



California ISO

Subscriber Participating TO Model Straw Proposal

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1 Introduction

The current “Preferred System Plan” adopted by the California Public Utilities Commission (“CPUC”) calls for 1,500 MW of out-of-state wind by 2032. The CPUC’s “High Transportation Electrification” portfolio calls for 4,828 MW of out-of-state wind by 2035. The starting point scenario provided to the ISO for transmission planning studies by the California Energy Commission and the CPUC for the 20-year outlook calls for 10,000 MW of out-of-state wind by 2040. These plans also call for roughly matching levels of offshore wind, as well as California wind resources. The ISO proposes to develop a model for transmission projects to deliver renewable generation from out-of-state resource developers to California without increasing the Transmission Access Charge (“TAC”),¹ and without selecting a specific project through the Transmission Planning Process (“TPP”).

Delivery of energy from out-of-state wind resources to the ISO balancing authority area will require the development of long-distance transmission infrastructure to deliver power across multiple states. The Federal Energy Regulatory Commission (“FERC”) has established policies supporting the development of transmission projects, including high-voltage direct current (“HVDC”) transmission projects capable of transmitting power over long distances, through an approach where subscribers agree to fund such transmission projects in exchange for long-term transmission service rights.² The ISO is developing a model that will facilitate the delivery of needed resources to the ISO by accommodating FERC’s subscriber-funded transmission approach.

The ISO already is responding to requests from a project developer seeking to join the ISO with a project using the FERC subscriber-funded transmission approach. TransWest Express, LLC (“TransWest”) has submitted multiple study requests into the ISO’s TPP for the TransWest Express Transmission Project (“Project”). Approval of the Project as a regional or interregional project under ISO operational control did not occur for a number of reasons, largely due to the resource planning decisions underpinning policy-driven transmission needs not supporting the development at that time.³ TransWest approached the ISO to discuss how it may be possible for interconnection customer interested in the Project to determine its viability. The result of the discussions with TransWest informed the ISO’s broader

¹ The access charge for use of the ISO controlled grid is currently \$16.62/MWH.

² See, e.g., *Allocation of Capacity on New Merchant Transmission Projects and New Cost-Based, Participant-Funded Transmission Projects; Priority Rights to New Participant-Funded Transmission*, 142 FERC ¶ 61,038 (2013). Under this approach, subscribers are identified through an open solicitation process approved by FERC.

³ Additional information about the TransWest Express project is available in Appendix A.

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efforts to accommodate FERC's subscriber-funded transmission development approach and is reflected as the "Subscriber PTO Model".

The proposed Subscriber PTO Model would provide an opportunity for a project to move forward – or not – depending on whether the subscriber or subscribers to the project can contract its resources to be delivered to the ISO balancing authority area, e.g., through contracts with California load serving entities.⁴ Comparable projects would have a similar opportunity to move forward in the future under this model. This would take the ISO out of the decision-making process with respect to resource procurement, allowing the load serving entities or other contracting parties to determine the most economic and best fit for their own portfolios.⁵ The Subscriber PTO Model would be used for transmission lines whose developers want to develop and place their facilities under ISO operational control through a decision pathway other than the TPP process. The ISO presents the Subscriber PTO Model as a potential win-win arrangement.

This Straw Proposal presents a proposed solution for establishing a Subscriber PTO Model based on comments received from stakeholders on the Subscriber PTO Model Update Paper presented on December 5, 2022.

2 Subscriber PTO Model Development

The application to become a Participating TO is included in the Transmission Control Agreement ("TCA"). The TCA allows any owner or holder of Entitlements⁶ to transmission lines and facilities connected to the ISO controlled grid to apply to become a Participating TO and execute the TCA. The TCA provides application procedures, an opportunity for public comment on the PTO application, and then a determination of eligibility by the ISO. The ISO is required to allow an entity to become a Participating TO if:

- the applicant's transmission lines and associated facilities, including Entitlements, that are to be placed under the ISO's operational control can be incorporated into the ISO controlled grid without any material adverse impact on its reliability;
- incorporating such transmission lines and associated facilities and Entitlements into the ISO controlled grid will not put the ISO in breach of applicable reliability criteria and its obligations as a member of WECC; and

⁴ TransWest held a FERC-approved open solicitation process for the north-south capacity on the Project, and the Power Company of Wyoming LLC ("PCW") obtained the subscription rights for the north-south capacity from Wyoming to the New Substation. PCW is a developer of wind projects in Wyoming.

⁵ The ISO has also been exploring alternatives that may include a generation-only balancing authority area pseudo-tying resources into the ISO.

⁶ The right of a Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of energy.

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- applicant is capable of performing its obligations under the TCA.

