



California Independent
System Operator Corporation

January 19, 2011

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

Re: Compliance Filing and Motion to File One Day Out-of-Time

California Independent System Operator Corporation

Docket No. ER11-_____

Docket Nos. ER10-1401-000; ER10-2191-000

Green Energy Express LLC and

21st Century Transmission Holdings, LLC

Docket No. EL10-76-000

Dear Secretary Bose:

The California Independent System Operator Corporation (“ISO”)¹ hereby submits this filing to comply with the Commission’s December 16, 2010 Order conditionally accepting the ISO’s proposed tariff revisions to implement a revised transmission planning process (“RTPP”).² This submission sets forth revisions to the ISO’s open access transmission tariff as directed by the Commission in that order. For the reasons discussed below, the ISO is also submitting a motion to file one day out-of-time.

I. Motion to File Out-of-Time

Pursuant to Rules 212 and 2008(b) of the Commission’s Rules of Practice and Procedure,³ the ISO moves for leave to submit this compliance filing one day out-of-time. The ISO was unable to submit the modified tariff language and

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO Tariff, and in the instant compliance filing.

² *Cal. Indep. Sys. Operator Corp.* 133 FERC ¶61,224 (2010) (“Order”).

³ 18 C.F.R. §§ 385.212, 385.2008(b) (2010).

transmittal letter on January 18 for reasons beyond its control. Specifically, the ISO's could not complete the filing because of problems producing tariff sheets through the electronic tariff filing system, eTMS.

As noted below, the filing includes tariff sheets not only for the compliance filing, but also for the tariff changes accepted in the Order because, prior to the submittal of this compliance filing, the ISO has not filed those Commission-approved tariff changes in compliance with the Commission's eTariff requirements. All tariff language and changes were entered into the ISO's eTMS system by 3:00 E.S.T., after which the ISO repeatedly attempted to generate clean tariff sheets and blacklines. For reasons unknown, perhaps the size of the filing, the system crashed during each effort, even though the system was able to generate a smaller tariff filing that was also due on January 18. The ISO made the effort from multiple work stations, without success.

For these reasons, the ISO asks that the Commission accept this filing one day out-of-time.

II. Introduction and Background

On June 4, 2010, the ISO proposed revisions to its Order 890 transmission planning process intended to facilitate long-term planning for the transmission additions and upgrades needed to meet California's ambitious renewable energy targets. Among other things, the ISO proposed to implement comprehensive planning that will identify infrastructure needs for the ISO balancing authority area and provide opportunities for potential project sponsors to submit proposals in response to identified needs. The RTPP introduces a new category of transmission—policy-driven transmission elements—and a process for soliciting and selecting the entities who will build and own such elements. The RTPP also promotes regional and sub-regional coordination through the development of a conceptual statewide plan reflecting the infrastructure needs of both the ISO and its neighboring in-state balancing authority areas.

The Commission approved the RTPP, subject to certain modifications and clarifications,⁴ and noted that the enhanced process was innovative, improved transparency and openness, expanded stakeholder, regional and sub-regional collaboration, and provided additional opportunities for consideration of demand resources, generation and other non-transmission resources as alternatives to transmission solutions.⁵

With this compliance filing, the ISO submits modified tariff language in response to all of the Commission's directives and provides a brief discussion of each proposed modification. As will be discussed in detail below, the ISO is

⁴ *Id.* at P 30.

⁵ *Id.* at P 3.

concurrently submitting a request for clarification of one issue for which tariff language also is being proposed in this filing.

III. Tariff Modifications

A. Development of a Statewide Conceptual Plan.

The ISO proposed to develop a conceptual statewide plan beginning in RTPP Phase 1 and to provide stakeholders with an opportunity to submit comments and recommend modifications to the plan during RTPP Phase 2. Tariff section 24.4.4 provides that the statewide conceptual plan will be an input into the ISO's transmission planning process, and section 24.4.5 states that the ISO will evaluate the conceptual transmission elements identified in the plan as part of developing the comprehensive transmission plan.

Through its answer and comments, the ISO explained its intent to work with the California Transmission Planning Group ("CTPG") in developing the conceptual plan for the 2010/2011 cycle. However, the tariff does not specifically identify CTPG because the ISO cannot predict whether CPTPG activities will continue in the future or what the CTPG activities will be.⁶ Nonetheless, several parties raised concerns that the ISO would rely more heavily on the conceptual statewide plan and the work done by CTPG than other inputs to the comprehensive planning process.

In response to these concerns, the Commission directed the ISO to state expressly in its tariff that it will not give undue weight or preference to the conceptual statewide plan in the course of conducting its evaluation of the need for additional transmission upgrades. The ISO has inserted this language in section 24.4.5 because that provision describes the process by which the ISO will assess all of the inputs in Phase II. Consistent with section 24.4.4, the ISO has not referred to CTPG or any specific regional or sub-regional planning entity.

B. Categories of Transmission Projects and Elements

1. Reliability Projects

The Commission found that the proposed RTPP tariff language (section 24.4.6.2) describing reliability projects had not changed from the prior tariff version (section 24.1.2) including the existing right of participating Transmission Owners ("TOs") with PTO service territories to build reliability projects. In approving proposed section 24.4.6.2, the Commission, however, noted Pattern Transmission LP's concern that participating TOs might attempt to categorize all transmission proposals as reliability projects, thus retaining the exclusive right to build such

⁶ *Id.* at PP 33, 39

projects.⁷ In response to these concerns, the Commission pointed to clarifications in the ISO's pleadings, and directed the ISO to include language in section 24.4.6.2 consistent with the ISO's pleading.

Concurrently with this compliance filing, the ISO is filing a motion for clarification of the Commission's language in paragraph 60 of the Order, and similar language in paragraph 70 with respect to the projects needed to maintain the feasibility of long-term Congestion Revenue Rights ("CRRs"). The ISO seeks clarification because the Commission's summary description of the ISO's position could be read in a manner inconsistent with the ISO's original statements in its Post Technical Conference Comments, and therefore at variance with the Commission's stated intent.

As explained in the motion, the Commission's statement of the ISO's position in paragraph 60 could be read to suggest that any time a reliability-driven project also provides any additional economic or policy benefits – no matter how small or insignificant those benefits are -- even if the ISO did not deliberately expand the scope of the project to obtain those benefits, and even if there is no additional project cost incurred to obtain the additional benefits, the project could not be categorized as a reliability-driven project.

The ISO noted in its Post Technical Conference Comments that under RTPP, the ISO cannot deliberately expand the scope of a potential reliability-driven project to address economic or policy needs and still deem it a reliability project. Reliability-driven projects are limited to those transmission additions or upgrades that are "required to ensure System Reliability consistent with all Applicable Reliability Criteria and CAISO Planning Standards."⁸ A deliberate expansion of the scope of such a project to address public policy or economic benefits would go beyond the definition of a reliability project. This is very different, however, from the concept that any reliability-driven project that provides incidental economic or policy benefits should be categorized and constructed as an economically driven or policy driven project, even though it would not otherwise qualify for such designation under the ISO Tariff. Indeed, in practice it can be expected that transmission projects or elements identified to address a particular need will frequently have other, incidental benefits. But such incidental benefits should not be the basis for defining the category to which a transmission project element belongs. Thus, for the purposes of clarifying section 24.4.6.2, the ISO has proposed language that captures the original intent of the ISO's Post Technical Conference Comments on this topic and which the ISO believes – subject to clarification by the Commission in response to the ISO's motion – effectively addresses the concern the Commission directed the ISO to address on compliance in response to Pattern's comments. Specifically, the added language clarifies that if an economic or policy-driven element that has met the tariff criteria for approval and incidentally eliminates an identified reliability need,

⁷ *Id.* at P 60.

⁸ ISO tariff section 24.4.6.2 (emphasis added).

that element cannot be categorized as a reliability project. Under these circumstances, such elements will retain their original classifications as economic or policy-driven. Analogously, a project needed to ensure System Reliability that also provides other benefits without any change to the scope of the project will continue to be categorized as a reliability project. The ISO's proposed language reflects the process by which the ISO will develop the comprehensive plan by evaluating and selecting projects and elements that most efficiently meet all system needs.

As directed by the Commission,⁹ "storage facilities" has been added to the list of alternatives to transmission upgrades that will be considered during the ISO's consideration of reliability projects.

2. Projects to Maintain the Feasibility of Long-Term CRRs

As with reliability projects, the Commission concluded, based on the ISO's explanation, that a "transmission project that maintains the feasibility of long-term CRRs and also provides additional benefits—such as policy-driven or economic benefits—no longer meets the narrow definition of a long term CRR feasibility project."¹⁰ For the reasons discussed above and in the motion for clarification, the ISO has added language to section 24.4.6.4 that parallels the language proposed for section 24.4.6.2. The Commission also directed the ISO to modify section 24.4.3(a) to reflect that projects needed to maintain the feasibility of long-term CRRs may be submitted into request window, and that modification is included in the attached tariff revisions.

3. LGIP Network Upgrades

a. Rights to Build Modified Network Upgrades and Additions.

One RTPP objective was to better coordinate the transmission planning process and the ISO's Large Generator Interconnection Process ("LGIP").¹¹ The ISO proposed to accomplish this by evaluating certain large LGIP network upgrades in the planning process in order to determine whether such infrastructure additions are sized sufficiently to meet the policy goals of the comprehensive transmission plan. Tariff section 24.4.6.5 sets forth the process by which network upgrades that are identified in the LGIP Phase II may be assessed in the planning process. The tariff describes the possible outcomes of the ISO's

⁹ *Id.* at P 63.

¹⁰ *Id.* at P 71.

¹¹ On December 16, 2010, the Commission approved modifications to the ISO's LGIP and Small Generator Interconnection Process in *California Independent System Operator Corporation* 133 FERC ¶61,223 (2010). These processes have now been combined and are known as the Generation Interconnection Process ("GIP"). The ISO has made tariff modifications to section 24, where required, to reflect the tariff modifications being filed concurrently with this compliance filing. However, for the purposes of this transmittal letter, all references will be to the prior LGIP.

assessment: (1) the network upgrades that are not modified or expanded will proceed through the LGIP process to inclusion in an LGIA; (2) network upgrades that are modified or expanded in the transmission planning process and included in the comprehensive transmission plan will be constructed and owned by the participating TO if the original network upgrades “would have been included in an LGIA;” and (3) if network upgrades expansions result in the need for other upgrades and additions, the responsibility to construct and own the upgrades or additions will depend on the category of the needed element(s).

The ISO proposal to evaluate LGIP network upgrades in the planning process, while generally supported by parties to the proceeding, nonetheless raised several issues. At the outset, parties argued that the entire LGIP process should be revised such that non-participating TOs would be able to propose and build network upgrades required to interconnect generation to the ISO grid. The Commission agreed with the ISO that such a proposal would not be consistent with the portions of the ISO tariff that mirror the *pro forma* LGIP and provide that the participating TO to whose transmission facilities the generator proposes to interconnect will build the necessary network upgrades.¹²

Parties next argued that section 24.4.6.5 vests too much discretion in the ISO to determine when modified or expanded network upgrades would be constructed and owned by the participating TO. In particular, Pattern stated that identifying network upgrades by whether they “would have been included in an LGIA” was unclear. The ISO offered to clarify section 24.4.6.5 with respect to this issue in a compliance filing. In response, the Commission directed the ISO to clarify that the applicable participating TO will be responsible for building expanded network upgrades if such upgrades had not yet been included in an executed LGIA, and also to specify that the LGIP network upgrades that are eligible for consideration in the RTPP are those not included in an executed LGIA.¹³ The ISO has made these changes to section 24.4.6.5.

The Commission also directed the ISO clarify that policy-driven elements could supplant the need for LGIP network upgrades in later LGIP cycles. That language has been added to section 24.4.6.5 at the end of the section along with revised language addressing the financial security posted by generator that is discussed in the next section.

b. Cost Issues

Section 24.4.6.5 provides that, if a network upgrade is modified or expanded in the planning process, the cost responsibility of the interconnection customer will not increase. Several commenters argued that if a policy-driven element or other project eliminated or downsized the need for a network upgrade, the interconnection customer’s financial security posting should be reduced or

¹² Order at P 94.

¹³ *Id.* at P 99.

eliminated as well. The Commission agreed with parties.¹⁴ The ISO has added this clarifying language at the end of section 24.4.6.5.

4. Policy-Driven Elements

a. Criteria for Identifying Policy-Driven Elements

The Commission held that the ISO had developed a reasonable framework for evaluating and determining the need for policy-driven network elements, as reflected in section 24.4.6.6, but concluded that the ISO should be limited to considering the ten criteria set forth in the tariff.¹⁵ The ISO has made this modification by changing “may” consider to “will” consider and removing the phrase “but is not limited to.”

b. Least Regrets

Throughout the RTPP stakeholder process and in its answer and comments in this proceeding, the ISO explained that policy-driven elements would be identified for inclusion in the comprehensive plan by using a “least regrets” approach in order to minimize the risk of stranded investment and balance competing objectives. This analytical process is a series of engineering sensitivity studies used to identify a common set of transmission elements that are needed under the renewable scenarios most likely to occur. Even though additional study details will be included in the Business Practice Manual, the ISO offered, in reply comments following the technical conference, clarifying language to be added to section 24.4.6.6 that further describes how Category 1 and Category 2 projects will be identified and distinguished. The Commission approved this language and directed that it be added to section 24.4.6.6.¹⁶

5. Non- Transmission Alternatives and Approval of the Comprehensive Plan

The Commission noted and approved the ISO’s proposal to expand the opportunities for stakeholders to recommend non- transmission alternatives for consideration in the evaluation of the need for additional transmission facilities.¹⁷ Such opportunities are provided via two comment periods during Phase 1, in which stakeholders can recommend demand response programs and other non-transmission proposals for inclusion as base case assumptions, and also during the Phase 2 comment period, in which parties can submit demand response proposals and non-transmission alternatives for evaluation and inclusion in the comprehensive plan.

¹⁴ *Id.* at P 119.

¹⁵ *Id.* at P 156.

¹⁶ *Id.* at P 199.

¹⁷ *Id.* at P 180.

To provide additional clarification as to the ISO's analysis of non-transmission alternatives, the Commission directed the ISO to specify that projects and elements included in the comprehensive transmission plan that is submitted for Board approval are "net" of all transmission alternatives considered in the evaluation.¹⁸ The Commission referred to section 24.4.6.8 in describing Board approval of the comprehensive plan, but the ISO believes that this reference is an inadvertent typographical error because that section describes the 2008/2009 request window projects. Consequently, clarifying language has been added to section 24.4.10 to capture the Commission's observation that the transmission projects and elements set forth in the comprehensive plan are net of any non-transmission alternatives proposed for consideration during the Phase 2 evaluation period.

6. Treatment of Independent Developers in Project Sponsor Selection

In response to a request by DayStar Farms, to which the ISO agreed, the Commission directed the ISO to add the phrase "and its team" to section 24.5.2.1(c)(Project Sponsor Qualification), making that section consistent with section 24.5.2.4 (Project Sponsor Selection Factors).¹⁹ The ISO has made this modification.

7. Time to Seek Siting Authority

In the case of both single project sponsors (section 24.5.2.2.) and multiple project sponsors (section 24.5.2.3), the ISO specified that approved project sponsors must seek siting authority from the appropriate authority or authorities within 60 days of ISO approval. Green Energy Express LLC argued that this period of time was too short for a project sponsor to develop a siting application and submit it. The ISO agreed with Green Energy's proposed 120 day period and, as directed by the Commission,²⁰ has added it to both tariff sections.

8. Expert Consultant

In response to a suggestion by several parties that an independent evaluator be employed throughout the RTPP, the ISO indicated that it would hire an expert consultant to assist with the Phase 3 selection of project sponsors. The ISO intends to use the consultant to assist with the selection process when multiple qualified project sponsors that intend to seek siting authority at different siting agencies have submitted proposals for the same policy-driven or economically driven element. Other parties supported the ISO's suggestion, and the

¹⁸ *Id.* at P 181.

¹⁹ *Id.* at P 226.

²⁰ *Id.* at P 241.

Commission approved the ISO's decision to employ an expert consultant.²¹ The ISO has added language to section 24.5.2.3(c) reflecting the use of a consultant during the selection process.

9. 2008 and 2009 Request Window Projects

The RTPP includes a specific tariff provision, section 24.4.6.8, describing the ISO proposal to provide special treatment to projects submitted through the 2008 and 2009 request windows of the previous transmission planning process that the ISO had not yet evaluated. These projects will be evaluated as part of the comprehensive plan for achieving the 33% renewable portfolio targets and, if any of them align with an ISO-identified need for policy-driven or economically driven elements, the project sponsor will have the right to finance, own and construct the project if qualified under section 24.5.2.1(c).

Several parties took issue with this proposal, arguing that the 2008 and 2009 request window projects should be evaluated under the previous planning process in place when the projects were submitted. The Commission disagreed, specifically ruling that such a requirement would "undermine the goals of RTPP, which include development of a comprehensive transmission plan, rather than a project-by-project analysis, as under the existing tariff."²²

However, the Commission directed the ISO to make two modifications to section 24.6.8 that clarify the evaluation process. First, the ISO agreed with DayStar's suggestion that, if a 2008 or 2009 request window project aligned with a Category 2 policy-driven element, and that Category 2 element was reclassified as a Category 1 element, the original project sponsor who proposed the project would have the right to finance, build and own it, subject to the project sponsor qualification process. Pacific Gas and Electric Company ("PG&E") opposed the DayStar suggestion, arguing that such a procedure would provide an on-going preference for previously submitted projects rather than a one-time accommodation.

The Commission agreed with the Daystar recommendation, noting that PG&E was incorrect and that the additional provision would be applied only in the 2010-2011 planning cycle.²³ The ISO supports the Commission's conclusion that the reclassification of a Category 2 element to Category 1 was intended to be a one-time accommodation for the 2008 and 2009 projects, but notes that this reclassification must take place in the 2011-2012 cycle for the exemption to apply. According to RTPP, Category 2 elements will be described in the comprehensive transmission plan but will not be evaluated further until the next cycle where these elements will be included in the study plan.²⁴

²¹ *Id.* at P 254.

²² *Id.* at P 267.

²³ *Id.* at P 269.

²⁴ See tariff sections 24.4.8(7) and 24.3.1(c).

Accordingly, the ISO is submitting modifications to section 24.4.6.8, clarifying that if a 2008 or 2009 request window project is identical to a Category 2 policy-driven element that is reclassified in the 2011-2012 planning cycle to Category 1, the original project sponsor will have the right to finance, construct and own the project.

The Commission also directed the ISO to provide 2008 projects with a priority if an identical project was submitted in 2009 and these proposals aligned with a policy-driven or economically driven element.²⁵ This language has also been added to section 24.6.8.

10. Jointly-Owned Transmission Projects

A number of commenters expressed concern with certain tariff language that they believed could be interpreted as requiring jointly-owned projects to be turned over to the ISO's operational control, regardless of whether one of the owners was a non-participating TO that had no intention of becoming a participating TO.²⁶ Although the tariff provisions that caused these concerns were unchanged from the previous version, the ISO agreed to incorporate the specific language changes proposed by these parties to sections 24.6, 24.11.3 and 24.15.1. These changes have been included in this compliance filing.

IV. Attachments

Attached hereto as Attachment A are blackline tariff sheets containing the changes described in this transmittal letter.²⁷ Attachment B contains the requisite clean tariff sheets.²⁸

²⁵ Order at P 268.

²⁶ *Id.* at P 272.

²⁷ Attachment A includes the tariff changes accepted in the Order because, prior to the submittal of this compliance filing, the ISO has not filed those Commission-approved tariff changes in compliance with the Commission's eTariff requirements. See *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008).

²⁸ Attachment B also includes, in black-line format but not highlighted, the tariff changes accepted in the Order. The only proposed tariff revisions contained in this compliance filing for which the ISO requests Commission approval are the revisions shown in black-line and highlighted format in Attachment B.

V. Conclusion

For the reasons set forth above, the ISO respectfully requests that the Commission approve the tariff modifications in Attachments A and B, effective as of December 20, 2010.

Respectfully submitted,

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Attachment A – Clean Tariff
Revised Transmission Planning Process Tariff Amendment Refile and Compliance
California Independent System Operator Corporation
Fifth Replacement FERC Electric Tariff

24. Comprehensive Transmission Planning Process

24.1 Overview

The CAISO will develop a comprehensive Transmission Plan and approve transmission upgrades or additions using the Transmission Planning Process set forth in this Section 24. The CAISO will analyze the need for transmission upgrades and additions in accordance with the methodologies and criteria set forth in this Section 24, the Transmission Control Agreement, and the applicable Business Practice Manuals. The comprehensive Transmission Plan will identify transmission upgrade or addition projects associated with Approved Project Sponsors that are Merchant Transmission Facilities or are needed: (1) to maintain System Reliability; (2) to satisfy the requirements of a Location Constrained Resource Interconnection Facility; (3) to maintain the simultaneous feasibility of allocated Long-Term CRRs; and (4) as LGIP Network Upgrades identified pursuant to Section 24.4.6.5. The comprehensive Transmission Plan will identify transmission addition and upgrade elements with no approved Project Sponsors needed to (1) meet state and federal policy requirements and directives that are not inconsistent with the Federal Power Act, including renewable portfolio standards policies; and (2) reduce congestion costs, production supply costs, transmission losses, or other electric supply costs resulting from improved access to cost-effective resources. For purposes of this Section 24, the term “the year X/(X+1) planning cycle” will refer to the Transmission Planning Process initiated during year X to complete a comprehensive Transmission Plan in year X+1.

24.1.1 [Not Used]

24.1.2 [Not Used]

24.1.3 [Not Used]

24.1.4 [Not Used]

24.2 Nature of the Transmission Planning Process

The CAISO will develop the annual comprehensive Transmission Plan and approve transmission upgrades or additions using a Transmission Planning Process with three (3) phases. In Phase 1, the CAISO will develop and complete the Unified Planning Assumptions and Study Plan and, in parallel, begin development of a conceptual statewide plan. In Phase 2, the CAISO will complete the

comprehensive Transmission Plan. In Phase 3, the CAISO will evaluate proposals to construct and own specific transmission upgrade or addition elements specified in the comprehensive Transmission Plan.

The Transmission Planning Process shall, at a minimum:

- (a) Coordinate and consolidate in a single plan the transmission needs of the CAISO Balancing Authority Area for maintaining the reliability of the CAISO Controlled Grid in accordance with Applicable Reliability Criteria and CAISO Planning Standards, in a manner that promotes the economic efficiency of the CAISO Controlled Grid and considers federal and state environmental and other policies affecting the provision of Energy.
- (b) Reflect a planning horizon covering a minimum of ten (10) years that considers previously approved transmission upgrades and additions, Demand Forecasts, Demand-side management, capacity forecasts relating to generation technology type, additions and retirements, and such other factors as the CAISO determines are relevant.
- (c) Seek to avoid unnecessary duplication of facilities and ensure the simultaneous feasibility of the CAISO Transmission Plan and the transmission plans of interconnected Balancing Authority Areas, and otherwise coordinate with regional and sub-regional transmission planning processes and entities, including interconnected Balancing Authority Areas.
- (d) Identify existing and projected limitations of the CAISO Controlled Grid's physical, economic or operational capability or performance and identify transmission upgrades and additions, including alternatives thereto, deemed needed to address the existing and projected limitations.
- (e) Account for any effects on the CAISO Controlled Grid of the interconnection of Generating Units, including an assessment of the deliverability of such Generating Units in a manner consistent with CAISO interconnection procedures.

