

24. Comprehensive Transmission Planning Process

24.1 Overview

The CAISO will develop a comprehensive Transmission Plan and approve transmission solutions using the Transmission Planning Process set forth in this Section 24. For purposes of this Section 24, transmission solutions include both entirely new transmission facilities and upgrades or additions to existing transmission facilities that are proposed, considered, and/or specified in the comprehensive Transmission Plan during Phase 2 to meet an identified need determined by the CAISO. [The CAISO will consider the use of alternative transmission technologies including dynamic line ratings, advanced power flow control devices, advanced conductors, and transmission switching when evaluating transmission solutions for new regional transmission facilities, upgrades to existing transmission facilities, and Long-Term Regional Transmission Facilities.](#) Alternatives to transmission solutions are referred to as non-transmission solutions. Solutions to meet an identified need can be either transmission solutions or non-transmission solutions. The CAISO will analyze the need for transmission solutions in accordance with the methodologies and criteria set forth in this Section 24, the Transmission Control Agreement, and the applicable Business Practice Manuals. The comprehensive Transmission Plan will identify Merchant Transmission Facilities meeting the requirements for inclusion in the Transmission Plan and transmission solutions needed (1) to maintain System Reliability; (2) to satisfy the requirements of a Location Constrained Resource Interconnection Facility; (3) to maintain the simultaneous feasibility of allocated Long-Term CRRs; (4) as additional components or expansions to LGIP Network Upgrades are identified pursuant to Section 24.4.6.5; (5) to meet state, municipal, county and federal policy requirements and directives, including renewable portfolio standards policies; and (6) to reduce congestion costs, production supply costs, transmission losses, or other electric supply costs resulting from improved access to cost-effective resources.

[Beginning in 2027, the CAISO will transition to two complementary transmission planning cycles: \(a\) a comprehensive transmission plan performed biennially \(every two years\) with the first biennial comprehensive transmission plan to be issued in 2030; and \(b\) a Long-Term Regional Transmission Plan performed every four years, with a plan first issued in 2030, and further described in Section 24.11. Additionally, the CAISO will perform reliability studies in each year a comprehensive Transmission Plan is](#)

not issued to ensure continued reliability of the CAISO controlled grid and to comply with Applicable Reliability Criteria, CAISO Planning Standards and state mandated resource adequacy study requirements. This is further described in Section 24.3.3.1. For purposes of this Section 24, when referring to the comprehensive Transmission Planning Process, the term “the year X/(X+1) planning cycle” will refer to the comprehensive Transmission Planning Process initiated during year X-2 to complete a comprehensive Transmission Plan in year X+4. For purposes of this Section 24, when referring to the Long-Term Regional Transmission Planning process, the term “the year Y planning cycle” will refer to the Long-Term Regional Transmission Planning process initiated during year Y-3 to complete a comprehensive Long-Term Plan in year Y.

24.1.1 ~~[Not Used]~~ Transitional Annual Transmission Plan Unique Procedures

Prior to the first biennial comprehensive Transmission Plan to be issued in 2030, the CAISO will issue a comprehensive Transmission Plan performed on an annual cycle initiated in 2025 and completed in 2026, a comprehensive Transmission Plan performed on an annual cycle initiated in 2026 and completed in 2027 and a final comprehensive transmission plan performed on an annual cycle initiated in 2027 and completed in 2028. For purposes of this Section 24, when referring to the transitional comprehensive Transmission Planning Processes up to and ending with the 2027-2028, the term “the year X/X+1 planning cycle” will refer to the comprehensive Transmission Planning Process initiated during year X to complete a comprehensive Transmission Plan in year X+1. The CAISO will follow the tariff provisions in this Section 24 to perform or otherwise complete remaining phases of these transmission plans, except to the extent the tariff indicates the comprehensive transmission plan will be performed on a biennial basis. These annual Transmission Plans will be performed in accordance with the schedule set forth in the Business Practice Manual. Pursuant to Section 24.3.3.1, the CAISO will also perform reliability studies in 2029 to ensure continued reliability of the CAISO controlled grid and to comply with Applicable Reliability Criteria, CAISO Planning Standards and state mandated resource adequacy study requirements.

24.1.2 [Not Used]

24.1.3 [Not Used]

24.1.4 [Not Used]

24.2 Nature of the Transmission Planning Process

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Beginning in 2027 with the first plan issued in 2030, the CAISO will develop the biennial 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 and any eligible projects approved in the Long-Term Regional Planning process. The 2027-2028 Transmission Plan will be the last plan issued in which the first two (2) phases are completed in an annual, rather than biennial, cycle. 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 any alternative transmission technologies and non-transmission alternatives thereto, deemed needed to address the existing and projected limitations;

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- (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 transmission interconnection studies with one or more existing Participating TOs.

24.2.1 [Not Used]

24.2.2 [Not Used]

24.2.3 [Not Used]

24.2.4 [Not Used]

24.3 Comprehensive 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 Plans developed in the previous planning cycles. 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) Long-Term Regional Transmission Facilities approved by the CAISO in past Long-Term Planning cycles;
- (c) Category 2 policy-driven transmission upgrades and additions from a prior planning cycle as described in Section 24.4.6.6;

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- (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~~, and KK that were not otherwise included in the comprehensive Transmission Plan from the previous ~~biennial~~annual cycle, and; that meet the qualifying criteria described in Section 24.4.6.5:
- (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) Alternative transmission technologies in addition to ~~Generation-generation~~ and other non-transmission alternatives that are proposed for inclusion in ~~long-term~~ planning studies as alternatives to or that incorporate 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;

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3. The Subscriber Participating TO has provided written notice to the CAISO that Construction Activities regarding the Subscriber Participating TO transmission facilities have begun; and
4. Transmission interconnection studies required by the interconnecting Transmission Owner(s) have begun.

24.3.2 Content of the Unified Planning Assumptions and Study Plan

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

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

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- (h) Descriptions of the High Priority Economic Planning Studies as determined by the CAISO under section 24.3.4.2;
- (i) Identification of state or federal, municipal or county requirements or directives that the CAISO will utilize, pursuant to Section 24.4.6.6, to identify policy-driven transmission solutions; and
- (j) The status of transmission capacity reservations for long lead-time resources for policy-driven transmission solutions.