There are additional requirements that must be completed in advance of a new Participating TO turning over operational control of its facilities to the ISO. Given the new portfolios, and the need for both out-of-state and offshore wind, and because TransWest meets the new portfolio needs, the ISO initiated an effort to determine how new Participating TO applicants developing transmission projects using FERC's subscriber-funded transmission approach can be accommodated. Specifically because the TransWest Project, which is designed to deliver wind power from Wyoming to the ISO balancing authority area, meets the new portfolio needs, the ISO, with input from TransWest based on the commercial arrangements resulting from its FERC-approved open solicitation, drafted a Subscriber PTO Protocol as a proposed appendix to the TCA with administrative changes required to the ISO tariff to implement the Subscriber PTO Model.

The new protocol to the TCA would establish the Subscriber PTO Model whereby an entity willing to build the transmission line that was not approved by the TPP, would be required to find subscribers to pay for the transmission line in accordance with a FERC-approved open solicitation process, rather than incorporating the cost into the ISO's access charge. The ISO would continue to exercise its existing tariff authority and supporting software systems to implement the protocol.

The Subscriber PTO Model could apply to a transmission line within the ISO balancing area or an Entitlement right in another balancing authority area contiguous with the ISO controlled grid, paid for by subscribers and excess transmission would be available for the ISO markets. In return, the ISO would provide the subscriber with encumbrance rights commensurate with their subscriber rights.

2.1 Applicant Participating Transmission Owner Agreement

In addition to the Subscriber PTO Model, similar to a competitive solicitation project chosen by the ISO during the TPP process, the ISO needs a contractual relationship with the Subscriber Participating TO during the development of their project to ensure that the generator interconnection process can be completed, the Subscriber Participating TO participates in the TPP, and communications regarding project status and timeline are communicated to the ISO. Using the *pro forma* Approved Project Sponsor Agreement as a template, the ISO developed the Applicant Participating Transmission Owner Agreement that will facilitate the relationship required with the Subscriber Participating TO in advance of them turning over to the ISO operational control of their project.⁷

⁷ The ISO executed the Applicant Participating Transmission Owner Agreement with TransWest Express and filed it at FERC on January 13, 2023. Docket No. ER23-838

3 Implementation of Subscriber PTO Model

3.1 Use of Encumbrances

- Background

Since inception, the ISO has honored Existing Contracts.⁸ Existing Contracts are either Encumbrances⁹ on the ISO Controlled Grid or are Entitlement rights that a Participating TO has on transmission facilities in a balancing authority area other than the ISO. To the extent that the existing rights are not used by the existing rightsholder, then these rights are available for use in the ISO market.

The ISO holds the existing rightsholder harmless from the cost of transmission and congestion because they have already paid for the transmission service through the Existing Contract. In addition, Existing Contracts have priority rights on the transmission path they have under contract. Providing this treatment for subscriber rights would be much the same, except the legacy arrangements of existing Participating TOs were established at an earlier point in time. It is not uncommon for transmission owners to have legacy arrangements, which the ISO would honor if they decided to turn operational control of their facilities and entitlements to the ISO.

Here the ISO proposes to honor subscriber rights as an Encumbrance essential to development of transmission facilities and that pre-dates the transmission owner becoming a Participating TO.¹⁰ The ISO has concluded that affording Encumbrance treatment to subscriber rights under the Subscriber PTO model is appropriate and necessary because FERC's subscriber-funded transmission approach relies on long-term contractual transmission rights to subscribers to allow the project to be funded and built in the first place. If subscriber rights are not recognized through Encumbrances, it is likely that subscriber-funded transmission projects benefiting California load-serving entities would not be built.

⁸ The contracts which grant transmission service rights in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time. Section 16 of the ISO tariff provides for treatment of Existing Contracts. There are over 40 different Encumbrances on the ISO controlled grid today.

⁹ A legal restriction or covenant binding on a Participating TO that affects the operation of any transmission lines or associated facilities and which the ISO needs to take into account in exercising Operational Control over such transmission lines or associated facilities if the Participating TO is not to risk incurring significant liability. Encumbrances shall include Existing Contracts and may include: (1) other legal restrictions or covenants meeting the definition of Encumbrance and arising under other arrangements entered into before the ISO Operations Date, if any; and (2) legal restrictions or covenants meeting the definition of Encumbrance and arising under a contract or other arrangement entered into after the ISO Operations Date.

¹⁰ Agreements between a transmission owner and its transmission service customers that does not qualify for the Subscriber PTO Model would be considered on a case-by-case basis.

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The subscriber right will be treated in the same manner as an Existing Contract and receive the “perfect hedge” and scheduling priority since the contract rights holder will pay for the transmission under its transmission service agreements.¹¹

- Stakeholder Feedback

Cal CCA requested additional clarification if the subscriptions will end after some point in time, extend in perpetuity, or can be extended or transferred.

