2013 – 2014 Transmission Planning Process
Phase 3
Competitive Solicitation

Steve Rutty
Director, Grid Assets

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Transmission Planning Process Phase 3 - Overview of the Competitive Solicitation Process

- Process and Schedule
- Evaluation approach
- Projects eligible for Phase 3

2013/2014 Transmission Planning Cycle

April 2013

Coordination of Conceptual Statewide Plan

March 2014

ISO Board Approval of Transmission Plan

Phase 1

Development of ISO unified planning assumptions and study plan

- **Incorporates State and Federal policy requirements and directives**
- **Demand forecasts, energy efficiency, demand response**
- **Renewable and conventional generation additions and retirements**
- **Input from stakeholders**
- **Ongoing stakeholder meetings**

Phase 2

Technical Studies and Board Approval

- **Reliability analysis**
- **Renewable delivery analysis**
- **Economic analysis**
- **Central California Study**
- **Publish comprehensive transmission plan**
- **ISO Board approval**

Phase 3

Receive proposals to build identified reliability, policy and economic transmission projects.

TPP Phase 3 Schedule

April – Bid Window Opens

1st Sequence

Validation – 15 Business Days (BD)
Cure – 10 BD
Final Validation – 10 BD
Option to Collaborate (Schedule depicted assumes no collaboration) – 10 BD

2nd Sequence (2 calendar months after bid window opens)
(Note: schedule for 2nd sequence same as first sequence but shifted)

Qualification – 15 BD
Cure – 10 BD
Final Qualification – 10 BD

Comparative Analysis and select Approved Project Sponsor – 60 BD
Sequence 1 - Post approved project sponsor and associated report – January 2015

Key Steps in the Solicitation and Selection Process

1. Post functional specifications and solicit bids
2. Conduct informational conference call
3. Receive Project Sponsor applications
4. Assess whether applicants meet minimum qualifications
5. Post list of qualified Project Sponsors
6. Selection of Approved Project Sponsor
7. Post Approved Project Sponsor / report

Functional Specifications, Information Conference Calls, and Q&A Document

- The ISO prepares and posts functional specifications for each transmission element at beginning of bid window.
- The ISO will host an informational conference call after opening bid window to address questions on:
  - Schedules
  - Process
  - Application form
  - Functional specifications
- Project Sponsor applicants can submit questions during the bid window and the ISO will post answers on the CAISO website for all interested parties to view.

Project Sponsor Application includes the following:

1. Introduction
2. General Instructions
3. Project Sponsor, Name, and Qualifications
4. Past Projects, Project Management and Cost Containment
5. Financial (new section)
6. Environment and Public Processes
7. Substation
8. Transmission Line
9. Construction
10. Operation and Maintenance
11. Miscellaneous
12. Officer Certification (new section)
13. Payment Instructions (new section)

Sections 4-11 above capture all of the Selection Factors identified in Tariff 24.5.4

Project Sponsor Minimum Qualification Criteria

- Project Sponsor has assembled (or plans to assemble) a sufficient sized team with the knowledge and skill to design, construct, operate and maintain the transmission solution.
- The project sponsor has sufficient financial resources, including the ability to assume liability from major losses resulting from failure of any part of the transmission solution.
- The Project Sponsor's schedule meets the ISO's requirements, and the sponsor has the ability to meet its proposed schedule.
- The project sponsor and its team (or planned team) have the necessary technical and engineering qualifications and experience to design, construct, operate and maintain the transmission solution.
- The project sponsor agrees to sign the TCA (Transmission Control Agreement), become a PTO (Participating Transmission Owner), comply with NERC and WECC requirements and standards, and will turn the regional transmission facility over to the ISO's operational control.

Project Proposal Minimum Qualification Criteria

- Whether the proposed design of the transmission solution is consistent with needs identified in the comprehensive Transmission Plan.
- Whether the proposed design of the transmission solution satisfies Applicable Reliability Criteria and CAISO Planning Standards.

The ISO will post the list of qualified project sponsors and proposals.

Project Sponsor Selection Among Qualified Sponsors and Proposals

- Single Project Sponsor is automatically selected

- Multiple Project Sponsors
  - The ISO, with assistance from a qualified expert consultant, will conduct a comparative analysis and select the approved project sponsor.
  - The ISO will post the identity of the approved project sponsor, along with a report summarizing the comparative analysis.