24.3.3 Stakeholder Input – Unified Planning Assumptions/Study Plan

- (a) Beginning with the 2011/2012 planning cycle and in accordance with the schedule set forth in the Business Practice Manual, the CAISO will provide a comment period during which Market Participants, electric utility regulatory agencies and all other interested parties may submit the following proposals for consideration in the development of the draft Unified Planning Assumptions and Study Plan:
 - (i) Demand response programs for inclusion in the base case or assumptions;
 - (ii) Generation and other non-transmission alternatives, consistent with Section 24.3.2(a) proposed as alternatives to transmission solutions; and
 - (iii) State, municipal, county or federal policy requirements or directives.
- (b) Following review of relevant information, including stakeholder comments submitted pursuant to Section 24.3.3(a), the CAISO will prepare and post on the CAISO Website a draft of the Unified Planning Assumptions and Study Plan. The CAISO will issue a Market Notice announcing the availability of such draft, soliciting comments, and scheduling a public conference(s) as required by Section 24.3.3(c);
- (c) No less than one (1) week subsequent to the posting of the draft Unified Planning Assumptions and Study Plan, the CAISO will conduct a minimum of one (1) public meeting open to Market Participants, electric utility regulatory agencies, and other interested parties to review, discuss, and recommend modifications to the draft Unified Planning Assumptions and Study Plan ([Assumptions Meeting](#)). Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings,

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web conferences, or teleconferences shall be noticed by Market Notice. The CAISO will publicly post the meeting materials no fewer than five calendar days prior to the Assumptions Meeting to allow time for stakeholders to review materials in advance of each meeting.

- (d) Interested parties will be provided a minimum of two (2) weeks following the first public meeting to provide comments on the draft Unified Planning Assumptions and Study Plan. Such comments may include Economic Planning Study requests based on the comprehensive Transmission Plan from the prior cycle and Import Capability expansion study requests. All comments on the draft Unified Planning Assumptions and the Study Plan will be posted by the CAISO to the CAISO Website. Interested parties may submit comments in advance of the Assumptions Meeting; The CAISO will respond to questions or comments from stakeholders at the meeting or in later written comments such that it allows stakeholders to meaningfully participate.
- (e) Following the public conference(s), and under the schedule set forth in the Business Practice Manual, the CAISO will determine and publish to the CAISO Website the final Unified Planning Assumptions and Study Plan in accordance with the procedures set forth in the Business Practice Manual. The final Unified Planning Assumptions and Study Plan will include an explanation as to the public policy requirements or directives that were selected for consideration in the current planning cycle as well as the suggested public policy requirements and directives that were not selected for consideration and the reasons therefore. The CAISO will post the base cases to be used in the technical studies to its secured website as soon as possible after the final Unified Planning Assumptions and Study Plan have been published;
- (f) A public policy requirement or directive selected for consideration in a transmission planning cycle will be carried over into subsequent transmission planning cycles unless the ISO determines that such public policy requirement or directive has been eliminated, modified, or is otherwise not applicable or relevant for transmission planning purposes in a current transmission planning cycle. The ISO will post on its website an explanation of

any decision not to consider a previously identified public policy requirement or directive from consideration in the current transmission planning process cycle.

24.3.3.1 Updating the Unified Planning Assumptions

The CAISO will review the Unified Planning Assumptions and Study Plan developed for the biennial comprehensive Transmission Plan on an annual basis to determine the need for an update to the Unified Planning Assumptions and Study Plan. In the case that the CAISO determines an update is needed, the CAISO will provide stakeholders an opportunity to comment on and the CAISO will respond to any comments to any updates to the Unified Planning Assumptions and Study Plan pursuant to a schedule outlined in the Business Practice Manual. The CAISO will use the finalized Unified Planning Assumptions and Study Plan, following stakeholder engagement, to perform an interim reliability assessment consisting of technical assessments to identify whether any reliability needs must be addressed on an expedited basis for compliance with NERC Reliability Standards, Applicable Reliability Criteria, CAISO Planning Standards, other applicable planning standards and other criteria established by the Business Practice Manual. In the off-year in which a comprehensive Transmission Plan is not issued, and if the CAISO identifies transmission upgrades and additions, including any alternative transmission technologies and non-transmission alternatives thereto, deemed needed to address reliability needs prior to the issuance of the next comprehensive Transmission Plan, the CAISO will bring such upgrades and additions to the CAISO Board for approval.

24.3.4 Economic Planning Studies

24.3.4.1 CAISO Assessment of Requests for Economic Planning Studies

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

- (a) Whether the requested Economic Planning Study seeks to assess Congestion not identified or identified and not mitigated by the CAISO in previous Transmission Planning Process cycles;
- (b) Whether the requested Economic Planning Study addresses delivery of Generation from

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Location Constrained Resource Interconnection Generators or network transmission facilities intended to access Generation from an Energy Resource Area or similar resource area assigned a high priority by the CPUC or CEC;

- (c) Whether the requested Economic Planning Study is intended to address Local Capacity Area Resource requirements;
- (d) Whether resource and Demand information indicates that Congestion described in the Economic Planning Study request is projected to increase over the planning horizon used in the Transmission Planning Process and the magnitude of that Congestion; or
- (e) Whether the Economic Planning Study is intended to encompass the upgrades necessary to integrate new generation resources or loads on an aggregated or regional basis.

24.3.4.2 Selection of High Priority Economic Planning Studies

In accordance with the schedule and procedures set forth in the Business Practice Manual, the CAISO will post to the CAISO Website the list of selected High Priority Economic Planning Studies to be included in the draft Unified Planning Assumptions and Study Plan. The CAISO may assess requests for Economic Planning Studies individually or in combination where such requests may have common or complementary effects on the CAISO Controlled Grid. As appropriate, the CAISO will perform requested High Priority Economic Planning Studies, up to five (5); however, the CAISO retains discretion to perform more than five (5) High Priority Economic Planning Studies should stakeholder requests or patterns of Congestion or anticipated Congestion so warrant. Market Participants may, consistent with Section 24.3.1 and 24.3.2, conduct Economic Planning Studies that have not been designated as High Priority Economic Planning Studies at their own expense and may submit such studies for consideration in the development of the comprehensive Transmission Plan.

24.3.5 Import Capability Expansion Requests

The following Market Participants may submit an Import Capability expansion request pursuant to Section 24.3.3(d):

- (a) Load Serving Entities with existing Resource Adequacy import contracts not fully accounted for as Pre-RA Import Commitment or New Use Import Commitment during the

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relevant study year(s) of the request;

- (b) Owners of new transmission projects connecting to the ISO grid from an external Balancing Authority Area or connecting into a neighboring Balancing Authority Area immediately adjacent to the CAISO Controlled Grid; or
- (c) Other Market Participants demonstrating financial commitments for serving CAISO internal load.

Import Capability expansion requests should provide the relevant information as defined in the Business Process Manual.

