Decision on Southwest Intertie Project (SWIP) North

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Director, Infrastructure Planning

ISO Board of Governors meeting
General Session

December 14, 2023
ISO Management is recommending approval of the SWIP North project, as an addendum to the 2022-2023 Transmission Plan

- The 2022-2023 Transmission Plan was approved by the Board of Governors at the May 2023 meeting
- The plan indicated that analysis of the SWIP North project and discussions with Idaho Power would continue beyond the approval of the rest of the Transmission Plan
- Management now has a recommendation for the Board of Governors for conditional approval
California’s integrated resource planning portfolios for transmission planning process include Idaho wind resources

- **2022-2023 TPP**
  - 1,062 MW from Idaho or Wyoming in TPP base case
  - 1,000 MW from Idaho in TPP sensitivity case

- **2023-2024 TPP**
  - 1,000 MW from Idaho in both the TPP base and sensitivity cases

- **2024-2025 TPP Draft Portfolio**
  - 1,000 MW from Idaho in the proposed TPP base case
The SWIP-North project is the only active proposal providing direct access to Idaho wind resources.

Great Basin Transmission, a subsidiary of LS Power, has been working to develop the SWIP North project as part of a broader concept.

**Phase I - ON Line (Robinson to Harry Allen) – Operating**
- Built as joint development project by LS Power and NVE
- 231-mile 500 kV transmission line from Ely to Las Vegas (plus 8 miles of 345 kV)
- Placed into service in January 2014
- Cost allocation 100% to NVE

**Phase II - DesertLink (Harry Allen to Eldorado) – Operating**
- Approved as a regional transmission project by the ISO
- Extended the CAISO boundary from Eldorado to Harry Allen
- 60-mile 500 kV transmission line in Clark County
- Placed into service in August 2020

**Phase III - SWIP North (Midpoint to Robinson) – Permitted**
- 285-mile 500 kV transmission line from Ely to Twin Falls under development
- Requires upgrades to the ON Line and at Robinson Summit
- Nearly construction ready and planned to be online by the end of 2027
- Cost allocation 100% to Great Basin Transmission
The ISO’s participation in funding the SWIP North project results in a capacity sharing arrangement

<table>
<thead>
<tr>
<th>Entities</th>
<th>North-South Capacity (MW)</th>
<th>South-North Capacity (MW)</th>
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<tbody>
<tr>
<td>NV Energy</td>
<td>952.5</td>
<td>847.5</td>
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<tr>
<td>Great Basin Transmission (GBT)</td>
<td>1,117.5 (to ISO)</td>
<td>1,072.5 (500 MW to Idaho Power, remainder to ISO)</td>
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- Capacity sharing between Great Basin Transmission LLC, a subsidiary of LS Power, and NV Energy is governed by a Transmission Use Agreement
- Idaho Power would assume 500 MW of entitlements in the South to North direction with the remaining GBT entitlements in both directions to be assumed by the ISO
- The ISO to fund 77.2% of the overall project cost with Idaho Power funding the remaining 22.8%
- Requesting approval under the 2022-2023 TPP aligns with Idaho Power’s intent to file a SWIP-related case with IPUC by end of 2023
The ISO believes that the proposal is cost-effective, reduces cost impact to California ratepayers, and delivers value through collaboration

• SWIP North is the only known transmission project that can enable access to Idaho wind resources

• The current proposal enables sharing of costs with Idaho Power

• The ISO is proposing to assume entitlements as opposed to approving and procuring an entirely new 500+ mile transmission line between Idaho and California

• Current project cost estimate ($1,090 Million, $3.8 M/mile) is comparable to competitively procured transmission such as Harry Allen-Eldorado and Delaney-Colorado River Transmission

• FERC approval of transmission revenue requirement rate structure and TO tariff is one of the stipulated conditions for approval, as is ISO Board approval of GBT as a PTO
  – Key factor given the absence of cost or ROE caps on the project
Stakeholders generally supported the ISO’s proposal but remain concerned with increasing project costs

- Stakeholders generally supported the ISO proposal and efforts to reduce costs
- Stakeholders concerned with increased project cost estimates and the continued viability of Idaho wind resources
  - The ISO agrees with the concern and has added a CPUC reaffirmation requirement as a condition for approval
  - Apart from additional conditions related to the Board approval, cost containment measures will be specified in definitive agreements with GBT
- Stakeholders requested clarification on renewable portfolio standard requirements, maximum import capability (MIC) allocation, nature of definitive agreements, and cost containment measures
  - The ISO provided appropriate responses during the call in addition to those provided with the Board documentation
Management recommends the assumption of Great Basin Transmission’s entitlements on SWIP North and ON Line, under the 2022-2023 TPP

- Management requests the ISO Board approve Addendum 1 to the 2022-2023 Transmission Plan identifying the ISO’s assumption of operational control of GBT’s entitlements on the SWIP North and One Nevada transmission line, as a joint regional policy-driven project with Idaho Power and conditioned upon:
  - Idaho Power filing and receiving approval from the IPUC for a SWIP-related case by September 30, 2024;
  - The CPUC reaffirming the need for Idaho wind in its 2024-2025 TPP portfolio decision;
  - Great Basin Transmission, LLC, a subsidiary of LS Power, declaring its intent to become a Participating Transmission Owner by July 1, 2024, submission and approval of its application in accordance with the CAISO Tariff and Transmission Control Agreement, and
  - The Federal Energy Regulatory Commission’s acceptance of Great Basin’s Transmission Owner Tariff and transmission revenue requirement rate structure