ISO will use Comparative Analysis to Determine the Approved Project Sponsor

- Selection based on a comparative analysis of the degree to which each Project Sponsor's proposal meets the qualification criteria and selection factors, as set forth in Tariff section 24.5.4
- Objective is to determine the qualified Project Sponsor which is best able to:
  - Design, finance, license, construct;
  - Maintain, and operate the transmission element(s) in a cost-effective, efficient, prudent, reliable, and capable manner over the lifetime of the transmission solution(s); while
  - Maximizing overall benefits and minimizing the risk of untimely project completion, project abandonment, future reliability issues, and operational or other relevant problems.

Posting Approved Project Sponsors; and Report on Approved Project Sponsor Selection

- The ISO will post a list of the approved project sponsor(s) for each regional transmission solution.

- The ISO will post a detailed report regarding the selection of the approved project sponsor(s).

Key Selection Factors (Section 24.5.1)

- “existing qualification criteria and selection factors, in addition to any binding cost containment commitments, which the CAISO believes are key for purposes of selecting an Approved Project Sponsor for the particular transmission solution” (Section 24.5.1)

- Key selection factors for all transmission solutions eligible for competitive solicitation can be found at:

http://www.caiso.com/Documents/KeySelectionFactors2013-2014TPP.pdf

To determine the key criteria for each transmission solution subject to competitive solicitation, the ISO will consider:

(1) the nature, scope and urgency of the need for the transmission solution;

(2) expected severity of siting or permitting challenges;

(3) the size of the transmission solution, potential financial risk associated with the transmission solution, expected capital cost magnitude, cost overrun likelihood and the ability of the Project Sponsor to contain costs;

(4) the degree of permitting, rights-of-way, construction, operation and maintenance difficulty;

(5) risks associated with the construction, operation and maintenance of the transmission solution;

(6) technical and engineering design difficulty or whether specific expertise in design or construction is required;

(7) special circumstances or difficulty associated with topography, terrain or configuration;

(8) specific facility technologies or materials associated with the transmission solution;

(9) binding cost containment measures, including cost caps;

(10) abandonment risk; and

(11) whether the overall cost of the transmission solution impacts the ISO's prior determination of, and inclusion in, the comprehensive Transmission Plan of the more efficient or cost effective solution during Phase 2 of the transmission planning process.

Characteristics of transmission facilities being competitively procured:

- Cost containment capabilities, commitments, and ability to manage schedules were selected for all projects.
- SUBSTATIONS – conventional technology, highly integrated into existing transmission network, potentially more challenging to site as new substations.
  - Additional emphasis on broad capabilities of team, capabilities in securing new rights of way.
- REACTIVE SUPPORT DEVICES – reliability and policy driven projects, broad range of technical options and varying degrees of more unique power system equipment, new equipment to be interconnected to existing substations.
  - Additional emphasis on accessing existing rights of way, and specific technical capabilities.

Transmission Elements for Competitive Solicitation

- Estrella 230 kV Substation
  - Reliability Project - locate near Morro Bay – Gates TL corridor
  - Mitigate OL and voltage concerns in Los Padres 70 kV area
  - Latest in Service Date: May, 2019
- Key Qualification and Selection Factors
  - 24.5.3.1 (a) whether the project sponsor has assembled (or plans to assemble) a sufficiently sized team with the manpower, equipment, knowledge and skill required to undertake the design, construction, operation and maintenance of the transmission solution.
  - 24.5.4 (c) the experience of the project sponsor and its team (or planned team) in acquiring rights of way, if necessary, that would facilitate approval and construction, and in the case of a project sponsor with existing rights of way, whether the project sponsor would incur incremental costs in connection with placing new or additional facilities associated with the transmission solution on such existing right of way.

Transmission Elements for Competitive Solicitation

- Key Selection Factors (continued):
  - 24.5.4 (d) the proposed schedule for development and completion of the solution and demonstrated ability to meet that schedule of the project sponsor and its (planned) team.
  - 24.5.4 (j) demonstrated cost containment capability of the project sponsor and its (planned) team, specifically, bind cost control measures the project sponsor agrees to accept, including any binding agreement by the project sponsor and its team to accept a cost cap that would preclude costs for the transmission solution above the cost cap from being recovered through the CAISO's Transmission Access Charge. If none of the competing sponsors proposes a binding cost cap, the authority of the selected siting authority to impose binding cost caps or cost containment measures on the project sponsor, and its history of imposing such measures.