24.2.1 [Not Used]

24.2.2 [Not Used]

24.2.3 [Not Used] 24.2.4 [Not Used]

24.3 Transmission Planning Process Phase 1

Phase 1 consists of two (2) parallel processes: (1) the development of the Unified Planning Assumptions and Study Plan; and, (2) initiation of the development of the statewide conceptual transmission plan, as discussed in Section 24.4.4.

24.3.1 Inputs to the Unified Planning Assumptions and Study Plan

The CAISO will develop Unified Planning Assumptions and a Study Plan using information and data from the approved Transmission Plan developed in the previous planning cycle. The CAISO will consider the following in the development of the Unified Planning Assumptions and Study Plan:

- (a) WECC base cases, as may be modified for the relevant planning horizon;
- (b) Transmission upgrades and additions approved by the CAISO in past Transmission Planning Process cycles, including upgrades and additions which the CAISO has determined address transmission elements in comprehensive Transmission Plan developed in the previous planning cycle;
- (c) Category 2 policy-driven transmission upgrade and addition elements from a prior planning cycle as described in Section 24.4.6.6;
- (d) Location Constrained Resource Interconnection Facilities conditionally approved under Section 24.4.6.3;
- (e) Network Upgrades identified pursuant to Section 25, Appendix U, Appendix V, Appendix Y or Appendix Z relating to the CAISO's Large Generator Interconnection Procedures and Appendices S and T relating to the CAISO's Small Generator Interconnection Procedures that were not otherwise included in the comprehensive Transmission Plan from the previous annual cycle;
- (f) Operational solutions validated by the CAISO in the Local Capacity Technical Study under Section 40.3.1;
- (g) Policy requirements and directives, as appropriate, including programs initiated

- by state and federal regulatory agencies;
- (h) Energy Resource Areas or similar resource areas identified by Local Regulatory Authorities;
- (i) Demand response programs that are proposed for inclusion in the base case or assumptions for the comprehensive Transmission Plan;
- (j) Generation and other non-transmission projects that are proposed for inclusion in long-term planning studies as alternatives to transmission additions or upgrades;
- (k) Beginning with the 2011/2012 planning cycle, Economic Planning Study requests submitted in comments on the draft Unified Planning Assumptions and Study.
- (l) Planned facilities in interconnected Balancing Authority Areas.

24.3.2 Contents of the Unified Planning Assumptions and Study Plan

The Unified Planning Assumptions and Study Plan shall, at a minimum, provide:

- (a) The planning data and assumptions to be used in the Transmission Planning Process cycle, including, but not limited to, those related to Demand Forecasts and distribution, potential generation capacity additions and retirements, and transmission system modifications;
- (b) A description of the computer models, methodology and other criteria used in each technical study performed in the Transmission Planning Process cycle;
- (c) A list of each technical study to be performed in the Transmission Planning Process cycle and a summary of each technical study's objective or purpose;
- (d) A description of significant modifications to the planning data and assumptions as allowed by Section 24.3.1(a) and consistent with Section 24.3.2;
- (e) The identification of any entities directed to perform a particular technical study or portions of a technical study;
- (f) A proposed schedule for all stakeholder meetings to be held as part of the Transmission Planning Process cycle and the means for notification of any changes thereto, the location on the CAISO Website of information relating to the

technical studies performed in the Transmission Planning Process cycle, and the name of a contact person at the CAISO for each technical study performed in the Transmission Planning Process cycle;

- (g) To the maximum extent practicable, and where applicable, appropriate sensitivity analyses, including project or solution alternatives, to be performed as part of technical studies;
- (h) Descriptions of the High Priority Economic Planning Studies as determined by the CAISO under section 24.3.5; and
- (i) Identification of state or federal requirements or directives that the CAISO will utilize, pursuant to Section 24.4.6.6, to identify policy-driven transmission elements.

24.3.3 Stakeholder Input - Unified Planning Assumptions/Study Plan

- (a) Beginning with the 2011/2012 planning cycle and in accordance with the schedule set forth in the Business Practice Manual, the CAISO will provide a comment period during which Market Participants, electric utility regulatory agencies and all other interested parties may submit the following proposals for consideration in the development of the draft Unified Planning Assumptions and Study Plan:
 - (i) Demand response programs for inclusion in the base case or assumptions; and
 - (ii) Generation and other non-transmission alternatives, consistent with Section 24.3.2(a) proposed as alternatives to transmission additions or upgrades.
- (b) Following review of relevant information, including stakeholder comments submitted pursuant to Section 24.3.3(a), the CAISO will prepare and post on the CAISO Website a draft of the Unified Planning Assumptions and Study Plan. The CAISO will issue a Market Notice announcing the availability of such draft,

soliciting comments, and scheduling a public conference(s) as required by Section 24.3.3(c).

- (c) No less than one (1) week subsequent to the posting of the draft Unified Planning Assumptions and Study Plan, the CAISO will conduct a minimum of one (1) public meeting open to Market Participants, electric utility regulatory agencies, and other interested parties to review, discuss, and recommend modifications to the draft Unified Planning Assumptions and Study Plan. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice.
- (d) Interested parties will be provided a minimum of two (2) weeks following the first public meeting to provide comments on the draft Unified Planning Assumptions and Study Plan. Such comments may include Economic Planning Study requests based on the comprehensive Transmission Plan from the prior cycle. All comments on the draft Unified Planning Assumptions and the Study Plan will be posted by the CAISO to the CAISO Website.
- (e) Following the public conference(s), and under the schedule set forth in the Business Practice Manual, the CAISO will determine and publish to the CAISO Website the final Unified Planning Assumptions and Study Plan in accordance with the procedures set forth in the Business Practice Manual. The CAISO will post the base cases to be used in the technical studies to its secured website as soon as possible after the final Unified Planning Assumptions and Study Plan have been published.

24.3.4 Economic Planning Studies

24.3.4.1 CAISO Assessment of Requests for Economic Planning Studies

Following the submittal of a request for an Economic Planning Study, the CAISO will determine whether the request shall be designated as a High Priority Economic Planning Study for consideration in the

development of the comprehensive Transmission Plan. In making the determination, the CAISO will consider:

- (a) Whether the requested Economic Planning Study seeks to assess Congestion not identified or identified and not mitigated by the CAISO in previous Transmission Planning Process cycles;
- (b) Whether the requested Economic Planning Study addresses delivery of Generation from Location Constrained Resource Interconnection Generators or network transmission facilities intended to access Generation from an Energy Resource Area or similar resource area assigned a high priority by the CPUC or CEC;
- (c) Whether the requested Economic Planning Study is intended to address Local Capacity Area Resource requirements;
- (d) Whether resource and Demand information indicates that Congestion described in the Economic Planning Study request is projected to increase over the planning horizon used in the Transmission Planning Process and the magnitude of that Congestion; or
- (e) Whether the Economic Planning Study is intended to encompass the upgrades necessary to integrate new generation resources or loads on an aggregated or regional basis.

24.3.4.2 Selection of High Priority Economic Planning Studies

In accordance with the schedule and procedures set forth in the Business Practice Manual, the CAISO will post to the CAISO Website the list of selected High Priority Economic Planning Studies to be included in the draft Unified Planning Assumptions and Study Plan. The CAISO may assess requests for Economic Planning Studies individually or in combination where such requests may have common or complementary effects on the CAISO Controlled Grid. As appropriate, the CAISO will perform requested High Priority Economic Planning Studies, up to five (5); however, the CAISO retains discretion to perform more than five (5) High Priority Economic Planning Studies should stakeholder requests or patterns of

Congestion or anticipated Congestion so warrant. Market Participants may, consistent with Section 24.3.1 and 24.3.2, conduct Economic Planning Studies that have not been designated as High Priority Economic Planning Studies at their own expense and may submit such studies for consideration in the development of the comprehensive Transmission Plan.

24.3.5 [Not Used]

24.4 Transmission Planning Process Phase 2

24.4.1 Conducting Technical Studies

- (a) In accordance with the Unified Planning Assumptions and Study Plan and with the procedures and deadlines in the Business Practice Manual, the CAISO will perform, or direct the performance by third parties of, technical studies and other assessments necessary to develop the comprehensive Transmission Plan, including such technical studies and other assessments as are necessary in order to determine whether and how to include elements from the conceptual statewide transmission plan or other alternative elements identified by the CAISO during the Phase 2 studies in the comprehensive Transmission Plan. According to the schedule set forth in the applicable Business Practice Manual, the CAISO will post the preliminary results of its technical studies and proposed mitigation solutions on the CAISO Website. The CAISO's technical study results and mitigation solutions shall be posted not less than one-hundred and twenty (120) days after the final Unified Planning Assumptions and Study Plan are published, along with the results of the technical studies conducted by Participating TOs or other third parties at the direction of the CAISO.
- (b) All technical studies, whether performed by the CAISO, the Participating TOs or other third parties under the direction of the CAISO, must utilize the Unified Planning Assumptions for the particular technical study to the maximum extent practical, and deviations from the Unified Planning Assumptions for the particular technical study must be documented in results of each technical study. The CAISO will measure the results of the studies against Applicable Reliability

Criteria, the CAISO Planning Standards, and other criteria established by the Business Practice Manual. After consideration of the comments received on the preliminary results, the CAISO will complete, or direct the completion of, the technical studies and post the final study results on the CAISO Website.

- (c) The CAISO technical study results will identify needs and proposed solutions to meet Applicable Reliability Criteria, CAISO planning standards, and other applicable planning standards. The CAISO and Participating TOs shall coordinate their respective transmission planning responsibilities required for compliance with the NERC Reliability Standards and for the purposes of developing the annual Transmission Plan according to the requirements and time schedules set forth in the Business Practice Manual.24.4.2 Submission of Reliability Driven Projects

Pursuant to the schedule described in the Business Practice Manual and based on the technical study results, the CAISO, CEC, CPUC, and other interested parties may propose any transmission upgrades or additions deemed necessary to ensure System Reliability consistent with Applicable Reliability Criteria and CAISO Planning Standards through the Phase 2 Request Window. Participating TOs will submit such project proposals through the Phase 2 Request Window within thirty (30) days after the CAISO posts its preliminary technical study results. The substantive description of reliability driven projects is set forth in Section 24.4.6.2.

24.4.3 Phase 2 Request Window

- (a) Following publication of the results of the technical studies, and in accordance with the schedule set forth in the Business Practice Manual, the CAISO will open a Request Window during Phase 2 for the submission of proposals for reliability-driven projects, Location Constrained Resource Interconnection Facility projects, demand response or generation proposals proposed as alternatives to transmission additions or upgrades to meet reliability needs, proposals for Merchant Transmission Facility projects and projects needed to maintain the

feasibility of long-term CRRs.

- (b) All facilities proposed during the Request Window must use the forms and satisfy the information and technical requirements set forth in the Business Practice Manual. Proposals for these transmission additions or upgrades must be within or connect to the CAISO Balancing Authority Area or CAISO Controlled Grid. The CAISO will determine whether each of these proposals will be considered in the development of the comprehensive Transmission Plan. In accordance with the schedule and procedures set forth in the Business Practice Manual, the CAISO will notify the party submitting the proposal of any deficiencies in the proposal and provide the party an opportunity to correct the deficiencies. A proposal can only be considered in the development of the comprehensive Transmission Plan if the CAISO determines that:
- (i) the proposal satisfies the information requirements for the particular type of project submitted as set forth in templates included in the Business Practice Manual;
 - (ii) the proposal is not functionally duplicative of transmission upgrades or additions that have previously been approved by the CAISO; and
 - (iii) the proposal, if a sub-regional or regional project that affects other interconnected Balancing Authority Areas has been reviewed by the appropriate sub-regional or regional planning entity, is not inconsistent with such sub-regional or regional planning entity's preferred solution or project, and has been determined to be appropriate for inclusion in the CAISO Study Plan, rather than, or in addition to, being included in or deferred to the planning process of the sub-regional or regional planning entity.
- (c) The duration of the Request Window will be set forth in the Business Practice Manual.

24.4.4 Comment Period of Conceptual Statewide Plan

Beginning in Phase 1, the CAISO will develop, or, in coordination with other regional or sub-regional transmission planning groups or entities, including interconnected Balancing Authority Areas, will participate in the development of, a conceptual statewide transmission plan that, among other things, may identify potential transmission upgrade or addition elements needed to meet state and federal policy requirements and directives. The conceptual statewide transmission plan will be an input into the CAISO's Transmission Planning Process. The CAISO will post the conceptual statewide transmission plan to the CAISO Website and will issue a Market Notice providing notice of the availability of such plan. In the month immediately following the publication of the conceptual statewide transmission plan, the CAISO will provide an opportunity for interested parties to submit comments and recommend modifications to the conceptual statewide transmission plan and alternative transmission elements, including potential interstate transmission lines and proposals for access to resources located in areas not identified in the conceptual statewide transmission plan, and non-transmission elements.

24.4.5 Determination of Needed Transmission Projects and Elements

To determine which projects and additional elements should be included in the comprehensive Transmission Plan, the CAISO will evaluate the conceptual transmission elements identified in the statewide conceptual transmission plan or other alternative elements identified by the CAISO during the Phase 2 studies, reliability project proposals, LCRIF projects proposals, project proposals required to maintain the feasibility of long term CRRs, proposed Network Upgrades pursuant to Section 24.4.6.5 and the results of Economic Planning Studies or other economic studies the CAISO has performed and will consider potential alternative transmission upgrade and addition elements and non-transmission or generation solutions proposed by interested parties. In determining which projects and additional elements should be included in the comprehensive Transmission Plan, the CAISO will not give undue weight or preference to the conceptual statewide plan or any other input in its planning process.

24.4.6 Categories of Transmission Projects

24.4.6.1 Merchant Transmission Project Proposals

The CAISO may include a transmission addition or upgrade in the comprehensive Transmission Plan if a Project Sponsor proposes a Merchant Transmission Facility and demonstrates to the CAISO the financial capability to pay the full cost of construction and operation of the Merchant Transmission Facility. The

Merchant Transmission Facility must mitigate all operational concerns identified by the CAISO to the satisfaction of the CAISO, in consultation with the Participating TO(s) in whose PTO Service Territory the Merchant Transmission Facility will be located, and ensure the continuing feasibility of allocated Long Term CRRs over the length of their terms. To ensure that the Project Sponsor is financially able to pay the construction and operating costs of the Merchant Transmission Facility, and where the Participating TO is not the Project Sponsor and is to construct the Merchant Transmission Facility under Section 24.4.1, the CAISO in cooperation with the Participating TO may require (1) a demonstration of creditworthiness (e.g., an appropriate credit rating), or (2) sufficient security in the form of an unconditional and irrevocable letter of credit or other similar security sufficient to meet its responsibilities and obligations for the full costs of the transmission addition or upgrade.

24.4.6.2 Reliability Driven Projects

The CAISO, in coordination with each Participating TO with a PTO Service Territory will, as part of the Transmission Planning Process and consistent with the procedures set forth in the Business Practice Manual, identify the need for any transmission additions or upgrades required to ensure System Reliability consistent with all Applicable Reliability Criteria and CAISO Planning Standards. In making this determination, the CAISO, in coordination with each Participating TO with a PTO Service Territory and other Market Participants, shall consider lower cost alternatives to the construction of transmission additions or upgrades, such as acceleration or expansion of existing projects, Demand-side management, Remedial Action Schemes, appropriate Generation, interruptible Loads, storage facilities or reactive support. The CAISO shall direct each Participating TO with a PTO Service Area, as a registered Transmission Planner with NERC, to perform the necessary studies, based on the Unified Planning Assumptions and Study Plan and any applicable Interconnection Study, and in accordance with the Business Practice Manual, to determine the facilities needed to meet all Applicable Reliability Criteria and CAISO Planning Standards. The Participating TO with a PTO Service Area shall provide the CAISO and other Market Participants with all information relating to the studies performed under this Section, subject to any limitation provided in Section 20.2 or the applicable LGIP. The Participating TO with a PTO Service Territory in which the transmission upgrade or addition deemed needed under this Section 24 will have the responsibility to construct, own and finance, and maintain such transmission upgrade or

addition. If, as part of the Transmission Planning Process, the CAISO identifies a Category 1 policy-driven element or an economically-driven element as being needed under Sections 24.4.6.6 and 24.4.6.7 that eliminates an identified reliability concern under Applicable Reliability and CAISO Planning Standards, such element will retain its categorization as Category 1 policy-driven or economic element, respectively. If a transmission addition or upgrade required to ensure System Reliability provides other benefits without any expansion of its scope to explicitly include such benefits, such transmission addition or upgrade will retain its categorization as a reliability project.

24.4.6.3 LCRIF Projects

24.4.6.3.1 Proposals for LCRIFs

The CAISO, CPUC, CEC, a Participating TO, or any other interested parties may propose a transmission addition as a Location Constrained Resource Interconnection Facility. A proposal shall include the following information, to the extent available:

- (a) Information showing that the proposal meets the requirements of Section 24.4.6.3.2; and
- (b) A description of the proposed facility, including the following information:
 - (1) Transmission studies demonstrating that the proposed facility satisfies Applicable Reliability Criteria and CAISO Planning Standards;
 - (2) Identification of the most feasible and cost-effective alternative transmission additions, which may include network upgrades, that would accomplish the objective of the proposal;
 - (3) A planning level cost estimate for the proposed facility and all proposed alternatives;
 - (4) An assessment of the potential for the future connection of further transmission additions that would convert the proposed facility into a network transmission facility, including conceptual plans;
 - (5) The estimated in-service date of the proposed facility; and
 - (6) A conceptual plan for connecting potential LCRIGs, if known, to the proposed facility.

24.4.6.3.2 Criteria for Qualification as a LCRIF

- (a) The CAISO shall conditionally approve a facility as a Location Constrained Resource Interconnection Facility if it determines that the facility is needed and all of the following requirements are met:
- (1) The facility is to be constructed for the primary purpose of connecting to the CAISO Controlled Grid two (2) or more Location Constrained Resource Interconnection Generators in an Energy Resource Area, and at least one of the Location Constrained Resource Interconnection Generators is to be owned by an entity(ies) that is not an Affiliate of the owner(s) of another Location Constrained Resource Interconnection Generator in that Energy Resource Area;
 - (2) The facility will be a High Voltage Transmission Facility;
 - (3) At the time of its in-service date, the facility will not be a network facility and would not be eligible for inclusion in a Participating TO's TRR other than as an LCRIF; and
 - (4) The facility meets Applicable Reliability Criteria and CAISO Planning Standards.
- (b) The proponent of a facility that has been determined by the CAISO to meet the requirements of Section 24.4.6.3.2(a) shall provide the CAISO with information concerning the requirements of this subsection not less than ninety (90) days prior to the planned commencement of construction, and the facility shall qualify as a Location Constrained Resource Interconnection Facility if the CAISO determines that both of the following requirements are met:
- (1) The addition of the capital cost of the facility to the High Voltage TRR of a Participating TO will not cause the aggregate of the net investment of all LCRIFs (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6) included in the High Voltage TRRs of all Participating TOs to exceed fifteen (15) percent of

the aggregate of the net investment of all Participating TOs in all High Voltage Transmission Facilities reflected in their High Voltage TRRs (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6) in effect at the time of the CAISO's evaluation of the facility; and

- (2) Existing or prospective owners of LCRIGs have demonstrated their interest in connecting LCRIGs to the facility consistent with the requirements of Section 24.4.6.3.4, which establishes the necessary demonstration of interest.

24.4.6.3.3 Responsibilities of Participating Transmission Owner

Each Participating TO shall report annually to the CAISO the amount of its net investment in LCRIFs (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6), and its net investment in High Voltage Transmission Facilities reflected in its High Voltage TRR (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6), to enable the CAISO to make the determination required under Section 24.4.6.3.2(b)(1).

24.4.6.3.4 Demonstration of Interest in a LCRIF

A proponent of an LCRIF must demonstrate interest in the LCRIF equal to sixty (60) percent or more of the capacity of the facility in the following manner:

- (a) the proponent's demonstration must include a showing that LCRIGs that would connect to the facility and would have a combined capacity equal to at least twenty-five (25) percent of the capacity of the facility have executed Large Generator Interconnection Agreements or Small Generator Interconnection Agreements, as applicable; and
- (b) to the extent the showing pursuant to Section 24.4.6.3.4(a) does not constitute sixty (60) percent of the capacity of the LCRIF, the proponent's demonstration of the remainder of the required minimum level of interest must include a showing that additional LCRIGs:
 - (1) in the case of Large Generating Facilities subject to the LGIP set forth in Appendix Y, have obtained Site Exclusivity or paid the Site Exclusivity

Deposit in lieu of Site Exclusivity, provided that any Site Exclusivity Deposit paid pursuant to Section 3.5 of the LGIP set forth in Appendix Y shall satisfy this requirement, or, in the case of Large Generating Facilities subject to the LGIP set forth in Appendix U and Small Generating Facilities, have obtained control over their site or paid a deposit to the CAISO in the amount of \$250,000, which deposit shall be refundable if the LCRIF is not approved or is withdrawn by the proponent; and

- (2) have demonstrated interest in the LCRIF by one of the following methods:
 - (i) executing a firm power sales agreement for the output of the LCRIG for a period of five (5) years or longer; or
 - (ii) in the case of Large Generating Facilities subject to the LGIP set forth in Appendix Y, filing an Interconnection Request and paying the Interconnection Study Deposit required by Section 3.5 of the LGIP set forth in Appendix Y; or
 - (iii) in the case of Large Generating Facilities subject to the LGIP set forth in Appendix U and Small Generating Facilities, being in the CAISO's interconnection queue and paying a deposit to the CAISO equal to the sum of the minimum deposits required of an Interconnection Customer for all studies performed in accordance with the Large Generator Interconnection Procedures (Appendix U) or Small Generator Interconnection Procedures (Appendix S), as applicable to the LCRIG, less the amount of any deposits actually paid by the LCRIG for such studies. The deposit shall be credited toward such study costs. If the LCRIF is not approved or is withdrawn by the proponent, any deposit paid under this provision shall be refundable to the

extent it exceeds costs incurred by the CAISO for such studies;

or

- (iv) paying a deposit to the CAISO equal to five (5) percent of the LCRIG's pro rata share of the capital costs of a proposed LCRIF. The deposit shall be credited toward costs of Interconnection Studies performed in connection with the Large Generator Interconnection Procedures (Appendix U or Appendix Y, as applicable) or Small Generator Interconnection Procedures (Appendix S), whichever is applicable. If the LCRIF is not approved or is withdrawn by the proponent, any deposit paid under this provision shall be refundable to the extent it exceeds the costs incurred by the CAISO for such studies.

24.4.6.3.5 Coordination With Non-Participating TOs

In the event that a facility proposed as an LCRIF would connect to LCRIGs in an Energy Resource Area that would also be connected by a transmission facility that is in existence or is proposed to be constructed by an entity that is not a Participating TO and that does not intend to place that facility under the Operational Control of the CAISO, the CAISO shall coordinate with the entity owning or proposing that transmission facility through any regional planning process to avoid the unnecessary construction of duplicative transmission additions to connect the same LCRIGs to the CAISO Controlled Grid.

24.4.6.3.6 Evaluation of LCRIFs

In evaluating whether a proposed LCRIF that meets the requirements of Section 24.4.6.3.2 is needed, and for purposes of ranking and prioritizing LCRIF projects, the CAISO will consider the following factors:

- (a) Whether, and if so, the extent to which, the facility meets or exceeds applicable CAISO Planning Standards, including standards that are Applicable Reliability Criteria.
- (b) Whether, and if so, the extent to which, the facility has the capability and flexibility both to interconnect potential LCRIGs in the Energy Resource Area and to be converted in the future to a network transmission facility.