24.4 Transmission Planning Process Phase 2

24.4.1 Conducting Technical Studies

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

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

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

24.4.2 Proposed Reliability Driven Transmission Solutions

Pursuant to the schedule described in the Business Practice Manual and based on the technical study results, the CAISO, CEC, CPUC, and other interested parties may propose any transmission solutions, [including alternative transmission technologies described in Section 24.1](#), deemed necessary to ensure System Reliability consistent with Applicable Reliability Criteria and CAISO Planning Standards through the Phase 2 Request Window. Participating TOs will submit such proposed transmission solutions through the Phase 2 Request Window within thirty (30) days after the CAISO posts its preliminary technical study results. The substantive description of reliability driven projects is set forth in Section 24.4.6.2.

24.4.3 Phase 2 Request Window

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

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Merchant Transmission Facility projects, proposed transmission solutions needed to maintain the feasibility of long-term CRRs and efficient or cost effective Regional Transmission Facility alternatives for meeting identified needs. The CEC, CPUC, and interested parties may submit potential reliability transmission solutions within the same timeframe established for Participating TOs to submit reliability transmission solutions, but they are not required to do so to the extent the Business Practice Manual grants them a longer period of time.

- (b) All facilities proposed during the Request Window must use the forms and satisfy the information and technical requirements set forth in the Business Practice Manual. Proposed transmission solutions must be within or connect to the CAISO Balancing Authority Area or CAISO Controlled Grid. The CAISO will determine whether each of these proposed solutions will be considered in the development of the comprehensive Transmission Plan. In accordance with the schedule and procedures set forth in the Business Practice Manual, the CAISO will notify the party submitting the proposed solution of any deficiencies in the proposal and provide the party an opportunity to correct the deficiencies. Such proposed solutions can only be considered in the development of the comprehensive Transmission Plan if the CAISO determines that:
 - (i) the proposed solution satisfies the information requirements for the particular type of facility submitted as set forth in templates included in the Business Practice Manual; and
 - (ii) the proposed solution is not functionally duplicative of transmission upgrades or additions that have previously been approved by the CAISO.
- (c) The duration of the Request Window will be set forth in the Business Practice Manual.

24.4.4 [Not Used]

24.4.5 Determination of Needed Transmission Solutions

To determine which transmission solutions should be included in the comprehensive Transmission Plan, the CAISO will evaluate the conceptual transmission facilities identified by the CAISO during the Phase 2 studies, proposed solutions for reliability-driven needs, LCRIF project proposals, proposals required to

maintain the feasibility of long term CRRs, [interconnection-related transmission facilities pursuant to Section 24.4.6.4](#), proposed Network Upgrades pursuant to Section 24.4.6.5 and the results of Economic Planning Studies or other economic studies the CAISO has performed and will consider potential transmission solutions and non-transmission or generation alternatives proposed by interested parties. In determining which transmission solutions should be included in the comprehensive Transmission Plan the CAISO shall consider the degree to which a Regional Transmission Facility may be substituted for one or more Local Transmission Facilities as a more efficient or cost effective solution to identified needs. [The CAISO will consider whether regional facilities that incorporate, or consist solely of, alternative transmission technologies described in Section 24.1, would be more efficient or cost-effective than selecting new facilities or upgrades without them.](#)

24.4.6 Categories of Transmission Solutions

24.4.6.1 Merchant Transmission Facility Proposals

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

24.4.6.2 Reliability Driven Solutions

The CAISO, in coordination with each Participating TO with a PTO Service Territory will, as part of the Transmission Planning Process and consistent with the procedures set forth in the Business Practice

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Manual, identify the need for any transmission solutions required to ensure System Reliability consistent with all Applicable Reliability Criteria and CAISO Planning Standards. In making this determination, the CAISO, in coordination with each Participating TO with a PTO Service Territory and other Market Participants, shall consider lower cost solutions, such as acceleration or expansion of existing transmission solutions, Demand-side management, Remedial Action Schemes, appropriate Generation, interruptible Loads, storage facilities or reactive support. The CAISO shall direct each Participating TO with a PTO Service Area, as a registered Transmission Planner with NERC, to perform the necessary studies, based on the Unified Planning Assumptions and Study Plan and any applicable Interconnection Study, and in accordance with the Business Practice Manual, to determine the solutions needed to meet all Applicable Reliability Criteria and CAISO Planning Standards. The Participating TO with a PTO Service Area shall provide the CAISO and other Market Participants with all information relating to the studies performed under this Section, subject to any limitation provided in Section 20.2 or the applicable LGIP. The CAISO will determine the solution that meets the identified reliability need in the more efficient or cost effective manner.

24.4.6.3 LCRIF Projects

24.4.6.3.1 Proposals for LCRIFs

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

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

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- (5) The estimated in-service date of the proposed facility; and
- (6) A conceptual plan for connecting potential LCRIGs, if known, to the potential facility.

24.4.6.3.2 Criteria for Qualification as a LCRIF

- (a) The CAISO shall conditionally approve a facility as a Location Constrained Resource Interconnection Facility if it determines that the facility is needed and all of the following requirements are met:
 - (1) The facility is to be constructed for the primary purpose of connecting to the CAISO Controlled Grid two (2) or more Location Constrained Resource Interconnection Generators in an Energy Resource Area, and at least one of the Location Constrained Resource Interconnection Generators is to be owned by an entity(ies) that is not an Affiliate of the owner(s) of another Location Constrained Resource Interconnection Generator in that Energy Resource Area;
 - (2) The facility will operate at or above 200 kV;
 - (3) At the time of its in-service date, the facility will not be a network facility and would not be eligible for inclusion in a Participating TO's TRR other than as an LCRIF; and
 - (4) The facility meets Applicable Reliability Criteria and CAISO Planning Standards.
- (b) The proponent of a facility that has been determined by the CAISO to meet the requirements of Section 24.4.6.3.2(a) shall provide the CAISO with information concerning the requirements of this subsection not less than ninety (90) days prior to the planned commencement of construction, and the facility shall qualify as a Location Constrained Resource Interconnection Facility if the CAISO determines that both of the following requirements are met:
 - (1) The addition of the capital cost of the facility to the RTRR of a Participating TO will not cause the aggregate of the net investment of all LCRIFs (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6) included in the RTRRs of all Participating TOs to exceed fifteen (15) percent of the aggregate of the net investment of all Participating TOs in all

transmission facilities reflected in their RTRRs (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6) in effect at the time of the CAISO's evaluation of the facility; and

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

24.4.6.3.3 Responsibilities of Participating Transmission Owner

Each Participating TO shall report annually to the CAISO the amount of its net investment in LCRIFs (net of the amount of the capital costs of LCRIFs to be recovered from LCRIGs pursuant to Section 26.6), and its net investment in 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).

