**Section 4**

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**4.3.1.2.2** Subscriber Participating TOs ~~shall~~ must complete TRTC Instructions for their Subscriber Rights as provided in Section 16.4.5.

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**4.3.1.3 CAISO Relationship with Specific Participating TOs**

(a) **Western Path 15.** Western Path 15 shall be required to turn over to CAISO Operational Control only its rights and interests in the Path 15 Upgrade and shall not be required to turn over to CAISO Operational Control Central Valley Project transmission facilities, Pacific AC Intertie transmission facilities, California-Oregon Transmission Project facilities, or any other new transmission facilities or Entitlements not related to the Path 15 Upgrade. For purposes of the CAISO Tariff, Western Path 15 shall be treated with respect to revenue recovery as a Project Sponsor in accordance with Section 24.14.3.1.

(b) **New Participating TOs After April 1, 2014.** An Approved Project Sponsor that was not a Participating TO as of April 1, 2014, shall be required to turn over to CAISO Operational Control only its rights and interests in the Regional Transmission Facilities it has been selected to finance, construct and own under section 24.5. Such a Participating Transmission Owner will be subject to all obligations of a Participating TO with regard to the facilities placed under CAISO Operational Control, except the obligation in Section 4.3.1.1 to declare its intent and submit an application to become a Participating TO and the obligation in Section 2.2 of the Transmission Control Agreement to apply to become a Participating TO.

(c) **Subscriber Participating TOs.** A Subscriber Participating TO will be subject to all obligations of a Participating TO with regard to facilities placed under CAISO Operational Control. The Subscriber Participating TO is subject to the obligations under Section 4.3.1.1 to declare its intent and submit an application to become a Participating TO and the obligation in Section 2.2 of the Transmission Control Agreement to apply to become a Participating TO.

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**4.3A Relationship Between the CAISO and Subscriber Participating TOs**

**4.3A.1 Nature of Relationship**

A transmission owner or developer of a transmission project may apply to join the CAISO Balancing Authority Area as a Subscriber Participating TO with planned or existing transmission assets and Entitlements subject to Encumbrances, pursuant to Subscription Agreements, that will ultimately be administered pursuant to a Subscriber Participating TO Tariff and the CAISO Tariff. The Subscriber Participating TO’s initial project will consist of transmission components and any associated generation components located outside of the then-existing CAISO Balancing Authority Area, with the transmission component being funded solely by Subscribers and used to provide Subscriber Rights. The Subscriber Participating TO may, as provided for under relevant provisions of the CAISO tariff, subsequently construct additions or upgrades to the initial transmission project that are funded solely by FERC-approved Transmission Revenue Requirements and not used to provide Subscriber Rights to the extent authorized under Section 24 or Section 25~~other provisions~~ of the CAISO Tariff.

**4.3A.2 Application and Approval Processes**

An applicant to become a Subscriber Participating TO will follow the processes set forth in Section 4.3.1.1 of the CAISO Tariff and Section 2.2 of the Transmission Control Agreement. The applicant will provide written information to the CAISO regarding the applicant’s transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights that includes: (1) the size and location of the transmission assets and Entitlements; (2) the original or projected cost to build the transmission assets, for which the applicant may request confidential treatment pursuant to Section 20; (3) a schedule for depreciation of the transmission assets, for which the applicant may make a request for confidential treatment pursuant to Section 20; and (4) the initial Subscriber Encumbrance term for the transmission assets and any ~~agreed-upon~~ rollover rights specified in Section 3 of the Subscriber Participating TO’s application to become a Participating TO. If the CAISO Governing Board approves the application, the Subscriber Participating TO will execute an Applicant Participating Transmission Owner Agreement with the CAISO to establish the relationship between the Subscriber Participating TO and the CAISO during the period from CAISO Governing Board approval until the Subscriber Participating TO either (1) satisfies the requirements of Section 4.3A.5 or (2) informs the CAISO in writing of the Subscriber Participating TO’s decision to not move forward with the project’s becoming part of the CAISO Controlled Grid.

**4.3A.3 Transmission Planning Process for Subscriber Participating TO Facilities Used to Provide Subscriber Rights**

A Subscriber Participating TO’s transmission assets, Entitlements and Subscriber Encumbrances used to provide Subscriber Rights will be included in the Transmission Planning Process pursuant to Section 24 after (1) the CAISO Governing Board approves the associated application to become a Subscriber Participating TO, (2) FERC accepts an Applicant Participating Transmission Owner Agreement between the applicant to become a Subscriber Participating TO and the CAISO, (3) FERC accepts any applicable Generator Interconnection Agreements for Generating Facilities due to their interconnection to the CAISO Controlled Grid on the transmission assets, Entitlements, and Subscriber Encumbrances of ~~an~~the applicant seeking to become a Subscriber Participating TO, (4) the Subscriber Participating TO has begun the interconnection studies required by the Transmission Owner(s), and (5) the applicant provides a notice in writing to the CAISO acknowledging that Construction Activities have begun,

**4.3A.4 Interconnection of Subscriber Participating TO Transmission Facilities Used to Provide Subscriber Rights**

**4.3A.4.1 Interconnection Study Process**

The CAISO will study the interconnection of all Generating Facilities to the Subscriber Participating TO’s transmission assets ~~and~~ using Subscriber Encumbrances to provide Subscriber Rights, pursuant to Section 25 and Appendix DD.

**4.3A.4.1.1 TP Deliverability Allocation Process**

The initial Subscriber Participating TO project will follow the TP Deliverability allocation process set forth in Appendix DD. The Interconnection Customers of the generation projects connected to the Subscriber Participating TO that own the necessary Subscriber Rights shall become eligible to apply into the TP Deliverability allocation process when, (1) the Subscriber PTO has successfully met all requirements identified under Section 4.3A.3; ~~and~~ (2) all Transmission Owners have completed the interconnection studies; and (3) Subscriber Participating TO transmission facilities and any generation facilities of such Interconnection Customers requesting to interconnect to the CAISO Controlled Grid over the Subscriber Participating TO transmission facilities are included in the TPP base case and GIDAP base case.**4.3A.4.2 Treatment of Needed Upgrades**

(a) If the Transmission Planning Process identifies a need for Upgrades related to Generating Facilities due to their interconnection to aSubscriber Participating TO’s transmission assets and Encumbrances in addition to those Upgrades identified under Section 4.3A.4.2 (b), such applicable Generating Facilities shall be required to apply for interconnection to the CAISO Controlled Grid in accordance with the provisions in Section 25 and Appendix DD.

(b) If the Transmission Planning Process identifies a need for Delivery Network Upgrades related to Generating Facilities to be served by a Subscriber Participating TO’s transmission assets and Encumbrances used to provide Subscriber Rights for purposes of meeting a resource portfolio requirement established by the CPUC or other Local Regulatory Authority, and such Delivery Network Upgrades are included in an approved Transmission Plan, the Subscriber Participating TO will have the first option to acquire the additional Deliverability made possible by the Delivery Network Upgrades, up to the amount of Deliverability included in the CPUC or other Local Regulatory Authority resource portfolio requirement.

**4.3A.5 Addition to the CAISO Controlled Grid of Subscriber Participating TO Transmission Facilities Used to Provide Subscriber Rights**

The CAISO will add Subscriber Participating TO transmission assets and Entitlements and Subscriber Encumbrances used to provideEntitlements and Subscriber Encumbrances used to provide Subscriber Rights to the CAISO Controlled Grid after (1) the associated Subscriber Participating TO satisfies the requirements of the Transmission Control Agreement, (2) FERC approves any revisions to the Transmission Control Agreement to include the Subscriber Participating TO, (3) the Subscriber Participating TO energizes its project and turns the project over for CAISO Operational Control in accordance with the Transmission Control Agreement, and (4) FERC approves a Subscriber Participating TO Tariff for the Subscriber Participating TO. The Subscriber Participating TO will have its own TAC Area and its transmission assets and Entitlements will have their own Scheduling Points.

