



# Memorandum

**To:** ISO Board of Governors

**From:** Keith Casey VP, Market & Infrastructure Development

**Date:** June 14, 2018

**Re:** **Decision on Participating Transmission Owner Application of Citizens Sycamore-Penasquitos Transmission LLC**

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*This memorandum requires Board action*

## EXECUTIVE SUMMARY

In April 2018, Citizens Sycamore-Penasquitos Transmission LLC (CSPT) submitted an application to the ISO to become a participating transmission owner for the approved project sponsor project Sycamore-Penasquitos 230 kV transmission line (Project) approved by the Board in the 2013-2014 Transmission Planning Process. Through a development agreement with San Diego Gas & Electric Company, CSPT has an option to lease for 30 years approximately 13 percent of the transfer capability in one underground segment of the Project located in San Diego County.

Management requests that the Board of Governors approve the ISO's acceptance of the CSPT application and requests that, upon execution of the Transmission Control Agreement, CSPT become a participating transmission owner, subject to the Federal Energy Regulatory Commission accepting CSPT's transmission owner tariff and transmission revenue requirement.

***Moved, that the ISO Board of Governors approves the ISO's acceptance of the application of Citizens Sycamore-Penasquitos Transmission LLC for participating transmission owner status, conditioned on (1) CSPT executing the Transmission Control Agreement and (2) the Federal Energy Regulatory Commission accepting a transmission owner tariff and transmission revenue requirement for CSPT.***

## DISCUSSION AND ANALYSIS

In accordance with the procedures established pursuant to section 4.3 of the tariff and section 2 of the Transmission Control Agreement, CSPT submitted an application to the ISO

on April 13, 2018 that proposed turning over operational control of CSPT's rights in the Sycamore-Penasquitos transmission project to the ISO.

In order for an applicant to become a participating transmission owner, sections 2.2.3 and 2.2.5 of the Transmission Control Agreement require that the ISO accept the application. Section 2.2.3 of the Transmission Control Agreement states that the ISO shall permit a party to become a participating transmission owner if it determines that:

1. The transmission lines and associated facilities 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;
2. Incorporating such transmission rights will not put the ISO in breach of applicable reliability criteria and its obligations as a member of the Western Electricity Coordinating Council;
3. The ISO has no outstanding objections regarding any of the applicant's transmission facilities or entitlements;
4. The applicant is capable of performing its obligations under the Transmission Control Agreement; and
5. All applicable regulatory approvals of the applicant's transmission owner tariff have been obtained.

CSPT satisfies the first and second elements because CSPT is acquiring rights to a transmission project that was approved as a reliability project in the ISO's transmission planning process. Among other requirements, the transmission planning process ensures that transmission projects can be operated safely and reliably by the ISO. CSPT satisfies the third element, as the ISO has no objection to the form of CSPT's transmission rights in the Project. CSPT also satisfies the fourth element because the original bid for the Project was awarded to SDG&E and CSPT. SDG&E, which will be the transmission operator of the Project, is an experienced participating transmission owner, and will perform the operational obligations under the Transmission Control Agreement for itself as well as CSPT. These obligations include compliance with the transmission maintenance standards, processing generator interconnection requests, and other actions associated with the physical facilities themselves. CSPT has been very responsive to the ISO during the participating transmission owner application process and has demonstrated its willingness to perform obligations associated with the Transmission Control Agreement.

The fifth element is addressed through the conditional nature of the Board's approval. CSPT filed its transmission owner tariff and associated transmission revenue requirement with FERC on April 25, 2018. A FERC order is expected in late June. The proposed motion states that FERC acceptance of these filings is an express condition of accepting CSPT as a participating transmission owner. Accepting CSPT's application subject to this condition is necessary due to timing constraints regarding CSPT's project financing. The ISO followed a similar approach with regard to obtaining the Board's approval of the participating transmission owner applications of Citizens Sunrise Transmission LLC, Startrans IO, L.L.C.,

Trans Bay Cable LLC, and Trans-Elect NTD Path 15, LLC (now Atlantic Path 15, LLC) to satisfy the concerns of their lenders.

## **POSITIONS OF THE PARTIES**

As required by section 2.2.2 of the Transmission Control Agreement, the ISO posted CSPT's application for participating transmission owner status on the ISO website for 60 days to give interested parties an opportunity to review the application and submit comments to the ISO. The ISO received no comments on the application. Also, the existing participating transmission owners have raised no concerns to date in the negotiations regarding revisions to the Transmission Control Agreement to add CSPT as a party to that agreement.

## **CONCLUSION**

Management recommends that the Board approve the ISO's acceptance of CSPT's application for participating transmission owner status conditioned on (i) CSPT's execution of the Transmission Control Agreement and (ii) acceptance of CSPT's transmission owner tariff and transmission revenue requirement by FERC.

Based on the criteria set forth in the Transmission Control Agreement, Management has concluded that the application submitted by CSPT satisfies all of the requirements for acceptance.