The ISO will implement the subscriber rights consistent with the terms and conditions of the agreements executed by the Subscriber Participating TO. In the case of TransWest, the ISO understands that the Transmission Service Agreements resulting from the FERC-approved open solicitation will be for 30 years with a single opportunity to extend the agreement for five years. Once the agreements have terminated, the entire transmission facilities will be included in the ISO market as unsubscribed capacity subject to a Subscriber Wheeling Charge¹².

The CPUC requested clarification on If the transmission has been fully subscribed by the Power Company of Wyoming (“PCW”), is there capacity available to flow through to California? If so, how much? Would adding this transmission project in this location increase congestion in the ISO BAA?

PCW, which is the wind developer in Wyoming and which does not currently provide any service to end-use customers in Wyoming, has purchased the full 3,000 MW available on the Project. All 3,000 MW could flow to California, including 1,500 MWs to the Los Angeles Department of Water and Power through their Intermountain Power Project transmission facilities and 1,500 MW to the Harry Allen – Eldorado line in the ISO balancing area. However, the flow of generation will ultimately depend upon the off-takers who sign up with PCW for the wind generation.

With respect to congestion, The ISO understand that PCW intends to go through the ISO’s generator interconnection process and if additional deliverability network upgrades are required to ensure deliverability to ISO load, PCW will incur the costs of those additional transmission facilities without reimbursement by the existing Participating TOs consistent with the principle of the Subscriber PTO Model that connecting the facilities will not increase the TAC.

¹¹ The “perfect hedge” provides a scheduling priority for the contract path and exempts an Existing Rights holder from transmission service charges and congestion.

¹² As described in more detail below, under the proposed Subscriber PTO Model, the Subscriber Wheeling Charge is the transmission charge that non-subscribers will pay to use capacity on the Subscriber PTO transmission project not used by the subscriber.

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- Straw Proposal

The ISO does not propose to change the solution previously proposed for this issue.

3.2 Transmission Costs

- Background

A Subscriber Participating TO **will not** include in the ISO TAC the cost of their project. The project will be modeled in the full network model and only the self-schedule quantity provided by the subscriber in the day-ahead and real-time market will encumber the line. The remaining portion of the line will be available for ISO market optimization. However if a non-subscriber uses the line, there will be an additional Subscriber Wheeling Charge for use of the line since the cost is not recovered from the TAC or the ISO's Regional Wheeling Access Charge ("WAC"). Non-subscriber uses of a Subscriber PTO project can include capacity of the project not subject to subscriber rights (such as south-to-north capacity on the TransWest Project) or capacity released by the subscriber for third party use.

The ISO has concluded that a separate Subscriber Wheeling Access Charge is appropriate under the unique circumstances of the Subscriber PTO Model. The ISO believes that, consistent with open access principles the project of a Subscriber PTO cannot be used by non-subscribers for free. On the other hand, including any costs of non-subscriber uses of a Subscriber PTO's transmission facilities in the TAC or WAC would be contrary to a fundamental design principle of the Model, allowing these projects to move forward without funding by all ISO customers paying the TAC or WAC. Similar to the TAC and WAC, the existing Participating TOs recover the cost of usage of current ISO controlled grid facilities through the ISO market systems. For the project, because the Subscriber Participating TO is not including the revenue requirements for the original build or ongoing costs of its project in the TAC or WAC, it should be entitled to cost recovery if a Scheduling Coordinator other than a subscriber uses the project. Therefore there will be an additional volumetric charge (\$/MWH) above the TAC – i.e. the Subscriber Wheeling Charge – to use the project. The Subscriber Wheeling Charge will be developed in accordance with Subscriber Participating TO's transmission owner tariff and approved by FERC, following the same process and meeting the same regulatory requirements as all other inputs to ISO other transmission charges for Participating TOs do today.

If in the future additional generation projects seek to interconnect with the Subscriber Participating TO line, the generating facility will be evaluated as any other potential projects through the ISO's generator interconnection process consistent with

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Appendix DD of the ISO tariff.¹³ In this scenario, the Subscriber Participating TO would establish a Regional TAC to recover those costs of new facilities or upgrades to accommodate the interconnection assuming the ISO tariff still requires the Participating TOs to reimburse Interconnection Customers for the cost of network upgrades. This is only reasonable as the subscriber paid for the original line and should not bear the cost of additional network upgrades required for a new interconnection customer.

Transmission Charge

	Subscriber	Non-Subscriber
During Subscriber Agreement term	Paid through transmission service agreement	Pays the Subscriber Wheeling Access Charge based on market usage
New transmission interconnection during term of Subscriber Agreement	No impact	Subscriber develops an Access Charge to cover these additional costs and costs are added to the ISO TAC.
Subscriber Agreement terminated	N/A	Subscriber develops an Access Charge to cover these additional costs

- Stakeholder Feedback

Cal CCA commented that if the subscriptions end after some point in time, the CAISO should clarify how costs of the transmission line will be recovered after the existing subscriptions expire.