- (c) Whether the projected cost of the facility is reasonable in light of its projected benefits, in comparison to the costs and benefits of other alternatives for connecting Generating Units or otherwise meeting a need identified in the CAISO Transmission Planning Process, including alternatives that are not LCRIFs. In making this determination, the CAISO shall take into account, among other factors, the following:
- (1) The potential capacity of LCRIGs and the potential Energy that could be produced by LCRIGs in each Energy Resource Area;
 - (2) The capacity of LCRIGs in the CAISO's interconnection process for each Energy Resource Area;
 - (3) The projected cost and in-service date of the facility in comparison with other transmission facilities that could connect LCRIGs to the CAISO Controlled Grid;
 - (4) Whether, and if so, the extent to which, the facility would provide additional reliability or economic benefits to the CAISO Controlled Grid; and
 - (5) Whether, and if so, the extent to which, the facility would create a risk of stranded costs.

24.4.6.4 Projects to Maintain the Feasibility of Long Term CRRs

The CAISO is obligated to ensure the continuing feasibility of Long Term CRRs that are allocated by the CAISO over the length of their terms. In furtherance of this requirement the CAISO shall, as part of its annual Transmission Planning Process cycle, test and evaluate the simultaneous feasibility of allocated Long Term CRRs, including, but not limited to, when acting on the following types of projects: (a) planned or proposed transmission projects; (b) Generating Unit or transmission retirements; (c) Generating Unit interconnections; and (d) the interconnection of new Load. Pursuant to such evaluations, the CAISO shall identify the need for any transmission additions or upgrades required to ensure the continuing feasibility of allocated Long Term CRRs over the length of their terms and shall publish Congestion Data Summary along with the results of the CAISO technical studies. In assessing the need for transmission

additions or upgrades to maintain the feasibility of allocated Long Term CRRs, the CAISO, in coordination with the Participating TOs and other Market Participants, shall consider lower cost alternatives to the construction of transmission additions or upgrades, such as acceleration or expansion of existing projects; Demand-side management; Remedial Action Schemes; constrained-on Generation; interruptible Loads; reactive support; or in cases where the infeasible Long Term CRRs involve a small magnitude of megawatts, ensuring against the risk of any potential revenue shortfall using the CRR Balancing Account and uplift mechanism in Section 11.2.4. As part of the CAISO's Transmission Planning Process, the Participating TOs and Market Participants shall provide the necessary assistance and information to the CAISO to allow it to assess and identify transmission additions or upgrades that may be necessary under Section 24.4.6.4. . If, as part of the Transmission Planning Process, the CAISO identifies a Category 1 policy-driven element or an economically-driven element as being needed under Sections 24.4.6.6 and 24.4.6.7 that eliminates an identified need for a project to maintain the feasibility of allocated long-term CRRs, such element will retain its categorization as Category 1 policy-driven or economic element, respectively. If a transmission addition or upgrade required to maintain the feasibility of long-term CRRs provides other benefits without any expansion of its scope to explicitly include such benefits, such transmission addition or upgrade will retain its categorization as a project needed to maintain the feasibility of long-term CRRs. To the extent a transmission upgrade or addition is deemed needed to maintain the feasibility of allocated Long Term CRRs in accordance with this Section and included in the CAISO's annual Transmission Plan, the CAISO will designate the Participating TO(s) with a PTO Service Territory in which the transmission upgrade or addition is to be located as the Project Sponsor(s), responsible to construct, own and finance, and maintain such transmission upgrade or addition.

24.4.6.5 LGIP Network Upgrades

Beginning with the 2011/2012 planning cycle, Network Upgrades originally identified during the Phase II Interconnection Study or Interconnection Facilities Study Process of the Large Generation Interconnection Process as set forth in Section 7 of Appendix Y that are not already included in a signed LGIA may be assessed as part of the comprehensive Transmission Plan if these Network Upgrades satisfy the following criteria:

- (a) The Network Upgrades consist of new transmission lines 200 kV or above, and have capital costs of \$100 million or greater;

- (b) The Network Upgrade is a new 500 kV substation that has capital costs of \$100 million or greater; or,
- (c) The Network Upgrades have a capital cost of \$200 million or more.

The CAISO will post a list of the Network Upgrades eligible for assessment in the Transmission Planning Process in accordance with the schedule set forth in the applicable Business Practice Manual. Network Upgrades included in the comprehensive Transmission Plan may include additional components not included in the Network Upgrades originally identified during the Phase II Interconnection Study or may be expansions of the Network Upgrades originally identified during the Phase II Interconnection Study if the CAISO determines during the Transmission Planning Process that such components or expansions are needed as additional elements under section 24.1. Network Upgrades identified in the LGIP Phase II studies but not assessed in the Transmission Planning Process will be included in Large Generator Interconnection Agreements, as appropriate. Network Upgrades assessed in the Transmission Planning Process but not modified or replaced will be included in Large Generator Interconnection Agreements, as appropriate. Construction and ownership of Network Upgrades specified in the comprehensive Transmission Plan under this section, including any needed additional components or expansions, will be the responsibility of the Participating TO if the Phase II studies identified the original upgrade as needed and such upgrade has not yet been set forth in an executed Large Generator Interconnection Agreement. If, through the comprehensive Transmission Planning Process, the CAISO identifies any additional components or expansions of Network Upgrades that result in the need for other upgrades or additions, the responsibility to build and own such additions or upgrades will be determined by this Section 24, according to the category of those upgrades or additions. Any decision in the Transmission Planning Process to modify Network Upgrades identified in the Large Generator Interconnection Process will not increase the cost responsibility of the Interconnection Customer as described in Appendix Y, Section 7. Category 1 policy-driven elements identified under Section 24.4.6.7 could supplant the need for LGIP Network Upgrades that would be developed in subsequent Generator Interconnection Process cycles. To the extent that a Category 1 policy-driven element eliminates or downsizes the need for a Network Upgrade, the Interconnection Customer's cost responsibility for such Network Upgrade shall be eliminated or reduced. Any financial security posting shall be adjusted accordingly.

24.4.6.6 Policy-Driven Elements

Once the CAISO has identified projects needed to maintain reliability, LCRIF projects eligible for conditional or final approval, projects needed to maintain long-term CRR feasibility, qualified Merchant Transmission Facility projects, and needed LGIP Network Upgrades as described in Section 24.4.6.5, the CAISO may evaluate transmission upgrade and addition elements needed to meet state or federal policy requirements or directives as specified in the Study Plan pursuant to Section 24.3.2(i). Policy-driven transmission upgrade or addition elements will be either Category 1 or Category 2. Category 1 are those elements which under the criteria of this section are found to be needed elements and are recommended for approval as part of the comprehensive Transmission Plan in the current cycle. Category 2 are those elements that could be needed to achieve state or federal policy requirements or directives but have not been found to be needed in the current planning cycle based on the criteria set forth in this section. Elements identified in this section and not identified in Section 24.4.6.5 as the responsibility of the Participating TO to build will be open for Project Sponsor solicitation during Phase 3. The CAISO will determine the need for, and identify such policy-driven transmission upgrade or addition elements that efficiently and effectively meet applicable policies under alternative resource location and integration assumptions and scenarios, while mitigating the risk of stranded investment. The CAISO will create a baseline scenario reflecting the assumptions about resource locations that are most likely to occur and one or more reasonable stress scenarios that will be compared to the baseline scenario. Any transmission upgrade or addition elements that are included in the baseline scenario and at least a significant percentage of the stress scenarios may be Category 1 elements. Transmission upgrades or additions that are included in the base case, but which are not included in any of the stress scenarios or are included in an insignificant percentage of the stress scenarios, generally will be Category 2 elements, unless the CAISO finds that sufficient analytic justification exists to designate them as Category 1. In such cases, the ISO will make public the analysis upon which it based its justification for designating such facilities as Category 1 rather than Category 2. In this process, the CAISO will consider the following criteria:

- (a) commercial interest in the resources in the applicable geographic area (including renewable energy zones) accessed by potential transmission elements as

evidenced by signed and approved power purchase agreements and interconnection agreements;

- (b) the results and identified priorities of the California Public Utilities Commission's or California Local Regulatory Authorities' resource planning processes;
- (c) the expected planning level cost of the transmission element as compared to the potential planning level costs of other alternative transmission elements;
- (d) the potential capacity (MW) value and energy (MWh) value of resources in particular zones that will meet the policy requirements, as well as the cost supply function of the resources in such zones;
- (e) the environmental evaluation, using best available public data, of the zones that the transmission is interconnecting as well as analysis of the environmental impacts of the transmission elements themselves; the extent to which the transmission element will be needed to meet Applicable Reliability Criteria or to provide additional reliability or economic benefits to the ISO grid;
- (f) potential future connections to other resource areas and transmission elements;
- (g) resource integration requirements and the costs associated with these requirements in particular resource areas designated pursuant to policy initiatives;
- (h) the potential for a particular transmission element to provide access to resources needed for integration, such as pumped storage in the case of renewable resources;
- (i) the effect of uncertainty associated with the above criteria, and any other considerations, that could affect the risk of stranded investment; and
- (j) the effects of other additions or upgrades being considered for approval during the planning process.

24.4.6.7 Economic Studies and Mitigation Solutions

Once the CAISO has identified projects needed to maintain reliability, LCRIF projects eligible for conditional or final approval, qualified merchant transmission projects and policy driven elements, the

CAISO will conduct the High Priority Economic Planning Studies selected under Section 24.4.4 and any other studies that the CAISO concludes are necessary to determine whether additional transmission upgrades and additions, or modifications to identified transmission projects or elements, are necessary to address:

- (a) Congestion identified by the CAISO in the Congestion Data Summary published for the applicable Transmission Planning Process cycle and the magnitude, duration, and frequency of that Congestion;
- (b) Local Capacity Area Resource requirements;
- (c) Congestion projected to increase over the planning horizon used in the Transmission Planning Process and the magnitude of that Congestion; or
- (d) Integration of new generation resources or loads on an aggregated or regional basis.

In determining whether additional elements are needed, the CAISO shall consider the degree to which, if any, the benefits of the solutions outweigh the costs, in accordance with the procedures set forth in the Business Practice Manual. The benefits of the mitigation solutions may include a calculation of any reduction in production costs, Congestion costs, Transmission Losses, capacity or other electric supply costs resulting from improved access to cost-efficient resources. The cost of the mitigation solution must consider any estimated costs identified under Section 24.4.6.4 to maintain the simultaneous feasibility of allocated Long Term CRRs for the length of their term. The CAISO, in determining whether a particular solution is needed, shall also consider the comparative costs and benefits of viable alternatives to the particular transmission element, including: (1) other potential transmission upgrades or additions, including those being considered or proposed during the Transmission Planning Process; (2) acceleration or expansion of any transmission upgrade or addition already approved by the CAISO Governing Board or included in any CAISO annual Transmission Plan, and (3) non-transmission alternatives, including demand-side management. Transmission upgrades and addition elements that are identified under this Section 24.4.6.7, other than reliability-driven projects, LCRIF projects eligible for conditional or final approval and qualified Merchant Transmission Facility projects, will be open for bid and Project Sponsor solicitation in Phase 3.

24.4.6.8 Projects Submitted in Prior Request Windows

During Phase 2 of the 2010/2011 Transmission Planning Cycle, the CAISO will evaluate the specific project proposals submitted during the 2008 and 2009 request windows. If any of these 2008 or 2009 request window proposals is found by the CAISO to be needed as a Category 1 policy-driven or economically-driven element, using the criteria for approval of transmission elements under sections 24.4.6.6 or 24.4.6.7, the project will be included in the comprehensive 2010/2011 Transmission Plan. Upon Board approval of the Transmission Plan, the Project Sponsor that submitted the proposal will be approved to finance, own and construct the approved additions and upgrades provided that Project Sponsor meets the criterion specified in Section 24.5.2.1(c). If a 2008 or 2009 request window proposal is found to be needed as a Category 2 policy-driven element in the 2010-2011 Transmission Planning Cycle, and that Category 2 policy-driven element is reclassified as a Category 1 policy-driven element in the 2011-2012 Transmission Planning Cycle, the Project Sponsor that submitted the proposal will be approved to finance, own and construct the element, provided that Project Sponsor meets the criterion specified in Section 24.5.2.1(c). If competing projects have been submitted by multiple Project Sponsors in the 2008 and 2009 request windows for the same elements in the 2010/2011 comprehensive Transmission Plan, the CAISO will approve one of those Project Sponsors to build and own the project based on the criteria specified in Section 24.5.2.3. To the extent that competing project proposals for the same policy-driven or economically-driven element were submitted in both the 2008 and 2009 request windows, the CAISO will give priority to the project proposals submitted in the 2008 request window.

24.4.7 Description of Transmission Elements

The transmission elements identified in the draft and final comprehensive Transmission Plan will provide sufficient engineering detail to permit Project Sponsors to submit complete proposals, under section 24.5.1 to build certain transmission elements. As further described in the Business Practice Manual, such details may include, but are not limited to:

- (a) Minimum Conductor Ampacity;
- (b) Approximate Line impedance required;
- (c) Approximate Series compensation levels;
- (d) Substation bus and breaker configuration;
- (e) Breaker clearing times;

- (f) Transformer characteristics (capacity, impedance, tap range);
- (g) Minimum Shunt capacitor and reactor sizes;
- (h) Minimum FACTS device specifications;
- (i) SPS requirements;
- (j) Planning level cost estimates;
- (k) Projected in-service date.

24.4.8 Additional Contents of Comprehensive Transmission Plan

In addition to the detailed descriptions of specific needed addition and upgrade projects and elements, the draft and final comprehensive Transmission Plan may include: (1) the results of technical studies performed under the Study Plan; (2) determinations and recommendations regarding the need for identified transmission upgrade and addition projects and elements; (3) assessments of transmission upgrades and additions submitted as alternatives to the potential solutions to transmission needs identified by the CAISO and studied during the Transmission Planning Process cycle; (4) results of Economic Planning Studies (except for the 2010/2011 cycle); (5) an update on the status of transmission upgrades or additions previously approved by the CAISO, including identification of mitigation plans, if necessary, to address any potential delay in the anticipated completion of an approved transmission upgrade or addition; and (6) a description of transmission addition and upgrade projects with an estimated capital investment of \$50 million or more submitted through the Request Window and for which additional studies are required before being presented to the CAISO Governing Board for approval following completion of the studies; and (7) a description of Category 2 transmission upgrade or addition elements recommended for consideration in future planning cycles.

24.4.9 Phase 2 Stakeholder Process

- (a) According to the schedule and procedures set forth in the Business Practice Manual, the CAISO will schedule one (1) public meeting after the CAISO technical study results have been posted and Participating TOs have submitted (i) the results of technical studies conducted at the direction of the CAISO (if applicable); and (ii) reliability-driven projects and mitigation solutions. All stakeholder meetings, web conferences, or teleconferences shall be noticed by

Market Notice. Interested parties will be provided a minimum two (2) week period to provide written comments regarding the technical study results and the proposals submitted by the Participating TOs.

- (b) The CAISO will schedule at least one (1) other public meeting before the draft comprehensive Transmission Plan is posted to provide information about any policy-driven element evaluations or economic planning studies that have been completed since the prior public meeting was held, as well as updated information about any studies or evaluations that are still in progress. Notice of such meeting, web conference or teleconference will be provided to stakeholders via Market Notice.
- (c) In accordance with the schedule and procedures in the Business Practice Manual, but not less than one-hundred and twenty (120) days after the results of the CAISO's technical studies are posted and not less than six (6) weeks after the Request Window closes, the CAISO will post a draft comprehensive Transmission Plan. The CAISO will subsequently conduct a public conference regarding the draft comprehensive Transmission Plan and solicit comments, consistent with the timelines and procedures set forth in the Business Practice Manual. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice and such notice shall be posted to the CAISO Website. After consideration of comments, the CAISO will post the revised draft comprehensive Transmission Plan to the CAISO Website.

24.4.10 Transmission Plan Approval Process

The revised draft comprehensive Transmission Plan, along with the stakeholder comments, will be presented to the CAISO Governing Board for consideration and approval. Upon approval of the plan, all needed transmission addition and upgrade projects and elements, net of all transmission and non-transmission alternatives considered in developing the comprehensive Transmission Plan, will be deemed approved by the CAISO Governing Board. Transmission upgrade and addition projects with

capital costs of \$50 million or less can be approved by CAISO management and may proceed to permitting and construction prior to Governing Board approval of the plan. Following Governing Board approval, the CAISO will post the final comprehensive Transmission Plan to the CAISO website.

24.5 Transmission Planning Process Phase 3

24.5.1 Project Submissions

According to the schedule set forth in the Business Practice Manual, in the month following CAISO Governing Board approval of the comprehensive Transmission Plan, the CAISO will initiate a period of at least two (2) months that will provide an opportunity for Project Sponsors to submit specific transmission project proposals to finance, own, and construct the transmission elements identified in the comprehensive Transmission Plan. Such project proposals must include plan of service details and supporting information as set forth in the Business Practice Manual sufficient to enable the CAISO to determine whether the proposal meets the criteria specified in section 24.5.2.1 and 24.5.2.4. The project proposal will identify the authorized governmental body from which the Project Sponsor will seek siting approval for the project.

24.5.2 Project Selection

At the end of the project submission period, the CAISO will post a list of proposed projects and Project Sponsors to its Website, subject to the confidentiality provisions set forth in Tariff section 20 and as further described in the Business Practice Manual, and will select projects and Approved Project Sponsors pursuant to this section 24.5.2. If the selected project involves an upgrade to or addition on an existing Participating TO facility, the construction or ownership of facilities on a Participating TO's right-of-way, or the construction or ownership of facilities within an existing Participating TO substation, the Participating TO will construct and own such upgrade or addition facilities unless the Project Sponsor and the Participating TO agree to a different arrangement.

24.5.2.1 Project Sponsor Qualification

The CAISO will evaluate the proposals to finance, own and construct policy-driven transmission elements or transmission elements that are included in the comprehensive Transmission Plan based on the results of Economic Planning Studies or other economic studies conducted by the CAISO under section 24.4.6.7 to determine:

- (a) whether the proposed project is consistent with needed transmission elements identified in the comprehensive Transmission Plan;
- (b) whether the proposed project satisfies Applicable Reliability Criteria and CAISO Planning Standards; and
- (c) whether the Project Sponsor and its team are physically, technically, and financially capable of (i) completing the project in a timely and competent manner; and (ii) operating and maintaining the facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the project.

On the CAISO's request, the Project Sponsor will provide additional information that the CAISO reasonably determines is necessary to conduct its evaluation.

24.5.2.2 Single Project Sponsor

If only one Project Sponsor submits a proposal to finance, own, and construct transmission elements under section 24.5.1, and the CAISO determines that the Project Sponsor is qualified to own and construct the project under the criteria set forth in section 24.5.2.1, the Project Sponsor must seek siting approval, and any other necessary approvals, from the appropriate authority or authorities within one-hundred twenty (120) days of CAISO approval.

24.5.2.3 Multiple Project Sponsors

- (a) If two (2) or more Project Sponsors submit proposals to own and construct the same transmission element or elements under section 24.5.1 and the CAISO determines that the two (2) or more Project Sponsors are qualified to own and construct the project under the criteria set forth in section 24.5.2.1, the CAISO will, upon request, facilitate an opportunity for the Project Sponsors to collaborate with each other to propose a single project to meet such need. If joint projects are proposed following the collaboration period, the CAISO will revise the list of potential renewable transmission upgrades or additions eligible for selection.
- (b) If the qualified Project Sponsors are unable to collaborate on a joint project and are applying to the same authorized governmental body to approve the project siting, the qualified Project Sponsors must seek siting approval within sixty (60)

days and the CAISO will accept the Project Sponsor determination by that authorized governmental authority.

- (c) If the qualified Project Sponsors are unable to collaborate on a joint project and are applying to different authorized governmental bodies for project siting approval, the CAISO will select one approved Project Sponsor based on a comparative analysis of the degree to which each Project Sponsor meets the criteria set forth in sections 24.5.2.1 and a consideration of the factors set forth in 24.5.2.4. The CAISO will engage an expert consultant to assist with the selection of the approved Project Sponsor. Thereafter, the approved Project Sponsor must seek siting approval, and any other necessary approvals, from the appropriate authority or authorities within one-hundred twenty (120) days of CAISO approval.

24.5.2.4 Project Sponsor Selection Factors

In selecting an approved Project Sponsor from among multiple project sponsors, as described in section 24.5.2.3(c), the CAISO shall consider the following criteria, in addition to the criteria set forth in section 24.5.2:

- (a) the current and expected capabilities of the Project Sponsor and its team to finance, license, and construct the facility and operate and maintain it for the life of the project;
- (b) the Project Sponsor's existing rights of way and substations that would contribute to the project in question;
- (c) the experience of the Project Sponsor and its team in acquiring rights of way, and the authority to acquire rights of way by eminent domain, if necessary, that would facilitate approval and construction;
- (d) the proposed schedule for development and completion of the project and demonstrated ability to meet that schedule of the Project Sponsor and its team;
- (e) the financial resources of the Project Sponsor and its team;
- (f) the technical and engineering qualifications and experience of the Project Sponsor and its team;

- (g) if applicable, the previous record regarding construction and maintenance of transmission facilities, including facilities outside the CAISO Controlled Grid of the Project Sponsor and its team;
- (h) demonstrated capability to adhere to standardized construction, maintenance and operating practices ;
- (i) demonstrated ability to assume liability for major losses resulting from failure of facilities;
- (j) demonstrated cost containment capability and other advantages the Project Sponsor and its team may have to build the specific project, including any binding agreement by the Project Sponsor and its team to accept a cost cap that would preclude project costs above the cap from being recovered through the CAISO's Transmission Access Charge.

The information that Project Sponsors must submit to enable the CAISO to conduct its evaluation of these criteria shall be specified in the Business Practice Manual.

24.5.3 Notice to Project Sponsors

The CAISO will notify Project Sponsors as to results of the project evaluation process in accordance with the schedule and procedures set forth in the Business Practice Manual.

24.6 Obligation to Construct Transmission Projects

A Participating TO that has a PTO Service Territory in which either terminus of the element or elements being upgraded or added is located shall be obligated to construct all transmission additions and upgrade elements or elements included in the comprehensive Transmission Plan for which there is no Approved Project Sponsor or for which the Project Sponsor is unable to secure all necessary approvals. In cases where the Approved Project Sponsor is subsequently unable or unwilling to build the project, the CAISO may, at its discretion, direct the Participating TO with a PTO Service Territory in which either terminus of the facility being upgraded or added is located to build the element or elements, or open a new solicitation of Project Sponsors to finance, construct and own the element or elements. The Approved Project Sponsor shall not sell, assign or otherwise transfer its rights to finance, construct and own the project before the project has been energized and, if applicable, turned over to the CAISO's Operational Control

unless the CAISO has approved such proposed transfer. The obligations of the Participating TO to construct such transmission additions or upgrades will not alter the rights of any entity to construct and expand transmission facilities as those rights would exist in the absence of a TO's obligations under this CAISO Tariff or as those rights may be conferred by the CAISO or may arise or exist pursuant to this CAISO Tariff.

24.6.1 [Not Used]

24.6.2 [Not Used]

24.6.3 [Not Used]

24.7 Documentation of Compliance with NERC Reliability Standards

The Transmission Plan and underlying studies, assessments, information and analysis developed during the Transmission Planning Process, regardless of whether performed by CAISO or by Participating TOs or other third parties at the direction of CAISO, shall be used by the CAISO as part of its documentation of compliance with NERC Reliability Standards.