**4.3A.6 Processes Applicable to Construction of Subscriber Participating TO Transmission Facilities Not Used to Provide Subscriber Rights**

A Subscriber Participating TO may construct additions and upgrades to its transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights pursuant to Section 24, but such additions and upgrades ~~may~~ will not ~~be used to~~ provide additional Subscriber Rights. Requests for interconnections to the Subscriber Participating TO additions and upgrades will be pursuant to Section 25 and Appendix DD.

**4.3A.7 Cost Recovery and Usage Costs for Subscriber Participating TO Transmission Facilities**

**4.3A.7.1** **Amounts from Subscribers**

A Subscriber Participating TO must~~shall~~ recover costs of its transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights solely from Subscribers pursuant to Subscription Agreements. Subscribers that Self-Schedule using CRNs on the transmission assets and Entitlements will not pay Access Charges for such use.

**4.3A.7.2 Amounts from Non-Subscribers**

A Subscriber Participating TO may receive Non-Subscriber Usage Payment Amounts for use by Non-Subscribers of transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights pursuant to Section 15 of Schedule 3 of Appendix F. The Subscriber Participating TO will be responsible for obtaining FERC approval of the Non-Subscriber Usage Rate that is a required component of the calculation of Non-Subscriber Usage Payment Amounts.

**4.3A.7.3 Transmission Revenue Requirement**

(a) A Subscriber Participating TO may not seek FERC approval of a Transmission Revenue Requirement for the original costs of or any subsequent incurred costs for transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights or receive revenue for such transmission assets and Entitlements from the Regional Access Charge, even after all Subscriber Encumbrances on the transmission assets and Entitlements terminate. This Section will not prevent a Subscriber Participating TO from obtaining FERC approval of the Non-Subscriber Usage Rate.

(b) A Subscriber Participating TO may seek FERC approval of a Transmission Revenue Requirement for additions and upgrades to its transmission assets and Entitlements undertaken to facilitate an interconnection or pursuant to Section 24, unless such additions and upgrades are for the benefit of Subscribers in the use of their Subscriber Rights. Upon FERC approval, any reference in the CAISO Tariff to a Participating TO’s Revenue Requirement or Transmission Revenue Requirement will be read as a reference to the Subscriber Participating TO’s rates or revenue requirement as approved by FERC. A Subscriber Participating TO may receive revenue from the Regional Access Charge only with respect to generator Network Upgrades or Network Upgrades identified and approved in the Transmission Planning Process under Section 24, Section 25 and in Appendix DD for existing Participating TOs that are not used to provide Subscriber Rights.

**4.3A.8 Access to Available Transmission Capacity of a Subscriber Participating TO**

The CAISO will make transmission capacity on Subscriber Participating TO facilities available for the purpose of: (1) scheduling Subscriber Rights transactions consistent with the Subscription Agreement, a Subscriber Participating TO’s TRTC Instructions, and the CAISO Tariff; and (2) scheduling transactions for Market Participants in accordance with the CAISO Tariff, provided such use does not conflict with Subscriber Rights. The transmission capacity of a Subscriber Participating TO that is not subject to an Encumbrance as of the date of the Subscriber Participating TO’s application to become a Subscriber Participating TO will not be treated as Subscriber Rights, and the CAISO will be the provider of transmission service pursuant to the CAISO Tariff for the use of this available transmission capacity. To the extent Subscribers do not schedule their Encumbrance in the Day-Ahead Market or Real-Time Market, the transmission capacity underlying the Encumbrance will be available for use in the CAISO Markets in accordance with Section 16 of the CAISO tariff.

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**Section 16**

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**16. Existing Contracts**

## 16.1 Continuation of Existing Contracts for Non-Participating TOs and Subscribers

The transmission service rights and obligations of Non-Participating TOs and Subscribers under Existing Contracts, including all terms, conditions and rates of the Existing Contracts, as they may change from time to time under the terms of the Existing Contracts, will continue to be honored by the parties to those contracts, for the duration of those contracts.

### 16.1.1 Participating TO Obligation

If a Participating TO is a party to an Existing Contract under which Existing Rights are provided, the Participating TO shall attempt to negotiate changes to the Existing Contract to align the contract’s scheduling and operating provisions with the CAISO’s scheduling and operational procedures, rules and protocols, to align operations under the contract with CAISO operations, and to minimize the contract parties’ costs of administering the contract while preserving their financial rights and obligations.

In addition, the Participating TO shall attempt to negotiate changes to provisions in the Existing Contract to ensure that whenever transmission services under the Existing Contract are used to deliver power to a Market Participant that is subject to Access Charges and Non-Subscriber Usage Payment Amounts, if applicable, under this CAISO Tariff, no duplicative charge for access to the CAISO Controlled Grid will be charged under the Existing Contract. For purposes of such negotiations, there shall be a presumption that any charges in an Existing Contract that were designed to recover the embedded cost of transmission facilities within the CAISO Controlled Grid will be fully recovered through the Access Charges and Non-Subscriber Usage Payment Amounts, if applicable, established under Section 26.1.

### 16.1.2 Right to Use and Ownership of Facilities

If a Non-Participating TO has an Existing Contract with a Participating TO under which the Non-Participating TO’s transmission facilities, or a portion thereof, are subject to use by the Participating TO, the Non-Participating TO’s rights to the use and ownership of its facilities shall remain unchanged, regardless of the Participating TO’s act of turning over the Participating TO’s Entitlement to use the Non-Participating TO’s facilities to the extent possible to the Operational Control of the CAISO. If a Subscriber is a Participating TO, it cannot turn over its Subscriber Rights to the Operational Control of the CAISO. The CAISO will accept valid ETC Self-Schedules from a Participating TO that is the Scheduling Coordinator for the holder of Existing Rights, or from holders of Existing Rights that are Scheduling Coordinators, or that are represented by a Scheduling Coordinator other than the Participating TO. ETC Self-Schedules submitted by Scheduling Coordinators to the CAISO, which include the use of Existing Rights, must be submitted in accordance with Section 16.1 and Section 30. The CAISO may refuse to accept ETC Self-Schedules submitted pursuant to Existing Contracts that do not meet the requirements of the principles, protocols and rules referred to in this Section 16.1.

## 16.2 Treatment of Subscriber Encumbrances

Subscriber Encumbrances shall be treated as Existing Contracts even though they include legal restrictions or covenants meeting the definition of an Encumbrance and arising under a contract or agreement entered into after the CAISO Operations Date.

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**Section 24**

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# 24. Comprehensive Transmission Planning Process

## 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. In Phase 2, the CAISO will complete the comprehensive Transmission Plan. In Phase 3, the CAISO will evaluate proposals to construct and own certain transmission upgrades or additions 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 coordinate with other Planning Regions and interconnected Balancing Authority Areas in accordance with, but not limited to, the Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language in Section 24.18;

(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;

(f) Provide an opportunity for Interregional Transmission Projects submitted to the CAISO as a Relevant Planning Region to be evaluated as potential solutions to CAISO regional transmission needs; and

(g) Evaluate projects of entities that have commenced the process to become Subscriber Participating TOs or have initiated related Interconnection Studies with one or more existing Participating TOs.

## 24.3 Transmission Planning Process Phase 1

Phase 1 consists of the development of the Unified Planning Assumptions and Study Plan.

### 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 needs in the comprehensive Transmission Plan developed in the previous planning cycle;

(c) Category 2 policy-driven transmission upgrades and additions 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 and Appendices S, T, U, V, W, Y, Z, BB, CC, DD, EE, and FF 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, federal, municipal and county 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 alternatives 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;

(m) The most recent Annual Interregional Information provided by other Planning Regions;

(n) Import Capability expansion requests submitted in comments on the draft Unified Planning Assumptions and Study; and

(o) Subscriber Participating TO transmission facilities, and any generation facilities receiving Subscriber Rights and requesting to interconnect to the CAISO Controlled Grid over Subscriber Participating TO transmission facilities, that have met the following criteria:

1.. The Applicant Participating Transmission Owner Agreement has been executed;

2. The generator interconnection agreement with the Subscriber is executed;

3. The Subscriber Participating TO has provided written notice to the CAISO that Construction Activities of the Subscriber Participating TO transmission facilities have begun; and

4. Transmission interconnection studies required by the Transmission Owner(s) have begun ~~are completed~~;

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**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 transmission facilities reflected in its RTRR (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).

