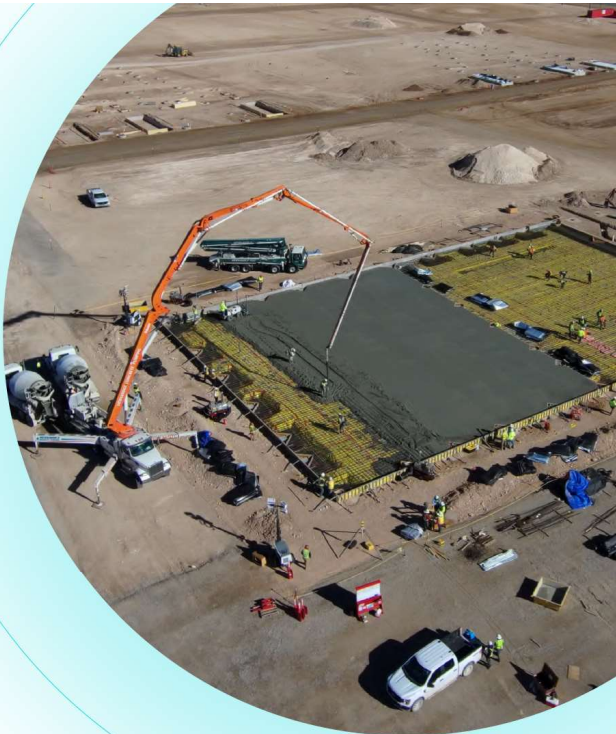


# SunZia Transmission

## Application for Participating Transmission Owner Status

January 2024



## Table of Contents

<b>1A. The SunZia Transmission System .....</b>	<b>4</b>
<b>1B. SunZia Wind PowerCo LLC .....</b>	<b>6</b>
1B.1. PowerCo’s Transmission Service Rights on the SunZia Transmission System .....	7
1B.2. PowerCo’s Transmission Service Rights on Transmission Systems in Arizona .....	7
<b>2. Entitlements .....</b>	<b>8</b>
<b>3A. Encumbrances .....</b>	<b>9</b>
<b>3B. Existing SPTO Commitments .....</b>	<b>10</b>
<b>4. Statement of Intent to Place All Transmission     Lines, Associated Facilities, and Entitlements     Under CAISO Operational Control .....</b>	<b>10</b>
<b>5. Local Reliability Criteria to be Included as part of     the Applicable Reliability Criteria .....</b>	<b>11</b>
<b>6. Maintenance Practices .....</b>	<b>11</b>
<b>7. Applicable Reliability Criteria Waivers .....</b>	<b>12</b>
<b>8. Applicant’s Proposed Transmission Owner Tariff .....</b>	<b>12</b>
<b>9. FERC Transmission Revenue Requirement Filing .....</b>	<b>12</b>

**10. Address and Contact Information ..... 13**

**11. Other Information Reasonably Required by  
CAISO. .... 13**

**12. Settlement Account ..... 13**

**13. MWh Demand ..... 13**

**14. Encumbrances and Entitlements Instructions ..... 14**

**Appendix A – Map of the SunZia Transmission  
System and Arizona Transmission Rights ..... 15**

**Appendix B – One-Line Diagram of the SunZia  
Transmission System and Interconnected Wind  
Projects ..... 16**

**Appendix C – Encumbrances and Entitlements Matrix ..... 17**

## **SunZia Transmission, LLC Application for Participating Transmission Owner Status**

**January 14, 2024**

Pursuant to Section 4.3.1.1 of the California Independent System Operator Corporation (“CAISO”) Tariff, and Section 2.2.1 of the Transmission Control Agreement (“TCA”), and subject to the Federal Energy Regulatory Commission’s (“FERC”) acceptance of the CAISO Tariff amendments filed in Docket No. ER23-2917, SunZia Transmission, LLC (“SunZia Transmission”) respectfully submits its application to become a Subscriber Participating Transmission Owner (“SPTO”).

### **1A. The SunZia Transmission System**

The SunZia Transmission System is an approximately 552-mile, bi-pole, high voltage direct current (“HVDC”) transmission line in New Mexico and Arizona with a transmission capacity of 3,021 MW (“SunZia Transmission System”). The SunZia Transmission System will connect generation resources in the Southwest with markets and customers in California and Arizona. SunZia Transmission commenced construction in 2023 and expects commercial operations to begin in the first half of 2026. SunZia Transmission is an indirect wholly-owned subsidiary of Pattern Energy Group LP (“Pattern Energy”). For the assets of the SunZia Transmission System physically located in New Mexico, SunZia Transmission and the New Mexico Renewable Energy Transmission Authority (“RETA”)<sup>1</sup> have entered a lease arrangement whereby RETA owns the physical assets within the State of New Mexico, but SunZia Transmission remains responsible for the development, construction, financing, and operation of the SunZia Transmission System and owns the economic interests and transmission capacity<sup>2</sup> created by the SunZia Transmission System.

---

<sup>1</sup> RETA is a state authority established by the New Mexico legislature in 2007 and charged with implementing the New Mexico Renewable Energy Authority Transmission Act, NMSA 1978 § 62-16A-1, et seq. (the “Act”). As an authority or instrumentality of the State of New Mexico, RETA is not a “public utility” within the meaning of Section 201 of the FPA. See 16 U.S.C. § 824(f) (2019). Under the Act, RETA is authorized to plan, finance, develop and acquire transmission and storage projects (transmitting or storing at least 30% renewable energy) in order to promote the development of renewable energy in New Mexico.

<sup>2</sup> The transmission capacity is marketed by SunZia Transmission to subscribers as further discussed in this application.

The SunZia Transmission System consists of voltage source converter (VSC) stations at a nominal direct current (“DC”) voltage of  $\pm 525$  kV with 2156 kcmil “Bluebird” conductors arranged in a three-conductor bundle for each of the two (2) pole conductors traversing the ~552-mile transmission line length. Additionally, the transmission towers include dedicated metallic return (“DMR”) conductors insulated at 85 kV which are electrically bundled as two (2) 1590 kcmil “Lapwing” conductors but geographically separated on the towers (i.e., split bundle). When operating in bi-pole (normal) operation, the DMR carries minimal imbalance current. When operating in monopole mode (e.g., one of the circuits is out of service) the DMR is used as the return path for pole current.

Additionally, the SunZia Transmission System includes two (2), 1,500 MW dynamic braking resistors (“AC Choppers”) which are available to shunt energy from interconnected generation facilities when the DC transmission facilities are temporarily unavailable (e.g., a DC-side fault from a lightning strike) to allow generation facilities to ride through such faults and remain connected to the SunZia Transmission System while also protecting the unfaulted equipment of the SunZia Transmission System.

To ensure security of the SunZia Transmission and downstream transmission systems, a Transmission Power Controller (“TPC”) will be integrated into the SunZia Transmission System. The TPC will ensure that interconnected facilities to the SunZia Transmission System have appropriate set-points so that energy that is transferred on or beyond the boundaries of the SunZia Transmission System can be reliably transmitted. The TPC will ensure that not more than 3,021 MW enters the SunZia Transmission System facilities and will also be used for implementing transmission-based curtailments to secure the grid in Arizona when necessary. The TPC will also be part of a local protection system including the AC Choppers to ensure interconnected generation facilities are properly disconnected if a fault occurs on the SunZia Transmission System facilities and post-fault recovery is unsuccessful.

Pursuant to this application and the resultant Applicant PTO Application, SunZia Transmission intends to execute the Transmission Control Agreement providing CAISO Operational Control of the SunZia Transmission System facilities, subject to certain Encumbrances and Entitlements as discussed below. SunZia Transmission will offer other transmission service on the SunZia Transmission System as provided in its Transmission Owner Tariff (“TO Tariff”, Appendix D below).

Attached as Appendix A is a map showing the SunZia Transmission System.

Attached as Appendix B is a one-line diagram of the SunZia Transmission System.

## 1B. SunZia Wind PowerCo LLC

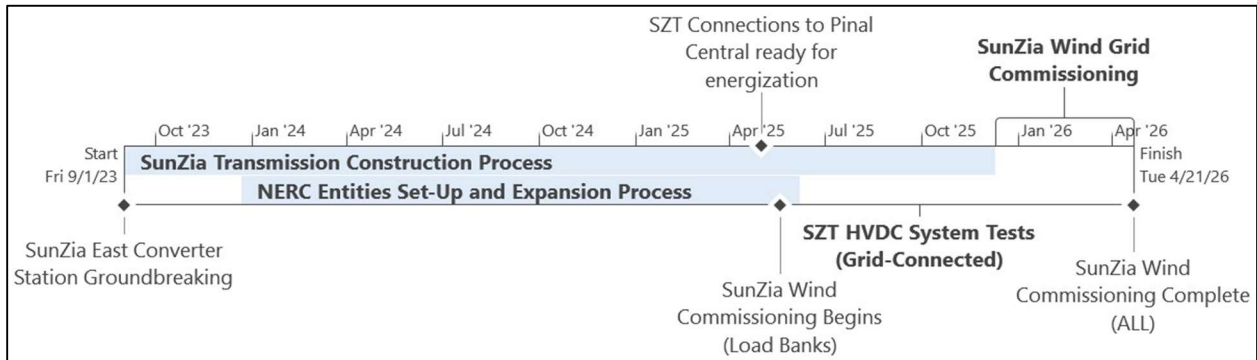
SunZia Wind PowerCo LLC (“PowerCo”) is a wholly-owned, indirect subsidiary of Pattern Energy and has entered into a Transmission Service Agreement (“TSA”) with SunZia Transmission for the entire capacity of the SunZia Transmission System (i.e., 3,021 MW). PowerCo is the direct owner of project companies responsible for the development, financing, construction, ownership, and operation of wind-powered electric generating facilities located in Lincoln, Torrance, and San Miguel Counties, New Mexico (the “Wind Projects”) and is responsible for acquiring and managing all transmission and interconnection services required by the Wind Projects for the sale of their electric energy and other attributes to their customers, primarily load-serving entities within CAISO.