24.8 Additional Planning Information

24.8.1 Information Provided by Participating TOs

In addition to any information that must be provided to the CAISO under the NERC Reliability Standards, Participating TOs shall provide the CAISO on an annual or periodic basis in accordance with the schedule and procedures and in the form required by the Business Practice Manual any information and data reasonably required by the CAISO to perform the Transmission Planning Process, including, but not limited to: (1) modeling data for power flow, including reactive power, short-circuit and stability analysis; (2) a description of the total Demand to be served from each substation, including a description of any Energy efficiency programs reflected in the total Demand; (3) the amount of any interruptible Loads included in the total Demand (including conditions under which an interruption can be implemented and any limitations on the duration and frequency of interruptions); (4), a description of Generating Units to be interconnected to the Distribution System of the Participating TO, including generation type and anticipated Commercial Operation Date; (5) detailed power system models of their transmission systems that reflect transmission system changes, including equipment replacement not requiring approval by the CAISO; (6) Distribution System modifications; (7) transmission network information, including line ratings, line length, conductor sizes and lengths, substation equipment ratings, circuits on common towers and

with common rights-of-ways and cross-overs, special protection schemes, and protection setting information; and (8) Contingency lists.

24.8.2 Information Provided by Participating Generators

In addition to any information that must be provided to the CAISO under the NERC Reliability Standards, Participating Generators shall provide the CAISO on an annual or periodic basis in accordance with the schedule, procedures and in the form required by the Business Practice Manual any information and data reasonably required by the CAISO to perform the Transmission Planning Process, including, but not limited to: (1) modeling data for short-circuit and stability analysis and (2) data, such as term, and status of any environmental or land use permits or agreements the expiration of which may affect that the operation of the Generating Unit.

24.8.3 Information Requested from Load Serving Entities

In addition to any information that must be provided to the CAISO under the NERC Reliability Standards, the CAISO shall solicit from Load Serving Entities through their Scheduling Coordinators information required by, or anticipated to be useful to, the CAISO in its performance of the Transmission Planning Process, including, but not limited to: (1) long-term resource plans; (2) existing long-term contracts for resources and transmission service outside the CAISO Balancing Authority Area; and (3) Demand Forecasts, including forecasted effect of Energy efficiency and Demand response programs.

24.8.4 Information from Planning Groups, BAAs and Regulators

In accordance with Section 24.8 , the CAISO shall obtain or solicit from interconnected Balancing Authority Areas, regional and sub-regional planning groups within the WECC, the CPUC, the CEC, and Local Regulatory Authorities information required by, or anticipated to be useful to, the CAISO in its performance of the Transmission Planning Process, including, but not limited to: (1) long-term transmission system plans; (2) long-term resource plans; (3) generation interconnection process information; (4) Demand Forecasts; and (5) any other data necessary for the development of power flow, short-circuit, and stability cases over the planning horizon of the CAISO Transmission Planning Process.

24.8.5 Obligation to Provide Updated Information

If material changes to the information provided under Sections 24.8 occur during the annual Transmission Planning Process, the providers of the information must provide notice to the CAISO of the changes.

24.9 Participating TO Study Obligation

The Participating TO constructing or expanding facilities will be directed by the CAISO to coordinate with

the Project Sponsor or Participating TO(s) with PTO Service Territories in which the transmission upgrade or addition will be located, neighboring Balancing Authority Areas, as appropriate, and other Market Participants to perform any study or studies necessary, including a Facility Study, to determine the appropriate facilities to be constructed in accordance with the CAISO Transmission Planning Process and the terms set forth in the TO Tariff.

24.10 Operational Review

The CAISO will perform an operational review of all facilities studied as part of the CAISO Transmission Planning Process that are proposed to be connected to, or made part of, the CAISO Controlled Grid to ensure that the proposed facilities provide for acceptable Operational Flexibility and meet all its requirements for proper integration with the CAISO Controlled Grid. If the CAISO finds that such facilities do not provide for acceptable Operational Flexibility or do not adequately integrate with the CAISO Controlled Grid, the CAISO shall coordinate with the Project Sponsor and, if different, the Participating TO with the PTO Service Territory, or the operators of neighboring Balancing Authority Areas, if applicable, in which the facilities will be located to reassess and redesign the facilities required to be constructed. Transmission upgrades or additions that do not provide acceptable Operational Flexibility or do not adequately integrate with the CAISO Controlled Grid cannot be included in the CAISO Transmission Plan or approved by CAISO management or the CAISO Governing Board, as applicable.

24.10.1 [Not Used]

24.10.2 [Not Used]

24.10.3 [Not Used]

24.10.4 [Not Used]

24.11 State and Local Approval and Property Rights

24.11.1 PTO Requirement to Seek Necessary Approvals and Rights

The Participating TO obligated to construct facilities under this Section 24 must make a good faith effort to obtain all approvals and property rights under applicable federal, state and local laws that are necessary to complete the construction of the required transmission additions or upgrades. This obligation includes the Participating TO's use of eminent domain authority, where provided by state law.

24.11.2 Consequences Of PTO Inability To Obtain Approvals And Rights

If the Participating TO cannot secure any such necessary approvals or property rights and consequently

is unable to construct a transmission addition or upgrade found to be needed, it shall promptly notify the CAISO and shall comply with its obligations under the TO Tariff to convene a technical meeting to evaluate alternative proposals. The CAISO shall take such action as it reasonably considers appropriate, in coordination with the Participating TO and other affected Market Participants, to facilitate the development and evaluation of alternative proposals including, where possible, conferring on a third party the right to build the transmission addition or upgrade.

24.11.3 Conferral Of Right To Build Facilities On Third Party

Where the conditions of Section 24.11.2 have been satisfied and it is possible for a third party to obtain all approvals and property rights under applicable federal, state and local laws that are necessary to complete the construction of transmission additions or upgrades required to be constructed in accordance with this CAISO Tariff (including the use of eminent domain authority, where provided by state law), the CAISO may confer on a third party the right to build the transmission addition or upgrade, which third party shall, if applicable, enter into the Transmission Control Agreement in relation to such transmission addition or upgrade.

24.12 WECC and Regional Coordination

The Project Sponsor will have responsibility for completing any applicable WECC requirements and rating study requirements to ensure that a proposed transmission addition or upgrade meets regional planning requirements. The Project Sponsor may request the Participating TO to perform this coordination on behalf of the Project Sponsor at the Project Sponsor's expense.

24.13 Regional and Sub-Regional Planning Process

The CAISO will be a member of the WECC and other applicable regional or sub-regional organizations and participate in WECC's operation and planning committees, and in other applicable regional and sub-regional coordinated planning processes.

24.13.1 Scope of Regional or Sub-Regional Planning Participation

The CAISO will collaborate with adjacent transmission providers and existing sub-regional planning organizations through existing processes. This collaboration involves a reciprocal exchange of information, to the maximum extent possible and subject to applicable confidentiality restrictions, in order to ensure the simultaneous feasibility of respective Transmission Plans, the identification of potential

areas for increased efficiency, and the consistent use of common assumptions whenever possible. The details of the CAISO's participation in regional and sub-regional planning processes are set forth in the Business Practice Manual. At a minimum, the CAISO shall be required to:

- (a) solicit the participation, whether through sub-regional planning groups or individually, of all interconnected Balancing Authority Areas in the development of the Unified Planning Assumptions and Study Plan and in reviewing the results of technical studies performed as part of the CAISO's Transmission Planning Process in order to:
 - (i) coordinate, to the maximum extent practicable, planning assumptions, data and methodologies utilized by the CAISO, regional and sub-regional planning groups or interconnected Balancing Authority Areas;
 - (ii) ensure transmission expansion plans of the CAISO, regional and sub-regional planning groups or interconnected Balancing Authority Areas are simultaneously feasible and seek to avoid duplication of facilities.
- (b) coordinate with regional and sub-regional planning groups regarding the entity to perform requests for Economic Planning Studies or other Congestion related studies;
- (c) transmit to applicable regional and sub-regional planning groups or interconnected Balancing Authority Areas information on technical studies performed as part of the CAISO Transmission Planning Process;
- (d) post on the CAISO Website links to the planning activities of applicable regional and sub-regional planning groups or interconnected Balancing Authority Areas.

24.13.2 Limitation on Regional Activities

Neither the CAISO nor any Participating TO nor any Market Participant shall take any position before the WECC or a regional organization that is inconsistent with a binding decision reached through an arbitration proceeding pursuant to Section 13, in which the Participating TO or Market Participant voluntarily participated.

24.14 Cost Responsibility for Transmission Additions or Upgrades

Cost responsibility for transmission additions or upgrades constructed pursuant to this Section 24

(including the responsibility for any costs incurred under Section 24.11) shall be determined as follows:

24.14.1 Project Sponsor Commitment to Pay Full Cost

Where a Project Sponsor commits to pay the full cost of a transmission addition or upgrade as set forth in subsection (2) of Section 24.4.6.1, the full costs shall be borne by the Project Sponsor.

24.14.2 Cost of Needed Addition or Upgrade to be Borne by PTO

Where the need for a transmission addition or upgrade is determined by the CAISO, the cost of the transmission addition or upgrade shall be borne by the Participating TO that will be the owner of the transmission addition or upgrade and shall be reflected in its Transmission Revenue Requirement.

24.14.3 CRR Entitlement for Project Sponsors Not Recovering Costs

Provided that the CAISO has Operational Control of the Merchant Transmission Facility, a Project Sponsor that does not recover the investment cost under a FERC-approved rate through the Access Charge or a reimbursement or direct payment from a Participating TO shall be entitled to receive Merchant CRRs as provided in Section 36.11. The full amount of capacity added to the system by such transmission upgrades or additions will be as determined through the regional reliability council process of the Western Electricity Coordinating Council or its successor.

24.14.3.1 Western Path 15

Pursuant to its Project Sponsor status as specified in Section 4.3.1.3, consistent with FERC's findings in Docket Nos. EL04-133-001, ER04-1198-000, and ER04-1198-001, issued on May 16, 2006 (115 FERC ¶ 61,178), Western Path 15 shall receive compensation associated with transmission usage rights modeled for Western Path 15. In the event that Western Path 15 has an approved rate schedule that returns excess revenue from any compensation obtained from the CAISO associated with the transmission usage rights for Western Path 15, such revenue shall be returned to the CAISO through a procedure established by the CAISO and the Western Area Power Administration for that purpose.

24.14.3.2 FPL Energy, LLC

Pursuant to its Project Sponsor status, consistent with FERC's findings in Docket No. ER03-407, issued on June 15, 2006 (115 FERC ¶ 61, 329), FPL Energy, LLC shall receive Merchant CRRs associated with transmission usage rights modeled for the Blythe Path 59 upgrade, such Merchant CRRs to be in effect

for a period of thirty (30) years, or the pre-specified intended life of the Merchant Transmission Facility, whichever is less, from the date of Blythe Path 59 was energized. For the purpose of allocating Merchant CRRs to FPL Energy, LLC over the Path 59 upgrade the allocation of Option CRRs in the import (east to west, from the Blythe Scheduling Point to the 230 kV side of the 161 kV to 230 kV transformer at the Eagle Mountain substation) as well as of Option CRRs in the export (west to east) direction will be based on 57.1 percent of the total upgrade (96 MWs out of the 168 MWs), which is FPL Energy, LLC's share of the total upgrade as approved by FERC in the Letter Order issued by FERC on June 15, 2006 in Docket No. ER03-407 (115 FERC ¶ 61,329).

24.14.4 Treatment of New High Voltage Facilities Costs in HVAC

Once a New Participating TO has executed the Transmission Control Agreement and it has become effective, the cost for New High Voltage Facilities for all Participating TOs shall be included in the CAISO Grid-wide component of the High Voltage Access Charge in accordance with Schedule 3 of Appendix F, unless and with respect to Western Path 15 only, cost recovery is provided in Section 24.14.3. The Participating TO who is supporting the cost of the New High Voltage Facility shall include such costs in its High Voltage Transmission Revenue Requirement, regardless of which TAC Area the facility is geographically located.

24.15 Ownership of and Charges for Expansion Facilities

24.15.1 Transmission Additions and Upgrades under TCA

All transmission additions and upgrades constructed by Participating TOs in accordance with this Section 24 that form part of the CAISO Controlled Grid shall be operated and maintained by a Participating TO in accordance with the Transmission Control Agreement. Where such transmission additions and upgrades are jointly developed by Participating TOs and non-Participating TOs, nothing herein shall be construed to require that the non-Participating TO transfer its portion of the transmission additions or upgrades to the CAISO's Operational Control or place such facilities within the CAISO's Balancing Authority Area.

24.15.2 Access and Charges for Transmission Additions and Upgrades

Each Participating TO that owns or operates transmission additions and upgrades constructed in accordance with this Section 24 shall provide access to them and charge for their use in accordance with this CAISO Tariff and its TO Tariff.

24.16 Expansion by Local Furnishing Participating TOs

Notwithstanding any other provision of this CAISO Tariff, a Local Furnishing Participating TO shall not be obligated to construct or expand facilities, (including interconnection facilities as described in Section 8 of the TO Tariff) unless the CAISO or Project Sponsor has tendered an application under FPA Section 211 that requests FERC to issue an order directing the Local Furnishing Participating TO to construct such facilities pursuant to Section 24. The Local Furnishing Participating TO shall, within ten (10) days of receiving a copy of the Section 211 application, waive its right to a request for service under FPA Section 213(a) and to the issuance of a proposed order under FPA Section 212(c). Upon receipt of a final order from FERC that is no longer subject to rehearing or appeal, such Local Furnishing Participating TO shall construct such facilities in accordance with this Section 24.

* * *

Appendix A**Master Definitions Supplement**

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- Approved Project Sponsor

The person or entity designated under the CAISO Tariff to construct, finance and own transmission additions or upgrades.

Attachment B – Marked Tariff
Revised Transmission Planning Process Tariff Amendment Refile and Compliance
California Independent System Operator Corporation
Fifth Replacement FERC Electric Tariff

**Language originally filed in Docket No. ER10-1401-000 on June 4, 2010 is shown in track changes,
new compliance language is shown in yellow highlight track changes.**

24. Comprehensive Transmission Expansion Planning Process

24.1 Determination for Need for Proposed Transmission Projects Overview

The CAISO will develop a comprehensive Transmission Plan and approve transmission upgrades or additions using the Transmission Planning Process set forth in this Section 24. The CAISO will analyze the need for transmission upgrades and additions in accordance with the methodologies and criteria set forth in this Section 24, the Transmission Control Agreement, and the applicable Business Practice Manuals. The comprehensive Transmission Plan will identify transmission upgrade or addition projects associated with Approved Project Sponsors that are Merchant Transmission Facilities or are needed: (1) to maintain System Reliability; (2) to satisfy the requirements of a Location Constrained Resource Interconnection Facility; (3) to maintain the simultaneous feasibility of allocated Long-Term CRRs; and (4) as LGIP Network Upgrades identified pursuant to Section 24.4.6.5. The comprehensive Transmission Plan will identify transmission addition and upgrade elements with no approved Project Sponsors needed to (1) meet state and federal policy requirements and directives that are not inconsistent with the Federal Power Act, including renewable portfolio standards policies; and (2) reduce congestion costs, production supply costs, transmission losses, or other electric supply costs resulting from improved access to cost-effective resources. For purposes of this Section 24, the term "the year X/(X+1) planning cycle" will refer to the Transmission Planning Process initiated during year X to complete a comprehensive Transmission Plan in year X+1.

~~A Participating TO, Project Sponsor, Market Participant, the CAISO, the CPUC, or CEC may propose a transmission system addition or upgrade, and the CAISO will determine, in accordance with this Section 24.1, whether the transmission addition or upgrade is needed, where it will (1) promote economic efficiency, (2) maintain System Reliability, (3) satisfy the requirements of a Location Constrained Resource Interconnection Facility, or (4) maintain the simultaneous feasibility of allocated Long-Term CRRs. CAISO management can determine the need for transmission additions or upgrades with an estimated capital investment of less than \$50 million without CAISO Governing Board approval. The determination of need by CAISO management for transmission additions or upgrades with an estimated capital cost of \$50 million or more must be approved by the CAISO Governing Board.~~

~~24.1.1 [Not Used] Economically Driven Projects.~~

~~The determination that a transmission addition or upgrade is needed to promote economic efficiency shall be made in accordance with this Section 24 and the Business Practice Manual in any of the following ways:~~

~~(a) — Where a Project Sponsor proposes a Merchant Transmission Facility and demonstrates to the CAISO the financial capability to pay the full cost of construction and operation of the Merchant Transmission Facility. The Merchant Transmission Facility must mitigate all operational concerns identified under Section 24.5 to the satisfaction of the CAISO, in consultation with the Participating TO(s) in whose PTO Service Territory the Merchant Transmission Facility will be located, and ensure the continuing feasibility of allocated Long Term CRRs over the length of their terms. To ensure that the Project Sponsor is financially able to pay the construction and operating costs of the Merchant Transmission Facility, and where the Participating TO is not the Project Sponsor and is to construct the Merchant Transmission Facility under Section 24.1, the CAISO in cooperation with the Participating TO may require (1) a demonstration of creditworthiness (e.g., an appropriate credit rating), or (2) sufficient security in the form of an unconditional and irrevocable letter of credit or other similar security sufficient to meet its responsibilities and obligations for the full costs of the transmission addition or upgrade.~~

~~(b) — Where a Participating TO, Market Participant, Project Sponsor, the CPUC, or CEC proposes a transmission addition or upgrade during the Request Window and the project is approved by the CAISO Governing Board or by CAISO management if the proposed transmission addition or upgrade has a capital cost of less than \$50 million in accordance with the Study Plan and the project is included in the CAISO annual Transmission Plan. In determining whether to approve the project, the CAISO Governing Board or CAISO management, as applicable, shall consider the degree to which, if any, the benefits of the project outweigh the costs, in accordance with the procedures and using the technical studies set forth in the Business Practice Manual. The benefits of the project may include, but need not be limited to, a calculation of any reduction in production costs, Congestion costs, Transmission Losses, capacity or other electric supply costs resulting from improved access to cost-efficient resources, and environmental costs. The cost of the project must consider any estimated costs identified under Section 24.1.4 to~~

~~maintain the simultaneous feasibility of allocated Long Term CRRs for the length of their term. The CAISO management or CAISO Governing Board, as appropriate, in determining whether to approve or recommend the project, shall also consider the comparative costs and benefits of viable alternatives to the proposed transmission upgrade or addition, including (1) other transmission additions or upgrades, or the effects of other transmission additions or upgrades proposed under Section 24.2 during the Transmission Planning Process cycle, (2) Demand-side management, (3) acceleration or expansion of any transmission upgrade or addition already approved by the CAISO Governing Board or included in any CAISO annual Transmission Plan, or (4) Generation.~~

~~(c) Where the CAISO proposes a transmission addition or upgrade during the CAISO's Transmission Planning Process and the project is approved by the CAISO Governing Board or included in the CAISO annual Transmission Plan and approved by CAISO management, as appropriate. In determining whether to approve the CAISO proposed transmission addition or upgrade, the CAISO Governing Board and CAISO management shall apply the same factors set forth in Section 24.1.1(b). If approved by the CAISO Governing Board or CAISO management, as appropriate, the CAISO will designate one or more of the Participating TOs with PTO Service Territories in which the terminus of the transmission addition or upgrade will be located to act as Project Sponsor. Where two or more Participating TOs are designated as Project Sponsors, such CAISO designation will include the proportionate responsibility between or among Participating TOs to own, construct, and finance the transmission addition or upgrade. If a Participating TO refuses to act as a Project Sponsor under this Section 24.1.1(c), the CAISO will first request other designated Participating TO(s) to assume the remainder or greater proportionate responsibility, and if no other Participating TO had been designated or is willing to increase its proportionate responsibility, the CAISO may solicit bids to finance, own, and construct the transmission addition or upgrade.~~

~~24.1.1.1 Information Requirements for Economic Transmission Projects.~~

~~The Project Sponsor, Market Participant or relevant Participating TOs shall provide any necessary assistance and information to the CAISO to enable the CAISO to determine that a transmission upgrade or addition is needed to promote economic efficiency, and will perform all studies required by the adopted~~

~~Study Plan in a manner consistent with the Business Practice Manual. A Project Sponsor of an economically driven transmission upgrade or addition to promote economic efficiency under Section 4.1.1 shall also provide in its proposal a statement whether the proposed upgrade or addition will be a Merchant Transmission Facility.~~

24.1.2 [Not Used] Reliability Driven Projects.

~~The CAISO, in coordination with each Participating TO with a PTO Service Territory will, as part of the Transmission Planning Process and consistent with the procedures set forth in the Business Practice Manual, identify the need for any transmission additions or upgrades required to ensure System Reliability consistent with all Applicable Reliability Criteria and CAISO Planning Standards. In making this determination, the CAISO, in coordination with each Participating TO with a PTO Service Territory and other Market Participants, shall consider lower cost alternatives to the construction of transmission additions or upgrades, such as acceleration or expansion of existing projects, Demand-side management, Remedial Action Schemes, appropriate Generation, interruptible Loads or reactive support. The CAISO shall direct each Participating TO with a PTO Service Area, as a registered Transmission Planner with NERC, to perform the necessary studies, based on the Unified Planning Assumptions and Study Plan as set forth in Section 24.2.3, any applicable Interconnection Study, and in accordance with the Business Practice Manual, to determine the facilities needed to meet all Applicable Reliability Criteria and CAISO Planning Standards. The Participating TO with a PTO Service Area shall provide the CAISO and other Market Participants with all information relating to the studies performed under this Section, subject to any limitation provided in Section 20.2 or the applicable LGIP. Based on the study results, and as part of the Transmission Planning Process described in the Business Practice Manual, the CAISO, CEC, CPUC, Project Sponsors and other Market Participants shall be free to propose any transmission upgrades or additions deemed necessary to ensure System Reliability consistent with Applicable Reliability Criteria and CAISO Planning Standards. The Participating TO with a PTO Service Territory in which the transmission upgrade or addition deemed needed under this Section 24.1.2 is to be located shall be the Project Sponsor, with the responsibility to construct, own and finance, and maintain such transmission upgrade or addition.~~

24.1.3 [Not Used] LGRIF Projects.

