 10 GW by 2040
- These projections also call for roughly matching levels of offshore wind, as well as California wind resources



Subscriber PTO Model Considerations

- Transmission predominately used to meet state or utility clean energy policy objectives
- Most transmission capacity subscribed in at least one direction, without relying on ISO for funding
- Subscriber rights protected like an Encumbrance
 - Subscriber Encumbrance treated as an Existing Contract
- Subscriber PTO will have its own TAC Area
- Subscriber PTO would be required to fund the transmission revenue requirement from their subscriber, or the off-takers from the subscriber, not from the ISO
- Subscriber PTO could recover an incremental charge for non-subscribers ISO market participant use of the transmission facilities
- Subscriber PTO concept would be supported through an amendment to the Transmission Control Agreement and tariff

Applicant Participating TO Agreement

- For these types of projects, the ISO needs an agreement in place in advance of energization of the project to:
 - Require participation in the TPP process
 - Require studies to be done in the generator interconnection process, if applicable
 - Require communication with the ISO on the project status
 - Requires the Applicant Participating TO to seek interconnection service

Rationale for treating Subscriber Rights as an Encumbrance

- Existing contracts have been treated as encumbrances since ISO inception
- Provides the rights holder with:
 - “Perfect hedge” – no charge for transmission or congestion
 - Scheduling priority
- ISO software and tariff functionality already exists for encumbrances
- Encumbrances are given contract reference numbers (“CRNs”) to ensure proper settlement

Rationale for treating Subscriber Right as an Encumbrance (cont.)

- Only the original subscriber will have an encumbrance for the original generating capacity of the project
- Any additional capacity above the original capacity will not be considered an encumbrance
- Any new generator interconnections into the project will not be considered an encumbrance
- This is the same functionality that will be used in the Extended Day-Ahead Market for EDAM BAA's existing contracts
- The subscriber will need to schedule in the DA or RT market using the CRN otherwise the transmission is available to the market as new firm use

Subscriber Right as an Encumbrance

- Any WEIM transfers in real-time between WEIM BAAs will still be treated the same and the subscriber charge will not be applied due to the reciprocity rule in the tariff
- CRR's are not an acceptable substitute to the subscribers:
 - The ISO has never been successful in compensating a transmission line with just CRRs which is why one has never been built
 - Providing the subscriber CRRs is not certain to compensate an entity willing to build and finance a transmission line of this scale
- TransWest will not be able to add future subscribers

Project Transmission Costs

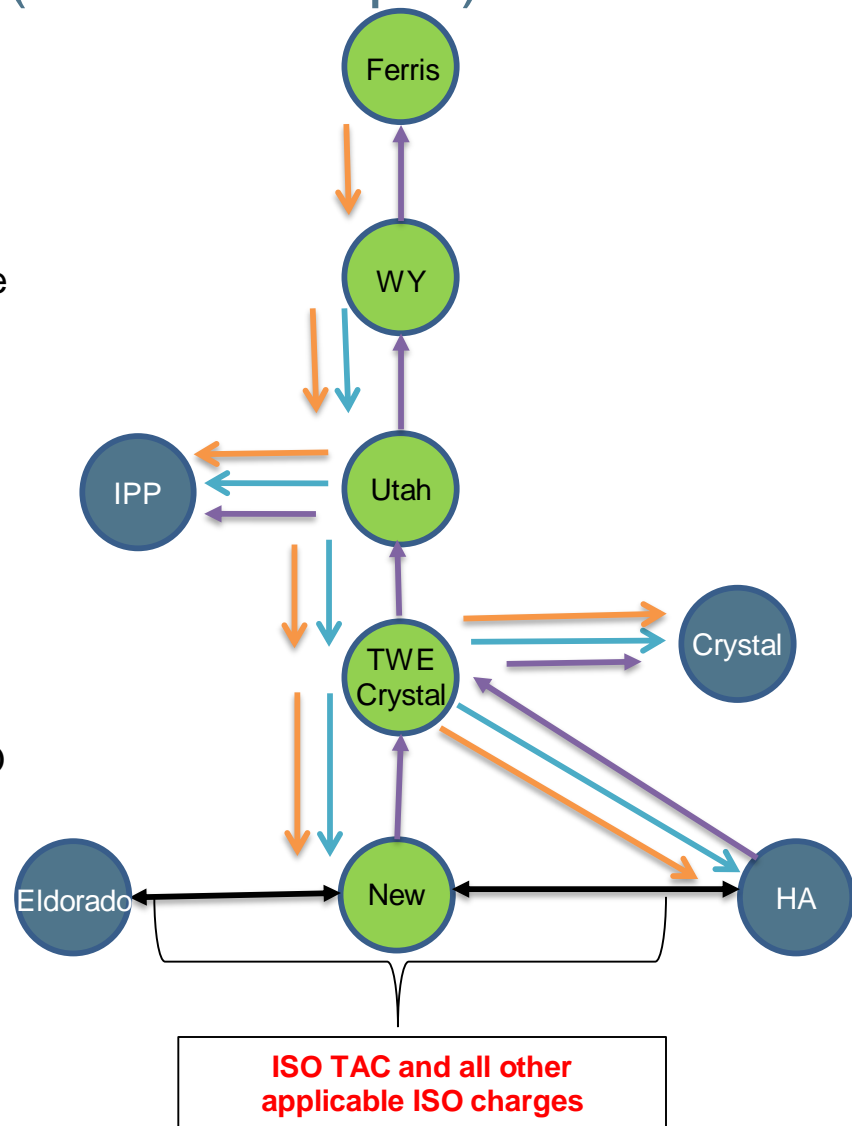
- The project costs ***will not*** be included in the TAC or WAC
- TransWest will develop a \$/MWH Subscriber Charge for non-subscriber use of the project that will accrue to TransWest as the Participating TO
- The project will be modeled in the full network model
- If the subscriber(s) do not self-schedule on the project it is available for market use
- Cost recovery of the Subscriber Charge, including updating the charge, will require FERC approval
- The rate will be provided in accordance with the ISO tariff rules