When completed, the Wind Projects will interconnect to the SunZia Transmission System and transmit their energy output pursuant to a Generator Interconnection Agreement (“GIA”)<sup>3</sup> and the aforementioned TSA which have both been executed and accepted by FERC. The GIA contains non-conforming terms related to the recovery of lost tax credits and transmission revenue associated with interconnection-related outages, details of which are attached in the draft proposed TO Tariff (see Appendix D, Section 5.2). As part of this application process, and prior to energization, the GIA will become a three-party non-conforming generator interconnection agreement with CAISO which will include materially similar terms and conditions as the GIA previously accepted by FERC.

The SunZia Transmission System is currently under construction. A timeline of the construction and commissioning process for the SunZia Transmission System and the Wind Projects is shown in Figure 1 below.

---

<sup>3</sup> Generator Interconnection Agreement dated March 27, 2023, between SunZia Transmission and PowerCo and accepted by FERC in *SunZia Transmission, LLC*, Docket No. ER23-1472-000 (unpublished letter order issued May 24, 2023)



**Figure 1: SunZia Transmission System and Wind Projects Implementation Timeline** (“SZT” refers to SunZia Transmission System and “SunZia Wind” refers to the Wind Projects)

### 1B.1. PowerCo’s Transmission Service Rights on the SunZia Transmission System

SunZia Transmission has been granted negotiated rate authority by FERC and offers transmission service to subscribers at negotiated rates. Consequently, SunZia Transmission will derive revenues from sales of transmission service from its subscribers at negotiated rates. The entire transmission capability of the SunZia Transmission System is under long-term contract with PowerCo via the aforementioned TSA, however, for any use of the SunZia Transmission System that is not by PowerCo or not an assignee or resale of PowerCo’s rights, a separate non-subscriber usage charge specific to the SunZia Transmission System will apply, consistent with the CAISO Tariff. The costs of the SunZia Transmission System facilities, as well as any non-subscriber usage charges, will not be included in the CAISO Transmission Access Charge.

### 1B.2. PowerCo’s Transmission Service Rights on Transmission Systems in Arizona

PowerCo currently holds 2,131 MW of long-term, firm point-to-point transmission service rights from the Pinal Central Substation to the Palo Verde Hub purchased from: the Desert Southwest Region of the Western Area Power Administration (“WAPA”), totaling 300 MW; the Salt River Project Agricultural Improvement and Power District (“SRP”), totaling 1,500 MW; and, Tucson Electric Power Company (“TEP”), totaling 331 MW (collectively, the “Arizona Transmission Rights”). PowerCo has authorized SunZia

Transmission to leverage the Arizona Transmission Rights to support this SPTO application and these Arizona Transmission Rights, therefore, are included as assigned Entitlements and Encumbrances to be placed under the CAISO's Operational Control.

As described above, PowerCo (and its assignees or resale counterparties, as applicable) is the sole user of the 2,131 MW of Arizona Transmission Rights. Any non-subscriber of those Arizona Transmission Rights may use such Rights in accordance with the policies and procedures of the CAISO Tariff subject to a non-subscriber usage charge to be detailed in the SunZia Transmission TO Tariff, consistent with the CAISO Tariff. The costs of the facilities that support the 2,131 MW of Arizona Transmission Rights will not be included in the CAISO Transmission Access Charge.

## 2. Entitlements

As previously stated, PowerCo has authorized SunZia Transmission to leverage the Arizona Transmission Rights for purposes of this SPTO application. Additionally, PowerCo holds the full 3,021 MW of firm point-to-point transmission rights on the SunZia Transmission System.

As such, SunZia Transmission has identified these Arizona Transmission Rights as Entitlements and Encumbrances<sup>4</sup> that will be placed under CAISO's Operational Control while the 3,021 MW of transmission rights on the SunZia Transmission System will be treated as a Subscriber Encumbrance.

All of the Arizona Transmission Rights have a point-of-receipt at the Pinal Central 500 kV Substation and a point-of-delivery at the Palo Verde 500 kV Hub but are able to be redirected subject to the processes and procedures of the open access transmission tariff ("OATT") of each respective transmission provider (i.e., SRP, WAPA, and TEP) and the CAISO. This portfolio of transmission service is comprised of the following rights:<sup>5</sup>

- 1) 300 MW on the WAPA system
- 2) 1,500 MW on the SRP system

---

<sup>4</sup> The Arizona Transmission Rights are SunZia Transmission Entitlements on WAPA, SRP and TEP's transmission systems, but the Entitlement is fully Encumbered by PowerCo as the owner of the Arizona Transmission Rights.

<sup>5</sup> Transmission service reservations are visible on the Open Access Same-time Information Systems (OASIS) of each of the respective transmission providers via the OATI webSmart OASIS platform.



3) 331 MW on TEP system

As part of this application process, SunZia Transmission will work jointly with the CAISO and WAPA, SRP, and TEP to establish CAISO's Operational Control over the Arizona Transmission Rights, consistent with the terms and conditions of those TSAs.

### 3A. Encumbrances

The allocation of capacity on the SunZia Transmission System has been the subject of a number of FERC orders dating back to 2011. SunZia Transmission held two separate open solicitation processes for the sale of the entirety of the capacity created by the SunZia Transmission System, each of which was won by a predecessor-in-interest to PowerCo and each of which was reviewed and approved by the FERC. Based on those FERC-approved capacity allocation processes, FERC granted SunZia Transmission negotiated rate authority. Under this authority, SunZia Transmission and PowerCo entered into a TSA dated December 21, 2022, pursuant to which SunZia Transmission will provide firm point-to-point transmission service over its transmission facilities to PowerCo. The TSA was filed by SunZia Transmission on December 22, 2022, in Docket No. ER23-721-000 and was accepted for filing by the FERC's Office of Energy Market Regulation, acting on delegated authority, on February 16, 2023. The TSA was amended and restated on September 1, 2023, and filed with FERC in Docket No. ER23-2765-000 ("Amended and Restated TSA"). FERC issued an order on October 25, 2023, accepting for filing the Amended and Restated TSA and granting an effective date for such agreement on November 1, 2023.<sup>6</sup>

The effective TSA between SunZia Transmission and PowerCo results in the SunZia Transmission System being subject to the following Encumbrance:

Under the Amended and Restated TSA, SunZia Transmission will provide PowerCo 3,021 MW of firm point-to-point transmission service over its transmission facilities including other rights and obligations as outlined in that TSA.

Additionally, the Arizona Transmission Rights that are encumbered by PowerCo in allowing SunZia Transmission to leverage these rights for purposes of SunZia Transmission's integration into the CAISO system as an SPTO.

---

<sup>6</sup> SunZia Transmission, LLC, Docket No. ER23-2765-000, Unpublished Letter Order issued Oct. 25, 2023.

A matrix summary of Encumbrances and Entitlements is included below as Appendix C.

### **3B. Existing SPTO Commitments**

SunZia Transmission also has two existing commitments it is including in this application. In June 2023, SunZia Transmission received two (2) valid applications requesting interconnection to the SunZia Transmission System, as described below. These existing commitments should maintain their queue positions on the SunZia Transmission System, as they were validated by SunZia Transmission prior to this SPTO application. All future interconnection requests will be received and studied under the terms and conditions of CAISO's OATT.

- a. A 1,250 MW photovoltaic ("PV") and 1,250 MW Battery Energy Storage System ("BESS") project submitted by Pattern Solar and Storage Development LLC; and
- b. A 345 kV ac transmission interconnection between the Pete Heinrich Switching Station and the Public Service Company of New Mexico's transmission system submitted by Pattern Solar and Storage Development LLC.

### **4. Statement of Intent to Place All Transmission Lines, Associated Facilities, and Entitlements Under CAISO Operational Control**

SunZia Transmission intends to place under the CAISO's Operational Control all of the SunZia Transmission System's facilities as well as the Arizona Transmission Rights. In addition, SunZia Transmission requests that the Amended and Restated TSA and the transmission service agreements associated with the Arizona Transmission Rights, including all terms and conditions, be treated as Encumbrances consistent with Section 16 of the CAISO Tariff.

Prior to giving CAISO Operational Control, SunZia Transmission intends to join the CAISO Balancing Authority Area ("BAA") prior to energization of SunZia Transmission System facilities for the purposes of testing and commissioning the SunZia Transmission System and the interconnected Wind Projects.

## **5. Local Reliability Criteria to be Included as part of the Applicable Reliability Criteria**

HVDC transmission systems require specific planning requirements when new inverter-based resources are proposed nearby the converter stations. The use of HVDC technology for the SunZia Transmission System does not, in and of itself, result in the need to implement local reliability criteria. However, the optimized design of the Wind Projects and the New Mexico converter station of the SunZia Transmission System require thoughtful consideration as it relates to voltage control of generation facilities that interconnect to the SunZia Transmission System in New Mexico to ensure sufficient reactive power margin is available to support abnormal system conditions such as DC and AC faults. Interconnection studies will be performed for any new interconnectors to the SunZia Transmission System and these studies may identify specific operating modes for which to operate new interconnected generation facilities (e.g., operating in voltage-control mode).

Additionally, the SunZia Transmission System does not integrate with the existing transmission system of the broader Western Electricity Coordinating Council (“WECC”) region in New Mexico which means that the SunZia Transmission System’s New Mexico converter station will operate in grid-forming mode. This means that the voltage frequency is being established by the New Mexico converter station and therefore frequency response attributes of interconnecting generators are not expected to be utilized. Should this arrangement change in the future, interconnecting generators to the SunZia Transmission System may need to implement alternative control requirements such as different operating modes (e.g., power factor) and frequency response controls.

The SunZia Transmission System shall comply with all Reliability Standards and reliability criteria established by the North American Electric Reliability Corporation (“NERC”) and the WECC and approved by FERC.

