

192 FERC ¶ 61,121
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

August 5, 2025

In Reply Refer To:
California Independent System Operator Corporation
Docket No. ER25-2442-000

California Independent System Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attention: John C. Anders

Dear Mr. Anders:

1. On June 6, 2025, the California Independent System Operator Corporation (CAISO) submitted, pursuant to section 205 of the Federal Power Act,¹ and part 35 of the Commission's regulations,² proposed revisions to the Subscriber Participating Transmission Owner (Subscriber PTO) model in CAISO's Open Access Transmission Tariff (Tariff).³ CAISO proposed revisions to: (1) allow subscribers of Subscriber PTOs' transmission facilities to convert their subscriber rights to congestion revenue rights (CRR); and (2) suspend for two years the collection and payment amounts that result from non-subscribers' scheduling of import transactions on Subscriber PTO transmission facilities. As discussed below, we accept the proposed revisions, effective August 6, 2025, as requested.

2. CAISO states that in March 2024, the Commission accepted revisions to the Tariff implementing the Subscriber PTO model. CAISO explains that the model enables project developers to seek to become a CAISO participating transmission owner by placing transmission facilities they own under the CAISO balancing area, without a

¹ 16 U.S.C. § 824d.

² 18 C.F.R. pt. 35 (2024).

³ CAISO, CAISO eTariff, 4.3A.7, Cost Recovery and Usage Cost for Subscriber Participating TO (2.0.0); *id.* 4.3A.9, Subscriber Participating TO Conversion of Sub. Rights to CRR (0.0.0); *id.* 16.2, Treatment of Subscriber Encumbrances (3.0.0).

decision to build the project in CAISO's transmission planning process.⁴ According to CAISO, a Subscriber PTO will have its transmission facilities and entitlements subject to encumbrances through subscription agreements between subscribers and the transmission owner that will be administered pursuant to the transmission owner's tariff and the CAISO Tariff. CAISO explains that the subscriber encumbrances will use the CAISO market design functionality developed for encumbrances on the CAISO-controlled grid to provide the prioritized scheduling rights that existing transmission contracts (ETC) enjoy.⁵ CAISO states that using this functionality ensures that subscribers receive a higher scheduling priority than self-schedules and economic energy bids submitted by non-subscribers that seek to obtain service on the Subscriber PTO's transmission facilities.

3. CAISO states that, under the approved Tariff provisions, CAISO deducts an amount calculated to compensate the Subscriber PTO for the non-subscribers' use from the regional transmission access charge (TAC) or regional wheeling access charge (WAC) it collects, and then provides this non-subscriber usage payment to the Subscriber PTO. CAISO continues that a Subscriber PTO must have a non-subscriber usage rate (NSUR), which cannot exceed the TAC, on file with the Commission.⁶

4. CAISO initiated a stakeholder process in November 2024 to discuss potential enhancements to the ways in which subscribers can schedule their rights on Subscriber PTO transmission facilities. CAISO states that it identified certain complexities in honoring subscribers' rights by treating subscribed transmission facility capacity as an encumbrance or existing right using ETCs. Specifically, CAISO found that reliance on subscribers' self-schedules becomes inefficient under certain scenarios because the scheduling coordinator for a subscriber must submit both an import self-schedule and an export self-schedule at the Subscriber PTO interconnection point to differentiate between the subscriber's use of the Subscriber PTO's transmission facilities and the subscriber's use of the original CAISO-controlled grid. CAISO explains that this differentiation is required because the subscriber has a higher scheduling priority than self-schedules and economic energy bids submitted by non-subscribers on the Subscriber PTO's transmission facilities, but the subscriber does not have a higher scheduling priority on the original CAISO-controlled grid.⁷

⁴ Transmittal at 2.

⁵ *Id.* at 5-6.

⁶ *Id.* at 7-8.

⁷ *Id.* at 10.