Proposed Rate Structure (TWE example)

↓ Subscriber Rights: No ISO charge for transmission, energy, or congestion

↓ New Firm Use (north to south): ISO calculate LMP at WY to Utah or TWE Crystal as an export, or to ISO Load; transmission charge is SPTO Charge to Utah or TWE Crystal as an export, or Eldorado, New or HA plus TAC from there to ISO load. Energy / Ancillary Services and other applicable charges will be based on LMP and calculated in accordance with the tariff

↑ New Firm Use (south to north) TAC from ISO generation to Eldorado, New or Harry Allen, SPTO Charge from Eldorado, New or Harry Allen to TWE Crystal, Utah, or Ferris. Energy / Ancillary Services and other applicable charges will be based on LMP and calculated in accordance with the tariff



Subscriber rights and obligations:

- Subscriber has already paid for transmission, energy, and congestion on the project
- Subscriber will pay the TAC if the generation is synced to load in the current ISO BA or WAC if the generation is synced to an export point that is not on the project
- Subscriber will receive the “perfect hedge” and scheduling priority on the project
- Subscriber is excluded from bid cost recovery allocation, offsets and IFM congestion allocation like other encumbrances

Non-Subscribers' Rights and Obligations

- Non-Subscriber will pay the TAC and Subscriber Charge if the generation is synced to load in the ISO BA or Subscriber Charge and WAC if the generation is imported on the project and synced to an export point that is not on the project
- Non-Subscriber will pay all other applicable market charges

Impact of WEIM and EDAM

- WEIM
 - Net transfer capability with other WEIM BAs will not be charged (reciprocity agreement)
 - Net import then Subscriber Charge rate allocation to ISO load
 - Day-Ahead export schedules would be subject to the Subscriber Charge when EDAM is in place
- EDAM – *under consideration*
 - Transmission revenue recovery mechanism
 - New transmission estimate based on wheeling
 - Recovery of wheeling through – net transfers

Generator Interconnection and Deliverability

- Subscriber PTO Generation required to go through ISO interconnection process. The next open window:
 - Cluster 15 scheduled to open April 2023
 - Phase I results January 2024
 - Phase II results December 2024
 - Deliverability allocation March 2025
 - Use of deliverability contingent upon network upgrades (NU), if needed, in the ISO BAA

Generator Interconnection Network Upgrades

- Current tariff requires the interconnection customer to upfront finance network upgrades and be reimbursed over a 5-year period once the generator achieves COD
- The ISO has filed to allow reimbursement to generators interconnecting in other balancing areas that impact the ISO and require network upgrades to be built on the ISO grid
- For Subscriber PTO Model
 - Should the generator be reimbursed? or
 - While its in the ISO balancing areas, it was not an ISO approved project so the affected Participating TOs should not have to reimburse the generator?

Transmission Planning and Issues

- Deliverability
 - MIC added at new import points
 - MIC at existing import points not likely to change – Eldorado, Harry Allen, etc.
 - MIC is allocated to load serving entities
 - Subscriber PTO generation is within the ISO BA and does not use MIC
 - Deliverability allocation to generation is contingent upon the generator interconnection process

General Comments

- The Subscriber PTO Model is not for competitive solicitation projects
 - The ISO is not determining the least-cost, best-fit projects, its up to the load serving entity to make that determination
 - Competitive solicitation projects receive cost recovery through the ISO's Access Charge
- Subscriber will determine if project moves forward based on ability to get off-takers

The Subscriber PTO proposal would benefit ISO market participants without increasing costs

- The Subscriber PTO model would create transmission opportunities for California's load-serving entities to meet future demand and facilitate needed transmission project development in the west
 - Enable access to remote renewable resources without increasing the ISO transmission access charge
 - Provide incremental capacity for a reasonable rate
 - Consistent with state objectives for out-of-state renewables
- Support different options for development given the long-lead time for transmission construction
- Provide open access tariff and honor subscriber agreements to create choice for consumers

Proposed Initiative Schedule

Date	Event
2/15/2023	Stakeholder conference call on straw proposal
3/01/2023	Stakeholder comments due on straw proposal
4/11/2023	Publish draft final proposal
4/18/2023	Stakeholder conference call on draft final proposal
5/2/2023	Stakeholder comments due on revised draft final proposal
5/15/2023	Publish final proposal and draft tariff language
5/22/2023	Stakeholder conference call on final proposal and draft tariff language
6/5/2023	Stakeholder comments due on final proposal and draft tariff language
7/18 - 19/2023	Board of Governors Meeting

Next steps

- Please submit comments on the status update and meeting discussion using the commenting tool linked on the initiative webpage
 - Comments due by end of day, March 01, 2023
- initiativecomments@caiso.com
- Visit the webpage for Subscriber PTO Model
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Subscriber-participating-transmission-owner-model>
- If you have any questions, please contact isostakeholderaffairs@caiso.com