The ISO anticipates that subscribers will pay the initial construction costs of a Subscriber PTO project and ongoing costs during the term of the subscriptions. Once the subscriptions end, then like other Participating TOs, the Subscriber Participating TO will need to establish a regional access charge for any remaining costs (e.g., of upgrades to the initial facilities) and ongoing costs after the term of the subscriptions to be recovered through the ISO’s TAC if the line is still within the ISO balancing area. The costs will be to be approved by FERC and subject to the ISO Tariff and FERC just and reasonable standard.

¹³ Generator interconnection and the treatment of any associated network upgrade costs is discussed further in Section 3.4.

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The CPUC also asked would costs of such subsequent network upgrades be allocated to Wyoming, Utah, and Nevada customers. How will this allocation be determined?

Subsequent network upgrade allocation would be contingent upon the reason for the upgrade. The table above describes categories of transmission upgrades and the impact of generation upgrades is addressed in Section 3.4.

- **Straw Proposal**

The ISO does not propose to change the solution proposed for transmission costs.

3.3 Transmission Cost Allocation

3.3.1 Cost to Subscribers

- **Background**

Consistent with the design of the Subscriber Wheeling Access Charge discussed above, the Subscriber Participating TO will have its own TAC Area. The subscriber has already paid for the cost of transmission and congestion on the Subscriber Participating TO transmission facilities. In the case of the TransWest Project, the subscriber right for an ISO load serving entity gets the transaction to Eldorado Substation. Therefore, any entity using the subscriber rights to deliver to load in the current ISO footprint will also need to pay the TAC to serve their load within the ISO balancing area. If the subscriber uses the existing ISO controlled grid for the transaction (e.g. exports at Palo Verde or Malin) then the subscriber would need to pay the WAC.

If the subscriber has already purchased ancillary services, it will not pay those charges. Similar to other Existing Contract Rights holder, the Subscribers will be excluded from bid cost recovery allocation, offsets and IFM congestion allocation. All other ISO charges, including losses, will be calculated in accordance with the tariff.

- **Stakeholder Feedback**

No stakeholder comments were received on this subject.

- **Straw Proposal**

The ISO proposes to maintain the cost to subscriber's process as discussed above.

3.3.2 Cost to Non-Subscribers

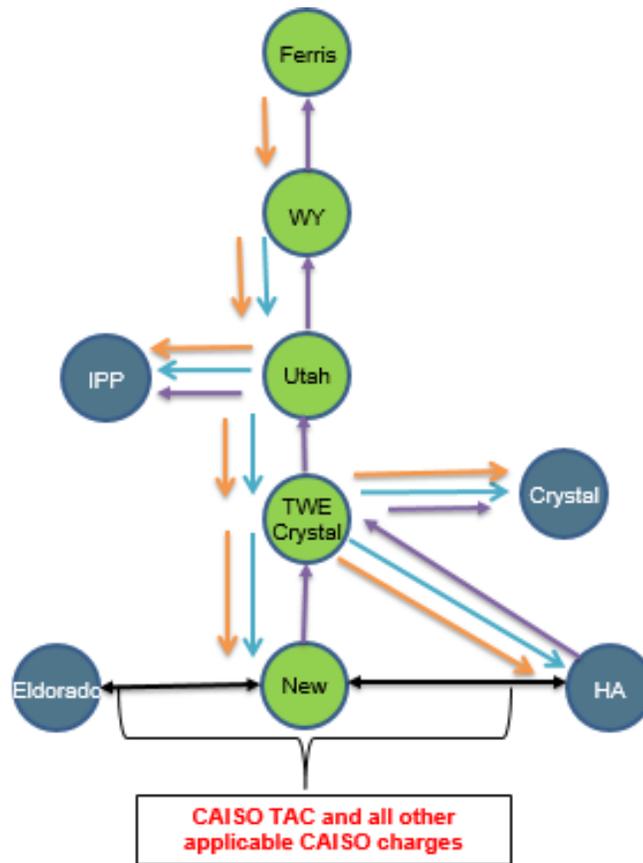
- Background

Non-subscribers seeking to deliver through the existing ISO footprint and on the Subscriber PTO project will pay the Subscriber Wheeling Charge and the TAC or the WAC, as applicable, for use of both transmission systems since the cost of the project is not included in the TAC or WAC rate. The ISO will have LMPs at each of the Scheduling Points and at the generation connected to the project. Energy, ancillary services and all other applicable ISO charges will be based in accordance with the tariff.

