



California Independent
System Operator Corporation

April 25, 2016

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

**Re: California Independent System Operator Corporation
Docket No. ER16-767
Compliance Filing**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) submits this filing in compliance with the Federal Energy Regulatory Commission’s (“Commission”) Order on Proposed Tariff Revisions issued on March 25, 2016 in the captioned docket.¹ The CAISO requests that the Commission accept the proposed tariff revisions as compliant with that order.

I. Background

On January 27, 2016, the CAISO filed tariff amendments proposing the following: (1) revise the tariff to enhance the opportunity for project sponsors to collaborate on a joint application at the beginning of the competitive solicitation process (*i.e.*, prior to the due date for submitting project sponsor applications) and eliminating the collaboration period that occurs after project sponsors have submitted their applications and the CAISO has validated them; (2) revise Section 5.8 of Appendix X of the CAISO Tariff, *i.e.*, the *pro forma* Approved Project Sponsor Agreement (“APSA”), to require an approved project sponsor that no longer has responsibility for constructing the project, subject to applicable law, to transfer assets acquired for the project at their book value, determined in accordance with the Commission’s Uniform System of Accounts; (3) revise the tariff and the APSA to require project sponsors and approved project sponsors to provide the CAISO, participating transmission owners, and approved project sponsors with all initial Commission filings regarding the project; and (4) revise section 4 of the CAISO tariff to exempt approved project sponsors from the requirements of the participating transmission owner application process because those

¹ *California Indep. Sys. Operator Corp.* 154 FERC ¶ 61,243 (2016) (“March 25 Order”).

requirements are essentially duplicative of matters addressed in the competitive solicitation process.²

In the March 25 Order, the Commission approved the CAISO's filing, effective March 28, 2016, subject to certain conditions. The Commission directed the CAISO to make a compliance filing within 30 days of the order. This filing contains the revisions directed by the Commission.

II. Compliance With March 25 Order

A. Tariff Revisions Applicable To Notification of Commission Filings

The Commission accepted, subject to condition, proposed section 12.6 of the APSA and section 24.5.2.2 of the tariff requiring project sponsors and approved project sponsors to provide copies of regulatory filings pertaining to the project to the CAISO, participating transmission owners, and other approved project sponsors. The Commission noted that, although Appendix F to the transmission control agreement provides contact information for participating transmission owners, it is unclear whether the contact information for approved project sponsors is available in an easily accessible location. Accordingly, the Commission directed the CAISO, in a compliance filing, to further revise the APSA and tariff section 24.5.2.2 to indicate where such information can be found or, in the alternative, explain why and how an approved project sponsor would already have access to this information.³

To comply with the Commission's directive, the CAISO has added language to section 12.6 of the APSA and section 24.5.2.2 of the tariff stating that the CAISO will post contact information for approved project sponsors on the CAISO's website. The CAISO notes that the proposed tariff language is consistent with other tariff provisions, both in the transmission planning section of the tariff (*i.e.*, tariff section 24) and elsewhere, where the CAISO is required to make certain information available.⁴ The CAISO also intends to provide a link to the contact information for approved project sponsors in the Business Practice Manual for the Transmission Planning Process.

² The CAISO also proposed *de minimis* "clean-up" changes to the APSA.

³ March 25 Order at P 18.

⁴ See, e.g., tariff sections 24.3.3, 24.4.4, 24.4.9, 25.5.5, 43.6.2, 43.6.3, 43A.6.2, and 43A.6.3.