~~The CAISO, CPUC, CEC, a Participating TO or any other Market Participant may propose a transmission addition as a Location Constrained Resource Interconnection Facility. A proposal shall include the following information, to the extent available:~~

- ~~(a) Information showing that the proposal meets the requirements of Section 24.1.3.1; and~~
- ~~(b) A description of the proposed facility, including the following information:
 - ~~(1) Transmission studies demonstrating that the proposed facility satisfies Applicable Reliability Criteria and CAISO Planning Standards;~~
 - ~~(2) Identification of the most feasible and cost-effective alternative transmission additions, which may include network upgrades, that would accomplish the objective of the proposal;~~
 - ~~(3) A planning level cost estimate for the proposed facility and all proposed alternatives;~~
 - ~~(4) An assessment of the potential for the future connection of further transmission additions that would convert the proposed facility into a network transmission facility, including conceptual plans;~~
 - ~~(5) The estimated in-service date of the proposed facility; and~~
 - ~~(6) A conceptual plan for connecting potential LCRIGs, if known, to the proposed facility.~~~~

~~**24.1.3.1 Criteria for Qualification as a Location Constrained Resource Interconnection Facility.**~~

~~(a) The CAISO shall conditionally approve a facility as a Location Constrained Resource Interconnection Facility if it determines that the facility is needed and all of the following requirements are met:~~

- ~~(1) The facility is to be constructed for the primary purpose of connecting to the CAISO Controlled Grid two or more Location Constrained Resource Interconnection Generators in an Energy Resource Area, and at least one of the Location Constrained Resource Interconnection Generators is to be owned by an entity(ies) that is not an Affiliate of the owner(s) of another Location Constrained Resource Interconnection Generator in that Energy Resource Area;~~
- ~~(2) The facility will be a High Voltage Transmission Facility;~~

~~(3) — At the time of its in-service date, the facility will not be a network facility and would not be eligible for inclusion in a Participating TO's TRR other than as an LCRIF; and~~

~~(4) — The facility meets Applicable Reliability Criteria and CAISO Planning Standards.~~

~~(b) — The proponent of a facility that has been determined by the CAISO to meet the requirements of Section 24.1.3.1(a) shall provide the CAISO with information concerning the requirements of this subsection not less than ninety (90) days prior to the planned commencement of construction, and the facility shall qualify as a Location Constrained Resource Interconnection Facility if the CAISO determines that both of the following requirements are met:~~

~~(1) — The addition of the capital cost of the facility to the High Voltage TRR of a Participating TO will not cause the aggregate of the net investment of all LCRIFs (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6) included in the High Voltage TRRs of all Participating TOs to exceed fifteen percent (15%) of the aggregate of the net investment of all Participating TOs in all High Voltage Transmission Facilities reflected in their High Voltage TRRs (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6) in effect at the time of the CAISO's evaluation of the facility; and~~

~~(2) — Existing or prospective owners of LCRIGs have demonstrated their interest in connecting LCRIGs to the facility consistent with the requirements of Section 24.1.3.2, which establishes the necessary demonstration of interest.~~

~~(c) — Each Participating TO shall report annually to the CAISO the amount of its net investment in LCRIFs (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6), and its net investment in High Voltage Transmission Facilities reflected in its High Voltage TRR (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6), to enable the CAISO to make the determination required under Section 24.1.3.1(b)(1).~~

~~**24.1.3.2 — Demonstration of Interest in a Location Constrained Resource Interconnection Facility.**~~

~~A proponent of an LCRIF must demonstrate interest in the LCRIF equal to sixty percent (60%) or more of the capacity of the facility in the following manner:~~

~~(a) — the proponent's demonstration must include a showing that LCRIGs that would connect to the facility and would have a combined capacity equal to at least twenty-five percent (25%) of the capacity of the facility have executed Large Generator Interconnection Agreements or Small Generator Interconnection Agreements, as applicable; and~~

~~(b) — to the extent the showing pursuant to Section 24.1.3.2(a) does not constitute sixty percent (60%) of the capacity of the LCRIF, the proponent's demonstration of the remainder of the required minimum level of interest must include a showing that additional LCRIGs:~~

~~(1) — in the case of Large Generating Facilities subject to the LGIP set forth in Appendix Y, have obtained Site Exclusivity or paid the Site Exclusivity Deposit in lieu of Site Exclusivity, provided that any Site Exclusivity Deposit paid pursuant to Section 3.5 of the LGIP set forth in Appendix Y shall satisfy this requirement, or, in the case of Large Generating Facilities subject to the LGIP set forth in Appendix U and Small Generating Facilities, have obtained control over their site or paid a deposit to the CAISO in the amount of \$250,000, which deposit shall be refundable if the LCRIF is not approved or is withdrawn by the proponent; and~~

~~(2) — have demonstrated interest in the LCRIF by one of the following methods:~~

~~(i) — executing a firm power sales agreement for the output of the LCRIG for a period of five years or longer; or~~

~~(ii) — in the case of Large Generating Facilities subject to the LGIP set forth in Appendix Y, filing an Interconnection Request and paying the Interconnection Study Deposit required by Section 3.5 of the LGIP set forth in Appendix Y; or~~

~~(iii) — in the case of Large Generating Facilities subject to the LGIP set forth in Appendix U and Small Generating Facilities, being in the CAISO's interconnection queue and paying a deposit to the CAISO equal to the sum of the minimum deposits required of an Interconnection Customer for all studies performed in accordance with the Large Generator Interconnection Procedures (Appendix U) or Small Generator Interconnection Procedures (Appendix S), as applicable to the LCRIG, less the amount of any deposits actually paid by the LCRIG for such studies. The deposit shall be credited toward such study~~

~~costs. If the LCRIF is not approved or is withdrawn by the proponent, any deposit paid under this provision shall be refundable to the extent it exceeds costs incurred by the CAISO for such studies; or (iv) — paying a deposit to the CAISO equal to five percent (5%) of the LCRIF's pro-rata share of the capital costs of a proposed LCRIF. The deposit shall be credited toward costs of Interconnection Studies performed in connection with the Large Generator Interconnection Procedures (Appendix U or Appendix Y, as applicable) or Small Generator Interconnection Procedures (Appendix S), whichever is applicable. If the LCRIF is not approved or is withdrawn by the proponent, any deposit paid under this provision shall be refundable to the extent it exceeds the costs incurred by the CAISO for such studies.~~

~~**24.1.3.3 — Coordination With Transmission Additions Proposed by Non-Participating TOs.**~~

~~In the event that a facility proposed as an LCRIF would connect to LCRIGs in an Energy Resource Area that would also be connected by a transmission facility that is in existence or is proposed to be constructed by an entity that is not a Participating TO and that does not intend to place that facility under the Operational Control of the CAISO, the CAISO shall coordinate with the entity owning or proposing that transmission facility through any regional planning process to avoid the unnecessary construction of duplicative transmission additions to connect the same LCRIGs to the CAISO Controlled Grid.~~

~~**24.1.3.4 — Evaluation of Location Constrained Resource Interconnection Facilities.**~~

~~In evaluating whether a proposed LCRIF that meets the requirements of Section 24.1.3.1 is needed, and for purposes of ranking and prioritizing LCRIF projects, the CAISO will consider the following factors:~~

~~(a) — Whether, and if so, the extent to which, the facility meets or exceeds applicable CAISO Planning Standards, including standards that are Applicable Reliability Criteria.~~

~~(b) — Whether, and if so, the extent to which, the facility has the capability and flexibility both to interconnect potential LCRIGs in the Energy Resource Area and to be converted in the future to a network transmission facility.~~

~~(c) — Whether the projected cost of the facility is reasonable in light of its projected benefits, in comparison to the costs and benefits of other alternatives for connecting Generating Units or otherwise meeting a need identified in the CAISO Transmission Planning Process, including alternatives that are~~

~~not LCRIFs. In making this determination, the CAISO shall take into account, among other factors, the following:~~

- ~~(1) The potential capacity of LCRIGs and the potential Energy that could be produced by LCRIGs in each Energy Resource Area;~~
- ~~(2) The capacity of LCRIGs in the CAISO's interconnection process for each Energy Resource Area;~~
- ~~(3) The projected cost and in-service date of the facility in comparison with other transmission facilities that could connect LCRIGs to the CAISO Controlled Grid;~~
- ~~(4) Whether, and if so, the extent to which, the facility would provide additional reliability or economic benefits to the CAISO Controlled Grid; and~~
- ~~(5) Whether, and if so, the extent to which, the facility would create a risk of stranded costs.~~

24.1.4 [Not Used] Maintaining the Feasibility of Allocated Long Term CRRs.

~~The CAISO is obligated to ensure the continuing feasibility of Long Term CRRs that are allocated by the CAISO over the length of their terms. In furtherance of this requirement the CAISO shall, as part of its annual Transmission Planning Process cycle, test and evaluate the simultaneous feasibility of allocated Long Term CRRs, including, but not limited to, when acting on the following types of projects: (a) planned or proposed transmission projects; (b) Generating Unit or transmission retirements; (c) Generating Unit interconnections; and (d) the interconnection of new Load. Pursuant to such evaluations, the CAISO shall identify the need for any transmission additions or upgrades required to ensure the continuing feasibility of allocated Long Term CRRs over the length of their terms and shall publish Congestion Data Summary along with the results of the CAISO technical studies. In assessing the need for transmission additions or upgrades to maintain the feasibility of allocated Long Term CRRs, the CAISO, in coordination with the Participating TOs and other Market Participants, shall consider lower cost alternatives to the construction of transmission additions or upgrades, such as acceleration or expansion of existing projects; Demand-side management; Remedial Action Schemes; constrained on Generation; interruptible Loads; reactive support; or in cases where the infeasible Long Term CRRs involve a small magnitude of megawatts, ensuring against the risk of any potential revenue shortfall using the CRR Balancing Account and uplift mechanism in Section 11.2.4. As part of the CAISO's Transmission Planning Process, the~~

~~Participating TOs and Market Participants shall provide the necessary assistance and information to the CAISO to allow it to assess and identify transmission additions or upgrades that may be necessary under Section 24.1.4. To the extent a transmission upgrade or addition is deemed needed to maintain the feasibility of allocated Long Term CRRs in accordance with this Section and included in the CAISO's annual Transmission Plan, the CAISO will designate the Participating TO(s) with a PTO Service Territory in which the transmission upgrade or addition is to be located as the Project Sponsor(s), responsible to construct, own and finance, and maintain such transmission upgrade or addition.~~

24.2 Nature of the Transmission Planning Process ~~Transmission Planning Process; Technical Study Coordination~~

~~The CAISO will develop the annual comprehensive Transmission Plan and approve transmission upgrades or additions using a Transmission Planning Process with three (3) phases. In Phase 1, the CAISO will develop and complete the Unified Planning Assumptions and Study Plan and, in parallel, begin development of a conceptual statewide plan. In Phase 2, the CAISO will complete the comprehensive Transmission Plan. In Phase 3, the CAISO will evaluate proposals to construct and own specific transmission upgrade or addition elements specified in the comprehensive Transmission Plan. The Transmission Planning Process shall, at a minimum:~~

- ~~(a) Coordinate and consolidate in a single plan the transmission needs of the CAISO Balancing Authority Area for maintaining the reliability of the CAISO Controlled Grid in accordance with Applicable Reliability Criteria and CAISO Planning Standards, in a manner that promotes the economic efficiency of the CAISO Controlled Grid and considers federal and state environmental and other policies affecting the provision of Energy.~~
- ~~(b) Reflect a planning horizon covering a minimum of ten (10) years that considers previously approved transmission upgrades and additions, Demand Forecasts, Demand-side management, capacity forecasts relating to generation technology type, additions and retirements, and such other factors as the CAISO determines are relevant.~~

- (c) Seek to avoid unnecessary duplication of facilities and ensure the simultaneous feasibility of the CAISO Transmission Plan and the transmission plans of interconnected Balancing Authority Areas, and otherwise coordinate with regional and sub-regional transmission planning processes and entities, including interconnected Balancing Authority Areas.
- (d) Identify existing and projected limitations of the CAISO Controlled Grid's physical, economic or operational capability or performance and identify transmission upgrades and additions, including alternatives thereto, deemed needed to address the existing and projected limitations.
- (e) Account for any effects on the CAISO Controlled Grid of the interconnection of Generating Units, including an assessment of the deliverability of such Generating Units in a manner consistent with CAISO interconnection procedures.

24.2.1 [Not Used] Unified Planning Assumptions and Study Plan.

24.2.1.1 ~~Additional Projects and Data for Development of the Unified Planning Assumptions and Study Plan.~~

~~The CAISO will develop Unified Planning Assumptions and Study Plan using information and data received during the Request Window in the previous planning cycle and under Section 24.2.3. The CAISO will also use the following in the development of the Unified Planning Assumptions and Study Plan:~~

- ~~(1) WECC base cases for the relevant planning horizon;~~
- ~~(2) Transmission upgrades and additions approved by the CAISO in past Transmission Planning Process cycles and scheduled to be energized within the planning horizon;~~
- ~~(3) Location Constrained Resource Interconnection Facilities conditionally approved under Section 24.1.3.1(a);~~
- ~~(4) Network Upgrades identified pursuant to Section 25, Appendix U, Appendix GG, or Appendix W relating to the CAISO's Large Generator Interconnection~~

~~Procedures and Appendix AA relating to the CAISO's Small Generator Interconnection Procedures;~~

~~(5) Operational solutions validated by the CAISO to address Local Capacity Area Resource requirements;~~

~~(6) Regulatory initiatives, as appropriate, including state regulatory agency initiated programs;~~

~~(7) Energy Resource Areas or similar resource areas identified as high priority by the CPUC or CEC; and~~

~~(8) Results and analyses from Economic Planning Studies or other assessments that may have identified potentially needed transmission upgrades or additions performed in past CAISO Transmission Planning Process cycles.~~

~~24.2.1.2 General Scope of Unified Planning Assumptions and Study Plan.~~

~~The Unified Planning Assumptions and Study Plan shall, at a minimum, describe:~~

~~(a) The planning data and assumptions to be used, to the maximum extent possible, as a base case for each technical study to be performed in the Transmission Planning Process cycle, including, but not limited to, those related to Demand Forecasts and distribution, generation capacity additions and retirements, and transmission system modifications;~~

~~(b) A list of each technical study to be performed in the Transmission Planning Process cycle and a summary of the technical study's objective or purpose;~~

~~(c) A description of any modifications to the planning data and assumptions developed as the general base case in Section 24.2.1.2(a) made in each technical study performed in the Transmission Planning Process cycle;~~

~~(d) A description of the software tools, methodology and other criteria used in each technical study performed in the Transmission Planning Process cycle;~~

~~(e) The identification of any entities directed to perform a particular technical study or portions of a technical study;~~

- ~~(f) — A proposed schedule for all stakeholder meetings to be held as part of the Transmission Planning Process cycle, and means for notification of any changes thereto, the location on the CAISO Website of information relating to the technical studies performed in the Transmission Planning Process cycle, and the name of a contact person at the CAISO for each technical study performed in the Transmission Planning Process cycle;~~
- ~~(g) — A list and description of each Economic Planning Study studied by the CAISO as a High Priority Economic Planning Study under Section 24.9 identified in the past Transmission Planning Process; and~~
- ~~(h) — To the maximum extent practicable, and where applicable, appropriate sensitivity analyses, including project or solution alternatives, to be performed as part of technical studies.~~

~~**24.2.1.3 — Preparation of Draft and Final Unified Planning Assumptions and Study Plan.**~~

- ~~(a) — Following review of relevant information, the CAISO will prepare and post on the CAISO Website a draft Unified Planning Assumptions and Study Plan. The CAISO will issue a Market Notice announcing the availability of such draft, soliciting comments, and scheduling a public conference(s) as required by Section 24.2.1.3(c).~~
- ~~(b) — All comments on the draft Unified Planning Assumptions and Study Plan will be posted by the CAISO to the CAISO Website.~~
- ~~(c) — Subsequent to the posting of the draft Unified Planning Assumptions and Study Plan, the CAISO will conduct a minimum of one public meeting open to Market Participants, electric utility regulatory agencies, and other interested parties to review, discuss, and recommend modifications to the draft Unified Planning Assumptions and Study Plan. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web~~

conferences, or teleconferences shall be noticed by Market Notice and such notice shall be posted to the CAISO Website.

~~(d) Following the public conference(s) required by Section 24.2.1.3(c), and under the schedule set forth in the Business Practice Manual, the CAISO will determine and publish to the CAISO Website the final Unified Planning Assumptions and Study Plan in accordance with the procedures set forth in the Business Practice Manual. The CAISO will post the base cases to be used in the technical studies to its secured website as soon as possible after the final Unified Planning Assumptions and Study Plan have been published.~~

24.2.2 [Not Used] Technical Studies

24.2.2.1 Performance of Technical Studies

~~(a) In accordance with the Unified Planning Assumptions and Study Plan, and the procedures and deadlines in the Business Practice Manual, the CAISO will perform, or direct the performance by third parties of, technical studies necessary for the Transmission Plan and Transmission Planning Process. The CAISO technical studies will include a Congestion Data Summary, as further described in the Business Practice Manual. According to the detailed schedule set forth in the Business Practice Manual, the CAISO will post the preliminary results of its technical studies and proposed mitigation solutions on the CAISO Website. The CAISO's technical study results and mitigation solutions shall be posted not less than 120 days after the final Unified Planning Assumptions and Study Plan are published. Within one month after the posting of these results, Participating TOs or other third parties will submit the results of the technical studies conducted at the direction of the CAISO to be posted to the CAISO Website, as well as proposed reliability projects and mitigation solutions. Subsequently, the CAISO will conduct a minimum of one public conference that provides an opportunity for comments on the preliminary results and mitigation proposals. Additional public~~

~~meetings, web conferences, or teleconferences may be scheduled as needed. All meetings, web conferences, or teleconferences shall be noticed by Market Notice and shall be posted to the CAISO Website.~~

~~(b) All technical studies, whether performed by the CAISO, the Participating TOs or other third parties under the direction of the CAISO, must utilize the Unified Planning Assumptions for the particular technical study to the maximum extent practical, and deviations from the Unified Planning Assumptions for the particular technical study must be documented in the preliminary and final results of each technical study. The CAISO will measure the results of the studies against NERC planning standards, WECC planning standards, and the CAISO Planning Standards, and other criteria established by the Business Practice Manual. After consideration of the comments received on the preliminary results, the CAISO will complete, or direct the completion of, the technical studies and post the final study results on the CAISO Website.~~

~~(c) The CAISO technical study results will identify needs and proposed solutions to meet applicable WECC planning standards, NERC planning standards and other applicable planning standards. Pursuant to the schedule described in the Business Practice Manual, Participating TOs will submit transmission projects and alternative solutions through the Request Window in response to needs and proposed solutions identified by CAISO, as well as projects and solutions to reliability needs identified by the Participating TOs.~~

~~(d) The CAISO and Participating TOs shall coordinate their respective transmission planning responsibilities required for compliance with the NERC Reliability Standards and for the purposes of developing the annual Transmission Plan according to the requirements and time schedules set forth in the Business Practice Manual.~~

24.2.3 [Not Used] Request Window.

All requests for Economic Planning Studies and transmission upgrades or additions must be submitted by

~~Participating TOs, Market Participants, CPUC, CEC, or Project Sponsors through the Request Window, in accordance with Section 24 and the Business Practice Manual, to be considered for inclusion in the annual Transmission Plan. The Request Window will occur in the year prior to the year in which the Transmission Plan is prepared. The duration of the Request Window will be set forth in the Business Practice Manual; provided, however, that the Request Window will not close earlier than six weeks after participating TOs have submitted reliability projects and mitigation solutions that respond to the CAISO technical studies or technical studies conducted at the direction of the CAISO. All proposals submitted through the Request Window must use the forms and satisfy the information and technical requirements set forth in the Business Practice Manual. Proposals for transmission additions or upgrades must be within or connect to the CAISO Balancing Authority Area or CAISO Controlled Grid and proposals for Economic Planning Studies must be intended to promote competition or economic efficiency of serving Load within the CAISO Balancing Authority Area, but may relate to Congestion relief or transmission capacity expansion outside the CAISO Balancing Authority Area. The following proposals will only be considered for inclusion in the Transmission Plan if proposed during the Request Window:~~

- ~~(a) Economic transmission upgrades or additions proposed under Section 24.1.1;~~
- ~~(b) Location Constrained Resource Interconnection Facilities under Section 24.1.3 not identified by the CAISO as part of Interconnection Studies performed under the LGIP set forth in Appendix U or Appendix Y;~~
- ~~(c) Demand response programs that are proposed for inclusion in the base case or assumptions for the Transmission Plan or as alternatives to transmission additions or upgrades;~~
- ~~(d) Generation projects that are proposed as solutions to Congestion identified in previously published Economic Planning Studies, for inclusion in long-term planning studies, or as alternatives to transmission additions or upgrades; and~~
- ~~(e) Requests for Economic Planning Studies; and~~
- ~~(f) Reliability-driven projects described in Section 24.1.2.~~

~~24.2.3.1 CAISO Assessment of Request Window Proposals.~~

~~Following the submittal of a proposal for a transmission addition or upgrade, Demand response program, or generation project during the Request Window in accordance with Section 24.2.3, the CAISO will determine whether the proposal will be included in the Unified Planning Assumptions or Study Plan as appropriate. A proposal can only be included in the Unified Planning Assumptions or Study Plan upon the determination by the CAISO that:~~

- ~~(a) the proposal satisfies the information requirements for the particular type of project submitted as set forth in templates included in the Business Practice Manual;~~
- ~~(b) the proposal is not functionally duplicative of transmission upgrades or additions that have previously been approved by the CAISO; and~~
- ~~(c) the proposal, if a sub-regional or regional project that affects other interconnected Balancing Authority Areas has been reviewed by the appropriate sub-regional or regional planning entity, is not inconsistent with such sub-regional or regional planning entity's preferred solution or project, and has been determined to be appropriate for inclusion in the CAISO Study Plan, rather than, or in addition to, being included in or deferred to the planning process of the sub-regional or regional planning entity.~~

~~In accordance with the schedule and procedures set forth in the Business Practice Manual, the CAISO will notify the Participating TO, Market Participant, Project Sponsor, the CEC or CPUC submitting the proposal of any deficiencies in the proposal and provide the Market Participant an opportunity to correct the deficiencies. The failure to correct the deficiency precludes the proposal from inclusion in the Study Plan. The CAISO will notify the party submitting the proposal whether or not the proposal will be included in the Study Plan.~~

~~**24.2.3.2 CAISO Assessment of Requests for Economic Planning Studies Received During the Request Window.**~~

~~Following the submittal of a request for an Economic Planning Study during the Request Window in accordance with Section 24.2.3, the CAISO will determine whether the request shall be designated as a~~

~~High Priority Economic Planning Study for inclusion in the Unified Planning Assumptions and Study Plan.~~

~~In making the determination, the CAISO will consider:~~

- ~~(a) Whether the requested Economic Planning Study seeks to address Congestion identified by the CAISO in the Congestion Data Summary published for the applicable Transmission Planning Process cycle and the magnitude, duration, and frequency of that Congestion;~~
- ~~(b) Whether the requested Economic Planning Study addresses delivery of Generation from Location Constrained Resource Interconnection Generators or network transmission facilities intended to access Generation from an Energy Resource Area (ERA) or similar resource area assigned a high priority by the CPUC or CEC;~~
- ~~(c) Whether the requested Economic Planning Study is intended to address Local Capacity Area Resource requirements; or~~
- ~~(d) Whether resource and Demand information indicates that Congestion described in the Economic Planning Study request is projected to increase over the planning horizon used in the Transmission Planning Process and the magnitude of that Congestion.~~
- ~~(e) Whether the Economic Planning Study is intended to encompass the upgrades necessary to integrate new generation resources or loads on an aggregated or regional basis.~~

~~24.2.3.3 High Priority Economic Planning Studies~~

- ~~(a) In accordance with the schedule and procedures set forth in the Business Practice Manual, the CAISO will post to the CAISO Website the list of selected High Priority Economic Planning Studies to be included in the draft Unified Planning Assumptions and Study Plan. The CAISO may assess requests for Economic Planning Studies individually or in combination where such requests may have common or complementary effects on the CAISO Controlled Grid. The~~

~~CAISO will perform a maximum of five High Priority Economic Planning Studies; however, the CAISO retains discretion to perform greater than five High Priority Economic Planning Studies should stakeholder requests or patterns of Congestion or anticipated Congestion so warrant. In performing High Priority Economic Planning Studies, the CAISO will batch or cluster proposed Economic Planning Studies where (1) such studies will address the same patterns of Congestion or anticipated Congestion; (2) such studies will address patterns of Congestion or anticipated Congestion that are in related locations; or (3) such studies seek to integrate new generation resources or loads that impact the same facilities.~~

~~(b) High Priority Economic Planning Studies shall be performed in accordance with the standards and procedures established in the Business Planning Manual. Market Participants may conduct Economic Planning Studies that have not been designated as High Priority Economic Planning Studies at their own expense and may submit such studies for consideration in the development of the Transmission Plan when the CAISO provides notice of the public meeting regarding technical study results pursuant to Section 24.2.2.1.(a).~~

24.2.4 [Not Used] Development and Approval of Transmission Plan.