If an ISO Market Participant that does not have subscriber rights uses the Subscriber Participating TO's transmission facilities, the ISO will collect the Subscriber Wheeling Charge to reimburse the Subscriber Participating TO for the use of its transmission. The applicable Subscriber Wheeling Charge will be provided to the ISO by the Subscriber Participating TO and administered in accordance with Section 14 of Appendix F, Schedule 3 of the ISO Tariff for the Wheeling Out or Wheeling Through transactions that are within the Subscriber Participating TO's TAC Area. Scheduling Coordinators using the Subscriber Participating TO's transmission, other than a subscriber, and other portions of the ISO Controlled Grid will pay both the applicable Subscriber Wheeling Charge and the ISO's Access Charge, as applicable.

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The following illustrates how this approach will work for service on the TransWest Project:



Subscriber rights: No ISO charges for transmission, energy, ancillary services (if applicable), congestion, bid cost recovery allocation, offsets and IFM congestion allocation. All other applicable ISO charges apply.



Market Use (North to South): The ISO will calculate an LMP at Ferris or Wyoming and it can be used as import to load or export from the ISO Controlled Grid. All ISO charges will apply, including the applicable Subscriber Wheeling Charge and TAC or WAC.



Market Use (South to North): The ISO will calculate an LMP for the generation or import in the transaction and all ISO charges will apply including the applicable Subscriber Wheeling Charge and TAC or WAC. Note: There are no subscriber rights from south-to-north on the project.

- Stakeholder Feedback

No stakeholder comments were received on this subject.

- Proposal

The ISO proposes to maintain the cost to non-subscriber process as discussed above.

3.4 Generator Interconnection Process and Subscriber PTO Project Interconnection

- Background

The ISO has in place the Generator Interconnection and Deliverability Allocation Procedure, Appendix DD and Section 25 of the ISO tariff that governs generator interconnection. Generation to be connected to the Subscriber Participating TO transmission facilities during the construction and initial operation of those transmission facilities is required to go through the generator interconnection process to be connected to the ISO controlled grid like any other generator. If during the study process associated with development of the Subscriber Participating TO transmission facilities identifies additional network upgrades on the existing ISO system, the ISO tariff currently requires the interconnection customer to upfront finance those upgrades and be reimbursed by the affected Participating TO. In the Interconnection Process Enhancement 2021 initiative, the ISO addressed the question of reimbursement when the ISO is an affected system. The ISO proposed that external interconnection customers will be eligible for repayment of amounts advanced for network upgrades internal to the ISO need to maintain reliability, and the transmission owner will reimburse them in cash within five years of commercial operation of the generating facility.¹⁴

However, in the case where a subscriber-funded the transmission line will become part of the ISO controlled grid, but was not approved through the TPP process, there is an issues as to whether the initial generator causing the line to be built to connect to the ISO should be responsible for both the transmission interconnection and deliverability network upgrades, if applicable.

For example, with respect to the proposed TransWest project and its subscriber, Public Company of Wyoming, could be responsible for upgrades on the existing ISO system as part of the overall interconnection of the Subscriber Participating TO project and might not be eligible for reimbursement for those costs. The thought is that the Subscriber PTO Model is predicated on not increasing the ISO's TAC since the project was not chosen in the TPP process. However, if the affected Participating TOs included the generator interconnection upgrades, then the TAC would be increased. The ISO is seeking stakeholder comments on this detail.

¹⁴ Tariff Amendment to Implement Interconnection Process Enhancements filed January 26, 2023 (FERC Docket No. ER23-941)

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The generator will sign the three-party Generator Interconnection Agreement and be governed by the tariff and business practice manuals like any other generator in the ISO balancing authority area.

If subsequent non-subscriber generators desire to interconnect to Subscriber Participating TO transmission facilities after they are part of the ISO controlled grid, then the interconnection requests will be studied in accordance with Appendix DD and Section 25 of the ISO tariff, any new network upgrades would be financed by the generator and such cost would be subject to refund by the Subscriber Participating TO over a five-year period, consistent with the ISO tariff. In this case, the Subscriber Participating TO would develop a TAC rate in accordance with Section 26 and Schedule 3, Appendix F of the ISO tariff to recover the cost of these new network upgrades that would be added to the Subscriber Participating TO's revenue requirement outside of the subscriber rights then such future transmission facilities will be included in the existing TAC rate. This is consistent with the ISO's treatment of transmission upgrades on the ISO grid triggered by new generator interconnections.

- Stakeholder Feedback
- The CPUC and Cal Advocates asked that if subsequent [generation] interconnection-related upgrades will be participant financed and eventually included in each Participating TO's rate base and recovered from load customers in California, how will the costs to California ratepayers will be "roughly commensurate"¹⁵ with the benefits they receive from these network upgrades? In addition, the CPUC asked if all costs of such network upgrades end up in CAISO's high voltage TAC, what guarantee is there that ratepayers in the CAISO's footprint are receiving all of the benefits of such upgrades.

If upgrades are required at Eldorado or Harry Allen for the interconnection of the Subscriber Participating TO transmission facilities, the Subscriber Participating TO will incur all such costs and the cost will not be included in the existing TAC nor reimbursed by the existing Participating TOs.