24.4.6.3.4 Demonstration of Interest in a LCRIF

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

- (a) the proponent's demonstration must include a showing that LCRIGs that would connect to the facility and would have a combined capacity equal to at least twenty-five (25) percent of the capacity of the facility have executed Large Generator Interconnection Agreements or Small Generator Interconnection Agreements, as applicable; and
- (b) to the extent the showing pursuant to Section 24.4.6.3.4(a) does not constitute sixty (60) percent of the capacity of the LCRIF, the proponent's demonstration of the remainder of the required minimum level of interest must include a showing that additional LCRIGs:
 - (1) in the case of Large Generating Facilities subject to the LGIP set forth in Appendix Y, have obtained Site Exclusivity or paid the Site Exclusivity Deposit in lieu of Site Exclusivity, provided that any Site Exclusivity Deposit paid pursuant to Section 3.5 of the LGIP set forth in Appendix Y shall satisfy this requirement, or, in the case of Large Generating Facilities subject to the LGIP set forth in Appendix U and Small Generating Facilities, have obtained control over their site

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or paid a deposit to the CAISO in the amount of \$250,000, which deposit shall be refundable if the LCRIF is not approved or is withdrawn by the proponent; and

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

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

(Appendix U or Appendix Y, as applicable) or Small Generator Interconnection Procedures (Appendix S), whichever is applicable. If the LCRIF is not approved or is withdrawn by the proponent, any deposit paid under this provision shall be refundable to the extent it exceeds the costs incurred by the CAISO for such studies.

24.4.6.3.5 Coordination with Non-Participating TOs

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

24.4.6.3.6 Evaluation of LCRIFs

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

- (a) Whether, and if so, the extent to which, the facility meets or exceeds applicable CAISO Planning Standards, including standards that are Applicable Reliability Criteria.
- (b) Whether, and if so, the extent to which, the facility has the capability and flexibility both to interconnect potential LCRIGs in the Energy Resource Area and to be converted in the future to a network transmission facility.
- (c) Whether the projected cost of the facility is reasonable in light of its projected benefits, in comparison to the costs and benefits of other alternatives for connecting Generating Units or otherwise meeting a need identified in the CAISO Transmission Planning Process, including alternatives that are not LCRIFs. In making this determination, the CAISO shall take into account, among other factors, the following:
 - (1) The potential capacity of LCRIGs and the potential Energy that could be produced by LCRIGs in each Energy Resource Area;

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

24.4.6.4 Solutions to Maintain the Feasibility of Long Term CRRs

The CAISO is obligated to ensure the continuing feasibility of Long Term CRRs that are allocated by the CAISO over the length of their terms. In furtherance of this requirement the CAISO shall, as part of its ~~biennial~~^{annual} Transmission Planning Process cycle, test and evaluate the simultaneous feasibility of allocated Long Term CRRs, including, but not limited to, when acting on the following types of projects: (a) planned or proposed transmission solutions; (b) Generating Unit or transmission retirements; (c) Generating Unit interconnections; and (d) the interconnection of new Load. Pursuant to such evaluations, the CAISO shall identify the need for any transmission solutions required to ensure the continuing feasibility of allocated Long Term CRRs over the length of their terms and shall publish a Congestion Data Summary along with the results of the CAISO technical studies. In assessing the need for transmission solutions to maintain the feasibility of allocated Long Term CRRs, the CAISO, in coordination with the Participating TOs and other Market Participants, shall consider lower cost alternatives to the construction of transmission solutions, such as acceleration or expansion of existing transmission solutions; Demand-side management; Remedial Action Schemes; constrained-on Generation; interruptible Loads; reactive support; or in cases where the infeasible Long Term CRRs involve a small magnitude of megawatts, ensuring against the risk of any potential revenue shortfall using the CRR Balancing Account and uplift mechanism described in Section 11.2.4. As part of the CAISO's Transmission Planning Process, the Participating TOs and Market Participants shall provide the necessary assistance and information to the CAISO to allow it to assess and identify transmission solutions that may be necessary under Section 24.4.6.4. The CAISO will determine the solution that

meets the identified need to maintain the feasibility of long-term CRRs in the more efficient or cost effective manner.

24.4.6.5 LGIP Network Upgrades

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

- (a) The Network Upgrades consist of ~~new transmission lines~~ interconnection-related network upgrade(s) with a voltage of 200 kV or above, and have capital costs of ~~\$100-30~~ million or greater;
- (b) The CAISO has identified interconnection-related network upgrade(s) in Interconnection Studies in at least two interconnection queue cycles:
 - (d) The interconnection request(s) driving the need for the network upgrade(s) in two or more cycles has been withdrawn and no more than five calendar years have passed between the date of an earlier interconnection request withdrawal and the date of a later interconnection request withdrawal;
 - (e) The CAISO has not identified an interconnection-related network upgrade to address the relevant interconnection-related transmission need in an executed GIA or GIA that the Interconnection Customer requested be filed unexecuted;
 - (f) The Interconnection Request withdrawals associated with the repeatedly identified interconnection-related transmission need occurred no earlier than seven calendar years prior to the commencement date of the regional transmission planning and cost allocation cycle. [The initial evaluation will occur in the first Order No. 1000 regional transmission planning and cost allocation cycle to occur after the effective date of the tariff revisions implementing this reform].

~~The Network Upgrade is a new 500 kV substation that has capital costs of \$100 million or greater,~~

or

~~(c) — The Network Upgrades have a capital cost of \$200 million or more.~~

The CAISO will post a list of the Network Upgrades eligible for assessment in the Transmission Planning Process in accordance with the schedule set forth in the applicable Business Practice Manual. Network Upgrades included in the comprehensive Transmission Plan may include additional components not included in the Network Upgrades originally identified during the Phase II Interconnection Study or may be expansions of the Network Upgrades originally identified during the Phase II Interconnection Study if the CAISO determines during the Transmission Planning Process that such components or expansions are needed under section 24.1. Network Upgrades identified in the LGIP Phase II studies but not assessed in the Transmission Planning Process will be included in Large Generator Interconnection Agreements, as appropriate. Network Upgrades assessed in the Transmission Planning Process but not modified or replaced will be included in Large Generator Interconnection Agreements, as appropriate. Construction and ownership of Network Upgrades specified in the comprehensive Transmission Plan under this section, including any needed additional components or expansions, will be the responsibility of the Participating TO if the Phase II studies identified the original Network Upgrade as needed and such Network Upgrade has not yet been set forth in an executed Large Generator Interconnection Agreement. To the extent that additional components or expansions to Network Upgrades remain the responsibility of the Participating TO and such Network Upgrades are subsequently abandoned, the Participating TO shall be presumed to be eligible, subject to prudence and any other applicable review by FERC, to include in its TRR the costs of such Network Upgrades if the costs attributable to the abandonment of such Network Upgrades (as modified, replaced or otherwise reconfigured in the Transmission Planning Process) exceed the amounts funded by Interconnection Customers pursuant to Appendix Y. This presumption shall not apply in the case of Network Upgrades which the applicable Participating TO agreed to up-front fund independent of any obligation to fund pursuant to the Transmission Planning Process. If, through the Transmission Planning Process, the CAISO identifies any additional components or expansions of Network Upgrades that result in the need for other transmission solutions, the responsibility to build and own such transmission solutions will be determined by this Section 24, according to the category of those other transmission solutions. Any decision in the Transmission Planning Process to modify Network