~~(a) In accordance with the schedule and procedures in the Business Practice Manual, but not less than 120 days after the results of the CAISO's technical studies are posted and not less than six weeks after the Request window closes, the CAISO will post a draft Transmission Plan. The CAISO will subsequently conduct a public conference regarding the draft Transmission Plan and solicit comments, consistent with the timelines and procedures set forth in the Business Practice Manual. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice and such notice shall be~~

~~posted to the CAISO Website. After consideration of comments, the CAISO will post a final Transmission Plan to the CAISO Website.~~

- ~~(b) The draft and final Transmission Plan may include, but is not limited to: (1) the results of technical studies performed under the Study Plan; (2) determinations, recommendations, and justifications for the need, according to Section 24.1, for identified transmission upgrades and additions; (3) assessments of transmission upgrades and additions submitted as alternatives to the potential solutions to transmission needs identified by the CAISO and studied during the Transmission Planning Process cycle; (4) results of Economic Planning Studies performed during the Transmission Planning Process cycle; (5) an update on the status of transmission upgrades or additions previously approved by the CAISO, including identification of mitigation plans, if necessary, to address any potential delay in the anticipated completion of an approved transmission upgrade or addition; and (6) to the extent available, the results of Interconnection Studies.~~
- ~~(c) Transmission upgrades or additions that are Large Projects will be subject to a separate study and public participation process. The study and public participation process for Large Projects may encompass more than one Transmission Planning Process cycle. Large Projects will be identified in the Transmission Plan for each cycle but will be presented to the CAISO Governing Board for approval in accordance with the study and public participation schedule established for that project.~~
- ~~(d) Transmission upgrades or additions with capital costs of less than \$50 million that do not require approval by the CAISO Governing Board will be identified in the Transmission Plan but will be separately approved by CAISO management according to the procedures in the Business Practice Manual.~~
- ~~(e) Other projects requiring CAISO Governing Board approval will be identified in the Transmission Plan but will be submitted for approval in accordance with the~~

~~project timeline in accordance with the procedures in the Business Practice Manual.~~

~~24.2.4.1 Presentation to the CAISO Governing Board.~~

~~The CAISO will present the Transmission Plan to the CAISO Governing Board in accordance with the schedule set forth in the Business Practice Manual. The Transmission Plan will be considered final once it has been presented to the CAISO Governing Board and will be posted on the CAISO Website.~~

~~24.2.4.2 Obligation to Construct Transmission Projects Included in Transmission Plan.~~

~~A Participating TO that has a PTO Service Territory shall be obligated to construct all transmission additions and upgrades that are determined by the CAISO Governing Board or management, as applicable, to be needed in accordance with the requirements of Section 24, not including conditional approvals and determinations of need under Section 24.1.3.1(a), and which: (1) are additions or upgrades to transmission facilities that are located within its PTO Service Territory, unless (a) it does not own the facility being upgraded or added and neither terminus of such facility is located within its PTO Service Territory or (b) it does not own the facility being upgraded or added and the Project Sponsor is a Participating TO that elects to construct the transmission upgrade; or (2) are additions to existing transmission facilities or upgrades to existing transmission facilities that it owns, that are part of the CAISO Controlled Grid, and that are located outside of its PTO Service Territory, unless the joint-ownership arrangement, if any, does not permit. A Participating TO's obligation to construct such transmission additions and upgrades shall be subject to: (1) its ability, after making a good faith effort, to obtain all necessary approvals and property rights under applicable federal, state, and local laws and (2) the presence of a cost recovery mechanism with cost responsibility assigned in accordance with Section 24.10 of the CAISO Tariff. The obligations of the Participating TO to construct such transmission additions or upgrades will not alter the rights of any entity to construct and expand transmission facilities as those rights would exist in the absence of a TO's obligations under this CAISO Tariff or as those rights may be conferred by the CAISO or may arise or exist pursuant to this CAISO Tariff.~~

~~24.2.4.3 Documentation of Compliance with NERC Reliability Standards~~

~~The Transmission Plan and underlying studies, assessments, information and analysis developed during the Transmission Planning Process, regardless of whether performed by CAISO or by Participating TOs~~

~~or other third parties at the direction of CAISO, shall be used by the CAISO as part of its documentation of compliance with NERC Reliability Standards.~~

24.3 Transmission Planning Process Phase 1~~Additional Planning Information~~

~~Phase 1 consists of two (2) parallel processes: (1) the development of the Unified Planning Assumptions and Study Plan; and, (2) initiation of the development of the statewide conceptual transmission plan, as discussed in Section 24.4.4.~~

24.3.1 Inputs to the Unified Planning Assumptions and Study Plan~~Information Provided by Participating TOs~~

~~The CAISO will develop Unified Planning Assumptions and a Study Plan using information and data from the approved Transmission Plan developed in the previous planning cycle. The CAISO will consider the following in the development of the Unified Planning Assumptions and Study Plan:~~

- ~~(a) WECC base cases, as may be modified for the relevant planning horizon;~~
- ~~(b) Transmission upgrades and additions approved by the CAISO in past Transmission Planning Process cycles, including upgrades and additions which the CAISO has determined address transmission elements in comprehensive Transmission Plan developed in the previous planning cycle;~~
- ~~(c) Category 2 policy-driven transmission upgrade and addition elements from a prior planning cycle as described in Section 24.4.6.6;~~
- ~~(d) Location Constrained Resource Interconnection Facilities conditionally approved under Section 24.4.6.3;~~
- ~~(e) Network Upgrades identified pursuant to Section 25, Appendix U, Appendix V, Appendix Y or Appendix Z relating to the CAISO's Large Generator Interconnection Procedures and Appendices S and T relating to the CAISO's Small Generator Interconnection Procedures that were not otherwise included in the comprehensive Transmission Plan from the previous annual cycle;~~
- ~~(f) Operational solutions validated by the CAISO in the Local Capacity Technical Study under Section 40.3.1;~~

- (g) Policy requirements and directives, as appropriate, including programs initiated by state and federal regulatory agencies;
- (h) Energy Resource Areas or similar resource areas identified by Local Regulatory Authorities;
- (i) Demand response programs that are proposed for inclusion in the base case or assumptions for the comprehensive Transmission Plan;
- (j) Generation and other non-transmission projects that are proposed for inclusion in long-term planning studies as alternatives to transmission additions or upgrades;
- (k) Beginning with the 2011/2012 planning cycle, Economic Planning Study requests submitted in comments on the draft Unified Planning Assumptions and Study.
- (l) Planned facilities in interconnected Balancing Authority Areas.

~~In addition to any information that must be provided to the CAISO under the NERC Reliability Standards, Participating TOs shall provide the CAISO on an annual or periodic basis in accordance with the schedule and procedures and in the form required by the Business Practice Manual any information and data reasonably required by the CAISO to perform the Transmission Planning Process, including, but not limited to: (1) modeling data for power flow, including reactive power, short-circuit and stability analysis; (2) a description of the total Demand to be served from each substation, including a description of any Energy efficiency programs reflected in the total Demand; (3) the amount of any interruptible Loads included in the total Demand (including conditions under which an interruption can be implemented and any limitations on the duration and frequency of interruptions); (4), a description of Generating Units to be interconnected to the Distribution System of the Participating TO, including generation type and anticipated Commercial Operation Date; (5) detailed power system models of their transmission systems that reflect transmission system changes, including equipment replacement not requiring approval by the CAISO; (6) Distribution System modifications; (7) transmission network information, including line ratings, line length, conductor sizes and lengths, substation equipment ratings, circuits on common towers and with common rights-of-ways and cross-overs, special protection schemes, and protection setting information; and (8) Contingency lists.~~

24.3.2 Contents of the Unified Planning Assumptions and Study Plan-Information Provided By Participating Generators

The Unified Planning Assumptions and Study Plan shall, at a minimum, provide:

- (a) The planning data and assumptions to be used in the Transmission Planning Process cycle, including, but not limited to, those related to Demand Forecasts and distribution, potential generation capacity additions and retirements, and transmission system modifications;
- (b) A description of the computer models, methodology and other criteria used in each technical study performed in the Transmission Planning Process cycle;
- (c) A list of each technical study to be performed in the Transmission Planning Process cycle and a summary of each technical study's objective or purpose;
- (d) A description of significant modifications to the planning data and assumptions as allowed by Section 24.3.1(a) and consistent with Section 24.3.2;
- (e) The identification of any entities directed to perform a particular technical study or portions of a technical study;
- (f) A proposed schedule for all stakeholder meetings to be held as part of the Transmission Planning Process cycle and the means for notification of any changes thereto, the location on the CAISO Website of information relating to the technical studies performed in the Transmission Planning Process cycle, and the name of a contact person at the CAISO for each technical study performed in the Transmission Planning Process cycle;
- (g) To the maximum extent practicable, and where applicable, appropriate sensitivity analyses, including project or solution alternatives, to be performed as part of technical studies;
- (h) Descriptions of the High Priority Economic Planning Studies as determined by the CAISO under section 24.3.5; and

- (i) Identification of state or federal requirements or directives that the CAISO will utilize, pursuant to Section 24.4.6.6, to identify policy-driven transmission elements.

~~In addition to any information that must be provided to the CAISO under the NERC Reliability Standards, Participating Generators shall provide the CAISO on an annual or periodic basis in accordance with the schedule, procedures and in the form required by the Business Practice Manual any information and data reasonably required by the CAISO to perform the Transmission Planning Process, including, but not limited to (1) modeling data for short-circuit and stability analysis and (2) data, such as term, and status of any environmental or land use permits or agreements the expiration of which may affect that the operation of the Generating Unit.~~

24.3.3 Stakeholder Input - Unified Planning Assumptions/Study Plan Information Requested From Load Serving Entities

Beginning with the 2011/2012 planning cycle and in accordance with the schedule set forth in the Business Practice Manual, the CAISO will provide a comment period during which Market Participants, electric utility regulatory agencies and all other interested parties may submit the following proposals for consideration in the development of the draft Unified Planning Assumptions and Study Plan:

- (i) Demand response programs for inclusion in the base case or assumptions; and
 - (ii) Generation and other non-transmission alternatives, consistent with Section 24.3.2(a) proposed as alternatives to transmission additions or upgrades.
- (b) Following review of relevant information, including stakeholder comments submitted pursuant to Section 24.3.3(a), the CAISO will prepare and post on the CAISO Website a draft of the Unified Planning Assumptions and Study Plan. The CAISO will issue a Market Notice announcing the availability of such draft, soliciting comments, and scheduling a public conference(s) as required by Section 24.3.3(c).

(c) No less than one (1) week subsequent to the posting of the draft Unified Planning Assumptions and Study Plan, the CAISO will conduct a minimum of one (1) public meeting open to Market Participants, electric utility regulatory agencies, and other interested parties to review, discuss, and recommend modifications to the draft Unified Planning Assumptions and Study Plan. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice.

(d) Interested parties will be provided a minimum of two (2) weeks following the first public meeting to provide comments on the draft Unified Planning Assumptions and Study Plan. Such comments may include Economic Planning Study requests based on the comprehensive Transmission Plan from the prior cycle. All comments on the draft Unified Planning Assumptions and the Study Plan will be posted by the CAISO to the CAISO Website.

(e) Following the public conference(s), and under the schedule set forth in the Business Practice Manual, the CAISO will determine and publish to the CAISO Website the final Unified Planning Assumptions and Study Plan in accordance with the procedures set forth in the Business Practice Manual. The CAISO will post the base cases to be used in the technical studies to its secured website as soon as possible after the final Unified Planning Assumptions and Study Plan have been published.

~~In addition to any information that must be provided to the CAISO under the NERC Reliability Standards, the CAISO shall solicit from Load Serving Entities through their Scheduling Coordinators information required by, or anticipated to be useful to, the CAISO in its performance of the Transmission Planning Process, including, but not limited to (1) long-term resource plans; (2) existing long-term contracts for resources and transmission service outside the CAISO Balancing Authority Area; and (3) Demand Forecasts, including forecasted effect of Energy efficiency and Demand response programs.~~

24.3.4 Economic Planning Studies Requests To IBAs, Planning Groups And Regulatory Agencies

24.3.4.1 CAISO Assessment of Requests for Economic Planning Studies

Following the submittal of a request for an Economic Planning Study, the CAISO will determine whether the request shall be designated as a High Priority Economic Planning Study for consideration in the development of the comprehensive Transmission Plan. In making the determination, the CAISO will consider:

- (a) Whether the requested Economic Planning Study seeks to assess Congestion not identified or identified and not mitigated by the CAISO in previous Transmission Planning Process cycles;
- (b) Whether the requested Economic Planning Study addresses delivery of Generation from Location Constrained Resource Interconnection Generators or network transmission facilities intended to access Generation from an Energy Resource Area or similar resource area assigned a high priority by the CPUC or CEC;
- (c) Whether the requested Economic Planning Study is intended to address Local Capacity Area Resource requirements;
- (d) Whether resource and Demand information indicates that Congestion described in the Economic Planning Study request is projected to increase over the planning horizon used in the Transmission Planning Process and the magnitude of that Congestion; or
- (e) Whether the Economic Planning Study is intended to encompass the upgrades necessary to integrate new generation resources or loads on an aggregated or regional basis.

24.3.4.2 Selection of High Priority Economic Planning Studies

In accordance with the schedule and procedures set forth in the Business Practice Manual, the CAISO will post to the CAISO Website the list of selected High Priority Economic Planning Studies to be included in the draft Unified Planning Assumptions and Study Plan. The CAISO may assess requests for

Economic Planning Studies individually or in combination where such requests may have common or complementary effects on the CAISO Controlled Grid. As appropriate, the CAISO will perform requested High Priority Economic Planning Studies, up to five (5); however, the CAISO retains discretion to perform more than five (5) High Priority Economic Planning Studies should stakeholder requests or patterns of Congestion or anticipated Congestion so warrant. Market Participants may, consistent with Section 24.3.1 and 24.3.2, conduct Economic Planning Studies that have not been designated as High Priority Economic Planning Studies at their own expense and may submit such studies for consideration in the development of the comprehensive Transmission Plan.

~~In accordance with Section 24.8, the CAISO shall obtain or solicit from interconnected Balancing Authority Areas, regional and sub-regional planning groups within the WECC, the CPUC, the CEC, and Local Regulatory Authorities information required by, or anticipated to be useful to, the CAISO in its performance of the Transmission Planning Process, including, but not limited to (1) long-term transmission system plans; (2) long-term resource plans; (3) generation interconnection process information; (4) Demand Forecasts; and (5) any other data necessary for the development of power flow, short-circuit, and stability cases over the planning horizon of the CAISO Transmission Planning Process.~~

24.3.5 [Not Used] Obligation to Provide Updated Information.

~~If material changes to the information provided under Sections 24.2.3.1 and 24.2.3.2 occur during the annual Transmission Planning Process, the providers of the information must provide notice to the CAISO of the changes.~~

24.4 Transmission Planning Process Phase 2 Participating TO Study Obligation

~~The Participating TO constructing or expanding facilities in accordance with Section 24.2.4, will be directed by the CAISO to coordinate with the Project Sponsor or Participating TO(s) with PTO Service Territories in which the transmission upgrade or addition will be located, neighboring Balancing Authority Areas, as appropriate, and other Market Participants to perform any study or studies necessary, including a Facility Study, to determine the appropriate facilities to be constructed in accordance with the CAISO Transmission Planning Process and the terms set forth in the TO Tariff.~~

24.4.1 Conducting Technical Studies

- (a) In accordance with the Unified Planning Assumptions and Study Plan and with the procedures and deadlines in the Business Practice Manual, the CAISO will perform, or direct the performance by third parties of, technical studies and other assessments necessary to develop the comprehensive Transmission Plan, including such technical studies and other assessments as are necessary in order to determine whether and how to include elements from the conceptual statewide transmission plan or other alternative elements identified by the CAISO during the Phase 2 studies in the comprehensive Transmission Plan. According to the schedule set forth in the applicable Business Practice Manual, the CAISO will post the preliminary results of its technical studies and proposed mitigation solutions on the CAISO Website. The CAISO's technical study results and mitigation solutions shall be posted not less than one-hundred and twenty (120) days after the final Unified Planning Assumptions and Study Plan are published, along with the results of the technical studies conducted by Participating TOs or other third parties at the direction of the CAISO.
- (b) All technical studies, whether performed by the CAISO, the Participating TOs or other third parties under the direction of the CAISO, must utilize the Unified Planning Assumptions for the particular technical study to the maximum extent practical, and deviations from the Unified Planning Assumptions for the particular technical study must be documented in results of each technical study. The CAISO will measure the results of the studies against Applicable Reliability Criteria, the CAISO Planning Standards, and other criteria established by the Business Practice Manual. After consideration of the comments received on the preliminary results, the CAISO will complete, or direct the completion of, the technical studies and post the final study results on the CAISO Website.
- (c) The CAISO technical study results will identify needs and proposed solutions to meet Applicable Reliability Criteria, CAISO planning standards, and other

applicable planning standards. The CAISO and Participating TOs shall coordinate their respective transmission planning responsibilities required for compliance with the NERC Reliability Standards and for the purposes of developing the annual Transmission Plan according to the requirements and time schedules set forth in the Business Practice Manual. A Participating TO, Project Sponsor, Market Participant, the CAISO, the CPUC, or CEC may propose a transmission system addition or upgrade, and the CAISO will determine, in accordance with this Section 24.1, whether the transmission addition or upgrade is needed, where it will (1) promote economic efficiency, (2) maintain System Reliability, (3) satisfy the requirements of a Location Constrained Resource Interconnection Facility, or (4) maintain the simultaneous feasibility of allocated Long-Term CRRs. CAISO management can determine the need for transmission additions or upgrades with an estimated capital investment of less than \$50 million without CAISO Governing Board approval. The determination of need by CAISO management for transmission additions or upgrades with an estimated capital cost of \$50 million or more must be approved by the CAISO Governing Board.

24.4.2 Submission of Reliability Driven Projects

Pursuant to the schedule described in the Business Practice Manual and based on the technical study results, the CAISO, CEC, CPUC, and other interested parties may propose any transmission upgrades or additions deemed necessary to ensure System Reliability consistent with Applicable Reliability Criteria and CAISO Planning Standards through the Phase 2 Request Window. Participating TOs will submit such project proposals through the Phase 2 Request Window within thirty (30) days after the CAISO posts its preliminary technical study results. The substantive description of reliability driven projects is set forth in Section 24.4.6.2.

24.4.3 Phase 2 Request Window

- (a) Following publication of the results of the technical studies, and in accordance with the schedule set forth in the Business Practice Manual, the CAISO will open

a Request Window during Phase 2 for the submission of proposals for reliability-driven projects, Location Constrained Resource Interconnection Facility projects, demand response or generation proposals proposed as alternatives to transmission additions or upgrades to meet reliability needs, proposals for Merchant Transmission Facility projects and projects needed to maintain the feasibility of long-term CRRs.

(b) All facilities proposed during the Request Window must use the forms and satisfy the information and technical requirements set forth in the Business Practice Manual. Proposals for these transmission additions or upgrades must be within or connect to the CAISO Balancing Authority Area or CAISO Controlled Grid. The CAISO will determine whether each of these proposals will be considered in the development of the comprehensive Transmission Plan. In accordance with the schedule and procedures set forth in the Business Practice Manual, the CAISO will notify the party submitting the proposal of any deficiencies in the proposal and provide the party an opportunity to correct the deficiencies. A proposal can only be considered in the development of the comprehensive Transmission Plan if the CAISO determines that:

(i) the proposal satisfies the information requirements for the particular type of project submitted as set forth in templates included in the Business Practice Manual;

(ii) the proposal is not functionally duplicative of transmission upgrades or additions that have previously been approved by the CAISO; and

(iii) the proposal, if a sub-regional or regional project that affects other interconnected Balancing Authority Areas has been reviewed by the appropriate sub-regional or regional planning entity, is not inconsistent with such sub-regional or regional planning entity's preferred solution or project, and has been determined to be appropriate for inclusion in the CAISO Study Plan, rather than, or in addition to, being included in or

deferred to the planning process of the sub-regional or regional planning entity.

(c) The duration of the Request Window will be set forth in the Business Practice Manual.

24.4.4 Comment Period of Conceptual Statewide Plan

Beginning in Phase 1, the CAISO will develop, or, in coordination with other regional or sub-regional transmission planning groups or entities, including interconnected Balancing Authority Areas, will participate in the development of, a conceptual statewide transmission plan that, among other things, may identify potential transmission upgrade or addition elements needed to meet state and federal policy requirements and directives. The conceptual statewide transmission plan will be an input into the CAISO's Transmission Planning Process. The CAISO will post the conceptual statewide transmission plan to the CAISO Website and will issue a Market Notice providing notice of the availability of such plan. In the month immediately following the publication of the conceptual statewide transmission plan, the CAISO will provide an opportunity for interested parties to submit comments and recommend modifications to the conceptual statewide transmission plan and alternative transmission elements, including potential interstate transmission lines and proposals for access to resources located in areas not identified in the conceptual statewide transmission plan, and non-transmission elements.

24.4.5 Determination of Needed Transmission Projects and Elements

To determine which projects and additional elements should be included in the comprehensive Transmission Plan, the CAISO will evaluate the conceptual transmission elements identified in the statewide conceptual transmission plan or other alternative elements identified by the CAISO during the Phase 2 studies, reliability project proposals, LCRIF projects proposals, project proposals required to maintain the feasibility of long term CRRs, proposed Network Upgrades pursuant to Section 24.4.6.5 and the results of Economic Planning Studies or other economic studies the CAISO has performed and will consider potential alternative transmission upgrade and addition elements and non-transmission or generation solutions proposed by interested parties. **In determining which projects and additional elements should be included in the comprehensive Transmission Plan, the CAISO will not give undue weight or preference to the conceptual statewide plan or any other input in its planning process.**

24.4.6 Categories of Transmission Projects

24.4.6.1 Merchant Transmission Project Proposals

The CAISO may include a transmission addition or upgrade in the comprehensive Transmission Plan if a Project Sponsor proposes a Merchant Transmission Facility and demonstrates to the CAISO the financial capability to pay the full cost of construction and operation of the Merchant Transmission Facility. The Merchant Transmission Facility must mitigate all operational concerns identified by the CAISO to the satisfaction of the CAISO, in consultation with the Participating TO(s) in whose PTO Service Territory the Merchant Transmission Facility will be located, and ensure the continuing feasibility of allocated Long Term CRRs over the length of their terms. To ensure that the Project Sponsor is financially able to pay the construction and operating costs of the Merchant Transmission Facility, and where the Participating TO is not the Project Sponsor and is to construct the Merchant Transmission Facility under Section 24.4.1, the CAISO in cooperation with the Participating TO may require (1) a demonstration of creditworthiness (e.g., an appropriate credit rating), or (2) sufficient security in the form of an unconditional and irrevocable letter of credit or other similar security sufficient to meet its responsibilities and obligations for the full costs of the transmission addition or upgrade.

24.4.6.2 Reliability Driven Projects

The CAISO, in coordination with each Participating TO with a PTO Service Territory will, as part of the Transmission Planning Process and consistent with the procedures set forth in the Business Practice Manual, identify the need for any transmission additions or upgrades required to ensure System Reliability consistent with all Applicable Reliability Criteria and CAISO Planning Standards. In making this determination, the CAISO, in coordination with each Participating TO with a PTO Service Territory and other Market Participants, shall consider lower cost alternatives to the construction of transmission additions or upgrades, such as acceleration or expansion of existing projects, Demand-side management, Remedial Action Schemes, appropriate Generation, interruptible Loads, storage facilities or reactive support. The CAISO shall direct each Participating TO with a PTO Service Area, as a registered Transmission Planner with NERC, to perform the necessary studies, based on the Unified Planning Assumptions and Study Plan and any applicable Interconnection Study, and in accordance with the Business Practice Manual, to determine the facilities needed to meet all Applicable Reliability Criteria and CAISO Planning Standards. The Participating TO with a PTO Service Area shall provide the CAISO and

other Market Participants with all information relating to the studies performed under this Section, subject to any limitation provided in Section 20.2 or the applicable LGIP. The Participating TO with a PTO Service Territory in which the transmission upgrade or addition deemed needed under this Section 24 will have the responsibility to construct, own and finance, and maintain such transmission upgrade or addition. If, as part of the Transmission Planning Process, the CAISO identifies a Category 1 policy-driven element or an economically-driven element as being needed under Sections 24.4.6.6 and 24.4.6.7 that eliminates an identified reliability concern under Applicable Reliability and CAISO Planning Standards, such element will retain its categorization as Category 1 policy-driven or economic element, respectively. If a transmission addition or upgrade required to ensure System Reliability provides other benefits without any expansion of its scope to explicitly include such benefits, such transmission addition or upgrade will retain its categorization as a reliability project.