The Arizona Transmission Rights and the associated transmission facilities that support the provision of these rights, are subject to the planning and operating processes and procedures of the owners of those facilities and are outside the purview of SunZia Transmission.

## **6. Maintenance Practices**

SunZia Transmission has entered into operations and maintenance agreements with third-party service providers which require such providers to perform such work in accordance with Good Utility Practice, CAISO-approved maintenance standards, as applicable, and the respective agreements and applicable guidelines.

This section does not apply to the Arizona Transmission Rights as the facilities supporting these rights are operated and maintained by entities that are not party to this application.

## **7. Applicable Reliability Criteria Waivers**

SunZia Transmission does not expect the SunZia Transmission System to have capabilities to convey frequency response capabilities from interconnected generators as the New Mexico converter station is operating in grid-forming mode and frequency response characteristics have not been implemented into the HVDC controls. Exclusion of frequency response requirements, along with other exclusions of the FERC pro-forma Large Generator Interconnection Agreement specific to the interconnection of the Wind Projects to the SunZia Transmission System, are outlined in the GIA, and associated filing letter, between SunZia Transmission and PowerCo.

## **8. Applicant's Proposed Transmission Owner Tariff**

Attached as Appendix D is SunZia Transmission's proposed TO Tariff. SunZia Transmission has not yet filed the proposed TO Tariff with FERC and reserves the right to make corrections or changes prior to filing. SunZia Transmission intends to file a final version of the TO Tariff with FERC in accordance with the CAISO Tariff.

## **9. FERC Transmission Revenue Requirement Filing**

Consistent with CAISO's recently filed Tariff language related to the Subscriber PTO construct, SunZia Transmission does not anticipate the need for a FERC transmission revenue requirement. FERC has authorized SunZia Transmission to sell transmission rights at negotiated rates and an Amended and Restated TSA has been executed with PowerCo for the full capacity of the SunZia Transmission System.

Once CAISO has established Operational Control over the SunZia Transmission System facilities, any unused portion of the SunZia Transmission System capacity will be made available to CAISO consistent with the Transmission Control Agreement

subject to a SunZia Transmission – HVDC Non-Subscriber Usage Rate. SunZia Transmission will file the SunZia Transmission – HVDC Non-Subscriber Usage Rate at FERC consistent with Appendix F, Schedule 3 of the CAISO Tariff.

Once CAISO has established Operational Control over the Arizona Transmission Rights, any unused portion of the Arizona Transmission Rights will be made available to CAISO consistent with the Transmission Control Agreement subject to a SunZia Transmission – Arizona Transmission Rights Non-Subscriber Usage Rate. SunZia Transmission will file the SunZia Transmission – Arizona Transmission Rights Non-Subscriber Usage Rate at FERC consistent with Appendix F, Schedule 3 of the CAISO Tariff.

## **10. Address and Contact Information**

SunZia Transmission, LLC  
1088 Sansome Street  
San Francisco, CA 94111  
[Transmission@PatternEnergy.com](mailto:Transmission@PatternEnergy.com)

## **11. Other Information Reasonably Required by CAISO**

SunZia Transmission and PowerCo intend to provide any other information required by CAISO.

## **12. Settlement Account**

SunZia Transmission will establish a Settlement Account in coordination with the CAISO.

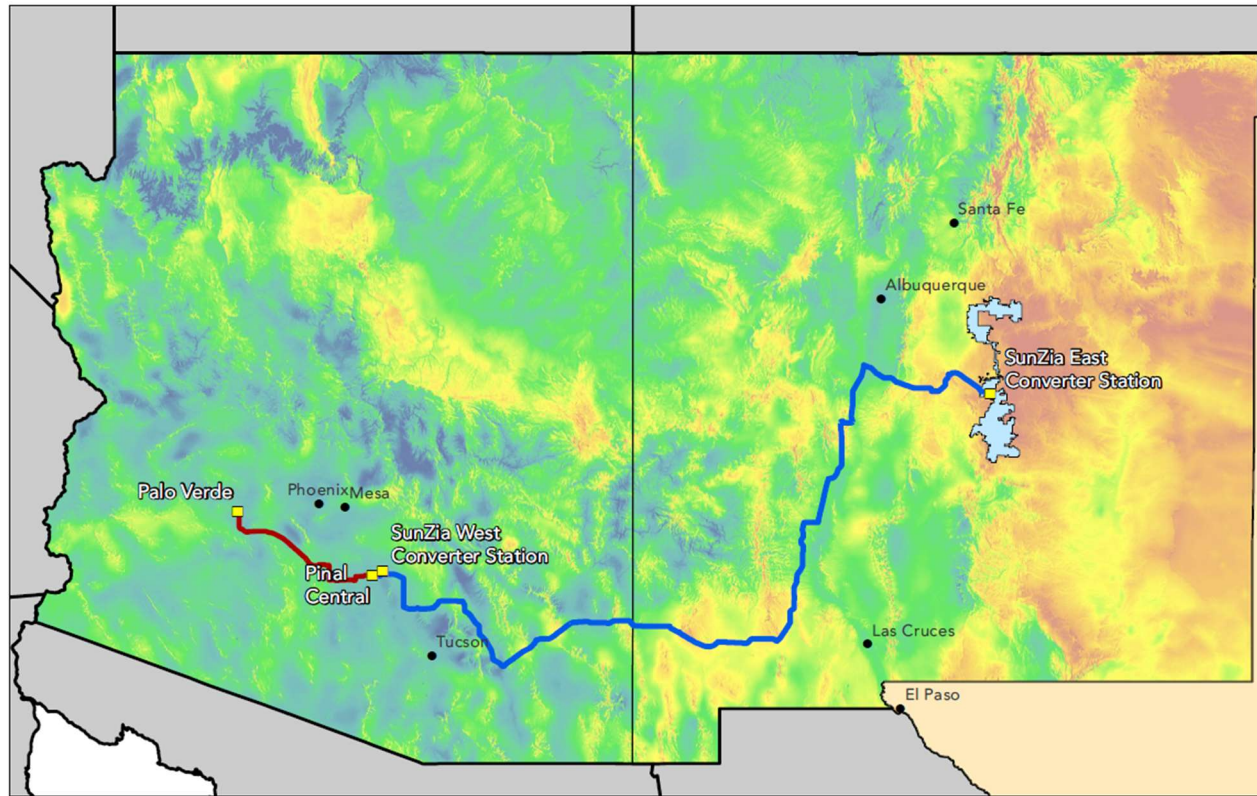
## **13. MWh Demand**

As a non-load serving independent transmission company, SunZia Transmission is not bringing any end-user load to the CAISO BAA and therefore does not have a MWh demand.

## **14. Encumbrances and Entitlements Instructions**

Instructions will be developed jointly with the CAISO and the operating agents/transmission providers associated with SunZia Transmission's Encumbrances and Entitlements.

## Appendix A – Map of the SunZia Transmission System and Arizona Transmission Rights



\*\*“3rd Party Firm Transmission Service” represents the Arizona Transmission Rights

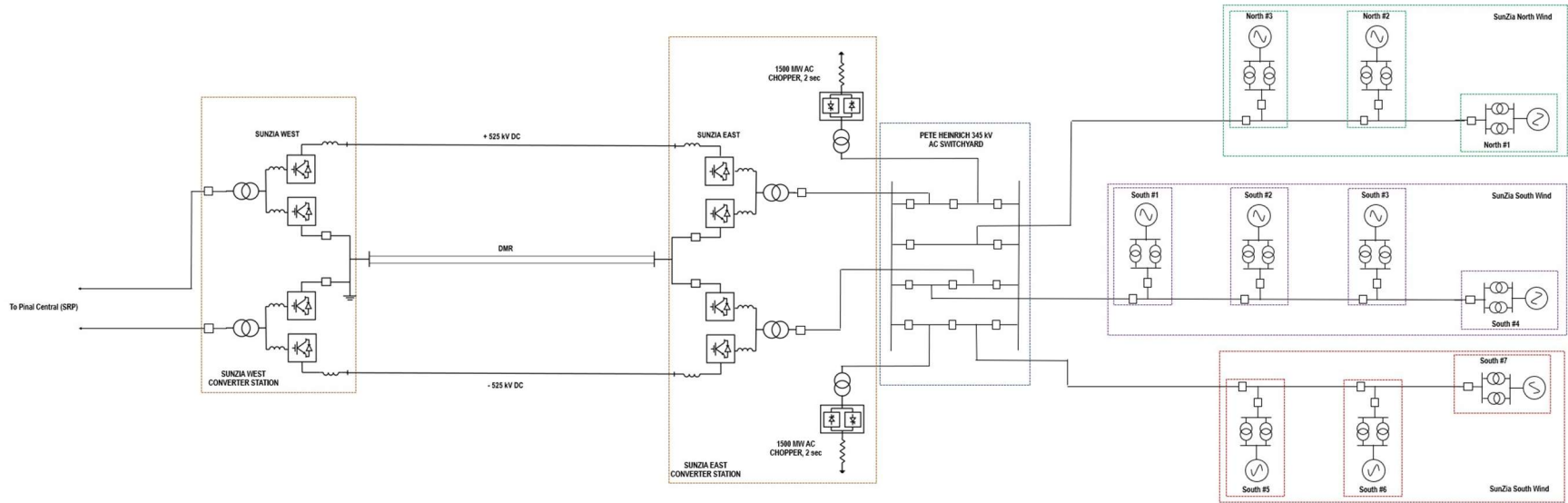
- Substations
- 3rd Party Firm Transmission Service
- SunZia Transmission
- Wind Project Area

Windspeed  
High  
Low



0 12.525 50 75 100  
Mi.