B. Transfer of Assets Tariff Provisions

The Commission directed the CAISO to submit a compliance filing that removes the following proposed language from Section 5.8 of the APSA:

If the alternative Project Sponsor desires to use any of the assets acquired by the Approved Project Sponsor for the Project, the Approved Project Sponsor will, subject to applicable law, transfer such assets to the alternative Project Sponsor at their book value determined in accordance with FERC's Uniform System of Accounts; provided that this requirement applies only to asset transfers that occur after the Approved Project Sponsor has executed this Agreement; and provided further, that this requirement does not preclude the Approved Project Sponsor from filing with FERC a proposal to recover abandoned plant costs consistent with applicable FERC orders and policy in the event the Project is abandoned, but such amounts the Approved Project Sponsor proposes to recover shall be reduced by the amount the alternative Project Sponsor pays the Approved Project Sponsor to acquire the assets. The provisions under this Section 5.8 will survive termination of this Agreement.⁵

In this compliance filing, the CAISO has removed the aforementioned language from APSA Section 5.8. Also, because the language the Commission eliminated includes a reference to the survivability of Section 5.8, the CAISO has made a corresponding change to eliminate the proposed reference to Section 5.8 in APSA Section 2.2, *i.e.*, the survivability clause.

III. Materials Provided in this Compliance Filing

In addition to this transmittal letter, the instant compliance filing includes Attachments A and B. Attachment A contains clean CAISO tariff sheets and APSA pages reflecting the revisions described above. Attachment B shows these revisions in red-line format.

Respectfully submitted,

⁵ *Id.* at P 34.

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Operator Corporation

Attachment A – Clean Tariff Records

Competitive Solicitation Enhancements Compliance Filing

California Independent System Operator Corporation

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24.5.2 Project Sponsor Application and Information Requirements

All project sponsors must submit a Project Sponsor application form as set forth in the Business Practice Manual and posted on the CAISO website. Any entity may submit a Project Sponsor application to finance, construct, own, operate and maintain a transmission solution identified in the comprehensive Transmission Plan subject to the competitive solicitation process. There is no requirement that a Project Sponsor first be qualified before it may submit a Project Sponsor application for such a transmission solution.

24.5.2.2

A Project Sponsor will provide to the CAISO, Participating TOs (as listed on Appendix F to the Transmission Control Agreement), and Approved Project Sponsors a copy of all initial filings it submits in a FERC docket that affect the rates (including the Transmission Revenue Requirement), terms, or conditions of service for any Regional Transmission Facility that is the subject of an ongoing competitive solicitation process under this section 24.5. The Project Sponsor will provide such copy either via email or first class U.S. mail on the same day it makes the filing with FERC; provided that if the copy is sent via U.S. mail, the Project Sponsor will satisfy the requirement if it places the copy in the mail on the date of filing. The CAISO will post the contact information for Approved Project Sponsors on the CAISO website.

Appendix X

Approved Project Sponsor Agreement (APSA)

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ARTICLE 2. EFFECTIVE DATE, TERM, AND TERMINATION

- 2.1 Effective Date.** This Agreement shall become effective upon execution by all Parties, subject to acceptance by FERC (if applicable). The CAISO shall promptly file this Agreement with FERC upon execution in accordance with Section 3.1, if required.
- 2.2 Term of Agreement.** This Agreement shall remain in effect until termination consistent with Section 2.3.
- 2.3 Agreement Termination.**
- 2.3.1** Except for the obligations set forth in Sections 5.6, 5.10, 10.1.1, 10.3, and 15.3, this Agreement shall terminate when the Project has been turned over to CAISO Operational Control.
- 2.3.2** A Party may terminate this Agreement in accordance with Section 5.8 or Article 14.
- 2.3.3** Notwithstanding Sections 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination and, if applicable, FERC has accepted the notice of termination.