24.4.6.3 LCRIF Projects

24.4.6.3.1 Proposals for LCRIFs

The CAISO, CPUC, CEC, a Participating TO, or any other interested parties may propose a transmission addition as a Location Constrained Resource Interconnection Facility. A proposal shall include the following information, to the extent available:

- (a) Information showing that the proposal meets the requirements of Section 24.4.6.3.2; and
- (b) A description of the proposed facility, including the following information:
 - (1) Transmission studies demonstrating that the proposed facility satisfies Applicable Reliability Criteria and CAISO Planning Standards;
 - (2) Identification of the most feasible and cost-effective alternative transmission additions, which may include network upgrades, that would accomplish the objective of the proposal;
 - (3) A planning level cost estimate for the proposed facility and all proposed alternatives;

(4) An assessment of the potential for the future connection of further transmission additions that would convert the proposed facility into a network transmission facility, including conceptual plans;

(5) The estimated in-service date of the proposed facility; and

(6) A conceptual plan for connecting potential LCRIGs, if known, to the proposed facility.

24.4.6.3.2 Criteria for Qualification as a LCRIF

(a) The CAISO shall conditionally approve a facility as a Location Constrained Resource Interconnection Facility if it determines that the facility is needed and all of the following requirements are met:

(1) The facility is to be constructed for the primary purpose of connecting to the CAISO Controlled Grid two (2) or more Location Constrained Resource Interconnection Generators in an Energy Resource Area, and at least one of the Location Constrained Resource Interconnection Generators is to be owned by an entity(ies) that is not an Affiliate of the owner(s) of another Location Constrained Resource Interconnection Generator in that Energy Resource Area;

(2) The facility will be a High Voltage Transmission Facility;

(3) At the time of its in-service date, the facility will not be a network facility and would not be eligible for inclusion in a Participating TO's TRR other than as an LCRIF; and

(4) The facility meets Applicable Reliability Criteria and CAISO Planning Standards.

(b) The proponent of a facility that has been determined by the CAISO to meet the requirements of Section 24.4.6.3.2(a) shall provide the CAISO with information concerning the requirements of this subsection not less than ninety (90) days prior to the planned commencement of construction, and the facility shall qualify

as a Location Constrained Resource Interconnection Facility if the CAISO determines that both of the following requirements are met:

- (1) The addition of the capital cost of the facility to the High Voltage TRR of a Participating TO will not cause the aggregate of the net investment of all LCRIFs (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6) included in the High Voltage TRRs of all Participating TOs to exceed fifteen (15) percent of the aggregate of the net investment of all Participating TOs in all High Voltage Transmission Facilities reflected in their High Voltage TRRs (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6) in effect at the time of the CAISO's evaluation of the facility; and
- (2) Existing or prospective owners of LCRIGs have demonstrated their interest in connecting LCRIGs to the facility consistent with the requirements of Section 24.4.6.3.4, which establishes the necessary demonstration of interest.

24.4.6.3.3 Responsibilities of Participating Transmission Owner

Each Participating TO shall report annually to the CAISO the amount of its net investment in LCRIFs (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6), and its net investment in High Voltage Transmission Facilities reflected in its High Voltage TRR (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6), to enable the CAISO to make the determination required under Section 24.4.6.3.2(b)(1).

24.4.6.3.4 Demonstration of Interest in a LCRIF

A proponent of an LCRIF must demonstrate interest in the LCRIF equal to sixty (60) percent or more of the capacity of the facility in the following manner:

- (a) the proponent's demonstration must include a showing that LCRIGs that would connect to the facility and would have a combined capacity equal to at least twenty-five (25) percent of the capacity of the facility have executed Large

Generator Interconnection Agreements or Small Generator Interconnection Agreements, as applicable; and

(b) to the extent the showing pursuant to Section 24.4.6.3.4(a) does not constitute sixty (60) percent of the capacity of the LCRIF, the proponent's demonstration of the remainder of the required minimum level of interest must include a showing that additional LCRIGs:

(1) in the case of Large Generating Facilities subject to the LGIP set forth in Appendix Y, have obtained Site Exclusivity or paid the Site Exclusivity Deposit in lieu of Site Exclusivity, provided that any Site Exclusivity Deposit paid pursuant to Section 3.5 of the LGIP set forth in Appendix Y shall satisfy this requirement, or, in the case of Large Generating Facilities subject to the LGIP set forth in Appendix U and Small Generating Facilities, have obtained control over their site or paid a deposit to the CAISO in the amount of \$250,000, which deposit shall be refundable if the LCRIF is not approved or is withdrawn by the proponent; and

(2) have demonstrated interest in the LCRIF by one of the following methods:

(i) executing a firm power sales agreement for the output of the LCRIG for a period of five (5) years or longer; or

(ii) in the case of Large Generating Facilities subject to the LGIP set forth in Appendix Y, filing an Interconnection Request and paying the Interconnection Study Deposit required by Section 3.5 of the LGIP set forth in Appendix Y; or

(iii) in the case of Large Generating Facilities subject to the LGIP set forth in Appendix U and Small Generating Facilities, being in the CAISO's interconnection queue and paying a deposit to the

CAISO equal to the sum of the minimum deposits required of an Interconnection Customer for all studies performed in accordance with the Large Generator Interconnection Procedures (Appendix U) or Small Generator Interconnection Procedures (Appendix S), as applicable to the LCRIG, less the amount of any deposits actually paid by the LCRIG for such studies. The deposit shall be credited toward such study costs. If the LCRIF is not approved or is withdrawn by the proponent, any deposit paid under this provision shall be refundable to the extent it exceeds costs incurred by the CAISO for such studies;

or

(iv) paying a deposit to the CAISO equal to five (5) percent of the LCRIG's pro rata share of the capital costs of a proposed LCRIF. The deposit shall be credited toward costs of Interconnection Studies performed in connection with the Large Generator Interconnection Procedures (Appendix U or Appendix Y, as applicable) or Small Generator Interconnection Procedures (Appendix S), whichever is applicable. If the LCRIF is not approved or is withdrawn by the proponent, any deposit paid under this provision shall be refundable to the extent it exceeds the costs incurred by the CAISO for such studies.

24.4.6.3.5 Coordination With Non-Participating TOs

In the event that a facility proposed as an LCRIF would connect to LCRIGs in an Energy Resource Area that would also be connected by a transmission facility that is in existence or is proposed to be constructed by an entity that is not a Participating TO and that does not intend to place that facility under the Operational Control of the CAISO, the CAISO shall coordinate with the entity owning or proposing that transmission facility through any regional planning process to avoid the unnecessary construction of duplicative transmission additions to connect the same LCRIGs to the CAISO Controlled Grid.

24.4.6.3.6 Evaluation of LCRIFs

In evaluating whether a proposed LCRIF that meets the requirements of Section 24.4.6.3.2 is needed, and for purposes of ranking and prioritizing LCRIF projects, the CAISO will consider the following factors:

- (a) Whether, and if so, the extent to which, the facility meets or exceeds applicable CAISO Planning Standards, including standards that are Applicable Reliability Criteria.
- (b) Whether, and if so, the extent to which, the facility has the capability and flexibility both to interconnect potential LCRIGs in the Energy Resource Area and to be converted in the future to a network transmission facility.
- (c) Whether the projected cost of the facility is reasonable in light of its projected benefits, in comparison to the costs and benefits of other alternatives for connecting Generating Units or otherwise meeting a need identified in the CAISO Transmission Planning Process, including alternatives that are not LCRIFs. In making this determination, the CAISO shall take into account, among other factors, the following:
 - (1) The potential capacity of LCRIGs and the potential Energy that could be produced by LCRIGs in each Energy Resource Area;
 - (2) The capacity of LCRIGs in the CAISO's interconnection process for each Energy Resource Area;
 - (3) The projected cost and in-service date of the facility in comparison with other transmission facilities that could connect LCRIGs to the CAISO Controlled Grid;
 - (4) Whether, and if so, the extent to which, the facility would provide additional reliability or economic benefits to the CAISO Controlled Grid;
and
 - (5) Whether, and if so, the extent to which, the facility would create a risk of stranded costs.

24.4.6.4 Projects to Maintain the Feasibility of Long Term CRRs

The CAISO is obligated to ensure the continuing feasibility of Long Term CRRs that are allocated by the CAISO over the length of their terms. In furtherance of this requirement the CAISO shall, as part of its annual Transmission Planning Process cycle, test and evaluate the simultaneous feasibility of allocated Long Term CRRs, including, but not limited to, when acting on the following types of projects: (a) planned or proposed transmission projects; (b) Generating Unit or transmission retirements; (c) Generating Unit interconnections; and (d) the interconnection of new Load. Pursuant to such evaluations, the CAISO shall identify the need for any transmission additions or upgrades required to ensure the continuing feasibility of allocated Long Term CRRs over the length of their terms and shall publish Congestion Data Summary along with the results of the CAISO technical studies. In assessing the need for transmission additions or upgrades to maintain the feasibility of allocated Long Term CRRs, the CAISO, in coordination with the Participating TOs and other Market Participants, shall consider lower cost alternatives to the construction of transmission additions or upgrades, such as acceleration or expansion of existing projects; Demand-side management; Remedial Action Schemes; constrained-on Generation; interruptible Loads; reactive support; or in cases where the infeasible Long Term CRRs involve a small magnitude of megawatts, ensuring against the risk of any potential revenue shortfall using the CRR Balancing Account and uplift mechanism in Section 11.2.4. As part of the CAISO's Transmission Planning Process, the Participating TOs and Market Participants shall provide the necessary assistance and information to the CAISO to allow it to assess and identify transmission additions or upgrades that may be necessary under Section 24.4.6.4. . If, as part of the Transmission Planning Process, the CAISO identifies a Category 1 policy-driven element or an economically-driven element as being needed under Sections 24.4.6.6 and 24.4.6.7 that eliminates an identified need for a project to maintain the feasibility of allocated long-term CRRs, such element will retain its categorization as Category 1 policy-driven or economic element, respectively. If a transmission addition or upgrade required to maintain the feasibility of long-term CRRs provides other benefits without any expansion of its scope to explicitly include such benefits, such transmission addition or upgrade will retain its categorization as a project needed to maintain the feasibility of long-term CRRs. To the extent a transmission upgrade or addition is deemed needed to maintain the feasibility of allocated Long Term CRRs in accordance with this Section and included in the CAISO's annual Transmission Plan, the CAISO will designate the Participating TO(s) with a PTO Service

Territory in which the transmission upgrade or addition is to be located as the Project Sponsor(s), responsible to construct, own and finance, and maintain such transmission upgrade or addition.

24.4.6.5 LGIP Network Upgrades

Beginning with the 2011/2012 planning cycle, Network Upgrades originally identified during the Phase II Interconnection Study or Interconnection Facilities Study Process of the Large Generation

Interconnection Process as set forth in Section 7 of Appendix Y that are not already included in a signed

LGIA may be assessed as part of the comprehensive Transmission Plan if these Network Upgrades

satisfy the following criteria:

- (a) The Network Upgrades consist of new transmission lines 200 kV or above, and have capital costs of \$100 million or greater;
- (b) The Network Upgrade is a new 500 kV substation that has capital costs of \$100 million or greater; or,
- (c) The Network Upgrades have a capital cost of \$200 million or more.

The CAISO will post a list of the Network Upgrades eligible for assessment in the Transmission Planning Process in accordance with the schedule set forth in the applicable Business Practice Manual. Network Upgrades included in the comprehensive Transmission Plan may include additional components not included in the Network Upgrades originally identified during the Phase II Interconnection Study or may be expansions of the Network Upgrades originally identified during the Phase II Interconnection Study if the CAISO determines during the Transmission Planning Process that such components or expansions are needed as additional elements under section 24.1. Network Upgrades identified in the LGIP Phase II studies but not assessed in the Transmission Planning Process will be included in Large Generator Interconnection Agreements, as appropriate. Network Upgrades assessed in the Transmission Planning Process but not modified or replaced will be included in Large Generator Interconnection Agreements, as appropriate. Construction and ownership of Network Upgrades specified in the comprehensive Transmission Plan under this section, including any needed additional components or expansions, will be the responsibility of the Participating TO if the Phase II studies identified the original upgrade as needed and such upgrade has not yet been set forth in an executed Large Generator Interconnection Agreement. the original Network Upgrade would have been included in a Large Generator Interconnection Agreement for Interconnection Customers as a result of the Phase II Interconnection Study or Interconnection Facility

~~Study Process if built under the Large Generator Interconnection Process.~~ If, through the comprehensive Transmission Planning Process, the CAISO identifies any additional components or expansions of Network Upgrades that result in the need for other upgrades or additions, the responsibility to build and own such additions or upgrades will be determined by this Section 24, according to the category of those upgrades or additions. Any decision in the Transmission Planning Process to modify Network Upgrades identified in the Large Generator Interconnection Process will not increase the cost responsibility of the Interconnection Customer as described in Appendix Y, Section 7. **Category 1 policy-driven elements identified under Section 24.4.6.7 could supplant the need for LGIP Network Upgrades that would be developed in subsequent Generator Interconnection Process cycles. To the extent that a Category 1 policy-driven element eliminates or downsizes the need for a Network Upgrade, the Interconnection Customer's cost responsibility for such Network Upgrade shall be eliminated or reduced. Any financial security posting shall at a minimum be adjusted accordingly.**

24.4.6.6 Policy-Driven Elements

Once the CAISO has identified projects needed to maintain reliability, LCRIF projects eligible for conditional or final approval, projects needed to maintain long-term CRR feasibility, qualified Merchant Transmission Facility projects, and needed LGIP Network Upgrades as described in Section 24.4.6.5, the CAISO may evaluate transmission upgrade and addition elements needed to meet state or federal policy requirements or directives as specified in the Study Plan pursuant to Section 24.3.2(i). Policy-driven transmission upgrade or addition elements will be either Category 1 or Category 2. Category 1 are those elements which under the criteria of this section are found to be needed elements and are recommended for approval as part of the comprehensive Transmission Plan in the current cycle. Category 2 are those elements that could be needed to achieve state or federal policy requirements or directives but have not been found to be needed in the current planning cycle based on the criteria set forth in this section. Elements identified in this section and not identified in Section 24.4.6.5 as the responsibility of the Participating TO to build will be open for Project Sponsor solicitation during Phase 3. **The CAISO will determine the need for, and identify such policy-driven transmission upgrade or addition elements that efficiently and effectively meet applicable policies under alternative resource location and integration assumptions and scenarios, while mitigating the risk of stranded investment. The CAISO will create a baseline scenario reflecting the assumptions about resource locations that are most likely to occur and**

one or more reasonable stress scenarios that will be compared to the baseline scenario. Any transmission upgrade or addition elements that are included in the baseline scenario and at least a significant percentage of the stress scenarios may be Category 1 elements. Transmission upgrades or additions that are included in the base case, but which are not included in any of the stress scenarios or are included in an insignificant percentage of the stress scenarios, generally will be Category 2 elements, unless the CAISO finds that sufficient analytic justification exists to designate them as Category 1. In such cases, the ISO will make public the analysis upon which it based its justification for designating such facilities as Category 1 rather than Category 2. In this process, the CAISO will consider, but is not limited to, the following criteria:

- (a) commercial interest in the resources in the applicable geographic area (including renewable energy zones) accessed by potential transmission elements as evidenced by signed and approved power purchase agreements and interconnection agreements;
- (b) the results and identified priorities of the California Public Utilities Commission's or California Local Regulatory Authorities' resource planning processes;
- (c) the expected planning level cost of the transmission element as compared to the potential planning level costs of other alternative transmission elements;
- (d) the potential capacity (MW) value and energy (MWh) value of resources in particular zones that will meet the policy requirements, as well as the cost supply function of the resources in such zones;
- (e) the environmental evaluation, using best available public data, of the zones that the transmission is interconnecting as well as analysis of the environmental impacts of the transmission elements themselves; the extent to which the transmission element will be needed to meet Applicable Reliability Criteria or to provide additional reliability or economic benefits to the ISO grid;
- (f) potential future connections to other resource areas and transmission elements;

- (g) resource integration requirements and the costs associated with these requirements in particular resource areas designated pursuant to policy initiatives;
- (h) the potential for a particular transmission element to provide access to resources needed for integration, such as pumped storage in the case of renewable resources;
- (i) the effect of uncertainty associated with the above criteria, and any other considerations, that could affect the risk of stranded investment; and
- (j) the effects of other additions or upgrades being considered for approval during the planning process.

24.4.6.7 Economic Studies and Mitigation Solutions

Once the CAISO has identified projects needed to maintain reliability, LCRIF projects eligible for conditional or final approval, qualified merchant transmission projects and policy driven elements, the CAISO will conduct the High Priority Economic Planning Studies selected under Section 24.4.4 and any other studies that the CAISO concludes are necessary to determine whether additional transmission upgrades and additions, or modifications to identified transmission projects or elements, are necessary to address:

- (a) Congestion identified by the CAISO in the Congestion Data Summary published for the applicable Transmission Planning Process cycle and the magnitude, duration, and frequency of that Congestion;
- (b) Local Capacity Area Resource requirements;
- (c) Congestion projected to increase over the planning horizon used in the Transmission Planning Process and the magnitude of that Congestion; or
- (d) Integration of new generation resources or loads on an aggregated or regional basis.

In determining whether additional elements are needed, the CAISO shall consider the degree to which, if any, the benefits of the solutions outweigh the costs, in accordance with the procedures set forth in the Business Practice Manual. The benefits of the mitigation solutions may include a calculation of any

reduction in production costs, Congestion costs, Transmission Losses, capacity or other electric supply costs resulting from improved access to cost-efficient resources. The cost of the mitigation solution must consider any estimated costs identified under Section 24.4.6.4 to maintain the simultaneous feasibility of allocated Long Term CRRs for the length of their term. The CAISO, in determining whether a particular solution is needed, shall also consider the comparative costs and benefits of viable alternatives to the particular transmission element, including: (1) other potential transmission upgrades or additions, including those being considered or proposed during the Transmission Planning Process; (2) acceleration or expansion of any transmission upgrade or addition already approved by the CAISO Governing Board or included in any CAISO annual Transmission Plan, and (3) non-transmission alternatives, including demand-side management. Transmission upgrades and addition elements that are identified under this Section 24.4.6.7, other than reliability-driven projects, LCRIF projects eligible for conditional or final approval and qualified Merchant Transmission Facility projects, will be open for bid and Project Sponsor solicitation in Phase 3.

24.4.6.8 Projects Submitted in Prior Request Windows

During Phase 2 of the 2010/2011 Transmission Planning Cycle, the CAISO will evaluate the specific project proposals submitted during the 2008 and 2009 request windows. If any of these 2008 or 2009 request window proposals is found by the CAISO to be needed as a Category 1 policy-driven or economically-driven element, using the criteria for approval of transmission elements under sections 24.4.6.6 or 24.4.6.7, the project will be included in the comprehensive 2010/2011 Transmission Plan. Upon Board approval of the Transmission Plan, the Project Sponsor that submitted the proposal will be approved to finance, own and construct the approved additions and upgrades provided that Project Sponsor meets the criterion specified in Section 24.5.2.1(c). If a 2008 or 2009 request window proposal is found to be needed as a Category 2 policy-driven element in the 2010-2011 Transmission Planning Cycle, and that Category 2 policy-driven element is reclassified as a Category 1 policy-driven element in the 2011-2012 Transmission Planning Cycle, the Project Sponsor that submitted the proposal will be approved to finance, own and construct the element, provided that Project Sponsor meets the criterion specified in Section 24.5.2.1(c). If competing projects have been submitted by multiple Project Sponsors in the 2008 and 2009 request windows for the same elements in the 2010/2011 comprehensive Transmission Plan, the CAISO will approve one of those Project Sponsors to build and own the project

based on the criteria specified in Section 24.5.2.3. To the extent that competing project proposals for the same policy-driven or economically-driven element were submitted in both the 2008 and 2009 request windows, the CAISO will give priority to the project proposals submitted in the 2008 request window.

24.4.7 Description of Transmission Elements

The transmission elements identified in the draft and final comprehensive Transmission Plan will provide sufficient engineering detail to permit Project Sponsors to submit complete proposals, under section 24.5.1 to build certain transmission elements. As further described in the Business Practice Manual, such details may include, but are not limited to:

- (a) Minimum Conductor Ampacity;
- (b) Approximate Line impedance required;
- (c) Approximate Series compensation levels;
- (d) Substation bus and breaker configuration;
- (e) Breaker clearing times;
- (f) Transformer characteristics (capacity, impedance, tap range);
- (g) Minimum Shunt capacitor and reactor sizes;
- (h) Minimum FACTS device specifications;
- (i) SPS requirements;
- (j) Planning level cost estimates;
- (k) Projected in-service date.

24.4.8 Additional Contents of Comprehensive Transmission Plan

In addition to the detailed descriptions of specific needed addition and upgrade projects and elements, the draft and final comprehensive Transmission Plan may include: (1) the results of technical studies performed under the Study Plan; (2) determinations and recommendations regarding the need for identified transmission upgrade and addition projects and elements; (3) assessments of transmission upgrades and additions submitted as alternatives to the potential solutions to transmission needs identified by the CAISO and studied during the Transmission Planning Process cycle; (4) results of Economic Planning Studies (except for the 2010/2011 cycle); (5) an update on the status of transmission upgrades or additions previously approved by the CAISO, including identification of mitigation plans, if

necessary, to address any potential delay in the anticipated completion of an approved transmission upgrade or addition; and (6) a description of transmission addition and upgrade projects with an estimated capital investment of \$50 million or more submitted through the Request Window and for which additional studies are required before being presented to the CAISO Governing Board for approval following completion of the studies; and (7) a description of Category 2 transmission upgrade or addition elements recommended for consideration in future planning cycles.

24.4.9 Phase 2 Stakeholder Process

- (a) According to the schedule and procedures set forth in the Business Practice Manual, the CAISO will schedule one (1) public meeting after the CAISO technical study results have been posted and Participating TOs have submitted (i) the results of technical studies conducted at the direction of the CAISO (if applicable); and (ii) reliability-driven projects and mitigation solutions. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice. Interested parties will be provided a minimum two (2) week period to provide written comments regarding the technical study results and the proposals submitted by the Participating TOs.
- (b) The CAISO will schedule at least one (1) other public meeting before the draft comprehensive Transmission Plan is posted to provide information about any policy-driven element evaluations or economic planning studies that have been completed since the prior public meeting was held, as well as updated information about any studies or evaluations that are still in progress. Notice of such meeting, web conference or teleconference will be provided to stakeholders via Market Notice.
- (c) In accordance with the schedule and procedures in the Business Practice Manual, but not less than one-hundred and twenty (120) days after the results of the CAISO's technical studies are posted and not less than six (6) weeks after the Request Window closes, the CAISO will post a draft comprehensive Transmission Plan. The CAISO will subsequently conduct a public conference

regarding the draft comprehensive Transmission Plan and solicit comments, consistent with the timelines and procedures set forth in the Business Practice Manual. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice and such notice shall be posted to the CAISO Website. After consideration of comments, the CAISO will post the revised draft comprehensive Transmission Plan to the CAISO Website.

