

CRRs for Merchant Transmission Upgrades

March 23, 2007 paper is posted at:

<http://www.caiso.com/1baa/1baab91e536b0.pdf>

Stakeholder Conference Call

March 29, 2007

1:00 pm

Purpose of Discussion

- **Focus is on the methodology for determining the amount and spatial configuration of CRRs to be allocated for Merchant Transmission upgrades.**
 - Transmission planning issues to be addressed at a later time.
- **Review principles for Merchant CRRs**
- **Review steps in proposed methodology**
- **Discuss key issues in this process.**

- **Further discussion of proposal on Tuesday, April 3rd at stakeholder meeting.**
- **Written comments by April 6 to CRRComments@caiso.com**



Principles of Merchant CRRs

- **“MT sponsor” has not recovered the costs of their transmission upgrade through a regulated rate of return.**
- **MT sponsor may choose Merchant CRRs as either option CRRs or obligation CRRs.**
- **Merchant CRRs will remain effective for 30 years or the life of the project, whichever is less.**
- **The quantity and source-sink pattern of Merchant CRRs will be commensurate with the transfer capacity that the project adds to the CAISO grid.**
- **MT sponsor’s entitlement to Merchant CRRs begins when the project is energized.**

Merchant CRR Allocation Methodology (proposed)

- **Overview of methodology**
- **Review of two-step process**
- **Optimization of Merchant CRRs**
- **Attributes of Merchant CRRs**

Key Issues for Proposed Merchant CRR Allocation Methodology

- **Source / Sink Combinations**
- **Counterflow**
- **Impact on Existing Capacity**



Next Steps

- **April 3 CRR Stakeholder meeting**
- **Stakeholder written comments requested by April 6**