Upgrades identified in the Large Generator Interconnection Process will not increase the cost responsibility of the Interconnection Customer as described in Appendix Y, Section 7. Category 1 policy-driven transmission solutions identified under Section 24.4.6.7 could supplant the need for LGIP Network Upgrades that would be developed in subsequent Generator Interconnection Process cycles. To the extent that a Category 1 policy-driven transmission solution eliminates or downsizes the need for a Network Upgrade, the Interconnection Customer's cost responsibility for such Network Upgrade shall be eliminated or reduced. Any financial security posting shall be adjusted accordingly.

24.4.6.6 Policy-Driven 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. Consistent with the state, federal, municipal or county requirements or directives underlying the Category 1 transmission solution, the Transmission Plan

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will specify where the CAISO will reserve the transmission capacity created by a Category 1 transmission solution for certain long lead-time resources, and the amount of reserved capacity. The Transmission Plan will specify criteria for eligible resources, including at a minimum, but without limitation: location, MW capacity, generating technology, and expected in-service date. Each Transmission Plan may modify these criteria for policy-driven transmission solutions as needed to meet state, federal, municipal or county requirements or directives.

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;

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- (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.

24.4.6.7 Economic Studies and Mitigation Solutions

Once the CAISO has identified reliability-driven solutions, LCRIF projects eligible for conditional or final approval, qualified Merchant Transmission Facilities and policy-driven transmission solutions, the CAISO will conduct the High Priority Economic Planning Studies selected under Section 24.3.4 and any other studies that the CAISO concludes are necessary to determine whether additional transmission solutions are necessary to address:

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

In determining whether additional transmission solutions are needed, the CAISO shall consider the degree to which, if any, the benefits of the transmission solutions outweigh the costs, in accordance with the procedures set forth in the Business Practice Manual. The benefits of the solutions may include a calculation of any reduction in production costs, Congestion costs, Transmission Losses, capacity or other electric supply costs resulting from improved access to cost-efficient resources. The cost of the transmission solution must consider any estimated costs identified under Section 24.4.6.4 to maintain the simultaneous feasibility of allocated Long Term CRRs for the length of their term. The CAISO, in determining whether a particular solution is needed, shall also consider the comparative costs and

benefits of viable alternatives to the particular transmission solution, including: (1) other potential transmission solutions, including those being considered or proposed during the Transmission Planning Process; (2) acceleration or expansion of any transmission solution already approved by the CAISO Governing Board or included in any CAISO comprehensive Transmission Plan, and (3) non-transmission solutions, including demand-side management.

24.4.6.8 [Not Used]

24.4.7 Description of Transmission Solutions

The transmission solutions identified in the revised draft and final comprehensive Transmission Plan, or in a supplemental assessment to the final comprehensive Transmission Plan, that are subject to the competitive solicitation process will provide sufficient engineering detail to permit Project Sponsors to submit complete proposals, under section 24.5.1 to build the identified transmission solution. As further described in the Business Practice Manual, such details may include, but are not limited to:

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

24.4.8 Additional Contents of Comprehensive Transmission Plan

In addition to the detailed descriptions of specific needed transmission additions and upgrades, the draft and final comprehensive Transmission Plan may include: (1) the results of technical studies performed under the Study Plan; (2) determinations and recommendations regarding the need for identified

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transmission upgrades and additions and their identification as either Local or Regional Transmission Facilities; (3) assessments of transmission upgrades and additions submitted as alternatives to the potential solutions to transmission needs identified by the CAISO and studied during the Transmission Planning Process cycle; (4) results of Economic Planning Studies (except for the 2010/2011 cycle); (5) an update on the status of transmission upgrades or additions previously approved by the CAISO, including identification of mitigation plans, if necessary, to address any potential delay in the anticipated completion of an approved transmission upgrade or addition; (6) a description of transmission additions and upgrades with an estimated capital investment of \$50 million or more for which additional studies are required before being presented to the CAISO Governing Board for approval following completion of the studies; (7) a description of Category 2 transmission upgrades or additions recommended for consideration in future planning cycles; (8) identification of Interregional Transmission Projects that were submitted in the current planning cycle, could potentially meet regional needs, and will be evaluated in the next planning cycle; ~~and~~ (9) determinations and recommendations regarding the need for Interregional Transmission Projects that have been evaluated and found to be more cost effective and efficient solutions to regional transmission needs and that satisfy all requirements relevant to meeting such needs. Beginning with plans issued during 2028, the draft and final comprehensive Transmission Plan will include an explanation as to why dynamic line ratings, advanced power flow control devices, advanced conductors, and/or transmission switching were or were not incorporated into selected Regional Transmission Facilities.

24.4.9 Phase 2 Stakeholder Process: Needs Meetings and Solutions Meeting

- (a) According to the schedule and procedures set forth in the Business Practice Manual, and no fewer than 25 calendar days after the Assumptions Meeting, the CAISO will schedule a Needs Meeting consisting of one (1) public meeting scheduled no sooner than five calendar days after the CAISO technical study results have been posted and Participating TOs have submitted (i) the results of technical studies conducted at the direction of the CAISO (if applicable); and (ii) reliability-driven solutions. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice. Interested parties will be provided a minimum two (2) week period to provide written

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comments regarding the technical study results and the proposals submitted by the Participating ~~TOs~~ and may submit comments before and after the Needs Meetings. The CAISO will respond to questions or comments from stakeholders such that it allows stakeholders to meaningfully participate in the Needs Meetings.

- (b) The CAISO will schedule at least one (1) other public ~~meeting~~ Needs Meeting before the draft comprehensive Transmission Plan is posted to provide information about any policy-driven transmission solution evaluations or economic planning studies that have been completed since the prior public meeting was held, as well as updated information about any studies or evaluations that are still in progress. Notice of such meeting, web conference or teleconference will be provided to stakeholders via Market Notice.
- (c) In accordance with the schedule and procedures in the Business Practice Manual, but not less than one-hundred and twenty (120) days after the results of the CAISO's technical studies are posted and not less than six (6) weeks after the Request Window closes, the CAISO will post a draft comprehensive Transmission Plan. The CAISO will subsequently conduct a public conference, or Solutions Meeting, regarding the draft comprehensive Transmission Plan and solicit comments, consistent with the timelines and procedures set forth in the Business Practice Manual but no sooner than five days after posting. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice and such notice shall be posted to the CAISO Website. Stakeholders will have the opportunity to submit comments before and after each meeting. After consideration of comments, the CAISO will post the revised draft comprehensive Transmission Plan to the CAISO Website.