5. CAISO states that the requirement for a subscriber to submit an export self-schedule at the sink location where the Subscriber PTO's transmission facilities terminate and the need to import the energy back into the original CAISO balancing authority area to serve CAISO demand located beyond the Subscriber PTO interconnection point is burdensome on the scheduling coordinator and other entities and precludes generating resources from bidding economically because they must self-schedule and become price-takers. Further, CAISO states that the self-scheduling requirement raises an implementation obligation to nominate resource adequacy on a generating resource that is expected to export out, increasing the manual effort required to manage the additional complexities and associated procedures within CAISO markets. CAISO also explains that the self-scheduling requirement would create challenges if the adjacent balancing area were to join CAISO's Extended Day-Ahead Market (EDAM) because the EDAM design does not allow an import/export pairing at an internal intertie or transfer point within the EDAM area. CAISO states that, as a result, a subscriber would be unable to submit an ETC import schedule or bid at an EDAM transfer point in the same manner it currently does. Rather, the subscriber would have to rely on the market to optimally dispatch counterflow energy to effectuate a transfer in the import direction. CAISO also notes that stakeholders expressed concern that imports by non-subscribers using the Subscriber PTO's transmission facilities could result in non-subscriber usage charge payments to the Subscriber PTO that draw on funds collected through the regional TAC, ultimately reducing the regional TAC revenue available for allocation to participating transmission owners other than the Subscriber PTO.⁸

6. To address these issues, CAISO proposes to allow subscribers to convert their transmission rights to CRRs, similar to existing policies available to non-participating transmission owners. CAISO explains that subscribers will be able to release transmission rights they hold in exchange for CRRs that will be administered pursuant to CAISO Tariff section 36.⁹ Once converted, the CRRs will be administered and settled as CRR options when a congestion price difference exists between the CRR source and CRR sink. CAISO states that exercising this option will allow subscribers to bid economically and compete with non-subscriber resources. CAISO asserts that this will increase market efficiency and allow the subscriber to participate in EDAM. CAISO notes, however, that subscribers will lose scheduling priority if they opt to convert their rights to CRRs.¹⁰

⁸ *Id.* at 11.

⁹ *Id.* at 13-14.

¹⁰ *Id.* at 15-16.

7. CAISO also proposes, in response to stakeholder concerns, a two-year suspension on collecting and allocating non-subscriber usage payments for import transactions using Subscriber PTO facilities. CAISO states that the two-year suspension will commence beginning “on the commercial operation date of the last generating unit interconnected to a Subscriber Participating TO’s transmission facilities on which that last generating unit is entitled to schedule using subscriber rights, and include the period from the date on which the CAISO accepts operational control of the Subscriber Participating TO’s transmission facilities (i.e., the first date on which a nonsubscriber schedule could be accepted at the Scheduling Participating TO’s scheduling point).”¹¹ CAISO, however, will continue to calculate non-subscriber usage payment amounts for import schedules. CAISO explains that the postponement will allow time to gather data on the impact of non-subscriber usage. CAISO proposes to annually publish the amount of import schedules and the associated non-subscriber payment amount that would have resulted during this period. CAISO states that if non-subscriber usage becomes a significant concern, the suspension period will allow CAISO time to conduct a stakeholder process to develop an appropriate adjustment to the non-subscriber usage payment methodology.¹²

8. Notice of CAISO’s filing was published in the *Federal Register*, 90 Fed. Reg. 24792 (June 12, 2025), with interventions and protests due on or before June 27, 2025. Timely motions to intervene were filed by: Pacific Gas and Electric Company (PG&E); San Diego Gas and Electric Company (SDG&E); SunZia Wind PowerCo LLC; SunZia Transmission, LLC (SunZia Transmission); City of Santa Clara, California; Southern California Edison Company (SoCal Edison); Cities of Anaheim, Azusa, Banning, Colton, Pasadena, Riverside, California; Northern California Power Agency; California Department of Water Resources State Water Project; and the CAISO Department of Market Monitoring (DMM). DMM and SoCal Edison also filed comments in support of the filing. SunZia Transmission filed comments out-of-time.

9. SoCal Edison, DMM, and SunZia Transmission support the addition of an option for Subscriber PTO subscribers to convert their rights to CRRs and the two-year suspension of the NSUR assessment on imports to the Subscriber PTO facility.¹³ SoCal Edison states that, throughout the stakeholder process, it has been concerned that the non-subscriber usage charge could impact the TAC because it is possible that the

¹¹ *Id.* at 17.

¹² *Id.* at 16-18.