## Appendix B – One-Line Diagram of the SunZia Transmission System and Interconnected Wind Projects





## Appendix C – Encumbrances and Entitlements Matrix

Parties	Entitlement/ Encumbrance Designation	Contract / Document	Point of Interconnection or POR/POD Combination	FERC No.	Term	Contract Amount/Type
SunZia Transmission and PowerCo	Entitlement: PowerCo on the SunZia Transmission System  Encumbrance: CAISO's Controlled Grid is encumbered by SunZia Transmission as a result of this contract(s)	Transmission Service Agreement on the SunZia Transmission System	Pete Heinrich AC Switchyard to Pinal Central Substation	ER23-2765	30 years; rollover rights thereafter	3,021 MW
PowerCo and WAPA	Entitlement: SunZia Transmission on the WAPA transmission system by agreement with PowerCo  Encumbrance: PowerCo as holder of the WAPA transmission rights	Transmission Service Agreement on the WAPA transmission system (part of the Arizona Transmission Rights)	Pinal Central 500 kV Substation to Palo Verde 500 kV Hub	N/A - WAPA is not FERC- jurisdictional	20 years; rollover rights thereafter	300 MW

PowerCo and SRP	<p>Entitlement: SunZia Transmission on the SRP transmission system by agreement with PowerCo</p> <p>Encumbrance: PowerCo as holder of the SRP transmission rights</p>	<p>Transmission Service Agreement on the SRP transmission system (part of the Arizona Transmission Rights)</p>	<p>Pinal Central 500 kV Substation to Palo Verde 500 kV Hub</p>	<p>TX22-7-000 (for reference) SRP is not FERC-jurisdictional</p>	<p>15 years; rollover rights thereafter</p>	<p>1,500 MW</p>
PowerCo and TEP	<p>Entitlement: SunZia Transmission on the TEP transmission system by agreement with PowerCo</p> <p>Encumbrance: PowerCo as holder of the TEP transmission rights</p>	<p>Transmission Service Agreement on the TEP transmission system (part of the Arizona Transmission Rights)</p>	<p>Pinal Central 500 kV Substation to Palo Verde 500 kV Hub</p>	<p>N/A - conforming TSAs</p>	<p>5 years; rollover rights thereafter</p>	<p>331 MW</p>

## **Appendix D – SunZia Transmission Proposed TO Tariff**

Attached

**SUNZIA TRANSMISSION, LLC,  
FERC ELECTRIC TRANSMISSION OWNER TARIFF**

DRAFT

Issued by: \_\_\_\_\_  
Issued on: \_\_\_\_\_

Effective \_\_\_\_\_

**TABLE OF CONTENTS**

**Sheet No.**

1.	Preamble .....	1
2.	Effective Date .....	1
	2.1 Termination .....	1
3.	TO Definitions .....	1
	3.1 Completed Application Date .....	1
	3.2 Completed Interconnection Application .....	1
	3.3 Direct Assignment Facilities .....	1
	3.4 Encumbrances .....	1
	3.5 Entitlements .....	1
	3.6 Existing Contracts .....	1
	3.7 Non-Subscriber .....	2
	3.8 Participating TO .....	2
	3.9 Project Proponent .....	2
	3.10 Regional Transmission Facilities .....	2
	3.11 Regulatory Authority .....	2
	3.12 Study Agreement .....	2
	3.13 Study .....	2
	3.14 Subscriber .....	2
	3.15 Subscriber Service .....	3
	3.16 SunZia Transmission .....	3
	3.17 SunZia Transmission System .....	3
4.	Eligibility .....	3
5.	Non-Subscriber Usage Rate, Subscriber Cost Recovery and Transmission Rates .....	3
	5.1 Non-Subscriber Usage Rate .....	3
	5.2 Subscriber Cost Recovery .....	3
	5.3 Transmission System Rights .....	3
	5.4 Transmission Rates for Subscriber Service .....	3
	5.5 Access Charge and Transmission Rate Subsequent to the Initial Build .....	3
6.	Ancillary Services - Applicability and Charges .....	4
7.	Billing and Payment .....	5
8.	Obligation to Interconnect or Construct Transmission Expansions and Facility Upgrades .....	5
	8.1 Participating TO Obligation to Interconnect .....	5
9.	Expansion Process for SunZia Transmission System and Entitlements in the Arizona Transmission Rights .....	7
	9.1 Expansion Process .....	7
10.	Interconnection Process for SunZia Transmission’s Entitlements in the Arizona Transmission Rights .....	10
	10.1 Interconnection Process .....	10
	10.2 Applicability .....	11

Table of Contents (continued)

	Page
11. Uncontrollable Forces and Indemnification.....	11
11.1 Procedures to Follow if Uncontrollable Force Occurs.....	11
11.2 Indemnification.....	11
11.3 Open Access.....	11
12. Regulatory Filings.....	11
13. Creditworthiness .....	11
13.1 UDCs, MSSs, and Scheduling Coordinators Using the Participating TO’s Local Transmission Facilities .....	11
13.2 End-Users.....	12
14. Miscellaneous .....	12
14.1 Notices .....	12
14.2 Waiver.....	12
14.3 Confidentiality .....	12
14.4 TO Tariff Supersedes Existing Tariffs.....	13
14.5 Titles .....	13
14.6 Severability .....	13
14.7 Preservation of Obligations.....	13
14.8 Governing Law .....	13
14.9 Appendices Incorporated .....	13
14.10 Consistency with CAISO Tariff.....	13
14.11 Disputes .....	14
14.12 Conflicting Dispatch and Operating Instructions.....	14
APPENDIX I .....	1
APPENDIX II.....	1
APPENDIX III.....	1

1. **Preamble.** The terms and conditions pursuant to which the Regional Transmission Facilities and Entitlements of SunZia Transmission placed under the CAISO’s Operational Control, including certain terms and conditions relating to transmission expansion of and interconnection with SunZia Transmission’s Regional Transmission Facilities and Entitlements placed under the CAISO’s Operational Control, are set forth in this TO Tariff. SunZia Transmission offers long-term transmission service to subscribers at negotiated rates and offers other transmission service as provided in this TO Tariff, the Transmission Control Agreement (“TCA”) and the CAISO Tariff, as applicable. For purposes of this TO Tariff and the TCA, SunZia Transmission is a Non-Load-Service Participating TO and has no End-Use Customers.
2. **Effective Date.** This TO Tariff is effective on the later of (i) the effective date established by FERC in its order accepting this TO Tariff for filing and (ii) the date on which SunZia Transmission becomes a Participating TO under the CAISO Tariff and shall continue to be effective so long as SunZia Transmission is a party to the TCA.
  - 2.1 **Termination.** This TO Tariff may be terminated by SunZia Transmission upon such advance notice consistent with the TCA and with such authorization as FERC may require.
3. **TO Definitions.** Certain capitalized terms used in this TO Tariff that are set out immediately below shall have the meanings set out immediately below. Capitalized terms used in this TO Tariff and not defined below shall have the meanings set out in the CAISO Tariff as it may be amended from time to time.
  - 3.1 **Completed Application Date.** The date on which a party submits an Interconnection Application that satisfies the requirements of a Completed Interconnection Application.
  - 3.2 **Completed Interconnection Application.** An application that satisfies all of the information and other requirements of this TO Tariff, including any required deposit
  - 3.3 **Direct Assignment Facilities.** Facilities or portions of facilities that are constructed by the Participating TO for the sole use or benefit of a particular party requesting Interconnection under this TO Tariff. Direct Assignment Facilities shall be specified in the Interconnection Agreement that governs service to such party.
  - 3.4 **Encumbrances.** As used in this TO Tariff, the term Encumbrances shall have the meaning set forth in the CAISO Tariff and shall include SunZia Transmission’s obligations to the Subscriber as set forth in the Existing Contracts.
  - 3.5 **Entitlements.** As used in this TO Tariff, the term Entitlements shall have the meaning set forth in the CAISO Tariff and shall include the Existing Contracts for (i) the firm, point-to-point transmission service on the SunZia Transmission System and (ii) the assigned firm, point-to-point transmission capacity rights from the Pinal Central 500 kV Substation to the Palo Verde 500 kV Substation purchased from the Desert Southwest Region of the Western Area Power Administration (“WAPA”), the Salt River Project Agricultural Improvement and Power District (“SRP”) and Tucson Electric Power Company (“TEP”).
  - 3.6 **Existing Contracts.** For purposes of this TO Tariff, the term Existing Contracts as used herein and in the CAISO Tariff include (i) the Amended and Restated Transmission Service Agreement dated September 1, 2023 between SunZia Transmission and SunZia Wind PowerCo LLC (“SunZia PowerCo”) (the “Amended and Restated TSA”) and accepted by FERC in *SunZia Transmission, LLC*, Docket No. ER23-2765-000 (unpublished letter order

issued October 25, 2023); (ii) the three Service Agreements for the reassignment of point-to-point transmission service dated as of December 13, 2023, each by and among WAPA, Pattern New Mexico Wind LLC (“PNMW”) and SunZia PowerCo; (iii) (a) the two Service Agreements dated as of April 23, 2021, each by and between TEP and PNMW, (b) the three Service Agreements dated as of April 7, 2022, each by and between TEP and PNMW, and (c) the five Service Agreements for the reassignment of point-to-point transmission service dated as of December 15, 2023, each by and between TEP and SunZia PowerCo; and (iv) the fourteen Service Agreements dated as of December 1, 2022, each by and between SRP and PNMW (Items (ii), (iii) and (iv) are collectively, the “Arizona Transmission Rights”).