24.4.10 Transmission Plan Approval Process

The revised draft comprehensive Transmission Plan, along with the stakeholder comments, will be presented to the CAISO Governing Board for consideration and approval. Upon approval of the plan, all needed transmission additions and upgrades, and Interregional Transmission Projects, net of all transmission and non-transmission alternatives considered in developing the comprehensive

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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.

In years in which no comprehensive Transmission Plan is issued as part of the regular biennial process, the CAISO may bring projects more urgently needed to address reliability issues to the CAISO Governing

Board, following the process described in Section 24.3.3.1. 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.

24.5 Transmission Planning Process Phase 3

24.5.1 Competitive Solicitation Process

According to the schedule set forth in the Business Practice Manual, in the month following the CAISO Governing Board's approval of the comprehensive Transmission Plan, or a supplemental assessment to the final comprehensive Transmission Plan, whichever is applicable, the CAISO will initiate a period of at least ten (10) weeks that will provide an opportunity for Project Sponsors to submit specific proposals to finance, own, and construct the Regional Transmission Facilities and any Long-Term Regional Transmission Facilities subject to competitive solicitation identified in the comprehensive Transmission Plan or supplemental assessment, interim reliability assessment, or Long-Term Regional Transmission Plan. If the transmission solution adopted in Phase 2 involves an upgrade or improvement to, addition on, or a replacement of a part of an existing Participating TO facility, the Participating TO will construct and own such upgrade, improvement, addition or replacement facilities unless a Project Sponsor and the Participating TO agree to a different arrangement. For Regional Transmission Facilities with capital costs of \$50 million or less that were approved by CAISO management before Governing Board approval of the comprehensive Transmission Plan, the ten week period will be initiated following management approval of the facility, and the Project Sponsor selection process may follow an accelerated schedule described in the Business Practice Manual. Such proposals must include plan of service details and supporting information as set forth in the Business Practice Manual sufficient to: (1) enable the CAISO to determine whether the Project Sponsor meets the qualification criteria specified in section 24.5.3.1; (2) enable the CAISO to determine whether a Project Sponsor's proposal meets the proposal qualification criteria in section 24.5.3.2; and (3) enable the CAISO, if there are multiple qualified Project Sponsors bidding on the same Regional Transmission Facility or Long-Term Regional Transmission Facility, to conduct a comparative analysis of the proposals and Project Sponsors and select an Approved Project Sponsor as described in section 24.5.3.5. The project proposal will identify the authorized governmental body from which the Project Sponsor will seek siting approval for the project.

Within 30 days after the CAISO posts the revised draft comprehensive Transmission Plan, ~~or a~~ supplemental assessment to the final comprehensive Transmission Plan, ~~interim reliability assessment,~~

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[or Long-Term Regional Transmission plan](#) to its website, whichever is applicable, for each Regional Transmission Facility [or Long-Term Regional Transmission Facility](#) identified in the ~~revised draft comprehensive Transmission Plan or supplemental~~ [applicable plan or](#) assessment that is subject to competitive solicitation, the CAISO will post, for informational purposes only, those existing qualification criteria and selection factors, in addition to any binding cost containment commitments, which the CAISO believes are key for purposes of selecting an Approved Project Sponsor for the particular transmission solution, consistent with the comparative analysis described in section 24.5.4 and the project sponsor qualification and selection criteria specified in sections 24.5.3.1 and 24.5.4, respectively. The posting of such key criteria is solely intended to provide information to Project Sponsors to assist them in the preparation of their applications and to highlight specific topics to which particular attention should be paid in the application given their importance in connection with a particular Regional Transmission Facility [or Long-Term Regional Transmission Facility](#). The posting of the key selection criteria is not a replacement or substitute for the qualification and selection criteria set forth in sections 24.5.3.1 and 24.5.4, and in its comparative analysis conducted in accordance with section 24.5.4, the CAISO is required to comparatively assess all of the qualification and selection criteria, not just those listed as key selection criteria. In its posting of the key selection criteria, the CAISO cannot add new or different criteria than those already specified in sections 24.5.3.1 and 24.5.4. To determine the key criteria for each transmission solution subject to competitive solicitation, the CAISO will consider: (1) the nature, scope and urgency of the need for the transmission solution; (2) expected severity of siting or permitting challenges; (3) the size of the transmission solution, potential financial risk associated with the transmission solution, expected capital cost magnitude, cost overrun likelihood and the ability of the Project Sponsor to contain costs; (4) the degree of permitting, rights-of-way, construction, operation and maintenance difficulty; (5) risks associated with the construction, operation and maintenance of the transmission solution; (6) technical and engineering design difficulty or whether specific expertise in design or construction is required; (7) special circumstances or difficulty associated with topography, terrain or configuration; (8) specific facility technologies or materials associated with the transmission solution; (9) binding cost containment measures, including cost caps; (10) abandonment risk; and (11) whether the overall cost of the transmission solution impacts the CAISO's prior determination of, and

inclusion in, the ~~comprehensive applicable Transmission-transmission Plan-plan~~ of the more efficient or cost effective solution during Phase 2 of the transmission planning process or in the Long-Term Regional Transmission Planning process.

The posting of the key selection criteria shall not undermine the CAISO's prior determination in Phase 2 of the transmission planning process or the Long-Term Regional Transmission Planning process of the more efficient or cost-effective transmission solution to be reflected in the comprehensive Transmission Plan or the Long-Term Regional Transmission Plan, nor shall the posting of the key criteria replace or be inconsistent with the CAISO's obligation under section 24.5.4 to undertake a comparative analysis of each Project Sponsor with respect to each Project Sponsor qualification and selection criterion. If the CAISO determines in Phase 2 of the transmission planning process or in the Long-Term Regional Transmission Planning process that more than one transmission solution could constitute the more efficient or cost-effective solution to meet a specific identified need depending on the outcome of the competitive solicitation, the CAISO shall have the authority to identify more than one potential transmission solution in the comprehensive Transmission Plan or in the Long-Term Regional Transmission Plan. Under those circumstances, based on the outcome of the competitive solicitation, the CAISO will make the final determination of which alternative transmission solution identified in the Board-approved comprehensive Transmission Plan or the Long-Term Regional Transmission Plan constitutes the more efficient or cost-effective transmission solution to be selected for construction.

