

April 30, 2014

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

**Re: California Independent System Operator Corporation  
Compliance Filing  
Docket No. ER14-1206-\_\_\_\_\_**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”)<sup>1</sup> submits this filing in compliance with the Commission’s March 31, 2014 order issued in this proceeding (“March 31 Order”).<sup>2</sup>

### **I. Compliance with the March 31 Order**

On January 30, 2014, the CAISO filed a tariff amendment in this proceeding to revise the phase 3 competitive solicitation procedures under its transmission planning process in order to clarify the process, implement improvements, and address issues raised by stakeholders. On March 5, 2014, the CAISO filed an answer to comments submitted in response to the January 30 tariff amendment. The answer explained that the Commission should accept the tariff amendment subject to certain minor tariff clarifications which the CAISO agreed to make in a compliance filing.

In the March 31 Order, the Commission accepted the January 30 tariff amendment, effective as of April 1, 2014, subject to a compliance filing

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the CAISO tariff. References to numbered sections are references to sections of the CAISO tariff unless otherwise indicated.

<sup>2</sup> *California Independent System Operator Corp.*, 146 FERC ¶ 61,237 (2014).

containing two changes. This filing contains both changes directed by the Commission.

First, the Commission directed the CAISO to revise its tariff to state that, under the phase 3 competitive solicitation procedures, a refund of the difference between the CAISO's study costs and the deposit provided by a project sponsor will include interest calculated at the Commission rate set forth in 18 C.F.R. § 35.19a(a)(2), instead of including interest calculated at the rate the ISO earned on the deposit, as the ISO proposed in the January 30 tariff amendment.<sup>3</sup> The CAISO has revised the refund provisions in tariff section 24.5.6 to comply with this directive.<sup>4</sup>

Second, the Commission directed the CAISO to correct a typographical error in the proposed tariff language. The error is in section 5.2 of schedule 3 to appendix F. The CAISO has inserted the word "be" between the words "shall" and "consistent" in order to correct a typographical error that the CAISO agreed to fix on compliance.<sup>5</sup> In the March 5 answer, the CAISO also agreed to delete an extraneous use of the word "not" from tariff section 24.6. However, the Commission found that the CAISO's proposal to correct that typographical error in this proceeding was moot because the Commission had already directed the CAISO to correct it in a different proceeding.<sup>6</sup>

The compliance tariff sheets reflect the aforementioned revisions, as directed by the Commission.

## **II. Materials Provided in this Compliance Filing**

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

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<sup>3</sup> March 31 Order at PP 35, 39.

<sup>4</sup> The CAISO is filing simultaneously herewith a separate request for rehearing of the March 31 Order regarding the issue of which interest rate should apply to refunds of project sponsor deposits.

<sup>5</sup> March 31 Order at PP 27, 39.

<sup>6</sup> March 31 Order at P 39, n.31.

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If there are any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

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

Dated at Folsom this 30<sup>th</sup> day of April, 2014.

*/s/ Sarah Garcia*

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Sarah Garcia

**Attachment A – Clean Tariff Sheets**

**Competitive Transmission Improvements Compliance**

**California Independent System Operator Corporation**

**September 11, 2014**

#### **24.5.6 Competitive Solicitation Project Proposal Fee**

- (a) **In General.** Project Sponsors shall, on a pro rata basis, 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 costs of the expert consultant engaged to assist with the selection process pursuant to Section 24.5.3.5, not to exceed \$150,000 per Project Sponsor application. Such costs include the actual costs of the validation, qualification and selection process for each solution subject to the competitive solicitation process.
- (b) **Deposit.** Each Project Sponsor will pay a deposit of \$75,000 to the CAISO with the submission of each Project Sponsor application project proposal under section 24.5.2. A separate deposit is required for each solution for which a Project Sponsor submits an application.
- (c) **Reconciliation of costs for unqualified Project Sponsors.** Within seventy-five days of the final listing of qualified Project Sponsors for each solution under Section 24.5.3.3, in accordance with the schedule in the Business Practice Manual, the CAISO will determine each Project Sponsor's pro rata share of the costs that the CAISO incurred in determining the qualified Project Sponsors for that solution and will refund to each Project Sponsor that the CAISO did not include in the list of qualified Project Sponsors the difference between its pro rata costs, not to exceed \$150,000 per Project Sponsor, and the deposit. If a refund is owed the Project Sponsor, the refund shall include interest calculated in accordance with 18 C.F.R. § 35.19a(a)(2)).
- (d) **Reconciliation of Costs for Qualified Project Sponsors.** Within seventy-five days of the CAISO's Notice to qualified Project Sponsors under Section 24.5.5, in accordance with the schedule in the Business Practice Manual, the CAISO will determine each Project Sponsor's pro rata share of the costs that the CAISO incurred in selecting an Approved Project Sponsor from among the qualified Project Sponsors for each solution. The ISO will refund to or charge each

qualified Project Sponsor the difference between its pro rata costs, not to exceed \$150,000 per qualified Project Sponsor, and the deposit. If a refund is owed to the Project Sponsor, the refund shall include interest calculated in accordance with 18 C.F.R. § 35.19a(a)(2)).