- 3.7 Non-Subscriber.** An entity other than a Subscriber that utilizes the SunZia Transmission System and/or the Arizona Transmission Rights for transmission service under the CAISO Tariff.
- 3.8 Participating TO.** A party to the TCA whose application under Section 2.2 of the TCA has been accepted and who has placed its transmission assets and Entitlements under the CAISO’s Operational Control in accordance with the TCA. A Participating TO may be an Original Participating TO or a New Participating TO. For purposes of this TO Tariff, the Participating TO is SunZia Transmission.
- 3.9 Project Proponent.** A Market Participant or group of Market Participants that: (i) advocates a transmission addition or upgrade; (ii) is unwilling to pay the full cost of the proposed transmission addition and upgrade, and thus is not a Project Sponsor; and (iii) initiates proceedings under the CAISO ADR Procedures to determine the need for the proposed transmission addition or upgrade.
- 3.10 Regional Transmission Facilities.** For purposes of this TO Tariff, the Regional Transmission Facilities shall be the SunZia Transmission System and the Arizona Transmission Rights.
- 3.11 Regulatory Authority.** In the case of SunZia Transmission, the Federal Energy Regulatory Commission (“FERC”), or successor agency.
- 3.12 Study Agreement.** An agreement between a Participating TO and either a party requesting Interconnection to the CAISO Controlled Grid, a Market Participant, a Project Sponsor, or identified principal beneficiaries pursuant to which the party requesting such Interconnection, Market Participant, Project Sponsor, or identified principal beneficiaries agrees to reimburse the Participating TO for the cost of performing or reviewing a Study.
- 3.13 Study.** An engineering study conducted to determine required modifications to the Participating TO’s transmission system, including estimated cost and scheduled completion date for such modifications that will be required to provide needed services.
- 3.14 Subscriber.** SunZia PowerCo on behalf of SunZia Wind North LLC and SunZia Wind South LLC. In the event that SunZia PowerCo assigns its rights and obligations under one or more of the Existing Contracts to SunZia Wind North LLC and/or SunZia Wind South LLC or SunZia Wind North LLC and/or SunZia Wind South LLC assign such rights and obligations to one or more other assignees, such assignees shall be the Subscriber for purposes of this TO Tariff with respect to such assigned Existing Contract.



- 3.15 Subscriber Service.** The transmission service provided by SunZia Transmission to its Subscriber as described in Section 4 of this TO Tariff.
- 3.16 SunZia Transmission.** SunZia Transmission, LLC (“SunZia Transmission”) is the Participating TO under this TO Tariff.
- 3.17 SunZia Transmission System.** The ±525 kV high voltage, direct current, bipole transmission line between the Pete Heinrich 345 kV AC Switching Station and the Pinal Central 500 kV Substation.
- 4. Eligibility.** Long-term firm transmission service over SunZia Transmission’s Regional Transmission Facilities and Entitlements placed under the CAISO’s Operational Control is provided by SunZia Transmission pursuant to the Amended and Restated TSA accepted by FERC in *SunZia Transmission, LLC*, Docket No. ER23-2765-000 (unpublished letter order issued October 25, 2023) (“Subscriber Service”). Transmission capacity reserved for Subscriber Service shall constitute a Subscriber Encumbrance under the TCA. Transmission service other than Subscriber Service shall be provided only to Eligible Customers pursuant to the TCA and the CAISO Tariff.
- 5. Non-Subscriber Usage Rate, Subscriber Cost Recovery and Transmission Rates.**
- 5.1 Non-Subscriber Usage Rate.** To the extent that the Regional Transmission Facilities and/or Entitlements of SunZia Transmission are used by a Non-Subscriber to provide transmission service under the CAISO Tariff, the Non-Subscriber shall pay to the CAISO a Non-Subscriber Usage Fee calculated in accordance with Appendix I.
- 5.2 Subscriber Cost Recovery.** The Subscriber has the right to recover lost production tax credits and/or lost investment tax credits as interconnection-related outage costs and SunZia Transmission has the right to recover lost transmission revenue as interconnection-related outage costs, in both cases, as accepted by the FERC in *SunZia Transmission, LLC*, Order Accepting Tariff, Docket No. ER23-2146-001, 185 FERC ¶ 61,052 PP 25-26 (issued October 20, 2023).
- 5.3 Transmission System Rights.** SunZia Transmission, as the holder of the Entitlements, is entitled to all associated right, including rate recovery. SunZia Transmission owns all Transmission System Rights (“TSRs”) with respect to the Regional Transmission Facilities.
- 5.4 Transmission Rates for Subscriber Service.** The rates for Subscriber Service are set forth in and shall be paid to SunZia Transmission pursuant to the Amended and Restated TSA outside of the CAISO settlement systems.
- 5.5 Access Charge and Transmission Rate Subsequent to the Initial Build.**
- 5.5.1 Wheeling Access Charge.** The Wheeling Access Charge for additional transmission approved by the CAISO after the initial build shall be determined in accordance with the CAISO Tariff. The Wheeling Access Charge assessed by the CAISO consists of a Regional Wheeling Access Charge and, if applicable, a Local Wheeling Access Charge. The Regional Wheeling Access Charge is set forth in the CAISO Tariff.

**5.5.2 Transmission Revenue Requirement.** As set forth in the CAISO Tariff, the Transmission Revenue Requirement (“TRR”) for additional transmission approved by the CAISO after the initial build for each Participating TO is used to develop the Access Charges set forth in the CAISO Tariff and is used by the CAISO to calculate the disbursement of Wheeling revenues among Participating TOs. Wheeling revenues are disbursed by the CAISO to Participating TOs pursuant to Section 26.1.4.3 of the CAISO Tariff. SunZia Transmission’s TRR is set forth in Appendix I.

**5.5.3 Transmission Revenue Balancing Account Adjustment.** The Participating TO for additional transmission approved by the CAISO after the initial build shall maintain a Transmission Revenue Balancing Account (“TRBA”) with an annual Transmission Revenue Balancing Account Adjustment (“TRBAA”) that will ensure that all Transmission Revenue Credits and adjustments for any over- or under-recovery of its annual Transmission Revenue Requirement, if any, specified in Sections 6, 8 and 13 of Appendix F, Schedule 3 of the CAISO Tariff, flow through to transmission customers. The TRBAA used to calculate the Regional Transmission Revenue Requirement shall include other adjustments specified in Appendix F, Schedule 3, Sections 6, 8 and 13 of the CAISO Tariff.

The TRBAA shall be equal to:

$$\text{TRBAA} = \text{Cr} + \text{Cf} + \text{I}$$

Where:

Cr = The principal balance in the TRBA recorded in FERC Account No. 254 as of September 30 of the year prior to commencement of the January billing cycle. This balance represents the unamortized balance in the TRBA from the previous period and the difference in the amount of revenues or expenditures from Transmission Revenue Credits and any over- or under-recovery of its annual Transmission Revenue Requirement and the amount of such revenues or expenditures that has been refunded to or collected from customers through operation of the TRBAA;

Cf = The forecast of Transmission Revenue Credits, if any, for the following calendar year;

I = The interest balance for the TRBA, which shall be calculated using the interest rate pursuant to Section 35.19(a) of FERC’s regulations under the Federal Power Act (18 CFR Section 35.19(a)). Interest shall be calculated based on the average TRBA principal balance each month, compounded quarterly; and

The SunZia Transmission TRBAA, calculated in accordance with the CAISO Tariff and approved by the FERC, is stated in Appendix II.

**6. Ancillary Services - Applicability and Charges.** If any Ancillary Services are required, SunZia Transmission will not provide such services directly to the transmission customer and the transmission customer will be required to meet any such requirement in accordance with the CAISO Tariff.

**7. Billing and Payment.**

- 7.1** The CAISO, in accordance with the CAISO Tariff, shall pay the Participating TO, among other things, all applicable Non-Subscriber Usage Payments, including applicable Wheeling Revenues in accordance with the CAISO Tariff.
- 7.2** Non-Subscribers using SunZia Transmission's Regional Transmission Facilities and Entitlements placed under the CAISO's Operational Control shall pay to the CAISO all applicable charges in accordance with this TO Tariff and the CAISO Tariff.
- 7.3** If, subsequent to the initial build of the SunZia Transmission System, SunZia Transmission is ordered by the CAISO to construct, own and operate additional transmission facilities, then the CAISO in accordance with the CAISO Tariff, shall pay SunZia Transmission, among other things, all applicable Access Charge revenues and Wheeling revenues in connection with the expansion of the SunZia Transmission System consistent with Section 5.5 of this TO Tariff.
- 7.4** Non-Subscribers using SunZia Transmission's Regional and Local Transmission Facilities subsequent to the initial build placed under the CAISO's Operational Control shall pay to the CAISO all applicable charges in accordance with this TO Tariff and the CAISO Tariff.

**8. Obligation to Interconnect or Construct Transmission Expansions and Facility Upgrades.** All requests for interconnection with the SunZia Transmission System should be directed to the CAISO with notice of such request provided to SunZia Transmission. Interconnections under this TO Tariff shall be available to entities eligible to request Interconnection consistent with the provisions of Section 210(a) of the Federal Power Act. Expansion of and/or interconnection to the SunZia Transmission System presently placed under the CAISO's Operational Control by SunZia Transmission shall be governed by the CAISO Tariff. The Arizona Transmission Rights placed under the operational control of CAISO by SunZia Transmission are Entitlements that require the approval of the owners of those transmission facilities and SunZia Transmission does not have the legal authority to compel expansion or interconnection. SunZia Transmission's obligation to expand and/or interconnect the SunZia Transmission System to load and/or to facilities providing wholesale transmission service shall be determined in accordance with all applicable FERC and/or Local Regulatory Authority requirements.

**8.1 Participating TO Obligation to Interconnect.** This Section 8.1, 9.1, and 10.1, and their subparts, are provided for consistency with the TO Tariffs of other PTOs and for potential future application should SunZia Transmission acquire transmission facilities or acquire additional legal authority in its existing facilities that would provide SunZia Transmission sufficient legal authority to implement those Sections. Sections 8.1, 9.1, and 10.1 have no current application to the Entitlements turned over to CAISO's Operational Control by SunZia Transmission, which are covered solely by Sections 8, 9, and 10 (exclusive of Sections 8.1, 9.1 and 10.1 and their subparts) as to expansions and interconnections.