24.5.2 Project Sponsor Application and Information Requirements

All project sponsors must submit a Project Sponsor application form as set forth in the Business Practice Manual and posted on the CAISO website. Any entity may submit a Project Sponsor application to finance, construct, own, operate and maintain a transmission solution identified in the ~~comprehensive applicable Transmission-transmission Planplan or assessment~~ subject to the competitive solicitation process. There is no requirement that a Project Sponsor first be qualified before it may submit a Project Sponsor application for such a transmission solution.

24.5.2.1 Opportunity for Collaboration

Any entity interested in collaborating with another entity may notify the CAISO of such interest within two weeks after the CAISO opens the competitive solicitation window for a specified Regional Transmission

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Facility [or Long-Term Regional Transmission Facility](#). The CAISO will post a list of entities interested in collaborating and their contact information on the CAISO website. Prior notice to the CAISO is not a prerequisite for a Project Sponsor to submit an application, including a joint application, to finance, own, construct, operate, and maintain a Regional Transmission Facility [or Long-Term Regional Transmission Facility](#) under Section 24.5. All Project Sponsors, including collaborating Project Sponsors, must submit an application prior to the close of the competitive solicitation window.

24.5.2.2

A Project Sponsor will provide to the CAISO, Participating TOs (as listed on Appendix F to the Transmission Control Agreement), and Approved Project Sponsors a copy of all initial filings it submits in a FERC docket that affect the rates (including the Transmission Revenue Requirement), terms, or conditions of service for any Regional Transmission Facility [or Long-Term Regional Transmission Facility](#) that is the subject of an ongoing competitive solicitation process under this section 24.5. The Project Sponsor will provide such copy either via email or first class U.S. mail on the same day it makes the filing with FERC; provided that if the copy is sent via U.S. mail, the Project Sponsor will satisfy the requirement if it places the copy in the mail on the date of filing. The CAISO will post the contact information for Approved Project Sponsors on the CAISO website.

24.5.2.3 Project Sponsor Information Requirements

The application to be submitted to the CAISO by an entity desiring to become an Approved Project Sponsor shall include the following general information (as well as related details) in response to the questions on the application form:

- (a) The following information:
 - (i) A proposed financial plan demonstrating that adequate capital resources are available to the Project Sponsor to finance the transmission solution, and that constructing, operating and maintaining the facilities will not significantly impair the Project Sponsor's creditworthiness or financial condition;
 - (ii) A showing from the Project Sponsor's most recent audited financial statements that the Project Sponsor's assets are in excess of liabilities as a percentage of the total cost of the transmission solution;

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- (iii) Financial funding ratios from the most recent audited financial statements;
 - (iv) Credit arrangements between affiliated entities, including corporate parent, and compliance with regulatory restrictions and requirements; and
 - (v) Bankruptcy, dissolution, merger or acquisition history;
- (b) The credit rating from Moody's Investor Services and Standard & Poors of the Project Sponsor, or its parent company, controlling shareholder, or any other entity providing a bond guaranty or corporate commitment to the Project Sponsor;
- (c) Information showing the Project Sponsor's ability to assume liability for major losses resulting from failure of, or damage to, the transmission facility, including damage after the facility has been placed into operation;
- (d) The project in-service date of each transmission solution with a construction plan and timetable;
- (e) A description of the Project Sponsor's proposed engineering, construction, maintenance and management teams, including relevant capability and experience;
- (f) A description of the Project Sponsor's resources for operating and maintaining the transmission solution after it is placed in-service;
- (g) A discussion of the capability and experience of the Project Sponsor that would enable it to comply with all on-going scheduling, operating, and maintenance activities required for each transmission solution, including those required by the tariff, business practice manuals, policies, rules, guidelines, and procedures established by the CAISO;
- (h) Resumes for all key management personnel, including contractors, that will be involved in obtaining siting approval and other required regulatory approvals and for constructing, operating and maintaining each transmission solution;
- (i) A description of the Project Sponsor's business practices that demonstrate consistency with Good Utility Practice for proper licensing, designing and right-of-way acquisition for constructing, operating and maintaining transmission solutions that will become part of the CAISO Controlled Grid;
- (j) The Project Sponsor's previous record regarding construction, operation and

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maintenance of transmission facilities within and outside the CAISO Controlled Grid;

- (k) The Project Sponsor's pre-existing procedures and practices for acquiring and managing right of way and other land for transmission facility, or, in the absence of preexisting procedures or practices, a detailed description of its plan for right of way and other land acquisition;
- (l) A description of existing rights of way or substations upon which all or a portion of the transmission facility can be located and incremental costs, if any, that would be incurred in connection with placing new or additional facilities associated with the transmission solution on such existing rights of way;
- (m) The Project Sponsor's preexisting practices or procedures for mitigating the impact of the transmission solution on affected landowners and for addressing public concerns regarding facilities associated with the transmission solution. In the absence of such preexisting practices or procedures, the Project Sponsor shall provide a detailed plan for mitigating such impacts and addressing public concerns;
- (n) A description of the following and any related or relevant information regarding:
 - (i) the proposed structure and composition, conductor size and type;
 - (ii) the proposed route and rights of way; and
 - (iii) a plan for topography issues;
- (o) Cost containment capabilities and cost cap, if any;
- (p) Description of the Project Sponsor's plan for complying with standardized maintenance and operation practices and all applicable reliability standards;
- (q) Any other strengths and advantages that the Project Sponsor and its team may have to build and own the transmission solution, as well as any specific efficiencies or benefits demonstrated in its Project Sponsor proposal; and
- (r) The authorized government body from which the Project Sponsor will seek siting approval for the transmission solution and the authority of the selected siting authority to impose binding cost caps or cost containment measures on the Project Sponsor, as well as its history of imposing such measures.

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Additional details about the information that must be submitted is set forth in the Business Practice Manual and on the application form. On the CAISO's request, the Project Sponsor will provide additional information that the CAISO reasonably determines is necessary to conduct its qualification and selection evaluation with respect to the particular transmission solutions that are subject to competitive solicitation.

24.5.2.4 Posting Applications with Sufficient Information

Upon receipt of a Project Sponsor's application, the CAISO will review the application for completeness and will verify that the application contains sufficient information for the CAISO to determine whether the Project Sponsor is qualified to be selected as an Approved Project Sponsor. By the deadline set forth in the Business Practice Manual, the ISO will notify each Project Sponsor whether the application is complete or whether additional information is required. Project Sponsors will be given an opportunity to cure any deficiencies in their application submissions in accordance with the schedule set forth in the Business Practice Manual. After the end of the cure period, and subject to the confidentiality provisions set forth in Tariff Section 20, the CAISO will post to its Website a list of Project Sponsors whose applications contain sufficient information and have met the requirements set forth in the Business Practice Manual.