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**24.4.6.6 Policy-Driven Transmission Solutions**

Once the CAISO has identified reliability-driven solutions, LCRIF projects eligible for conditional or final approval, solutions needed to maintain long-term CRR feasibility, qualified Merchant Transmission Facilities, needed LGIP Network Upgrades as described in Section 24.4.6.5, and Subscriber Participating TO transmission facilities as well as generation facilities seeking to interconnect to the CAISO Controlled Grid on Subscriber Participating TO transmission facilities, the CAISO shall evaluate transmission solutions needed to meet state, municipal, county or federal policy requirements or directives as specified in the Study Plan pursuant to Section 24.3.2(i). Policy-driven transmission solutions will be either Category 1 or Category 2 transmission solutions. Category 1 transmission solutions are those which under the criteria of this section are found to be needed and are recommended for approval as part of the comprehensive Transmission Plan in the current cycle. Category 2 transmission solutions are those that could be needed to achieve state, municipal, county 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. The CAISO will determine the need for, and identify such policy-driven transmission solutions 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 solutions that are in the baseline scenario and at least a significant percentage of the stress scenarios may be Category 1 transmission solutions. Transmission solutions that are included in the baseline scenario 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 transmission solutions, unless the CAISO finds that sufficient analytic justification exists to designate them as Category 1 transmission solutions. In such cases, the ISO will make public the analysis upon which it based its justification for designating such transmission solutions 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 solutions 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 solution as compared to the potential planning level costs of other transmission solutions;

(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 solutions themselves; the extent to which the transmission solutions will be needed to meet Applicable Reliability Criteria or to provide additional reliability or economic benefits to the CAISO grid;

(f) potential future connections to other resource areas and transmission facilities;

(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 solution 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 solutions being considered for approval during the planning process.

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### 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 additions and upgrades, and Interregional Transmission Projects, net of all transmission and non-transmission alternatives considered in developing the comprehensive Transmission Plan, will be deemed approved by the CAISO Governing Board. Following Governing Board approval, the CAISO will post the final comprehensive Transmission Plan to the CAISO Website. According to the schedule set forth in the Business Practice Manual, transmission upgrades and additions with capital costs of $50 million or less can be approved by CAISO management and Subscriber Participating TO transmission facilities, provided the CAISO Governing Board has already approved the Subscriber Participating TO as a Participating TO or conditional Participating TO, may proceed to permitting and construction prior to Governing Board approval of the plan. Such CAISO management approved transmission solutions may be subject to a competitive solicitation process, consistent with Section 24.5, on an accelerated schedule that will allow the approved Project Sponsor to proceed to permitting and construction prior to Governing Board approval of the plan. CAISO management may also expedite approval of a transmission solution ahead of the approval schedule for other solutions with capital costs of $50 million or less if: (1) there is an urgent need for approval of the solution ahead of the schedule established in the Business Practice Manual; (2) there is a high degree of certainty that approval of the upgrade or addition will not conflict with other solutions being considered in Phase 2; and (3) the need to accelerate a solution is driven by the CAISO’s study process or by external circumstances. Should the CAISO find that a transmission solution with capital of $50 million or less is needed on an expedited basis, after a stakeholder consultation process, CAISO management shall brief the Governing Board at a regularly-scheduled or special public session prior to approving the solution and conducting the competitive solicitation, if appropriate. A Participating Transmission Owner will have the responsibility to construct, own, finance and maintain any Local Transmission Facility deemed needed under this section 24 that is located entirely within such Participating Transmission Owner’s PTO Service Territory or footprint. The provisions of Section 24.5 will apply to a Regional Transmission Facility deemed needed under this section 24. Section 24.5 will also apply to any transmission upgrades or additions that are associated with both Regional Transmission Facilities and Local Transmission Facilities but for which the CAISO determines that it is not reasonable to divide construction responsibility among multiple Project Sponsors. Construction and ownership of a selected Interregional Transmission Project shall be determined in accordance in Section 24.17.3.

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### 24.5.6 Competitive Solicitation Project Proposal Fee

(a) **In General.** Project Sponsors shall, on a pro rata basis, be responsible for the actual costs that the ISO incurs in qualifying and selecting an Approved Project Sponsor through the competitive solicitation process, including the costs of the expert consultant engaged to assist with the selection process pursuant to Section 24.5.3.5, not to exceed $150,000 per Project Sponsor application. Such costs include the actual costs of the validation, qualification and selection process for each solution subject to the competitive solicitation process.

(b) **Deposit.**  Each Project Sponsor will pay a deposit of $75,000 to the CAISO with the submission of each Project Sponsor application project proposal under section 24.5.2. A separate deposit is required for each solution for which a Project Sponsor submits an application.

(c) **Reconciliation of costs for unqualified Project Sponsors.**  Within seventy-five days of the final listing of qualified Project Sponsors for each solution under Section 24.5.3.3, in accordance with the schedule in the Business Practice Manual, the CAISO will determine each Project Sponsor’s pro rata share of the costs that the CAISO incurred in determining the qualified Project Sponsors for that solution and will refund to each Project Sponsor that the CAISO did not include in the list of qualified Project Sponsors the difference between its pro rata costs, not to exceed $150,000 per Project Sponsor, and the deposit. If a refund is owed the Project Sponsor, the refund shall include interest calculated in accordance with 18 C.F.R. § 35.19a(a)(2).

(d) **Reconciliation of Costs for Qualified Project Sponsors.**  Within seventy-five days of the CAISO’s Notice to qualified Project Sponsors under Section 24.5.5, in accordance with the schedule in the Business Practice Manual, the CAISO will determine each Project Sponsor’s pro rata share of the costs that the CAISO incurred in selecting an Approved Project Sponsor from among the qualified Project Sponsors for each solution. The ISO will refund to or charge each qualified Project Sponsor the difference between its pro rata costs, not to exceed $150,000 per qualified Project Sponsor, and the deposit. If a refund is owed to the Project Sponsor, the refund shall include interest calculated in accordance with 18 C.F.R. § 35.19a(a)(2).

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

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### 24.6.4 Inability to Complete the Transmission Solution

If the CAISO determines that the Approved Project Sponsor cannot secure necessary approvals or property rights or is otherwise unable to construct a transmission solution, or if the CAISO finds that an alternative Project Sponsor is necessary pursuant to Section 24.6.2, or if the Approved Project Sponsor determines that it is unable to proceed with construction of the transmission solution and so notifies the CAISO, 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 solutions. In conducting such evaluation the CAISO will consider (1) the reasons that the Approved Project Sponsor was unable to construct the transmission solution; (2) whether the transmission solution is still needed; and (3) whether there are other solutions that could replace the original transmission solution as it was originally configured. If the ISO determines that the transmission solution is no longer needed, the ISO will not pursue the solution and will not direct a Participating TO to backstop the continued development of the solution. For reliability driven transmission solutions, the CAISO may direct, at its discretion, the Participating TO in whose PTO Service Territory or footprint either terminus of the transmission solution is located, to build the transmission solution, or the CAISO may open a new solicitation for Project Sponsors to finance, own, and construct the transmission solution. For all other transmission solutions, the CAISO shall open a new solicitation for Project Sponsors to finance, own, and construct the transmission solution. Where there is no Approved Project Sponsor, the CAISO shall direct the Participating TO in whose PTO Service Territory or footprint either terminus of the transmission solution is located, to finance, own and construct the transmission solution. The previous Approved Project Sponsor shall be obligated to work cooperatively and in good faith with the CAISO, the new Approved Project Sponsor (if any) and the affected Participating TO, to implement the transition. The obligations of the Participating TO to construct the transmission solution will not alter the rights of any entity to construct and expand transmission facilities as those rights would exist in the absence of a Participating 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.