**8.1.1 Interconnection to Transmission System.** Interconnection must be consistent with Good Utility Practice, in conformance with all Applicable Reliability Criteria, all applicable statutes, regulations and CAISO reliability criteria for the CAISO Controlled Grid. The Participating TO will not accommodate the Interconnection if doing so would impair system reliability, or would otherwise adversely affect the ability of the Participating TO to honor its Encumbrances existing as of the time a party submits its Interconnection Application. The Participating TO shall

identify any such adverse effect on its Encumbrances in the Interconnection Study. To the extent the Participating TO determines that the Interconnection will have an adverse effect on Encumbrances, the party requesting Interconnection shall mitigate such adverse effect.

**8.1.2 Costs Associated with Interconnection.** Each party requesting Interconnection shall pay the costs of planning, installing, owning, operating, and maintaining any Direct Assignment Facilities and, if applicable, any Reliability Upgrades required to provide the requested Interconnection, except as provided in Appendix DD of the CAISO Tariff, and any interconnection-related outage costs as accepted by FERC in Docket No. ER23-2146-001, *SunZia Transmission, LLC*, Order Accepting Tariff, 185 FERC ¶ 61,052 PP 25-26 (Oct. 20, 2023). In addition, such party shall implement all existing operating procedures necessary to safely and reliably interconnect such party's facilities to the facilities of the Participating TO and to ensure the CAISO Controlled Grid's conformance with the CAISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures. Any additional costs associated with accommodating the Interconnection shall be allocated in accordance with the cost responsibility methodology set forth in the CAISO Tariff for transmission expansions or upgrades or, for the expansion and/or interconnection of the SunZia Transmission System to provide service to load and/or to facilities providing wholesale transmission service, in accordance with all applicable FERC and/or Local Regulatory Authority requirements.

**8.1.3 Interconnection Agreement.** Pursuant to Section 13 of Appendix DD of the CAISO Tariff, the Participating TO will tender to such party an Interconnection Agreement. The Interconnection Agreement will include, without limitation, cost responsibilities and payment provisions for any engineering, equipment, construction, ownership, operation and maintenance costs for any Direct Assignment Facilities, any Reliability Upgrades, any Delivery Upgrades, if applicable, and for any other mitigation measures consistent with the CAISO Tariff. The Interconnection Agreement will set forth a payment schedule that enables the Participating TO to recover its costs consistent with the CAISO Tariff. If the applicant elects not to execute the Interconnection Agreement and does not request the Participating TO to file an unexecuted Interconnection Agreement, its Completed Interconnection Application shall be deemed withdrawn. To maintain its queue position, the applicant must timely comply with the interconnection requirements of Appendix DD of the CAISO Tariff and Sections 8.1 and 10.1 and its subparts of this TO Tariff.

**8.1.4 Due Diligence to Construct.** The Participating TO shall use due diligence to construct, within a reasonable time, any Direct Assignment Facilities and any Reliability Upgrades that it is obligated to construct pursuant to this TO Tariff and, as applicable, Section 24 and Appendix DD of the CAISO Tariff. The Participating TO's obligation to build will be subject to: (i) its ability, after making a good faith effort, to obtain any necessary approvals and property rights under applicable federal, state, and local laws; (ii) the presence of a cost recovery mechanism with cost responsibility assigned in accordance with the CAISO Tariff or applicable FERC precedent; and (iii) a signed Interconnection Agreement or a signed Engineering and Procurement Agreement or, by mutual agreement of the parties, FERC acceptance for filing of an unexecuted Interconnection Agreement.

- 8.1.5 Energization.** The Participating TO shall not be obligated to energize, nor shall the applicant or wholesale load be entitled to have its Interconnection to the CAISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at FERC pursuant to Section 8.1.3, and becomes effective and such applicant or wholesale load has demonstrated to the CAISO's reasonable satisfaction that it has complied with all of the requirements of Section 5.7 of the CAISO Tariff and the requirements of this TO Tariff.
- 8.1.6 Coordination with CAISO on Interconnection Requests.** The Participating TO shall coordinate with the CAISO, pursuant to the provisions of the TCA and CAISO Tariff.
- 8.1.7 Participating TO Obligation to Construct Transmission Expansions or Facility Upgrades.** The Participating TO shall be obligated to build transmission additions and facility upgrades where the Participating TO is obligated to construct or expand facilities in accordance with and subject to the limitations of Section 24 of the CAISO Tariff and this TO Tariff.
- 8.1.8 Obligation to Construct.** A Participating TO shall not be obligated to construct or expand transmission facilities or system upgrades unless and until the conditions stated in Section 9.1.3.1 hereof have been satisfied.
- 8.1.9 Request for FERC Deference Regarding Need Determination.** It is intended that FERC grant substantial deference to the factual determinations of the CAISO (including the CAISO's ADR Procedures), WECC, or the RTG coordinated planning processes as to the need for or construction of a facility, the need for full cost recovery, and the allocation of costs.
- 9. Expansion Process for SunZia Transmission System and Entitlements in the Arizona Transmission Rights.** The expansion process related to the SunZia Transmission System where SunZia Transmission is the lead Participating TO with respect to a required system expansion is set forth in Section 9.1 of this TO Tariff. The Expansion process for SunZia Transmission's Entitlements to the Arizona Transmission Rights, which it has turned over to the operational control of the CAISO, is as stated in Section 8 above. Section 9 and its subparts shall not currently apply to those Entitlements.
- 9.1 Expansion Process.** Unless SunZia Transmission is the lead Participating TO with respect to a required system expansion, the provisions of Section 9.1 of this TO Tariff, and its subparts, shall have no application to Regional Transmission Facilities, Local Transmission Facilities, or Entitlements turned over to the CAISO's operational control by SunZia Transmission. With respect to the expansion of the transmission facilities by one or more of the transmission owners providing the Arizona Transmission Rights, the corresponding provisions of the open access transmission tariff of such transmission owner shall govern.
- 9.1.1 Determination of Facilities.** A Participating TO shall perform a study in accordance with this Section where (1) the Participating TO is obligated to construct or expand facilities in accordance with Section 24 and Appendix DD of the CAISO Tariff and this TO Tariff; (2) a Market Participant agrees to pay the costs of the study and provides an Interconnection Request consistent with the requirements of Appendix DD of the CAISO Tariff

## 9.1.2 Payment of Study Cost

**9.1.2.1 Interconnection Customer to Pay for Interconnection Study.** Where an Interconnection Study and the need for the transmission addition or upgrade has not yet been established in accordance with the procedures established herein and the CAISO Tariff, the Interconnection Customer shall pay the cost of the Study.

**9.1.2.2 Project Sponsor or Project Proponent to Pay for Interconnection Study.** Where the facilities to be added or upgraded have been determined to be needed in accordance with the procedures established herein and the CAISO Tariff, the Project Sponsor, Project Proponent, or the CAISO requesting the study shall pay in advance the reasonable cost of the Interconnection Study. When the Participating TO is the Project Sponsor in accordance with the CAISO Tariff, the costs of the Interconnection Study shall be recovered through the Access Charges and transmission rates.

**9.1.2.3 Principal Beneficiaries to Pay for Facilities Study.** Where the facilities to be added or upgraded have been determined to be needed and the principal beneficiaries have been identified by the CAISO or through the CAISO ADR Procedures in accordance with the CAISO Tariff, the Project Sponsor and the identified principal beneficiaries shall pay the reasonable cost of the Interconnection Study, in such proportions as may be agreed, or, failing agreement, as determined in accordance with the CAISO ADR Procedures.

**9.1.2.4 Payment Procedure.** Where an Interconnection Study is being conducted pursuant to this TO Tariff, the Participating TO shall, within thirty days, tender to the Interconnection Customer, Project Sponsor, Project Proponent, CAISO, or identified principal beneficiaries, as the case may be, an Interconnection Study Agreement that defines the scope, content, assumptions, and terms of reference for such study, the estimated time required to complete it, and such other provisions as the parties may reasonably require and pursuant to which such Interconnection Customer, Project Sponsor, Project Proponent, the CAISO, or identified principal beneficiaries agree to reimburse the Participating TO the reasonable cost of performing the required Interconnection Study. If the Interconnection Customer, Project Sponsor, Project Proponent, the CAISO, or identified principal beneficiaries, as the case may be, agree to the terms of the Interconnection Study Agreement, they shall execute the Interconnection Study Agreement and return it to the Participating TO within ten Business Days. Alternatively, if the Interconnection Customer, Project Sponsor, Project Proponent, the CAISO, or identified principal beneficiaries, as the case may be, request the Participating TO to proceed with the Interconnection Study and commit to abide by the terms, conditions, and cost assignments ultimately determined under the CAISO ADR Procedures, including any determination by FERC or appeal of a FERC determination in accordance with that process, the Participating TO shall promptly proceed with the Interconnection Study, and the parties shall

submit the disputed terms for resolution under the CAISO's ADR Procedures.

**9.1.2.5 Facilities Study Procedures.** Where an Interconnection Study is being conducted pursuant to the CAISO Tariff, the terms and conditions for such studies shall be in accordance with the CAISO Tariff, including Appendix DD.

**9.1.3 Obligation to Build.**

**9.1.3.1 Due Diligence to Construct.** The Participating TO shall use due diligence to construct, within a reasonable time, additions or upgrades to its transmission system that it is obligated to construct pursuant to the CAISO Tariff and this TO Tariff.

**9.1.3.2 Delay in Construction or Expansion.** If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Participating TO shall promptly notify the CAISO with regard to facilities determined to be needed. The Participating TO shall also notify the Project Sponsor, Parties to the Interconnection Agreement and the CAISO as the case may be. In such circumstances, the Participating TO shall, within thirty days of notifying such Project Sponsor, Parties to the Interconnection Agreement, and the CAISO of such delays, convene a technical meeting with such Project Sponsor, Parties to the Interconnection Agreement, and the CAISO to discuss the circumstances which have arisen and evaluate any options available. The Participating TO also shall make available to such Project Sponsor, Parties to the Interconnection Agreement, and the CAISO, as the case may be, studies and work papers related to the cause and extent of the delay and the Participating TO's ability to complete the new facilities, including all information that is in the possession of the Participating TO that is reasonably needed to evaluate the alternatives.