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ARTICLE 5. FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

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- 5.8 Delay in Approvals, Property Acquisition, or Construction.** If the timeline set forth in Appendix B is unreasonably delayed, the CAISO shall consult with the Approved Project Sponsor. After such consultation, should the CAISO determine that, for reasons other than a delay caused by the Interconnecting PTO, (i) the Approved Project Sponsor cannot secure necessary approvals or property rights, including fee title, right of way grant, and easement and license rights, essential for construction of the Project, or (ii) the Approved Project Sponsor is otherwise unable to timely construct the Project, or (iii) an alternative Project Sponsor is necessary pursuant to Section 24.6.4 of the CAISO Tariff; or, alternatively, if the Approved Project Sponsor determines that it is unable to proceed with construction and so notifies the CAISO, the CAISO shall take such action, including termination of this Agreement, as it determines to be necessary and appropriate in accordance with Section 24.6.4 of the CAISO Tariff. If either Party determines that an alternative Project Sponsor should be selected consistent with Section 24.6.4 of the CAISO Tariff, the Approved Project Sponsor agrees to work in good faith with CAISO, the alternative Project Sponsor, and, if applicable, the Interconnecting PTO to transfer responsibility for the Project to the alternative Project Sponsor.

* * * *

ARTICLE 12. NOTICES

- 12.1 General.** Unless otherwise provided in this Agreement, any notice, demand, or request required or permitted to be given by a Party to another and any instrument required or permitted to be tendered or delivered by a Party in writing to another shall be effective when delivered and may be so given, tendered, or delivered by (i) recognized national courier, (ii) depositing the same with the United States Postal Service with postage prepaid for delivery by certified or registered mail, addressed to the Party, or (iii) personal delivery to the Party, at the address set out in Appendix D, Addresses for Delivery of Notices and Billings.

A Party must update the information in Appendix D as information changes. A Party may change the notice information in this Agreement by giving five Business Days written notice prior to the effective date of the change. Such changes shall not constitute an amendment to this Agreement.

- 12.2 Alternative Forms of Notice.** Any notice or request required or permitted to be given by a Party to another and not required by this Agreement to be given in writing may be given by telephone, facsimile, or e-mail to the telephone numbers and e-mail addresses set out in Appendix D.
- 12.4 Operations Notice.** Each Party shall notify the other Party in writing of the identity of the person that it designates as the point of contact with respect to the implementation of Article 9.
- 12.5 Project Management.** If the Approved Project Sponsor desires to change the identified project management, including key personnel, the Approved Project Sponsor shall notify the CAISO in writing thirty (30) calendar days in advance for approval. Such approval shall not be unreasonably withheld.
- 12.6 Notice of Regulatory Filings.** The Approved Project Sponsor will provide to the CAISO, Participating TOs (as listed on Appendix F to the Transmission Control Agreement), and other Approved Project Sponsors, a copy of all initial filings it submits in a FERC docket that affect the rates (including Transmission Revenue Requirement), terms, or conditions of service for the Project. The Approved Project Sponsor will provide such copy either via email or first-class U.S. mail on the same day it makes the filing with FERC; provided that if the copy is sent via U.S. mail, the requirement will be satisfied if the Approved Project Sponsor places the copy in the mail on the date of filing. The CAISO will post the contact information for Approved Project Sponsors on the CAISO website.

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Attachment B – Marked Tariff Records

Competitive Solicitation Enhancements Compliance Filing

California Independent System Operator Corporation

April 25, 2016

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12.5 Project Management. If the Approved Project Sponsor desires to change the identified project management, including key personnel, the Approved Project Sponsor shall notify the CAISO in writing thirty (30) calendar days in advance for approval. Such approval shall not be unreasonably withheld.

12.6 Notice of Regulatory Filings. The Approved Project Sponsor will provide to the CAISO¹⁷, Participating TOs (as listed on Appendix F to the Transmission Control Agreement), and other Approved Project Sponsors, a copy of all initial filings it submits in a FERC docket that affect the rates (including Transmission Revenue Requirement), terms, or conditions of service for the Project. The Approved Project Sponsor will provide such copy either via email or first-class U.S. mail on the same day it makes the filing with FERC; provided that if the copy is sent via U.S. mail, the requirement will be satisfied if the Approved Project Sponsor places the copy in the mail on the date of filing. The CAISO will post the contact information for Approved Project Sponsors on the CAISO website.

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, DC, this 25th day of April, 2016.

/s/ Daniel Klein

Daniel Klein