Today, all transmission upgrades triggered by generator interconnections to the ISO controlled grid or generator interconnections in neighboring balancing areas are recovered from California load customers and exports based on a cost allocation mechanism, i.e. TAC, that has been deemed just and reasonable by FERC. The question is should the same allocation mechanism be applied to

¹⁵ As stated in FERC Order No. 1000, "[t]he cost of transmission facilities must be allocated to those within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits." *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, 136 FERC ¶ 61,051 at P 586, FERC Docket No. RM10-23 (Issued July 21, 2011).

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allocate costs triggered by subscriber generator interconnections to an affected Participating TO transmission system and recovered through the Subscriber Participating TO transmission agreement rate of the affected Participating TO access charge.

For future non-subscriber generator interconnections to the Subscriber Participating TO transmission system the existing tariff allocation mechanism shall be applied to recover any costs through a Subscriber Participating TO Access Charge rate. In other words, any upgrades to Subscriber PTO facilities for new interconnections requested in subsequent years will be treated consistent with the tariff – upfront financed by the generator and reimbursed by the Subscriber Participating TO through a TAC rate approved by FERC.

- **Proposal**

The ISO proposes to obtain additional feedback from stakeholders on the generator interconnection process as discussed above.

3.5 Transmission Planning Process and Transmission Issues

- **Background**

With the new CPUC preferred system plan and the high transportation electrification portfolio and the decision of policymakers to encourage the development of out-of-state wind now to ensure that it is built in time to meet California's needs, the time has come to provide an opportunity for out-of-state resources to be considered in the existing generator interconnection process. The ISO believes this can be accomplished through a new category of transmission to be placed under the ISO's operational control, not ISO-approved rate-based transmission would be paid for through the ISO TAC. Rather the Subscriber Participating TO model is a unique opportunity for the ISO to leverage existing transmission line development opportunities without the resulting cost impact to California ratepayers by putting the cost of the project in the TAC and WAC.

The Subscriber Participating TO, once approved by the ISO Board will execute the Applicant Participating Transmission Owner Agreement requiring the Subscriber Participating TO to fully participate in the transmission planning process and generator interconnection process in advance of turning over operational control of their transmission facilities to the ISO.

- **Stakeholder Comments**

The CPUC asked what are the reasons that TransWest was not chosen in the TPP process other than a lack of support under the policy-driven transmission needs.

As stated in the November 28, 2022 Subscriber Participating TO Model Status Update approving the project as a regional or interregional project under ISO

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operational control did not occur for a number of reasons, largely due to the resource planning decisions underpinning policy-driven transmission needs not supporting the development at that time. The specific resource planning decisions are the portfolios provided to the ISO by the CPUC for study in the TPP process.

- Proposal

The ISO proposes to maintain the Subscriber Participating TO participation in the transmission planning process and transmission issues as discussed above.

3.6 Deliverability

3.6.1 Maximum Import Capability

- Background

Maximum Import Capability (“MIC”) represents deliverability for imports (any resource not physically connected inside the ISO balancing authority area (“BAA”)) and is calculated for all Scheduling Points at the ISO BAA boundary as discussed in Section 6.1.3.5 of the Business Practice Manual for Reliability Requirements. With the addition of a Subscriber Participating TO line, the ISO may have new BAA boundary points. The generation interconnected to the project will be within the ISO BAA and will not need a MIC allocation in order to count for Resource Adequacy; however, it will need to go through the generator interconnection process to get deliverability similar to any other resource internal to the ISO BAA. Deliverability for internal resources is done based on the ISO deliverability methodology irrespective of internal entitlements (those are for financial hedge and scheduling priority). MIC capability at new ISO BAA boundary points will be calculated the same as all other intertie points, based on historical schedules (not applicable in year one), portfolio needs and MIC expansion requests as allowed under the ISO tariff. The amount of available MIC at new interties will be determined as part of the annual MIC calculation process when the project is energized and every year thereafter.

- Stakeholder Feedback

No stakeholder comments were received on this subject.

- Proposal

The ISO proposes to maintain the MIC process as discussed above.

3.6.2 Deliverability Allocation Process

- Background

Similar to any other generating facility seeking interconnection to the ISO controlled grid, Full or Partial Capacity Deliverability Status for a generator seeking to

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interconnect to the ISO controlled grid via a Subscriber PTO project is contingent upon all pre-cursor TPP, pre-cursor generation interconnection process as well as reliability and deliverability network upgrades specified in the generator interconnection agreement being in service. If any required upgrade mentioned above is not yet in-service, a generating facility can obtain “Interim Deliverability” status if the annual net qualifying capacity deliverability study determines that the generating facility can have deliverability during the next RA cycle, in advance of all upgrades being completed.