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### 24.14.4 RAC Treatment of New Regional Transmission Facilities Costs

Once a New Participating TO has executed the Transmission Control Agreement and it has become effective, the cost for new Regional Transmission Facilities for all Participating TOs, except Subscriber Participating TOs, shall be included in the CAISO Grid-wide component of the Regional 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. With respect to cost recovery due to Non-Subscriber use of the Subscriber Participating TO transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights, Non-Subscriber Usage Payment Amounts will be included in the RAC allocation in accordance with Section 15 of Schedule 3 of Appendix F. The Participating TO (unless it is the Subscriber Participating TO with respect to its transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights) who is supporting the cost of the new Regional Transmission Facility shall include such costs in its Regional Transmission Revenue Requirement.

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**Section 25**

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# 25. Interconnection of Generating Units and Facilities

## 25.1 Applicability

This Section 25 and Appendix U (the Standard Large Generator Interconnection Procedures (LGIP)), Appendix Y (the Generator Interconnection Procedures (GIP)), Appendix S (the Small Generator Interconnection Procedures (SGIP)), Appendix W, or Appendix DD (the Generator Interconnection and Deliverability Allocation Procedures (GIDAP)), as applicable, shall apply to:

(a) each new Generating Unit that seeks to interconnect to the CAISO Controlled Grid;

(b) each existing Generating Unit connected to the CAISO Controlled Grid that will be modified with a resulting increase in the total capability of the power plant;

(c) each Generating Unit connected to the CAISO Controlled Grid that will be modified without increasing the total capability of the power plan but has change the electrical characteristics of the power plant such that its re-energization may violate Applicable Reliability Criteria.

(d) each existing Generating Unit connected to the CAISO Controlled Grid whose total Generation was previously sold to a Participating TO or on-site customer but whose Generation, or any portion thereof, will now be sold in the wholesale market, subject to Section 25.1.2;

(e) each existing Generating Unit that is a Qualifying Facility and that is converting to a Participating Generator without repowering or reconfiguring the existing Generating Unit, subject to Section 25.1.2;

(f) each existing Generating Unit connected to the CAISO Controlled Grid that proposes to repower its Generating Unit pursuant to Section 25.1.2; and

(g) Generating Units interconnecting to the CAISO Controlled Grid over a Subscriber Participating TO transmission facilities using Subscriber Rights are required to apply for TP Deliverability under Section 25.1 once (1) the Subscriber Participating TO transmission facilities have ~~(1)~~ completed their transmission interconnection studies with all impacted Transmission Owner(s), (2) Subscriber(s) have executed the Generator Interconnection Agreement, ~~and~~ (3) the Subscriber Participating TO has committed to proceed with Construction Activities of the Subscriber Participating TO transmission facilities, and (4) the applicant provides a notice in writing to the CAISO committing to proceed to the applicable interconnecting Transmission Owners for its interconnection studies. Once these criteria have been completed, the Generating Unit must ~~can~~ apply as follows:

(1) each Generating Unit possessing Subscriber Rights with and receiving Deliverability from TPP approved Network Upgrades shall apply for TP Deliverability allocation through the submission of a Subscriber Participating TO specific deliverability allocation request subject to Appendix DD, Section 8.9 and do not submit an Interconnection Request under Section 25;

(2) each Generating Unit that does not meet the criteria under Section 25.1(g)(1) shall be treated in accordance with Section 25.1 (a).

### 25.1.1 Interconnection Request and Generating Unit Requirements

The owner of a Generating Unit described in Section 25.1 (a), (b), (c), or (g), or its designee, shall be an Interconnection Customer required to submit an Interconnection Request and comply with Appendix DD.

\* \* \* \* \*

**Section 26**

\* \* \* \* \*

# 26. Transmission Rates and Charges

## 26.1 Access Charge

(a) **In General.** All Market Participants withdrawing Energy from the CAISO Controlled Grid shall pay Access Charges in accordance with this Section 26.1 and Appendix F, Schedule 3, except (1) as provided in Section 4.1 of Appendix I (Station Power Protocol) and (2) for storage resources, including Non-Generator Resources and Pumped-Storage Hydro Units, withdrawing Energy for later resale to the CAISO Markets or to provide Ancillary Services. The Access Charge shall comprise two components, which together shall be designed to recover each Participating TO’s or Approved Project Sponsor’s Transmission Revenue Requirement. The first component shall be the annual authorized revenue requirement, as approved by FERC, associated with (1) the transmission facilities and Entitlements turned over to the Operational Control of the CAISO by a Participating TO or (2) transmission facilities that are not yet in operation, but approved under Section 24, and assigned to an Approved Project Sponsor. The second component shall be based on the Transmission Revenue Balancing Account (TRBA), which shall be designed to flow through the Participating TO’s Transmission Revenue Credits calculated in accordance with Section 5 of the TO Tariff and other credits identified in Sections 6 and 8 of Schedule 3 of Appendix F of the CAISO Tariff. Non-Subscribers scheduling transactions on transmission assets or Entitlements of a Subscriber Participating TO shall pay the Transmission Access Charge and Wheeling Access Charge, and the CAISO shall provide Non-Subscriber Usage Payment Amounts to each Subscriber Participating TO for Non-Subscribers’ use of the Subscriber Participating TO’s transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights, pursuant to Schedule 3 of Appendix F of the CAISO Tariff.

The Access Charges shall be paid by any UDC or MSS Operator that is serving Gross Load in a PTO Service Territory, and shall consist, where applicable, of a Regional Access Charge, and a Local Access Charge. The Regional Access Charge and the Local Access Charges shall each comprise two components, which together shall be designed to recover each Participating TO’s Regional Transmission Revenue Requirement and Local Transmission Revenue Requirement, as applicable. The Regional Access Charge and the Local Access Charge for the applicable Participating TO shall be paid by each UDC and MSS Operator based on its Gross Load in the PTO Service Territory.

(b) **Allocation of Transmission Revenue Requirement.**  Each Participating TO or Approved Project Sponsor shall provide in its TO Tariff or Approved Project Sponsor Tariff filing with FERC an appendix to such filing that states the Participating TO’s or Approved Project Sponsor’s Regional Transmission Revenue Requirement, its Local Transmission Revenue Requirement (if applicable) and its Gross Load used in developing the rate. The allocation of each Participating TO’s Transmission Revenue Requirement between the Regional Transmission Revenue Requirement and the Local Transmission Revenue Requirement shall be undertaken in accordance with Section 11 of Schedule 3 of Appendix F. To the extent necessary, each Participating TO shall make conforming changes to its TO Tariff. A Participating TO that is a UDC or MSS Operator to whom the Local Access Charge of a Non-Load-Serving Participating TO is assessed shall include these billed Local Access Charge amounts in its Local TRBA adjustment for its Local Access Charge, together with all other applicable Local TRBA adjustments. If an Approved Project Sponsor that is a Non-Load-Serving Participating TO has been assigned responsibility to construct and own a Local Transmission Facility because the CAISO concluded, pursuant to Section 24.4.10, that it was not reasonable to divide construction responsibility, the Approved Project Sponsor shall include any pre-operational cost recovery approved by FERC for the Local Facility in its Local Transmission Revenue Requirement, The division of the total revenue requirement associated with the facility between Regional and Local Transmission Revenue Requirements shall consistent with Appendix F, Schedule 3, Sections 11 and 12.

(c) **Assessment of Regional Access Charge.** The Regional Access Charge shall be paid to the CAISO by each UDC and MSS Operator based on its Gross Load connected to a Regional Transmission Facility in a PTO Service Territory, either directly or through intervening distribution facilities, but not through a Local Transmission Facility. The applicable Regional Access Charge shall be assessed by the CAISO as a charge for transmission service under this CAISO Tariff, shall be determined in accordance with Schedule 3 of Appendix F, and shall include all applicable components of the Regional Access Charge set forth therein.