- (e) **Posting of Incurred Costs.** Following the reconciliation of costs in (d) above, the ISO will post an accounting of the costs incurred in qualifying and selecting the Approved Project Sponsor for each solution and how the deposit reconciliation for each Project Sponsor was calculated.

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## **Appendix F Rate Schedules**

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### **Schedule 3**

#### **Regional Access Charge and Wheeling Access Charge**

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**5.2** Each Participating TO and Approved Project Sponsor will develop, in accordance with Section 6 of this Schedule 3, a Regional Transmission Revenue Requirement (RTRR<sub>PTO</sub>) consisting of a Transmission Revenue Requirement for (i) Regional Transmission Facilities; (2) Transmission Facilities that are not yet in operation but have been approved under Section 24 and assigned to the Approved Project Sponsor, that will be Regional Transmission Facilities when placed under the CAISO's Operational Control; and (iii) to the extent the costs have not been recovered, Location Constrained Interconnection Facilities. The RTRR<sub>PTO</sub> includes the TRBA adjustment described in Section 6.1 of this Schedule 3. If an Approved Project Sponsor that is a Non-Load-Serving Participating Transmission Owner has been assigned responsibility to construct and own a Local Transmission Facility because the CAISO concluded, pursuant to Section 24.4.10, that it was not reasonable to divide construction responsibility, the Approved Project Sponsor shall include any authorized pre-operational cost recovery for the Local Transmission Facility in its Local Transmission Revenue Requirement. The division of the total revenue requirement associated with the facility between Regional and Local Transmission

Revenue Requirements shall be consistent with Appendix F, Schedule 3, Sections 11 and 12.



**Attachment B – Marked Tariff Sheets**  
**Competitive Transmission Improvements Compliance**  
**California Independent System Operator Corporation**  
**September 11, 2014**

## 24.5.6 Competitive Solicitation Project Proposal Fee

- (a) **In General.** Project Sponsors shall, on a pro rata basis, 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 costs of the expert consultant engaged to assist with the selection process pursuant to Section 24.5.3.5, not to exceed \$150,000 per Project Sponsor application. Such costs include the actual costs of the validation, qualification and selection process for each solution subject to the competitive solicitation process.
- (b) **Deposit.** Each Project Sponsor will pay a deposit of \$75,000 to the CAISO with the submission of each Project Sponsor application project proposal under section 24.5.2. A separate deposit is required for each solution for which a Project Sponsor submits an application.
- (c) **Reconciliation of costs for unqualified Project Sponsors.** Within seventy-five days of the final listing of qualified Project Sponsors for each solution under Section 24.5.3.3, in accordance with the schedule in the Business Practice Manual, the CAISO will determine each Project Sponsor's pro rata share of the costs that the CAISO incurred in determining the qualified Project Sponsors for that solution and will refund to each Project Sponsor that the CAISO did not include in the list of qualified Project Sponsors the difference between its pro rata costs, not to exceed \$150,000 per Project Sponsor, and the deposit. If a refund is owed the Project Sponsor, the refund shall include interest calculated in accordance with 18 C.F.R. § 35.19a(a)(2))~~at the rate that the CAISO earned on the deposit.~~
- (d) **Reconciliation of Costs for Qualified Project Sponsors.** Within seventy-five days of the CAISO's Notice to qualified Project Sponsors under Section 24.5.5, in accordance with the schedule in the Business Practice Manual, the CAISO will determine each Project Sponsor's pro rata share of the costs that the CAISO incurred in selecting an Approved Project Sponsor from among the qualified

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- (e) **Posting of Incurred Costs.** Following the reconciliation of costs in (d) above, the ISO will post an accounting of the costs incurred in qualifying and selecting the Approved Project Sponsor for each solution and how the deposit reconciliation for each Project Sponsor was calculated.

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## **Appendix F Rate Schedules**

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revenue requirement associated with the facility between Regional and Local Transmission

Revenue Requirements shall be consistent with Appendix F, Schedule 3, Sections 11 and 12.