**9.1.3.2.1 Alternatives to the Original Facility Additions.** If the review process of Section 9.1.3.2 determines that one or more alternatives exist to the originally planned construction project, the Participating TO shall present such alternatives for consideration to the Project Sponsor, Parties to the Interconnection Agreement, and the CAISO, as the case may be. If, upon review of any alternatives, such Project Sponsor, the CAISO, or Parties to the Interconnection Agreement wish to evaluate or to proceed with one of the alternative additions or upgrades, such Project Sponsor, the CAISO, or Parties to the Interconnection Agreement, as the case may be, may request that the Participating TO prepare a revised study pursuant to Sections 9.1.2.1, 9.1.2.2, and 9.1.2.3 of this TO Tariff. In the event the Participating TO concludes that no reasonable alternative exists to the originally planned addition or upgrade and the Project Sponsor or Parties to the Interconnection Agreement or the CAISO disagree, the dispute shall be resolved pursuant to the CAISO ADR Procedures.

**9.1.3.2.2 Refund Obligation for Unfinished Facility Additions.**

If the Participating TO and the Project Sponsor, the CAISO, or Parties to the Interconnection Agreement, as the case may be, mutually agree that no other reasonable alternatives exist, the obligation to construct the requested additions or upgrades shall terminate and any deposit not yet applied toward the expended project costs shall be returned with interest pursuant to FERC Section 35.19(a)(2)(iii). However, the Project Sponsor and any identified principal beneficiaries, as the case may be, shall be responsible for all costs prudently incurred by the Participating TO through the time the construction was suspended.

**9.1.4 Provisions Relating To Transmission Construction On the Systems Of Other TOs.**

**9.1.4.1 Responsibility for Third Party Additions.** A Participating TO shall not be responsible for making arrangements for any engineering, permitting, and construction of any necessary facilities additions on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Participating TO shall undertake reasonable efforts through the coordinated planning process to assist in making such arrangements, including, without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

**9.1.4.2 Coordination of Third-Party System Additions.** Where transmission additions or upgrades being built pursuant to the CAISO Tariff require additions or upgrades on other systems, the Participating TO shall coordinate construction on its own system with the construction required by others. The Participating TO, after consultation with the CAISO, and the Project Sponsor, as the case may be, may defer construction if the new transmission facilities on another system cannot be completed in a timely manner. The Participating TO shall notify such Project Sponsor, Parties to the Interconnection Agreement, and the CAISO, in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of the new facilities. Such Project Sponsor, Parties to the Participation Agreement, or the CAISO may challenge the decision in accordance with the CAISO ADR Procedures.

**10. Interconnection Process for SunZia Transmission's Entitlements in the Arizona Transmission Rights.** The interconnection process for SunZia Transmission's Entitlements in the Arizona Transmission Rights, which it has turned over to CAISO operational control, is as stated in Section 8 above. Section 9, and its subparts, do not currently apply to those Entitlements.

**10.1 Interconnection Process.** Unless SunZia Transmission is the lead Participating TO with respect to a requested interconnection, the provisions of Section 10 of this TO Tariff, and its subparts, shall have no application to the Regional Transmission Facilities, Local Transmission Facilities, or Entitlements turned over to the CAISO's Operational Control by SunZia Transmission and the corresponding provisions of the lead Participating TO's TO Tariff shall govern. All requests for interconnection with the Regional Transmission Facilities, Local Transmission Facilities, or Entitlements turned over to the CAISO's



operational control by SunZia Transmission shall be directed to the lead Participating TO, with notice of the request provided to SunZia Transmission.

- 10.2 Applicability.** All requests for Interconnection directly to the CAISO Controlled Grid from parties eligible to request such Interconnection consistent with Section 210(a) of the FPA shall be processed pursuant to the CAISO Tariff.

## **11. Uncontrollable Forces and Indemnification.**

- 11.1 Procedures to Follow if Uncontrollable Force Occurs.** In the event of the occurrence of an Uncontrollable Force which prevents a Party from performing any of its obligations under this TO Tariff, such Party shall (i) immediately notify the other Parties in writing of the occurrence of such Uncontrollable Force, (ii) not be entitled to suspend performance in any greater scope or longer duration than is required by the Uncontrollable Force, (iii) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance hereunder, (iv) keep the other Parties apprised of such efforts on a continual basis and (v) provide written notice of the resumption of performance hereunder. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the Party to this TO Tariff involved in such strike, lockout, or labor dispute and the requirement that a Party must use its best efforts to remedy the cause of the Uncontrollable Force and mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes. No Party will be considered in default as to any obligation under this TO Tariff if prevented from fulfilling the obligation due to the occurrence of an Uncontrollable Force.

- 11.2 Indemnification.** A Market Participant shall at all times indemnify, defend, and save the Participating TO harmless from any and all damages, losses, claims, (including claims and actions relating to injury or to death of any person or damage to property), demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Participating TO's performance of its obligations under this TO Tariff on behalf of a Market Participant, except in cases of negligence or intentional wrongdoing by the Participating TO.

- 11.3 Open Access.** For purposes of the Stranded Cost Recovery available under Order Nos. 888 and 888-A, this Tariff, combined with the CAISO Tariff and wholesale distribution access tariff, if any, shall be considered an open access tariff under FERC Order Nos. 888 and 888-A.

- 12. Regulatory Filings.** Nothing contained herein shall be construed as affecting, in any way, the right of SunZia Transmission to unilaterally make application to FERC as it deems necessary and appropriate to revise its Non-Subscriber Usage Rate, or for a change in its terms and conditions, including changes in rate methodology, or for a change in designation of the Entitlements to be placed under the CAISO's Operational Control, pursuant to the applicable FERC rules, regulations, policies, and governing statutes.

## **13. Creditworthiness**

- 13.1 UDCs, MSSs, and Scheduling Coordinators Using the Participating TO's Local Transmission Facilities.** For the purpose of determining the ability of a UDC, MSS, and Scheduling Coordinator to meet its obligations related to service using the Participating

TO's Local Transmission Facilities hereunder, where the Participating TO is collecting the Local Access Charge directly from each UDC, MSS and Scheduling Coordinator, the Participating TO may require reasonable credit review procedures for the UDC, MSS, or Scheduling Coordinator. This review shall be made in accordance with standard commercial practices. In addition, the Participating TO may require the UDC, MSS, or Scheduling Coordinator to provide and maintain in effect during the term of the service, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under this TO Tariff, or an alternative form of security proposed by the UDC, MSS, or Scheduling Coordinator and acceptable to the Participating TO, and consistent with commercial practices established by the Uniform Commercial Code, that protect the Participating TO against the risk of non-payment.

**13.2 End-Users.** Creditworthiness rules applicable to End-Users shall be pursuant to the then-current rules of the applicable Local Regulatory Authority.

**14. Miscellaneous.**

**14.1 Notices.** Any notices, demand, or request in accordance with this TO Tariff, unless otherwise provided in this TO Tariff, shall be in writing and shall be deemed properly served, given, or made: (i) upon delivery if delivered in person, (ii) five days after deposit in the mail if sent by first class United States mail, postage prepaid, (iii) upon receipt of confirmation by return electronic facsimile if sent by facsimile, or (iv) upon delivery if delivered by prepaid commercial courier service, in each case addressed to a Party at the address set forth in Appendix III. Any Party may at any time, by notice to the other Parties, change the designation or address of the person specified in Appendix III to receive notice on its behalf. Any notice of a routine character in connection with service under this TO Tariff shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this TO Tariff.

**14.2 Waiver.** Any waiver at any time by any Party of its rights with respect to any default under this TO Tariff, or with respect to any other matter arising in connection with this TO Tariff, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this TO Tariff. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

**14.3 Confidentiality.**

**14.3.1 Maintaining Confidentiality if Not for Public Disclosure.** The Participating TO shall maintain the confidentiality of all of the documents, data, and information provided to it by any other Party that such Party may designate as confidential, provided, however, that the information will not be held confidential by the receiving Party if (1) the designating Party is required to provide such information for public disclosure pursuant to this TO Tariff or applicable regulatory requirements, or (2) the information becomes available to the Public on a non-confidential basis (other than from the receiving Party).

**14.3.2 Disclosure of Confidential Information.** Notwithstanding anything in this Section 14.3.2 to the contrary, if any Party is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence pursuant to this Section 14.3.2, the Party may disclose such information; provided, however,

that as soon as such Party learns of the disclosure requirement and prior to making such disclosure, such Party shall notify the affected Party or Parties of the requirement and the terms thereof. The affected Party or Parties may, at their sole discretion and own costs, direct any challenge to or defense against the disclosure requirement and the disclosing Party shall cooperate with such affected Party or Parties to the maximum extent practicable to minimize the disclosure of the information consistent with applicable law. The disclosing Party shall cooperate with the affected Parties to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure.