(d) **Assessment of Local Access Charge of Load-Serving Participating TO.** The Local Access Charge for each Load-Serving Participating TO is set forth in that Participating TO’s TO Tariff. Each Participating TO shall charge for and collect the Local Access Charge, as provided in its TO Tariff, except that the CAISO shall charge for and collect the Local Access Charge of each Non-Load-Serving Participating TO that qualifies under this Section 26.1 and Appendix F, Schedule 3, Section 13, unless otherwise agreed by the affected Participating TOs. If a Participating TO that is also a UDC, MSS Operator, or Scheduling Coordinator serving End-Use Customers is using the Local Transmission Facilities of another Participating TO, such Participating TO shall also be assessed the Local Access Charge of the other Participating TO by such other Participating TO, or by the CAISO pursuant to Section 13 of Schedule 3 of Appendix F. The CAISO shall provide to the applicable Participating TO a statement of the amount of Energy delivered to each UDC and MSS Operator serving Gross Load that utilizes the Local Transmission Facilities of that Participating TO on a monthly basis. If a UDC or MSS Operator that is serving Gross Load in a PTO Service Territory has Existing Rights to use another Participating TO’s Local Transmission Facilities, such entity shall not be charged the Local Access Charge for delivery of Energy to Gross Load for deliveries using the Existing Rights.

(e) **Standby Transmission Charges.**  Each Participating TO shall recover Standby Transmission Revenues directly from the Standby Service Customers of that Participating TO through its applicable retail rates.

(f) **Assessment of Local Access Charge of Non-Load Serving Participating TOs.**  Where a Non-Load-Serving Participating TO has Local Transmission Facilities, the CAISO shall assess the Local Access Charge for each project of that Non-Load-Serving Participating TO to the UDC or MSS Operator of each Participating TO that is directly connected to one or more Local Transmission Facilities of that project, unless otherwise agreed by the affected Participating TOs. The Non-Load-Serving Participating TO shall calculate separately its Local Transmission Revenue Requirement for each individual transmission project that includes one or more Local Transmission Facilities. If the Non-Load-Serving Participating TO’s Local Transmission Facilities projects are directly connected to the facilities of the same Participating TO(s), the Local Access Charge shall be calculated for the group of Local Transmission Facilities. A separate Local Access Charge shall apply based on the Local Transmission Revenue Requirement for the relevant project or projects of such Non-Load-Serving Participating TO divided by the Gross Load of all UDCs or MSS Operators of a Participating TO that are directly connected to the relevant Local Transmission Facility or group of facilities.

A Non-Load-Serving Participating TO must include any over- or under-recovery of its annual Local Transmission Revenue Requirement for the relevant project or group of projects in its Local TRBA adjustment for its Local Access Charge for the relevant project or group of projects pursuant to Section 13.1 of Schedule 3 of Appendix F.

(g) **Reporting Gross Load and Excess Behind the Meter Production.**  In reporting Gross Load to the CAISO, each Scheduling Coordinator also will report the extent to which Excess Behind the Meter Production served that Gross Load. The value for Excess Behind the Meter Production will be reported as a separate value, and Scheduling Coordinators must include Load served by Excess Behind the Meter Production in reporting Gross Load. The CAISO will use Excess Behind the Meter Production values for informational purposes and to ensure Scheduling Coordinators report Gross Load accurately. The CAISO will publish Excess Behind the Meter Production values on OASIS.

(h) **Specification of the Non-Subscriber Usage Rate.** Each Subscriber Participating TO shall provide in its TO Tariff filing with FERC an appendix to such filing that specifies the Subscriber Participating TO’s Non-Subscriber Usage Rate in $/MWh. To the extent necessary, each Subscriber Participating TO shall make conforming changes to its’ TO Tariff.

(i) **Provision of Non-Subscriber Usage Payment Amounts.** The CAISO shall provide Non-Subscriber Usage Payment Amounts to Subscriber Participating TOs for Non-Subscriber use of their transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights, in accordance with Schedule 3 of Appendix F.

### 26.1.2 Regional Access Charge Settlement

UDCs and MSS Operators serving Gross Load in a PTO Service Territory shall be charged on a monthly basis, in arrears, the applicable Regional Access Charge. The Regional Access Charge for a billing period is calculated by the CAISO as the product of the applicable Regional Access Charge, and Gross Load connected to the facilities of the UDC and MSS Operator in the PTO Service Territory. The Regional Access Charge are determined in accordance with Schedule 3 of Appendix F. Subscriber Participating TOs will receive on a monthly basis, in arrears, the applicable Non-Subscriber Usage Payment Amounts for Non-Subscriber use of their transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights, in accordance with Schedule 3 of Appendix F. These rates may be adjusted from time to time in accordance with Schedule 3 of Appendix F.

### 26.1.3 Distribution of RAC Revenues

The CAISO shall collect and pay, on a monthly basis, to Participating TOs and Approved Project Sponsors all Regional Access Charge revenues, and shall provide to Subscriber Participating TOs all Non-Subscriber Usage Payment Amounts, at the same time as other CAISO charges and payments are settled. Regional Access Charge revenues received with respect to the Regional Access Charge shall be distributed to Participating TOs and Approved Project Sponsors in accordance with Appendix F, Schedule 3, Section 10. Non-Subscriber Usage Payment Amounts will be provided to the Subscriber Participating TO in accordance with Appendix F, Schedule 3, Sections 10 and 15.

\* \* \* \* \*

**26.1.4.3 Disbursement of Wheeling Revenues**

The CAISO shall collect and pay to Participating TOs and other entities as provided in Section 24.14.4 all Wheeling revenues at the same time as other CAISO charges and payments are settled. For Wheeling revenues associated with CRRs allocated to Load Serving Entities outside the CAISO Balancing Authority Area, the CAISO shall pay to the Participating TOs and other entities as provided in Section 24.14.3 any excess prepayment amounts within thirty (30) days of the end of the term of the CRR Allocation. The CAISO shall provide to the applicable Participating TO and other entities as provided in Section 24.14.4 a statement of the aggregate amount of Energy delivered to each Scheduling Coordinator using such Participating TO’s Scheduling Point to allow for calculation of Wheeling revenue and auditing of disbursements. Wheeling revenues shall be disbursed by the CAISO based on the following:

**26.1.4.3.1 Scheduling Point with All Participating TOs in the Same TAC Area**

With respect to revenues received for the payment of Regional Wheeling Access Charges for Wheeling to a Scheduling Point at which all of the facilities and Entitlements, less all Encumbrances, are owned by Participating TOs in the same TAC Area, Wheeling revenues shall be disbursed to each such Participating TO based on the ratio of each Participating TO’s Regional Transmission Revenue Requirement to the sum of all such Participating TOs’ Regional Transmission Revenue Requirements. If the Scheduling Point is located at a Local Transmission Facility, revenues received with respect to Local Wheeling Access Charges for Wheeling to that Scheduling Point shall be disbursed to the Participating TOs that own facilities and Entitlements making up the Scheduling Point in proportion to their Local Transmission Revenue Requirements. Additionally, if a Participating TO has a transmission upgrade or addition that was funded by a Project Sponsor, the Wheeling revenue allocated to such Participating TO shall be disbursed as provided in Section 24.14.4.

**26.1.4.3.2 Scheduling Point without All Participating TOs in the Same TAC Area**

With respect to revenues received for the payment of Wheeling Access Charges for Wheeling to a Scheduling Point at which the facilities and Entitlements, less all Encumbrances, are owned by Participating TOs in different TAC Areas, Wheeling revenues shall be disbursed to such Participating TOs as follows. First, the revenues shall be allocated between such TAC Areas in proportion to the ownership and Entitlements of transmission capacity, less all Encumbrances, at the Scheduling Point of the Participating TOs in each such TAC Area. Second, the revenues thus allocated to each TAC Area shall be disbursed among the Participating TOs in the TAC Area in accordance with Section 26.1.4.3.1.

**26.1.4.3.3 Scheduling Point of a Subscriber Participating TO**

With respect to Non-Subscriber Usage Payment Amounts provided for Wheeling to a Scheduling Point at which all of the facilities and Entitlements, less all Encumbrances, are owned by Subscriber Participating TOs, the Non-Subscriber Usage Payment Amounts shall be provided to Subscriber Participating TO based on the Non-Subscriber’s usage of the Scheduling Point in accordance with Sections 10 and 15 of Schedule 3 of Appendix F. Additionally, if a Subscriber Participating TO has a transmission upgrade or addition that was funded by a Project Sponsor, the Wheeling revenue allocated to the Subscriber Participating TO shall be disbursed as provided in Section 24.14.4.