¹³ SoCal Edison Comments at 2; DMM Comments at 3; SunZia Transmission Comments at 3.

non-subscriber usage charge will not be fully funded by CAISO's WAC.¹⁴ SoCal Edison states that the two-year suspension of the NSUR to imports will not only eliminate the possibility of TAC impacts during that two-year period, but will also help CAISO and other stakeholders evaluate the magnitude of the issue, and provide information that could help to develop solutions. SoCal Edison asserts that these revisions will help CAISO mitigate issues relating to scheduling across the Subscriber PTO facilities and into the CAISO grid and help ensure the efficiency of the CAISO energy markets.¹⁵

10. DMM states that it intends to continue monitoring the level of non-subscriber usage on Subscriber PTO facilities and evaluating the potential magnitude of impacts from issues and concerns raised by stakeholders.¹⁶ SunZia Transmission states that it is willing to agree to the proposed moratorium on the recovery of a NSUR for import transactions so that CAISO will have the opportunity to collect data following energization of the transmission system needed to assess the true impacts on the market from the collection of these non-subscriber usage charges.¹⁷

11. SoCal Edison argues that the two-year observation period will reveal that, in conjunction with offering the option of CRRs, setting the NSUR for imports to \$0 permanently will efficiently address both cost and market efficiency concerns.¹⁸ DMM supports CAISO's decision to not pursue proposing an adder to be included in non-subscriber bids as this would require extensive stakeholder discussion and analysis of price formation impacts, raise additional implementation questions, and generally would be beyond the scope of the current initiative.¹⁹

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2024), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

13. We find that CAISO's proposed Tariff revisions are just and reasonable and not unduly discriminatory or preferential and we therefore accept them, effective August 6, 2025, as requested. We agree that CAISO's proposed revisions increase flexibility and

¹⁴ SoCal Edison Comments at 2.

¹⁵ *Id.* at 3.

¹⁶ DMM Comments at 5.

¹⁷ SunZia Transmission Comments at 3-4.

¹⁸ SoCal Edison Comments at 2-3.

¹⁹ DMM Comments at 4-5.

help address complexities identified during CAISO's implementation of the Subscriber PTO model. As CAISO explains, the option for subscribers to convert their rights to CRRs will allow a subscriber to avoid the complexities of self-scheduling their rights and will align Subscriber PTO facilities' usage with neighboring balancing area authorities participating in EDAM.²⁰ We also find that CAISO's proposal to temporarily suspend, for a two-year period, the collection and payment of non-subscriber usage payment amounts that result from non-subscribers' scheduling of import transactions on Subscriber PTO facilities will allow CAISO to review the impact of Subscriber PTO revenues on the TAC.

14. While we find CAISO's proposed suspension of collection and allocation of import schedules just and reasonable, CAISO does not specify the actual date the two-year suspension period will commence. Rather, CAISO states that the two-year period will commence on the commercial operation date of the last generating unit interconnected to a Subscriber PTO's transmission facilities on which that last generating unit is entitled to schedule using subscriber rights, and include the period from the date on which CAISO accepts operational control of the Subscriber PTO's transmission facilities (i.e., the first date on which a non-subscriber schedule could be accepted at the Scheduling Participating TO's scheduling point).²¹ We therefore direct CAISO to submit an informational filing within 30 days of the commencement of the two-year suspension period to inform the Commission of the date the suspension period becomes effective.²² For the avoidance of doubt, CAISO should also specify the date on which the two-year suspension will end as part of the informational filing.

15. Although SoCal Edison raises ongoing concerns regarding the impact of the NSUR on the TAC, we note that SoCal Edison supports the instant filing. We also note that the Commission has previously addressed SoCal Edison's concerns in its order accepting CAISO's initial Subscriber PTO model.²³ Additionally, concerns regarding the

²⁰ Transmittal at 16.

²¹ *Id.* at 17.

²² The informational filing will not be noticed for comment or require Commission action.

²³ *Cal. Indep. Sys. Operator Corp.*, 186 FERC ¶ 61,177, at PP 53-54 (2024).

formulation of the NSUR are more appropriately addressed in individual Subscriber PTO filings with a specific NSUR proposed pursuant to FPA section 205.

By direction of the Commission.

Debbie-Anne A. Reese,
Secretary.