- Stakeholder Feedback

No stakeholder comments were received on this subject.

- Proposal

The ISO proposes to maintain the deliverability allocation process as discussed above.

4 General Comments and Questions

The CPUC asked why the ISO submitted the TransWest PTO application for its Project for ISO Board approval prior to reviewing and responding to stakeholder comments on the Subscriber PTO Model Update Paper presented on December 5, 2022.

The ISO needed to expedite the Board approval of TWE as a conditional Participating TO to allow the FERC filing of the Applicant Participating Transmission Owner Agreement by January 15th to allow FERC sufficient time to approve the agreement in advance of the cluster 15 generator interconnection window scheduled to open on April 1, 2023. While the Participating TO application has been approved conditionally by the Board, that approval is contingent upon FERC acceptance of the Subscriber Participating TO Model, TransWest’s execution of the TCA, and FERC’s approval of TransWest’s TO tariff. In addition, PCW still needs to find sufficient off-takers to pay for the project and that decision is obviously contingent on the cost of the interconnection and deliverability network upgrades which requires TWE to be a Participating TO prior to the cluster window opening to be able to participate in the ISO’s generator interconnection process.

The CPUC asked whether the ISO anticipates approving future Subscriber Participating TO projects using new models outside of the annual roadmap and typical policy initiative process. Under what criteria will ISO consider such new projects and models, and will future applications be open to stakeholder comment?

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The ISO is not planning to have varying Subscriber PTO models. The model proposed in this straw proposal is what would be available for all entities desiring to be a Subscriber Participating TO on a non-discriminatory basis.

The CPUC requested that the ISO explain how it is appropriate for projects to be approved outside of the TPP, especially when projects trigger upgrades within CAISO. The CPUC asked whether there other examples of this.

There are no other examples specific examples of such projects. The TransWest Project is only being allowed to move forward provided the subscriber finds off-takers to pay for the wind generation and transmission facilities, which does not affect the ISO's TAC. The ISO is not approving the TransWest Project in the way it approves projects selected in the ISO planning process, but the Board has conditionally approved the application of its owner and operator to join the ISO as a participating transmission owner.

5 Stakeholder Engagement

The schedule for stakeholder engagement is provided below. The ISO presented to the Board of Governors the request for TransWest to become a Participating TO which was conditionally approved in December 2022. The Board of Governors' approval in December 2022 contemplated a further stakeholder process on the Subscriber PTO Model. The Subscriber Participating TO Model is anticipated to be presented to the Board of Governors in July 2023.

Date	Event
8/1/2022	Stakeholder conference call on Subscriber Participating TO Model
12/19/2022	Stakeholder conference call on Subscriber Participating TO Model
2/6/2023	Publish revised straw proposal
2/14/2023	Stakeholder conference call on revised straw proposal
2/28/2023	Stakeholder comments due on revised 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

The ISO will hold a stakeholder meeting on February 10, 2023 to review the Straw Proposal. Stakeholders are encouraged to submit comments on this Straw Proposal through the ISO's commenting tool using the link on the initiative webpage by close of business on February 28, 2023.