**26.1.4.4 Information Required from Scheduling Coordinators**

Scheduling Coordinators for Wheeling Out or Wheeling Through transactions to a Bulk Supply Point, or other point of interconnection between the CAISO Controlled Grid and the transmission system of a Non-Participating TO, that are located within the CAISO Balancing Authority Area, shall provide the CAISO, by eight (8) Business Days after the Trading Day (T+8B), details of such transactions (other than transactions submitted as Self-Schedules pursuant to Existing Contracts) sorted by Bulk Supply Point or point of interconnection for each Settlement Period (including kWh for each transaction). The CAISO shall use such information, which may be subject to review by the CAISO, to settle Wheeling Access Charges and payments. The CAISO shall publish a list of the Bulk Supply Points or interconnection points to which this Section 26.1.4.4 applies together with details of the electronic form and procedure to be used by Scheduling Coordinators to submit the required information on the CAISO Website.

## \* \* \* \* \*

**Appendix A - Amended and New Definitions**

## \* \* \* \* \*

**- Applicant Participating Transmission Owner Agreement (APTOA)**

An agreement between an applicant to be a Subscriber Participating TO and the CAISO

## \* \* \* \* \*

**- Existing Rights**

The transmission service rights and obligations of non-Participating TOs or Subscriber Participating TOs under Existing Contracts or Subscriber Encumbrances, including all terms, conditions, and rates of the Existing Contracts or Subscriber Encumbrances, as they may change from time to time under the terms of the Existing Contracts or Subscriber Encumbrances. Subscriber Rights will be treated as Existing Rights.

**- Existing Transmission Contracts (ETC) or Existing Contracts**

The contracts which grant transmission service rights in existence on the CAISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time. Subscriber Encumbrances will be treated as Existing Contracts even though they include legal restrictions or covenants meeting the definition of an Encumbrance arising under a contract or agreement entered into after the CAISO Operations Date.

## \* \* \* \* \*

**- New Participating TO**

Any Participating TO that is not an Original Participating TO. A Subscriber Participating TO is a type of New Participating TO.

## \* \* \* \* \*

**- Non-Subscriber**

An entity, or its designee, that schedules as a Market Participant on transmission assets or Entitlements of a Subscriber Participating TO not being used by a Subscriber exercising Subscriber Rights.

**- Non-Subscriber Usage Payment Amount**

An amount paid by a Non-Subscriber and provided by the CAISO to a Subscriber Participating TO for the Non-Subscriber’s use of the Subscriber Participating TO’s transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights.

**- Non-Subscriber Usage Rate**

A component of the calculation of the Non-Subscriber Usage Payment Amount. The Non-Subscriber Usage Rate, and any updates thereto, is developed in accordance with the CAISO Tariff and the Subscriber Participating TO Tariff and is approved by FERC.

## \* \* \* \* \*

## \* \* \* \* \*

**- Revenue Requirement**

The revenue level required by a utility to cover expenses made on an investment, while earning a specified rate of return on the investment.

## \* \* \* \* \*

**- Subscriber**

An entity, or its designee, that has a Subscriber Encumbrance used to provide Subscriber Rights pursuant to a Subscription Agreement.

**- Subscriber Encumbrance**

A legal restriction or covenant binding on a Subscriber Participating TO that affects the operation of transmission assets or Entitlements of the Subscriber Participating TO used to provide Subscriber Rights and that the CAISO needs to take into account in exercising Operational Control over such transmission assets or Entitlements ~~if the Subscriber Participating TO is not to risk incurring significant liability~~. ~~Subscriber Encumbrances shall be treated as Existing Contracts even though they include legal restrictions or covenants meeting the definition of an Encumbrance and arising under a contract or other arrangement entered into after the CAISO Operations Date.~~ Any reference to contracts granting Subscriber Rights shall be considered as a Subscriber Agreement~~Encumbrance~~. Any reference in the CAISO Tariff to an Encumbrance shall be read as also a reference to a Subscriber Encumbrance.

**- Subscriber Participating TO**

A Participating TO whose transmission assets and Entitlements were constructed, and for which the associated transmission capacity is subject to long-term contractual obligations, to deliver energy, capacity, and associated attributes to satisfy state, municipal, county, or federal policy requirements or directives. Any reference in the CAISO Tariff to a Participating TO shall be read as also a reference to a Subscriber Participating TO.

**- Subscriber Rights**

The transmission service rights and obligations of a Subscriber Participating TO to transmission customers with contracts entered into under the Subscriber Participating TO Tariff, as that tariff may change from time to time. Any reference in the CAISO Tariff to Existing Rights shall be read as also a reference to Subscriber Rights.

**- Subscription Agreement**

A contract or other legal arrangement between one or more Subscribers and a Subscriber Participating TO that includes the provision of a Subscriber Encumbrance to the Subscriber.

## \* \* \* \* \*

## \* \* \* \* \*

**- Transmission Revenue Balancing Account (TRBA)**

A mechanism to be established by each Participating TO and Approved Project Sponsor that will ensure that all Transmission Revenue Credits and other credits specified in Sections 6, 8, and 13 of Appendix F, Schedule 3 and Section 11.4 of Appendix DD, flow through to transmission customers.

\* \* \* \* \*

**Appendix DD**

\* \* \* \* \*

## 8.9 Allocation Process for TP Deliverability

After the Phase II Interconnection Study reports are issued, the CAISO will perform the allocation of the TP Deliverability to Option (A) and Option (B) Generating Facilities that meet the eligibility criteria set forth in Section 8.9.2. The TP Deliverability available for allocation will be determined from the most recent Transmission Plan. Once a Generating Facility is allocated TP Deliverability, the facility will be required to comply with retention criteria specific in Section 8.9.3 in order to retain the allocation.

Allocation of TP Deliverability shall not provide any Interconnection Customer or Generating Facility with any right to a specific MW of capacity on the CAISO Controlled Grid or any other rights (such as title, ownership, rights to lease, transfer or encumber).

The CAISO will issue a market notice to inform interested parties as to the timeline for commencement of allocation activities, for Interconnection Customer submittal of eligibility status and retention information, and anticipated release of allocation results to Interconnection Customers. There are two components to the allocation process.

### 8.9.1 First Component: Representing TP Deliverability Used by Prior Commitments

The CAISO will identify the following commitments that will utilize MW quantities of TP Deliverability:

(a) The proposed Generating Facilities corresponding to earlier queued Interconnection Requests meeting the criteria set forth below:

(i) proposed Generating Facilities in Queue Cluster 4 or earlier that have executed PPAs with Load-Serving Entities and have GIAs that are in good standing.

(ii) proposed Generating Facilities in Queue Cluster 5 and subsequent Queue Clusters that were previously allocated TP Deliverability and have met the criteria to retain the allocation set forth in Section 8.9.3.

(b) any Maximum Import Capability included as a planning objective in the Transmission Plan and a Subscriber Participating TO that is a non-contiguous portion of the CAISO BAA can use the available Maximum Import Capability made available by the Load Serving Entities that have Subscriber Rights until the Load Serving Entity(s) cease using this Maximum Import Capability allocation or Deliverability Network Upgrade(s) pursuant to Section 4.3A4.2(b) is completed to support the Subscriber Rights and then the TP Deliverability will be awarded to such Subscriber consistent with 8.9.1(c);

(c) any other commitments having a basis in the Transmission Plan, including any commitments established due to a Subscriber’s exercise of its first option to acquire Deliverability made possible by Delivery Network Upgrades pursuant to Section 4.3A.4.2(b) of the CAISO Tariff provided this first option has been exercised before ~~with such commitment terminating when~~ the Subscriber is no longer eligible to apply for TP Deliverability allocation under Section 8.9. Generating Units possessing Subscriber Rights must submit a TP Deliverability request and will be subject to Section 8.9.2 and 8.9.3. For each Subscriber that submits a TP Deliverability request, the CAISO will provide the Subscriber with a Queue Position.

This first component is performed for the purpose of determining the amount of TP Deliverability available for allocation to the current queue cluster in accordance with section 8.9.2, and shall not affect the rights and obligations of proposed Generating Facilities in Queue Cluster 4 or earlier with respect to the construction and funding of Network Upgrades identified for such Generating Facilities, or their requested Deliverability Status. Such rights and obligations will continue to be determined pursuant to the GIP and the Generating Facility’s GIA.