24.4.10 Transmission Plan Approval Process

The revised draft comprehensive Transmission Plan, along with the stakeholder comments, will be presented to the CAISO Governing Board for consideration and approval. Upon approval of the plan, all needed transmission addition and upgrade projects and elements, net of all transmission and non-transmission alternatives considered in developing the comprehensive Transmission Plan, will be deemed approved by the CAISO Governing Board. Transmission upgrade and addition projects with capital costs of \$50 million or less can be approved by CAISO management and may proceed to permitting and construction prior to Governing Board approval of the plan. Following Governing Board approval, the CAISO will post the final comprehensive Transmission Plan to the CAISO website.

24.5 Transmission Planning Process Phase 3

24.5.1 Project Submissions

According to the schedule set forth in the Business Practice Manual, in the month following CAISO Governing Board approval of the comprehensive Transmission Plan, the CAISO will initiate a period of at least two (2) months that will provide an opportunity for Project Sponsors to submit specific transmission project proposals to finance, own, and construct the transmission elements identified in the comprehensive Transmission Plan. Such project proposals must include plan of service details and supporting information as set forth in the Business Practice Manual sufficient to enable the CAISO to determine whether the proposal meets the criteria specified in section 24.5.2.1 and 24.5.2.4. The project proposal will identify the authorized governmental body from which the Project Sponsor will seek siting approval for the project.

24.5.2 Project Selection

At the end of the project submission period, the CAISO will post a list of proposed projects and Project Sponsors to its Website, subject to the confidentiality provisions set forth in Tariff section 20 and as further described in the Business Practice Manual, and will select projects and Approved Project Sponsors pursuant to this section 24.5.2. If the selected project involves an upgrade to or addition on an existing Participating TO facility, the construction or ownership of facilities on a Participating TO's right-of-way, or the construction or ownership of facilities within an existing Participating TO substation, the Participating TO will construct and own such upgrade or addition facilities unless the Project Sponsor and the Participating TO agree to a different arrangement.

24.5.2.1 Project Sponsor Qualification

The CAISO will evaluate the proposals to finance, own and construct policy-driven transmission elements or transmission elements that are included in the comprehensive Transmission Plan based on the results of Economic Planning Studies or other economic studies conducted by the CAISO under section 24.4.6.7 to determine:

- (a) whether the proposed project is consistent with needed transmission elements identified in the comprehensive Transmission Plan;
- (b) whether the proposed project satisfies Applicable Reliability Criteria and CAISO Planning Standards; and
- (c) whether the Project Sponsor and its team are physically, technically, and financially capable of (i) completing the project in a timely and competent manner; and (ii) operating and maintaining the facilities consistent with Good Utility Practice and applicable reliability criteria for the life of the project.

On the CAISO's request, the Project Sponsor will provide additional information that the CAISO reasonably determines is necessary to conduct its evaluation.

24.5.2.2 Single Project Sponsor

If only one Project Sponsor submits a proposal to finance, own, and construct transmission elements under section 24.5.1, and the CAISO determines that the Project Sponsor is qualified to own and construct the project under the criteria set forth in section 24.5.2.1, the Project Sponsor must seek siting

approval, and any other necessary approvals, from the appropriate authority or authorities within sixtyone-hundred twenty (12060) days of CAISO approval.

24.5.2.3 Multiple Project Sponsors

- (a) If two (2) or more Project Sponsors submit proposals to own and construct the same transmission element or elements under section 24.5.1 and the CAISO determines that the two (2) or more Project Sponsors are qualified to own and construct the project under the criteria set forth in section 24.5.2.1, the CAISO will, upon request, facilitate an opportunity for the Project Sponsors to collaborate with each other to propose a single project to meet such need. If joint projects are proposed following the collaboration period, the CAISO will revise the list of potential renewable transmission upgrades or additions eligible for selection.
- (b) If the qualified Project Sponsors are unable to collaborate on a joint project and are applying to the same authorized governmental body to approve the project siting, the qualified Project Sponsors must seek siting approval within sixty (60) days and the CAISO will accept the Project Sponsor determination by that authorized governmental authority.
- (c) If the qualified Project Sponsors are unable to collaborate on a joint project and are applying to different authorized governmental bodies for project siting approval, the CAISO will select one approved Project Sponsor based on a comparative analysis of the degree to which each Project Sponsor meets the criteria set forth in sections 24.5.2.1 and a consideration of the factors set forth in 24.5.2.4. The CAISO will engage an expert consultant to assist with the selection of the approved Project Sponsor. Thereafter, the approved Project Sponsor must seek siting approval, and any other necessary approvals, from the appropriate authority or authorities within sixtyone-hundred twenty (12060) days of CAISO approval.

24.5.2.4 Project Sponsor Selection Factors

In selecting an approved Project Sponsor from among multiple project sponsors, as described in section 24.5.2.3(c), the CAISO shall consider the following criteria, in addition to the criteria set forth in section 24.5.2:

- (a) the current and expected capabilities of the Project Sponsor and its team to finance, license, and construct the facility and operate and maintain it for the life of the project;
- (b) the Project Sponsor's existing rights of way and substations that would contribute to the project in question;
- (c) the experience of the Project Sponsor and its team in acquiring rights of way, and the authority to acquire rights of way by eminent domain, if necessary, that would facilitate approval and construction;
- (d) the proposed schedule for development and completion of the project and demonstrated ability to meet that schedule of the Project Sponsor and its team;
- (e) the financial resources of the Project Sponsor and its team;
- (f) the technical and engineering qualifications and experience of the Project Sponsor and its team;
- (g) if applicable, the previous record regarding construction and maintenance of transmission facilities, including facilities outside the CAISO Controlled Grid of the Project Sponsor and its team;
- (h) demonstrated capability to adhere to standardized construction, maintenance and operating practices ;
- (i) demonstrated ability to assume liability for major losses resulting from failure of facilities;
- (j) demonstrated cost containment capability and other advantages the Project Sponsor and its team may have to build the specific project, including any binding agreement by the Project Sponsor and its team to accept a cost cap that would preclude project costs above the cap from being recovered through the CAISO's Transmission Access Charge.

The information that Project Sponsors must submit to enable the CAISO to conduct its evaluation of these criteria shall be specified in the Business Practice Manual.

24.5.3 Notice to Project Sponsors

The CAISO will notify Project Sponsors as to results of the project evaluation process in accordance with the schedule and procedures set forth in the Business Practice Manual.

24.6 Obligation to Construct Transmission Projects

A Participating TO that has a PTO Service Territory in which either terminus of the element or elements being upgraded or added is located shall be obligated to construct all transmission additions and upgrade elements or elements included in the comprehensive Transmission Plan for which there is no Approved Project Sponsor or for which the Project Sponsor is unable to secure all necessary approvals. In cases where the Approved Project Sponsor is subsequently unable or unwilling to build the project, the CAISO may, at its discretion, direct the Participating TO with a PTO Service Territory in which either terminus of the facility being upgraded or added is located to build the element or elements, or open a new solicitation of Project Sponsors to finance, construct and own the element or elements. The Approved Project Sponsor shall not sell, assign or otherwise transfer its rights to finance, construct and own the project before the project has been energized and, if applicable, turned over to the CAISO's Operational Control unless the CAISO has approved such proposed transfer. The obligations of the Participating TO to construct such transmission additions or upgrades will not alter the rights of any entity to construct and expand transmission facilities as those rights would exist in the absence of a TO's obligations under this CAISO Tariff or as those rights may be conferred by the CAISO or may arise or exist pursuant to this CAISO Tariff.

24.6.1 [Not Used]

24.6.2 [Not Used]

24.6.3 [Not Used]

24.7 Documentation of Compliance with NERC Reliability Standards

The Transmission Plan and underlying studies, assessments, information and analysis developed during the Transmission Planning Process, regardless of whether performed by CAISO or by Participating TOs or other third parties at the direction of CAISO, shall be used by the CAISO as part of its documentation

of compliance with NERC Reliability Standards.

24.8 Additional Planning Information

24.8.1 Information Provided by Participating TOs

In addition to any information that must be provided to the CAISO under the NERC Reliability Standards, Participating TOs shall provide the CAISO on an annual or periodic basis in accordance with the schedule and procedures and in the form required by the Business Practice Manual any information and data reasonably required by the CAISO to perform the Transmission Planning Process, including, but not limited to: (1) modeling data for power flow, including reactive power, short-circuit and stability analysis; (2) a description of the total Demand to be served from each substation, including a description of any Energy efficiency programs reflected in the total Demand; (3) the amount of any interruptible Loads included in the total Demand (including conditions under which an interruption can be implemented and any limitations on the duration and frequency of interruptions); (4), a description of Generating Units to be interconnected to the Distribution System of the Participating TO, including generation type and anticipated Commercial Operation Date; (5) detailed power system models of their transmission systems that reflect transmission system changes, including equipment replacement not requiring approval by the CAISO; (6) Distribution System modifications; (7) transmission network information, including line ratings, line length, conductor sizes and lengths, substation equipment ratings, circuits on common towers and with common rights-of-ways and cross-overs, special protection schemes, and protection setting information; and (8) Contingency lists.

24.8.2 Information Provided by Participating Generators

In addition to any information that must be provided to the CAISO under the NERC Reliability Standards, Participating Generators shall provide the CAISO on an annual or periodic basis in accordance with the schedule, procedures and in the form required by the Business Practice Manual any information and data reasonably required by the CAISO to perform the Transmission Planning Process, including, but not limited to: (1) modeling data for short-circuit and stability analysis and (2) data, such as term, and status of any environmental or land use permits or agreements the expiration of which may affect that the operation of the Generating Unit.

24.8.3 Information Requested from Load Serving Entities

In addition to any information that must be provided to the CAISO under the NERC Reliability Standards, the CAISO shall solicit from Load Serving Entities through their Scheduling Coordinators information required by, or anticipated to be useful to, the CAISO in its performance of the Transmission Planning Process, including, but not limited to: (1) long-term resource plans; (2) existing long-term contracts for resources and transmission service outside the CAISO Balancing Authority Area; and (3) Demand Forecasts, including forecasted effect of Energy efficiency and Demand response programs.

24.8.4 Information from Planning Groups, BAAs and Regulators

In accordance with Section 24.8 , the CAISO shall obtain or solicit from interconnected Balancing Authority Areas, regional and sub-regional planning groups within the WECC, the CPUC, the CEC, and Local Regulatory Authorities information required by, or anticipated to be useful to, the CAISO in its performance of the Transmission Planning Process, including, but not limited to: (1) long-term transmission system plans; (2) long-term resource plans; (3) generation interconnection process information; (4) Demand Forecasts; and (5) any other data necessary for the development of power flow, short-circuit, and stability cases over the planning horizon of the CAISO Transmission Planning Process.

24.8.5 Obligation to Provide Updated Information

If material changes to the information provided under Sections 24.8 occur during the annual Transmission Planning Process, the providers of the information must provide notice to the CAISO of the changes.

24.9 Participating TO Study Obligation

The Participating TO constructing or expanding facilities will be directed by the CAISO to coordinate with the Project Sponsor or Participating TO(s) with PTO Service Territories in which the transmission upgrade or addition will be located, neighboring Balancing Authority Areas, as appropriate, and other Market Participants to perform any study or studies necessary, including a Facility Study, to determine the appropriate facilities to be constructed in accordance with the CAISO Transmission Planning Process and the terms set forth in the TO Tariff.

24.105 Operational Review

The CAISO will perform an operational review of all facilities studied as part of the CAISO Transmission Planning Process that are proposed to be connected to, or made part of, the CAISO Controlled Grid to ensure that the proposed facilities provide for acceptable Operational Flexibility and meet all its requirements for proper integration with the CAISO Controlled Grid. If the CAISO finds that such facilities do not provide for acceptable Operational Flexibility or do not adequately integrate with the CAISO

Controlled Grid, the CAISO shall coordinate with the Project Sponsor and, if different, the Participating TO with the PTO Service Territory, or the operators of neighboring Balancing Authority Areas, if applicable, in which the facilities will be located to reassess and redesign the facilities required to be constructed.

Transmission upgrades or additions that do not provide acceptable Operational Flexibility or do not adequately integrate with the CAISO Controlled Grid cannot be included in the CAISO Transmission Plan or approved by CAISO management or the CAISO Governing Board, as applicable.

24.10.1 ~~[Not Used]~~

24.10.2 ~~[Not Used]~~

24.10.3 ~~[Not Used]~~

24.10.4 ~~[Not Used]~~

24.116 State ~~And~~ Local Approval ~~And~~ Property Rights

24.116.1 PTO Requirement to Seek Necessary Approvals ~~And~~ Rights

The Participating TO obligated to construct facilities under this Section 24 must make a good faith effort to obtain all approvals and property rights under applicable federal, state and local laws that are necessary to complete the construction of the required transmission additions or upgrades. This obligation includes the Participating TO's use of eminent domain authority, where provided by state law.

24.116.2 Consequences Of PTO Inability To Obtain Approvals And Rights

If the Participating TO cannot secure any such necessary approvals or property rights and consequently is unable to construct a transmission addition or upgrade found to be needed ~~in accordance with Section~~

~~24.4~~, it shall promptly notify the CAISO ~~and the Project Sponsor, if any~~, and shall comply with its

obligations under the TO Tariff to convene a technical meeting to evaluate alternative proposals. The

CAISO shall take such action as it reasonably considers appropriate, in coordination with the Participating

TO, ~~the Project Sponsor, if any~~, and other affected Market Participants, to facilitate the development and

evaluation of alternative proposals including, where possible, conferring on a third party the right to build

the transmission addition or upgrade ~~as set forth in Section 24.6.3~~.

24.611.3 Conferral Of Right To Build Facilities On Third Party

Where the conditions of Section 24.11.2 have been satisfied and it is possible for a third party to obtain all approvals and property rights under applicable federal, state and local laws that are necessary to

complete the construction of transmission additions or upgrades required to be constructed in accordance with this CAISO Tariff (including the use of eminent domain authority, where provided by state law), the CAISO may confer on a third party the right to build the transmission addition or upgrade, which third party shall **if applicable**, enter into the Transmission Control Agreement in relation to such transmission addition or upgrade.

24.127 WECC ~~And~~ Regional Coordination

The Project Sponsor will have responsibility for completing any applicable WECC requirements and rating study requirements to ensure that a proposed transmission addition or upgrade meets regional planning requirements. The Project Sponsor may request the Participating TO to perform this coordination on behalf of the Project Sponsor at the Project Sponsor's expense.

24.138 Regional ~~And~~ Sub-Regional Planning Process

The CAISO will be a member of the WECC and other applicable regional or sub-regional organizations and participate in WECC's operation and planning committees, and in other applicable regional and sub-regional coordinated planning processes.

24.138.1 Scope ~~Of~~ Regional ~~Or~~ Sub-Regional Planning Participation

The CAISO will collaborate with adjacent transmission providers and existing sub-regional planning organizations through existing processes. This collaboration involves a reciprocal exchange of information, to the maximum extent possible and subject to applicable confidentiality restrictions, in order to ensure the simultaneous feasibility of respective Transmission Plans, the identification of potential areas for increased efficiency, and the consistent use of common assumptions whenever possible. The details of the CAISO's participation in regional and sub-regional planning processes are set forth in the Business Practice Manual. At a minimum, the CAISO shall be required to:

- ~~-(a)-~~ solicit the participation, whether through sub-regional planning groups or individually, of all interconnected Balancing Authority Areas in the development of the Unified Planning Assumptions and Study Plan and in reviewing the results of technical studies performed as part of the CAISO's Transmission Planning Process in order to:

- ~~(+)~~i) coordinate, to the maximum extent practicable, planning assumptions,

data and methodologies utilized by the CAISO, regional and sub-regional planning groups or interconnected Balancing Authority Areas;

~~(2)-ii)~~ ensure transmission expansion plans of the CAISO, regional and sub-regional planning groups or interconnected Balancing Authority Areas are simultaneously feasible and seek to avoid duplication of facilities.

(b)- coordinate with regional and sub-regional planning groups regarding the entity to perform requests for Economic Planning Studies or other Congestion related studies;

(c)- transmit to applicable regional and sub-regional planning groups or interconnected Balancing Authority Areas information on technical studies performed as part of the CAISO Transmission Planning Process;

(d)- post on the CAISO Website links to the planning activities of applicable regional and sub-regional planning groups or interconnected Balancing Authority Areas.

24.138.2 Limitation ~~On~~ Regional Activities

Neither the CAISO nor any Participating TO nor any Market Participant shall take any position before the WECC or a regional organization that is inconsistent with a binding decision reached through an arbitration proceeding pursuant to Section 13, in which the Participating TO or Market Participant voluntarily participated.

~~24.9 CAISO Planning Standards Committee~~

~~The CAISO shall maintain a Planning Standards Committee, which shall be open to participation by all Market Participants, electric utility regulatory agencies within California, and other interested parties, to review, provide advice on, and propose modifications to CAISO Planning Standards for consideration by CAISO management and the CAISO Governing Board. The Planning Standards Committee shall meet, at a minimum, on an annual basis prior to publication of the draft Unified Planning Assumptions and Study Plan under Section 24.2.1.3; however, additional meetings, web conferences, or teleconferences may be scheduled as needed. Meetings of the Planning Standards Committee shall be noticed by Market Notice and such notice shall be posted to the CAISO Website. Teleconference capability will be made~~

~~available for all meetings of the Planning Standards Committee. The CAISO Vice President of Market and Infrastructure Development or his or her designee shall serve as chair of the Planning Standards Committee. All materials addressed at or relating to such meetings, including agendas, presentations, background papers, party comments, and minutes shall be posted to the CAISO Website. The chair of the Planning Standards Committee shall seek approval by the CAISO Governing Board of any modifications to the CAISO Planning Standards, as those CAISO Planning Standards exist as of the effective date of Section 24.2, and must include in the report to the CAISO Governing Board a summary of the positions of parties with respect to the proposed modifications to the CAISO Planning Standards and the ground(s) for rejecting modifications, if any, proposed by Market Participants or other interested parties.~~

24.1014 Cost Responsibility ~~For~~ Transmission Additions ~~Or~~ Upgrades

Cost responsibility for transmission additions or upgrades constructed pursuant to this Section 24

(including the responsibility for any costs incurred under Section 24.611) shall be determined as follows:

24.1014.1 Project Sponsor Commitment to Pay Full Cost

Where a Project Sponsor commits to pay the full cost of a transmission addition or upgrade as set forth in subsection (2) of Section 24.44.6.1, the full costs shall be borne by the Project Sponsor.

24.1014.2 Cost of Needed Addition or Upgrade to be Borne by PTO

Where the need for a transmission addition or upgrade is determined by the CAISO ~~or as a result of the CAISO ADR Procedure as set forth in subsection (3) of Section 24.1.4~~, the cost of the transmission addition or upgrade shall be borne by the Participating TO that will be the owner of the transmission addition or upgrade and shall be reflected in its Transmission Revenue Requirement.

24.1014.3 CRR Entitlement for Project Sponsors Not Recovering Costs

Provided that the CAISO has Operational Control of the Merchant Transmission Facility, a Project Sponsor that does not recover the investment cost under a FERC-approved rate through the Access Charge or a reimbursement or direct payment from a Participating TO shall be entitled to receive Merchant CRRs as provided in Section 36.11. The full amount of capacity added to the system by such transmission upgrades or additions will be as determined through the regional reliability council process of the Western Electricity Coordinating Council or its successor.

24.4014.3.1 Western Path 15

Pursuant to its Project Sponsor status as specified in Section 4.3.1.3, consistent with FERC's findings in Docket Nos. EL04-133-001, ER04-1198-000, and ER04-1198-001, issued on May 16, 2006 (115 FERC ¶ 61,178), Western Path 15 shall receive compensation associated with transmission usage rights modeled for Western Path 15. In the event that Western Path 15 has an approved rate schedule that returns excess revenue from any compensation obtained from the CAISO associated with the transmission usage rights for Western Path 15, such revenue shall be returned to the CAISO through a procedure established by the CAISO and the Western Area Power Administration for that purpose.

24.4014.3.2 FPL Energy, LLC

Pursuant to its Project Sponsor status, consistent with FERC's findings in Docket No. ER03-407, issued on June 15, 2006 (115 FERC ¶ 61, 329), FPL Energy, LLC shall receive Merchant CRRs associated with transmission usage rights modeled for the Blythe Path 59 upgrade, such Merchant CRRs to be in effect for a period of thirty (30) years, or the pre-specified intended life of the Merchant Transmission Facility, whichever is less, from the date of Blythe Path 59 was energized. For the purpose of allocating Merchant CRRs to FPL Energy, LLC over the Path 59 upgrade the allocation of Option CRRs in the import (east to west, from the Blythe Scheduling Point to the 230 kV side of the 161 kV to 230 kV transformer at the Eagle Mountain substation) as well as of Option CRRs in the export (west to east) direction will be based on 57.1 percent of the total upgrade (96 MWs out of the 168 MWs), which is FPL Energy, LLC's share of the total upgrade as approved by FERC in the Letter Order issued by FERC on June 15, 2006 in Docket No. ER03-407 (115 FERC ¶ 61,329).

24.4014.4 Treatment of New High Voltage Facilities Costs in HVAC

Once a New Participating TO has executed the Transmission Control Agreement and it has become effective, the cost for New High Voltage Facilities for all Participating TOs shall be included in the CAISO Grid-wide component of the High Voltage Access Charge in accordance with Schedule 3 of Appendix F, unless and with respect to Western Path 15 only, cost recovery is provided in Section 24.4014.3. The Participating TO who is supporting the cost of the New High Voltage Facility shall include such costs in its High Voltage Transmission Revenue Requirement, regardless of which TAC Area the facility is geographically located.

24.4115 Ownership Of Andof and Charges Forfor Expansion Facilities

24.115.1 Transmission Additions and Upgrades under TCA

All transmission additions and upgrades constructed by Participating TOs in accordance with this Section 24 ~~shall that~~ form part of the CAISO Controlled Grid ~~and~~ shall be operated and maintained by a Participating TO in accordance with the Transmission Control Agreement. Where such transmission additions and upgrades are jointly developed by Participating TOs and non-Participating TOs, nothing herein shall be construed to require that the non-Participating TO transfer its portion of the transmission additions or upgrades to the CAISO's Operational Control or place such facilities within the CAISO's Balancing Authority Area.

24.115.2 Access and Charges for Transmission Additions and Upgrades

Each Participating TO that owns or operates transmission additions and upgrades constructed in accordance with this Section 24 shall provide access to them and charge for their use in accordance with this CAISO Tariff and its TO Tariff.

24.1216 Expansion ~~By~~ Local Furnishing Participating TOs

Notwithstanding any other provision of this CAISO Tariff, a Local Furnishing Participating TO shall not be obligated to construct or expand facilities, (including interconnection facilities as described in Section 8 of the TO Tariff) unless the CAISO or Project Sponsor has tendered an application under FPA Section 211 that requests FERC to issue an order directing the Local Furnishing Participating TO to construct such facilities pursuant to Section 24. The Local Furnishing Participating TO shall, within ten (10) days of receiving a copy of the Section 211 application, waive its right to a request for service under FPA Section 213(a) and to the issuance of a proposed order under FPA Section 212(c). Upon receipt of a final order from FERC that is no longer subject to rehearing or appeal, such Local Furnishing Participating TO shall construct such facilities in accordance with this Section 24.

* * *

Appendix A

Master Definitions Supplement

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- **Approved Project Sponsor**

The person or entity designated under the CAISO Tariff to construct, finance and own transmission additions or upgrades.