Transmission Elements for Competitive Solicitation

- Spring 230 kV substation
  - Reliability driven
  - Mitigate thermal OL and voltage violations
  - Latest in Service Date: May, 2021
- Key Qualification and Selection Factors (Note: same for all three substations)
  - 24.5.3.1 (a)
  - 24.5.4 (c)
  - 24.5.4 (d)
  - 24.5.4 (j)

Transmission Elements for Competitive Solicitation

- Wheeler Ridge Junction 230 kV substation
  - Reliability driven
  - Mitigate thermal OL and voltage violations in the area's 230 kV system
  - Latest in Service Date: May, 2020

- Key Qualification and Selection Factors (Note: same for all three substations)
  - 24.5.3.1 (a)
  - 24.5.4 (c)
  - 24.5.4 (d)
  - 24.5.4 (j)

Transmission Elements for Competitive Solicitation

- Miguel 500 kV Reactive Power Support (note: this solution was identified in the final transmission plan).
  - Cost Estimate $30 to $40 million
  - Reliability driven
  - Mitigates future voltage violations due to future generation retirements
  - Latest in Service Date: June, 2017

- Key Qualification and Selection Factors
  - 24.5.4 (b) the project sponsor's existing rights of way and substations that would contribute to the transmission solution.
  - 24.5.4 (d) the proposed schedule for development and completion of the solution and demonstrated ability to meet that schedule of the project sponsor and its (planned) team.
  - 24.5.4 (j) (continued on next slide).

Transmission Elements for Competitive Solicitation

Miguel 500 kV Dynamic Power Support

- Key Selection Factors (continued)
  - 24.5.4 (j) demonstrated cost containment capability of the project sponsor and its team, specifically, binding cost control measures the project sponsor agrees to accept , including any binding agreement by the project sponsor and its team to accept a cost cap that would preclude costs for the transmission solution above the cap from being recovered through the CAISO's Transmission Access Charge, and, if none of the competing project sponsors proposes a binding cost cap, the authority of the selected siting authority to impose binding cost caps or cost containment measures on the project sponsor, and its history of imposing such measures.

Transmission Elements for Competitive Solicitation

- Suncrest 230 kV Dynamic Reactive Power Support
  (Note that the key selection factors are the same for the Miguel 500 kV reactive support solution).

  - Cost Estimate $50 to $75 million
  - Policy driven
  - Mitigates voltage violations following certain contingencies
  - Latest in Service Date: June, 2017

- Key Selection Factors
  - 24.5.4 (b)
  - 24.5.4 (d)
  - 24.5.4 (j)

Officer Certification

- Officer certifies that s/he has full authority to represent the project sponsor or affiliate of the project sponsor.

- Officer certifies that the information contained in the application is true, accurate and that there are no material omissions.

Deposit Fee

- Project sponsor must submit a deposit of $75,000 with its application.
- Project sponsor will be responsible for the actual costs that the ISO incurs in qualifying and selecting an approved project sponsor through the competitive solicitation process, including the cost of the retained expert consultant.
- Costs not to exceed $150,000 per application
- Payment instructions are included in the updated project sponsor application.

Update on ISO effort to identify potential enhancements to the TPP competitive solicitation

- On March 6 the ISO held a stakeholder meeting to discuss “lessons learned” from the 2012-2013 TPP competitive solicitation
- The ISO invited stakeholders to submit comments
- Resulting actions taken thus far:
  - Changes made to project sponsor application
  - Draft pro forma approved project sponsor agreement (APSA) provided to stakeholders to solicit comments
  - Additional information being provided on the key selection factors
- ISO continuing to evaluate other comments received

Summary and Next Steps

- Project Sponsor application and Project Functional Specifications are now posted to the TPP webpage at:
- http://www.caiso.com/planning/Pages/TransmissionPlanning/2013-2014TransmissionPlanningProcess.aspx
- Submit completed applications (also questions about the application) to this E mail address:
- transmissioncompetitivesolicitation@caiso.com
- Questions and associated answers tables will be posted to the transmission planning web page
- Complete applications (including deposit fee and officer certification signature) are due on or before June 16 (S1) or Aug 18 (S2) 2014. No exceptions!

Additional Questions?

Any further questions?