### 8.9.2 Second Component: Allocating TP Deliverability

Following the process set forth in Section 8.9.1, the CAISO will allocate any remaining TP Deliverability in the following order.

The CAISO shall allocate available TP Deliverability to all or a portion of the full MW capacity of the Generating Facility as specified in the Interconnection Request~~, except for Subscribers covered under Section 8.9.1 (c) who shall submit a TP Deliverability request in the form of an Interconnection Request to obtain a Queue Position and TP Deliverability.~~ Where a criterion is met by a portion of the full MW generating capacity of the Generating Facility, the eligibility score associated with that criterion shall apply to the portion that meets the criterion. The demonstration must relate to the same proposed Generating Facility as described in the Interconnection Request.

(A) To Interconnection Customers that have executed power purchase agreements, to Interconnection Customers in the current Queue Cluster that are Load Serving Entities serving their own Load.

(B) To Interconnection Customers that are actively negotiating a power purchase agreement or on an active short list to receive a power purchase agreement.

(C) To Interconnection Customers that have achieved Commercial Operation for the capacity seeking TP Deliverability.

(D) To Interconnection Customers electing to be subject to Section 8.9.2.3.

Energy Only capacity seeking TP Deliverability may not trigger the construction of Delivery Network Upgrades pursuant to Section 6.3.2. This includes, without limitation, capacity expansions effected through modification requests and capacity converted to Energy Only after failing to receive or retain a TP Deliverability allocation. The CAISO will allocate TP Deliverability to Energy Only Interconnection Customers requesting Deliverability after FCDS and PCDS Interconnection Customers within its allocation group and solely based on TP Deliverability available from existing transmission facilities, from already planned upgrades in the CAISO Transmission Planning Process, or upgrades assigned to an interconnection project that has an executed GIA and currently has a TP Deliverability allocation.

Interconnection Customers requesting Deliverability for Energy Only capacity must submit to the CAISO a $60,000 study deposit for each Interconnection Request seeking TP Deliverability. The CAISO will deposit these funds in an interest-bearing account at a bank or financial institution designated by the CAISO. The funds will be applied to pay for prudent costs incurred by the CAISO, the Participating TO(s), and/or third parties at the direction of the CAISO or applicable Participating TO(s), as applicable, to perform and administer the TP Deliverability studies for the Energy Only Interconnection Customers. Any and all costs of the Energy Only TP Deliverability study will be borne by the Interconnection Customer. The CAISO will coordinate the study with the Participating TO(s). The Participating TO(s) will invoice the CAISO for any work within seventy-five (75) calendar days of completion of the study, and, within thirty (30) days thereafter, the CAISO will issue an invoice or refund to the Interconnection Customer, as applicable, based upon such submitted Participating TO invoices and the CAISO’s own costs for the study. If the actual costs of the study are greater than the deposit provided by the Interconnection Customer, the Interconnection Customer will pay the balance within thirty (30) days of being invoiced.

Beginning with new awards in the 2023-2024 TP Deliverability allocation cycle, for an Interconnection Customer seeking to receive or retain TP Deliverability to represent that it has, is negotiating, or is shortlisted for a power purchase agreement under this GIDAP, the agreement must meet the following criteria:

(1) the agreement has a term of no less than five (5) years. Interconnection Customers with multiple, short-term agreements for the same capacity may meet this criterion where the combined terms are five (5) years or more; and

(2) the counterparty must:

(a) be a Load Serving Entity procuring the capacity to meet its own Resource Adequacy obligation; or

(b) demonstrate it has a contract to provide the capacity for at least one (1) year to a Load Serving Entity for a Resource Adequacy obligation.

Interconnection Customers may seek a TP Deliverability allocation under Groups A or B if they meet all tariff criteria except the counterparty criterion (2); however, within thirty (30) days of receiving a TP Deliverability allocation, they must demonstrate they meet the counterparty criterion or provide a deposit of $10,000 per MW of allocated TP Deliverability, but in no case less than $500,000. The CAISO will deposit these funds in an interest-bearing account at a bank or financial institution designated by the CAISO. The CAISO will refund the deposit when the Generating Facility begins Commercial Operation or meets the counterparty criterion, whichever is earlier. To the extent the Interconnection Customer withdraws, is deemed withdrawn, converts to Energy Only, or otherwise downsizes or eliminates the capacity allocated TP Deliverability, the deposit or commensurate portion thereof will be non-refundable, and the CAISO will process it and any accrued interest pursuant to Section 7.6.

Interconnection Customers that received and retained TP Deliverability allocations before the 2023-2024 cycle are not subject to the minimum term or counterparty requirements for those allocations, including under Section 6.7.4 and this Section 8.9. If they re-seek TP Deliverability for any reason during or after the 2023-2024 cycle, they would be subject to these requirements in seeking a new allocation or retaining a new allocation.

For all TP Deliverability allocations based upon having, negotiating, or being shortlisted for power purchase agreements, the CAISO will allocate TP Deliverability up to the amount of deliverable MW capacity procured by the power purchase agreement. All Load Serving Entities building Generating Facilities to serve their own Load must be doing so to fulfill a regulatory requirement that warrants Deliverability. Load Serving Entities acting as Interconnection Customers are otherwise eligible for all other attestations.

Notwithstanding any other provision, all refunds pursuant to this Appendix DD will be processed in accordance with the CAISO’s generally accepted accounting practices, including monthly batched deposit refund disbursements. Any CAISO deadline will be tolled to the extent the Interconnection Customer has not provided the CAISO with the appropriate documents to facilitate the Interconnection Customer’s refund, or if the Interconnection Customer has any outstanding invoice balance due to the CAISO on another project owned by the same Interconnection Customer.

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**Appendix F**

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## Schedule 3

**Regional Access Charge and Wheeling Access Charge**

**1 Objectives and Definitions.**

**1.1 Objectives.**

(a) The Access Charge is the charge assessed for using the CAISO Controlled Grid. It consists of two components, the Regional Access Charge (RAC) and the Local Access Charge (LAC).

(b) The RAC is based on one CAISO Grid-wide rate.

(c) The LAC will be determined by each Participating TO. The LAC of Non-Load-Serving Participating TOs may also be project specific. Each Participating TO will charge for and collect the LAC, subject to Section 26.1 of the CAISO Tariff and Section 13 of this Schedule 3.

(d) The Wheeling Access Charge is paid by Scheduling Coordinators for Wheeling as set forth in Section 26.1.4 of the CAISO Tariff. The CAISO will collect the Wheeling revenues from Scheduling Coordinators on a Trading Interval basis and repay these to the Participating TOs based on the ratio of each Participating TO’s Transmission Revenue Requirement to the sum of all Participating TOs’ Transmission Revenue Requirements.

(e) The Non-Subscriber Usage Payment Amount (NSUPA) is provided by the CAISO to Subscriber Participating TOs for Non-Subscriber use of their transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights, subject to Section 26.1.4 of the CAISO Tariff, provided that a Subscriber Participating TO will not otherwise be entitled to establish any other element of a Transmission Revenue Requirement unless justified for the recovery of costs associated with transmission facilities authorized in accordance with Section 24 or Section 25 of the CAISO Tariff.

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**3 TAC Areas.**

**3.7** If the Imperial Irrigation District or an entity outside the State of California should apply to become a Participating TO (other than a Subscriber Participating TO), the CAISO Governing Board will review the reasonableness of integrating the entity into one of the existing TAC Areas. If the entity cannot be integrated without the potential for significant cost shifts, the CAISO Governing Board may establish a separate TAC Area. Each Subscriber Participating TO will have its own TAC Area.

\* \* \* \* \*

**7 Determination of the Non-Subscriber Usage Rate**

**7.1** Each Subscriber Participating TO shall developa Non-Subscriber Usage Rate in accordance with its TO Tariff, including a~~. Such~~ $/MWh charge will ~~not~~ be no greater than the applicable Access Charge rate at the time the Subscriber Participating TO files its Non-Subscriber Usage Rate for approval by FERC consistent with Section 8 of this Schedule 3 of Appendix F.