- 14.4 TO Tariff Supersedes Existing Tariffs.** Upon the filing of this TO Tariff at FERC and FERC's acceptance of such Tariff for filing and FERC's acceptance of the withdrawal of SunZia Transmission's open access transmission tariff as accepted by FERC in Docket No. ER23-2146-001, *SunZia Transmission, LLC*, Order Accepting Tariff, 185 FERC ¶ 61,052 (Oct. 20, 2023), this TO Tariff, together with the CAISO Tariff and wholesale distribution access tariff if any, supersedes any pre-existing open access transmission tariff of the Participating TO.
- 14.5 Titles.** The captions and headings in this TO Tariff are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the rates, terms, and conditions of this TO Tariff.
- 14.6 Severability.** If any term, covenant, or condition of this TO Tariff or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this TO Tariff and their application shall not be affected thereby but shall remain in force and effect. The Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination, unless a court or governmental agency of competent jurisdiction holds that such provisions are not severable from all other provisions of this TO Tariff.
- 14.7 Preservation of Obligations.** Upon termination of this TO Tariff, all unsatisfied obligations of each Party shall be preserved until satisfied.
- 14.8 Governing Law.** This TO Tariff shall be interpreted, governed by, and construed under the laws of the State of California, without regard to the principles of conflict of laws thereof, or the laws of the United States, as applicable, as if executed and to be performed wholly within the State of California.
- 14.9 Appendices Incorporated.** The appendices to this TO Tariff are attached to this TO Tariff and are incorporated by reference as if fully set forth herein.
- 14.10 Consistency with CAISO Tariff.** This TO Tariff, with the exception of Section 5.2, is intended to be consistent with the CAISO Tariff, and, if necessary, shall be amended to conform with any changes authorized or required in any final order in a FERC proceeding mandating such changes in the CAISO Tariff. If a Market Participant identifies a conflict between the TO Tariff and the CAISO Tariff other than Section 5.2 of this TO Tariff, the

Participating TO and the Market Participant shall make good-faith efforts to resolve the conflict. If the parties are unable to informally resolve that conflict, the Parties may use the CAISO ADR Procedures to resolve it as set forth in Section 14.11 of this Tariff.

- 14.11 Disputes.** Except as limited by law, the CAISO ADR Procedures shall apply to all disputes between parties which arise under this TO Tariff or under or in respect of the proposed terms and conditions of a Study Agreement. The CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff shall not apply to disputes as to whether rates and charges set forth in this TO Tariff (other than charges for studies) are just and reasonable under the FPA.
- 14.12 Conflicting Dispatch and Operating Instructions.** In the event a Market Participant receives conflicting dispatch or operating instructions from the CAISO and one or more Participating TO(s), if human safety would not knowingly be neither jeopardized nor electric facilities subject to damage while the Market Participant seeks to reconcile the conflict with the appropriate CAISO and Participating TO employees before acting, the Market Participant should attempt a reconciliation. Otherwise, the Market Participant shall adhere to the CAISO Tariff Section 4.2 and follow the CAISO's instructions. In no event shall a Market Participant be required to follow dispatch or operating instructions from the CAISO if following those instructions would knowingly jeopardize human safety.

## APPENDIX I

### Non-Subscriber Usage Rate and Transmission Access Charge

#### Non-Subscriber Usage Rate – Effective \_\_\_\_\_ xx, 20xx

The Non-Subscriber Usage Rate shall be \$ \_\_\_\_\_/MWH

The Non-Subscriber Usage Rate shall not exceed the effective Regional Access Charge as defined in the CAISO Tariff.

The Non-Subscriber Usage Rate shall be calculated based on the segments used between and among the SunZia Transmission System and the Arizona Transmission Rights utilized to provide service as follows:

#### **SunZia Transmission System Only (Pete Heinrich to Pinal Central)**

The Non-Subscriber Usage Rate shall be the then-current firm point-to-point transmission rate of SunZia Transmission for use of the SunZia Transmission System by Non-Subscribers.

#### **Arizona Transmission Rights Only (Pinal Central to Palo Verde)**

The Non-Subscriber Usage Rate shall be the weighted average (weighted by the amount of firm point-to-point transmission service held as an Entitlement by SunZia Transmission) of the then-current firm point-to-point transmission rates of WAPA, SRP and TEP for use of the Arizona Transmission Rights by Non-Subscribers.

#### **SunZia Transmission System Plus Arizona Transmission Rights (Pete Heinrich to Palo Verde)**

The Non-Subscriber Usage Rate shall be the sum of (1) the then-current firm point-to-point transmission rate of SunZia Transmission for use of the SunZia Transmission System by Non-Subscribers plus (2) the weighted average (weighted by the amount of firm point-to-point transmission service held as an Entitlement by SunZia Transmission) of the then-current firm point-to-point transmission rates of WAPA, SRP and TEP for use of the Arizona Transmission Rights by Non-Subscribers.

#### **Transmission Revenue Requirement and Transmission Revenue Balancing Account Adjustment – Effective \_\_\_\_\_ xx, 202x**

1. If the CAISO requires SunZia Transmission to build additional transmission in accordance with this TO Tariff, then SunZia Transmission is required to develop a Transmission Revenue Requirement and Transmission Revenue Balancing Account as follows.
2. The Transmission Revenue Requirement shall be \$ \_\_\_\_\_, for the rate year beginning January 1, 20[ ], which is equal to the sum of the Base Transmission Revenue Requirement and the TRBAA.

Issued by: \_\_\_\_\_  
Issued on: \_\_\_\_\_

Effective \_\_\_\_\_

3. The Base Transmission Revenue Requirement of \$ \_\_\_\_\_, which is determined pursuant to the formula rate in Appendix II of this TO Tariff and consists of a Transmission Capital Cost Revenue Requirement associated with SunZia Transmission's share of the SunZia Transmission System of \$ \_\_\_\_\_, and a Transmission Operating Cost Revenue Requirement associated with SunZia Transmission's share of the SunZia Transmission System of \$ \_\_\_\_\_
4. The Transmission Revenue Balancing Account Adjustment ("TRBAA") is \$ \_\_\_\_\_ for the twelve month period effective January 1, 20[ ], as computed in accordance with Section 5.5 of this TO Tariff and the CAISO Tariff. The TRBAA will be recalculated annually consistent with the CAISO Tariff, approved by the FERC, and provided to the CAISO prior to January 1, annually.
5. All of SunZia Transmission's facilities and Entitlements placed under the CAISO's Operational Control are related to Regional Transmission Facilities as defined in the CAISO Tariff

Issued by: \_\_\_\_\_  
Issued on: \_\_\_\_\_

Effective \_\_\_\_\_

## APPENDIX II

### Transmission Revenue Requirement and Transmission Revenue Balancing Account Adjustment

1. Except to the extent a change in law, rule, or regulation results in any new taxes, income taxes, property taxes, fees or other charges being levied by a governmental authority, the Transmission Capital Cost Revenue Requirement associated with SunZia Transmission's share of the SunZia Transmission System will remain fixed for a thirty year period beginning on the date of the closing of SunZia Transmission's lease of Incremental Transfer Capability in the SunZia Transmission System. To the extent a change in law, rule, or regulation results in any new taxes, income taxes, property taxes, fees or other charges being levied by a Governmental Authority, SunZia Transmission may seek approval for inclusion in its rates of an allowance to recover any such new taxes, income taxes, property taxes, fees or other charges.
2. The costs included in the Transmission Operating Cost Revenue Requirement associated with SunZia Transmission's share of the SunZia Transmission System are those directly attributable to SunZia Transmission's Incremental Transfer Capability in the SunZia Transmission System. The costs are in two parts; (1) those costs incurred directly by SunZia Transmission in managing and administering its Incremental Transfer Capability and, (2) those costs, if any, billed to SunZia Transmission by the CAISO. The Transmission Operating Cost Revenue Requirement is the sum of those two parts and is established each year as described in paragraphs 5, 6, and 7 below.
3. The costs incurred directly by SunZia Transmission in managing and administering its Incremental Transfer Capability are those recorded by SunZia Transmission in FERC accounts 561.4, 923, 924, 925, 928, and 930.2. SunZia Transmission shall include in the Transmission Operating Cost Revenue Requirement effective January 1 each year the sum of the amounts recorded in the above FERC accounts for the second calendar year prior to the January 1 effective date, plus or minus a true-up adjustment equal to the difference between the total amount recorded in the above FERC accounts for the calendar year (or part thereof for the initial period) and the amount recovered through the Transmission Operating Cost Revenue Requirement for that calendar year (or part thereof for the initial period). Interest will be calculated on the true-up adjustment in accordance with FERC Section 35.19(a) for each month of the period January through December (or part thereof for the initial period), and such interest will be fully amortized over the twelve-month period commencing in January. The amounts referred to above in calculating the true-up adjustment shall be extrapolated as necessary to be properly reflected in an annual Transmission Revenue Requirement calculation.
4. SunZia Transmission LLC shall submit to FERC on or before October 15 of each year an Informational Filing showing SunZia Transmission's Transmission Operating Cost Revenue Requirement to be in effect for the Period January 1 through December 31 of the subsequent year (the "Informational Filing") consistent with CAISO Tariff Appendix F, Section 8 and 9. The Informational Filing shall not subject the Formula set forth in this Appendix II to modification. The Informational Filing shall only be contestable with respect to the prudence of the SunZia Transmission costs and expenditures included for recovery, the accuracy of the data and the consistency with the Formula of the changes in data shown in the Informational Filing. In the event of a challenge to any of the costs reflected in the Transmission Operating Cost Revenue Requirement derived under this Appendix II, SunZia Transmission shall bear the burden of demonstrating that such costs and expenditures included for recovery were prudently incurred, accurate and consistent with the Formula. Any revisions to the Transmission Revenue Requirement resulting from a FERC Order will be provided to the CAISO for its use in the

calculation of the refunds due under the Transmission Access Charge methodology in accordance with the CAISO Tariff.

5. All of SunZia Transmission's Entitlements placed under the CAISO's Operational Control are related to Regional Transmission Facilities as defined in the CAISO Tariff.
6. Rate Protocols applicable to this Appendix II are set forth in Attachment 1 to Appendix II [to be drafted].

DRAFT

Issued by: \_\_\_\_\_  
Issued on: \_\_\_\_\_

Effective \_\_\_\_\_



**APPENDIX III**

**NOTICES**

**Designated Representative:**

[Name]  
[Title]  
[Address]

Tel. No. ( ) -  
Email Address: \_\_\_\_\_

**Alternate Representative:**

[Name]  
[Title]  
[Address]

Tel. No. ( ) -  
Email Address: \_\_\_\_\_

DRAFT

Issued by: \_\_\_\_\_  
Issued on: \_\_\_\_\_

Effective \_\_\_\_\_