6 APPENDIX A – TransWest Express Project

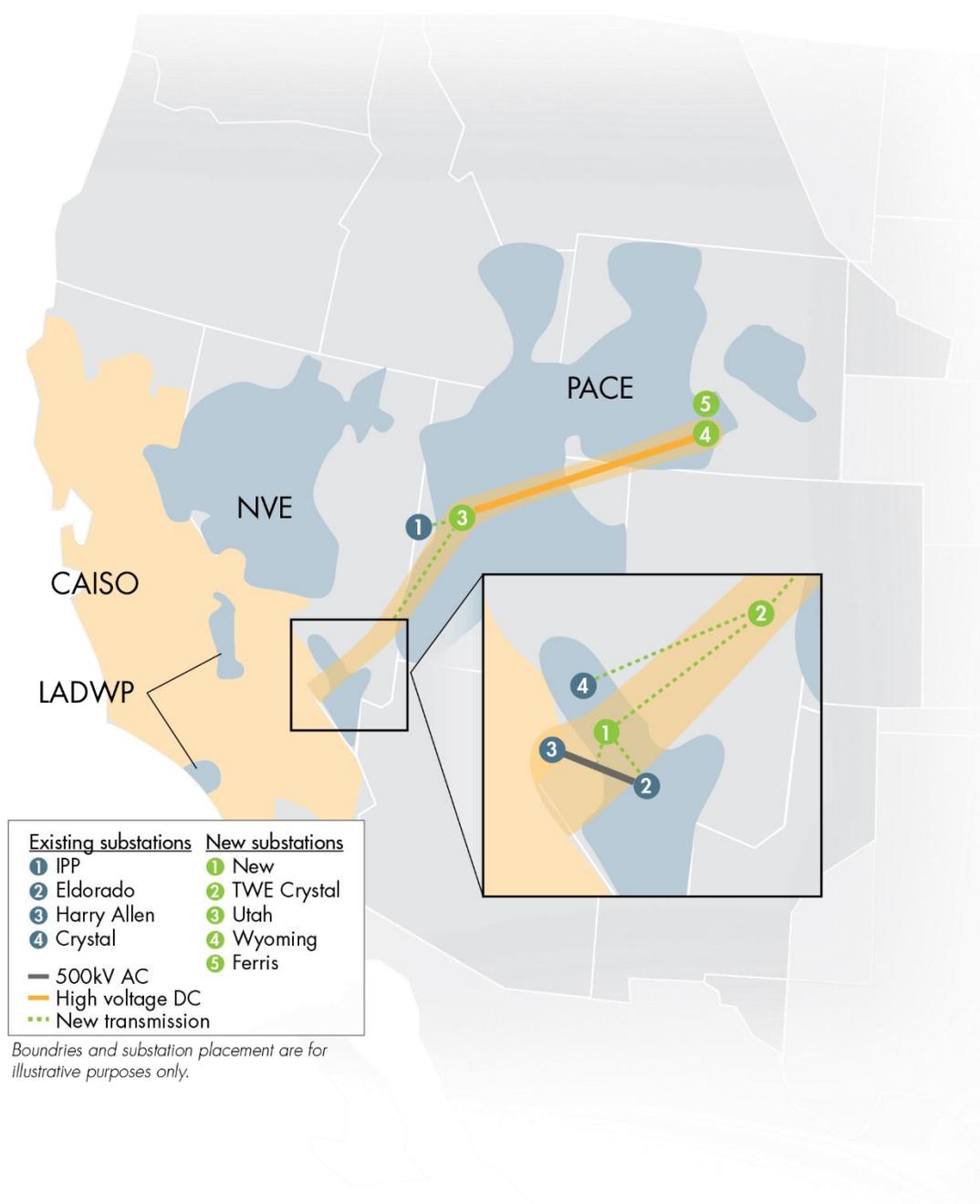
The TransWest Express LLC (“TransWest”) Project is the first project that the ISO anticipates would be using the Subscriber Participating TO Model. The Project is 405-mile, 3,000 MW HVDC transmission line from Wyoming to the Intermountain Power Project (“IPP”) and the 267-mile, 1,500 MW AC transmission line from IPP to TWE Crystal and an interconnection to the Harry Allen – Eldorado 500 kV transmission line, as more specifically outlined in TWE’s Participating TO application. The Project will initially consist of the HVDC line from Wyoming to IPP with 1,500 MW of capacity and the 500 kV AC line from IPP to TWE Crystal and the interconnection to the Harry Allen – Eldorado 500 kV transmission line (“New Substation”). Subsequently, the capacity of the HVDC line from Wyoming to IPP will increase to the full 3,000 MW. TransWest filed a Participating TO application in accordance with Section 4.3.1.1 of the ISO tariff and Section 2.2.1 of the Transmission Control Agreement (“TCA”).

The ISO received Board approval in December 2022 to allow TransWest to become a Participating TO in the ISO BAA. Such request is contingent upon FERC acceptance of the Subscriber Participating TO Model, TransWest’s execution of the TCA and FERC’s approval of TransWest’s TO tariff. The timing of Board approval of TransWest as a new Participating TO was imperative to allow the ISO to include the Project in the transmission planning process and allow the wind generation to be studied in cluster 15 so that TransWest’s subscribers will know the full costs of its Project in a timely manner and thereby facilitate State policy objectives for out-of-state wind.¹⁶

Under the proposed Subscriber Participating TO model as applied to the TransWest Project, the generation connected at the Wyoming substation will be within the ISO BAA provided TransWest is approved as a new Participating TO and that its subscriber PCW will fund the Project (e.g., if PCW is successful in securing sufficient off-takers for the wind generation). TransWest subscribers and others seeking interconnection will follow the same interconnection process in cluster 15 as other parties seeking interconnection to the ISO controlled grid, including payment of any additional costs associated with interconnection of the wind generation and the Project.

¹⁶ The ISO sought Board approval of TransWest as a new Participating TO so that the line may be included in the TPP and Cluster 15 Phase I results, which are likely to be available January 2024 with Phase II results in December 2024 and the Transmission Planning Deliverability assessment completed in March 2025.

**Subscriber Participating TO Model
Straw Proposal**



- The ISO BAA boundary will expand to include a boundary at Ferris Substation with PacifiCorp – East, Utah Substation with the Los Angeles Department of Water and Power, and TWE Crystal Substation with NV Energy
- Wyoming to Utah is 3,000 MW HVDC and south of Utah is 1,500 MW 500 kV AC
- The TWE’s Project adds three new BAA boundaries to the ISO BAA