**8 Updates to Regional Access Charges.**

**8.1** Regional Access Charges and Regional Wheeling Access Charges shall be adjusted: (1) on January 1 and July 1 of each year when necessary to reflect the addition of any New Participating TO; (2) on the date FERC makes effective a change to the Regional Transmission Revenue Requirements of any Participating TO or Approved Project Sponsor; and (3) on the date FERC makes effective a change to the Non-Subscriber Usage Rate of any Subscriber Participating TO. Using the Regional Transmission Revenue Requirement accepted or authorized by FERC, consistent with Section 9 of this Schedule 3, for each Participating TO and Approved Project Sponsor or the Non-Subscriber Usage Rate of any Subscriber Participating TO, the CAISO will recalculate on a monthly basis the Regional Access Charge applicable during such period. Revisions to the Transmission Revenue Balancing Account adjustment shall be made effective annually on January 1 based on the principal balance in the TRBA as of September 30 of the prior year and a forecast of Transmission Revenue Credits for the next year.

**8.2** Any refund associated with a Participating TO’s or Approved Project Sponsor’s Transmission Revenue Requirement or Non-Subscriber Usage Rate that has been accepted by FERC, subject to refund, shall be provided as ordered by FERC. Such refund shall be invoiced in the CAISO Market Invoice.

**8.3** If the Participating TO withdraws one or more of its transmission facilities from the CAISO Operational Control in accordance with Section 3.4 of the Transmission Control Agreement, then the CAISO will no longer collect the TRR for that transmission facility through the CAISO’s Access Charge or provide a Non-Subscriber Usage Payment Amount for that transmission facility effective upon the date the transmission facility is no longer under the Operational Control of the CAISO. The withdrawing Participating TO shall be obligated to provide the CAISO with all necessary information to implement the withdrawal of the Participating TO’s transmission facilities and to make any necessary filings at FERC to revise its TRR or Non-Subscriber Usage Rate. The CAISO shall revise its transmission Access Charge to reflect the withdrawal of one or more transmission facilities from CAISO Operational Control, except the withdrawal of Subscriber Participating TO transmission facilities.

**9 Approval of Updated Regional Revenue Requirements.**

\* \* \* \* \*

9.3 Subscriber Participating TOs will make the appropriate filings at FERC to establish their $/MWh Non-Subscriber Usage Rates, and to obtain approval of any changes thereto. All such filings with FERC will include a separate appendix that states the Non-Subscriber Usage Rate and other information required by the FERC to support the Non-Subscriber Usage Rate. The Subscriber Participating TO will provide a copy of its filing to the CAISO and the other Participating TOs and Approved Project Sponsors in accordance with the notice provisions in the Transmission Control Agreement.

**10 Disbursement of Regional Access Charge Revenues.**

**10.1** Regional Access Charge revenues shall be calculated for disbursement to each Participating TO, Approved Project Sponsor, and Subscriber Participating TO on a monthly basis as follows:

(a) the amount determined in accordance with Section 26.1.2 of the CAISO Tariff (“Billed RAC”).

(b)

(i) for a Participating TO that is a UDC or MSS Operator and has Gross Load in its TO Tariff in accordance with Appendix F, Schedule 3, Section 9, then calculate the amount each UDC or MSS Operator would have paid and the Participating TO would have received by multiplying the Regional Utility-Specific Rates for the Participating TO whose Regional Transmission Facilities served such UDC and MSS Operator times the actual Gross Load of such UDCs and MSS Operators; or

(ii) for a Non-Load-Serving Participating TO and Approved Project Sponsors, then calculate the Non-Load-Serving Participating TO’s or Approved Project Sponsor’s portion of the total Billed RAC in subsection (a) based on the ratio of the Non-Load-Serving Participating TO's and Approved Project Sponsors Regional Transmission Revenue Requirement to the sum of all Participating TOs' and Approved Project Sponsor’s Regional Revenue Requirements.

(iii) for a Subscriber Participating TO, then calculate the Subscriber Participating TO’s portion of the total Billed RAC in subsection (a) based on the absolute value of MWh, in each direction, of Non-Subscriber usage of the Subscriber Participating TO’s transmission assets and Entitlements and Subscriber Encumbrances used to provide Subscriber Rights, pursuant to Section 15 of this Schedule 3 of Appendix F.

(c) if the total Billed RAC in subsection (a) received by the CAISO less the total dollar amounts calculated in subsection (b)(i), subsection (b)(ii), and subsection (b)(iii) is different from zero, the CAISO shall allocate the positive or negative difference among those Participating TOs that are subject to the calculations in subsection (b)(i) based on the ratio of each Participating TO's Regional Transmission Revenue Requirement to the sum of all of those Participating TOs' Regional Transmission Revenue Requirements that are subject to the calculations in subsection (b)(i). This monthly distribution amount is the “RAC Revenue Adjustment.”

(d) the sum of the RAC revenue share determined in subsection (b) and the RAC Revenue Adjustment in subsection (c) will be the monthly disbursement to the Participating TO.

\* \* \* \* \*

**14 Wheeling Access Charges.**

**14.4 Weighted Average Rate for Wheeling Service.** The weighted average rate payable for Wheeling over joint facilities at each Scheduling Point shall be calculated as the sum of the applicable Wheeling Access Charge rates for each applicable TAC Area or Participating TO as these rates are weighted by the ratio of the Available Transfer Capability for each Participating TO that is not a Subscriber Participating TO at the particular Scheduling Point to the total Available Transfer Capability for the Scheduling Point. The calculation of this rate is set forth in more detail in the applicable Business Practice Manual.

**15 Payments by Non-Subscribers for Use of Subscriber Participating TO Facilities.**

**15.1** **Subscriber Participating TO Facilities Used to Provide Subscriber Rights.**

(a) **~~Payment of Access Charges.~~** ~~Each Non-Subscriber that uses Subscriber Participating TO transmission assets or Entitlements will pay the Transmission Access Charge for the associated and will pay the Wheeling Access Charge for the associated exports at the applicable Scheduling Point.~~

~~(b)~~ **Provision of Non-Subscriber Usage Payment Amounts.** The CAISO will provide Non-Subscriber Usage Payment Amounts to a Subscriber Participating TO for Non-Subscriber use of the Subscriber Participating TO’s transmission assets or Entitlements each month. The Non-Subscriber Usage Payment Amounts will be funded first by using Wheeling Access Charge revenue received by the CAISO pursuant to Section 15.1(a) of this Schedule 3 and, if the Wheeling Access Charge revenue is insufficient to fully pay the Non-Subscriber Usage Payment Amounts, second by using Transmission Access Charge revenue received by the CAISO pursuant to Section 15.1(a) of this Schedule 3. Each Non-Subscriber Usage Payment Amount equals (i) the applicable Non-Subscriber Usage Rate multiplied by (ii) the sum of the absolute value of the MWh flow of a Non-Subscriber’s imports at the applicable Scheduling Point plus the sum of the absolute value of the MWh flow of a Non-Subscriber’s exports at the applicable Scheduling Point.

(b) **Treatment of Excess Amounts.** For each month and Subscriber Participating TO,

(i)If the total Transmission Access Charge and Wheeling Access Charge revenue received by the CAISO pursuant to this Section 15.1 exceeds the total calculated Non-Subscriber Usage Payment Amounts, then the excess amount will be added back to the RAC for allocation to the other Participating TOs besides the Subscriber Participating TO.

(i) ~~If the total calculated Non-Subscriber Usage Payment Amounts exceed the total Transmission Access Charge and Wheeling Access Charge revenue received by the CAISO pursuant to this Section 15.1, then the excess amount will be included in the next month’s allocation to the Subscriber Participating TO in accordance with Section 10.1 of this Schedule 3.~~

**15.2** **Subscriber Participating TO Facilities Not Used to Provide Subscriber Rights.** Each Non-Subscriber that uses Subscriber Participating TO transmission assets or Entitlements other than those used to provide Subscriber Rights will pay for such use pursuant to the applicable provisions of the CAISO Tariff rather than Section 15.1 of this Schedule 3.