24.5.3 Project Sponsor and Proposal Qualifications

24.5.3.1 Project Sponsor Qualifications

After posting the list of information-sufficient applications and, if applicable, after the conclusion of any applicable collaboration process under Section 24.5.2.2, the CAISO will evaluate the information submitted by each Project Sponsor in response to the questions on the application pertaining to sections 24.5.2.1(a)-(i) to determine whether the Project Sponsor has demonstrated that its team is physically, technically, and financially capable of (i) completing the needed transmission solution in a timely and competent manner; and (ii) operating and maintaining the transmission solution in a manner that is consistent with Good Utility Practice and applicable reliability criteria for the life of the project, based on the following qualification criteria:

- (a) whether the Project Sponsor has demonstrated that it has assembled, or has a plan to assemble, a sufficiently-sized team with the manpower, equipment, knowledge and skill

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required to undertake the design, construction, operation and maintenance of the transmission solution;

- (b) whether the Project Sponsor and its team have demonstrated that they have sufficient financial resources, by providing information including, but not limited to, satisfactory credit ratings, audited financial statements, or other financial indicators;
- (c) whether the Project Sponsor and its team have demonstrated the ability to assume liability for major losses resulting from failure of any part of the facilities associated with the transmission solution by providing information such as letters of credit, letters of interest from financial institutions regarding financial commitment to support the Project Sponsor, insurance policies or the ability to obtain insurance to cover such losses, the use of account set asides or accumulated funds, the revenues earned from the transmission solution, sufficient credit ratings, contingency financing, or other evidence showing sufficient financial ability to cover these losses in the normal course of business;
- (d) whether the Project Sponsor has (1) proposed a schedule for development and completion of the transmission solution consistent with need date identified by the CAISO; and (2) has the ability to meet that schedule;
- (e) whether the Project Sponsor and its team have the necessary technical and engineering qualifications and experience to undertake the design, construction, operation and maintenance of the transmission solution;
- (f) whether the Project Sponsor makes a commitment to become a Participating TO for the purpose of turning the Regional Transmission Facility or Long-Term Regional Transmission Facility that the Project Sponsor is selected to construct and own as a result of the competitive solicitation process over to the ISO's Operational Control , to enter into the Transmission Control Agreement with respect to the transmission solution, to adhere to all Applicable Reliability Criteria and to comply with NERC registration requirements and NERC and WECC standards, where applicable.

If the CAISO determines that a Project Sponsor meets these criteria, it shall be deemed a qualified Project Sponsor.

24.5.3.2 Proposal Qualification

After evaluating the Project Sponsor's qualifications as described in section 24.5.3.1, the ISO will determine whether the transmission solution proposed by a Project Sponsor is qualified for consideration, based on the following criteria:

- (a) Whether the proposed design of the transmission solution is consistent with needs identified in the ~~comprehensive applicable Transmission transmission Planplan~~;
- (b) Whether the proposed design of the transmission solution satisfies Applicable Reliability Criteria and CAISO Planning Standards;

24.5.3.3 Posting Qualified Project Sponsors and Proposals

The CAISO will post a list of qualified Project Sponsors and proposals in accordance with the schedule set forth in the Business Practice Manual. Once the list has been posted, the CAISO will provide any Project Sponsors who did not meet the Project Sponsor qualification criteria or whose proposal did not meet the proposal qualification criteria a period within which to cure deficiencies in the application submission, as set forth in the Business Practice Manual. The CAISO will evaluate any additional information provided by these Project Sponsors and will re-post the list of qualified Project Sponsors, if necessary, once the re-assessment has been completed and in accordance with the schedule in the Business Practice Manual.

24.5.3.4 Single Qualified Project Sponsor and Proposal

If only one (1) Project Sponsor, including joint Project Sponsors resulting from a collaboration submits a proposal to finance, own, and construct a specific transmission solution and the CAISO determines that the Project Sponsor is qualified to own and construct the transmission solution under the criteria set forth in Section 24.5.3.1 and the proposal meets the proposal qualification criteria in Section 24.5.3.2, the Project Sponsor will be the Approved Project Sponsor and must execute an Approved Project Sponsor Agreement with the CAISO within one-hundred twenty (120) calendar days of CAISO approval, unless otherwise agreed by the Parties.

24.5.3.5 Multiple Qualified Project Sponsors and Proposals: Selection of Approved Project Sponsor

If there are multiple qualified Project Sponsors and proposals for the same transmission solution, the

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CAISO will select one qualified Approved Project Sponsor based on a comparative analysis of the degree to which each Project Sponsor's proposal meets the qualification criteria set forth in Section 24.5.3.1 and the selection factors set forth in 24.5.4. The CAISO will engage an expert consultant to assist with the selection of the Approved Project Sponsor. Thereafter, the Approved Project Sponsor must execute an Approved Project Sponsor Agreement with the CAISO within one-hundred twenty (120) calendar days of CAISO approval, unless otherwise agreed by the Parties.

24.5.4 Project Sponsor Selection Factors and Comparative Analysis

The CAISO will conduct a comparative analysis to select an Approved Project Sponsor from among multiple project sponsor proposals, as described in section 24.5.3.5. The purpose of this comparative analysis is to take into account all transmission solutions being proposed by competing Project Sponsors seeking approval of their transmission solution and to select a qualified Project Sponsor which is best able to design, finance, license, construct, maintain, and operate the particular transmission facility in a cost-effective, efficient, prudent, reliable, and capable manner over the lifetime of the facility, while maximizing overall benefits and minimizing the risk of untimely project completion, project abandonment, and future reliability, operational and other relevant problems, consistent with Good Utility Practice, applicable reliability criteria, and CAISO Documents. To conduct this comparative analysis, the CAISO will use the qualification criteria described in Section 24.5.3.1 as well as the following selection factors:

- (a) the current and expected capabilities of the Project Sponsor and its team to finance, license, and construct the facility and operate and maintain it for the life of the solution;
- (b) the Project Sponsor's existing rights of way and substations that would contribute to the transmission solution in question;
- (c) the experience of the Project Sponsor and its team in acquiring rights of way, if necessary, that would facilitate approval and construction, and in the case of a Project Sponsor with existing rights of way, whether the Project Sponsor would incur incremental costs in connection with placing new or additional facilities associated with the transmission solution on such existing right of way;
- (d) the proposed schedule for development and completion of the transmission solution and demonstrated ability to meet the schedule of the Project Sponsor and its team;

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- (e) the financial resources of the Project Sponsor and its team;
- (f) the technical and engineering qualifications and experience of the Project Sponsor and its team;
- (g) if applicable, the previous record regarding construction and maintenance of transmission facilities, including facilities outside the CAISO Controlled Grid of the Project Sponsor and its team;
- (h) demonstrated capability to adhere to standardized construction, maintenance and operating practices of the Project Sponsor and its team;
- (i) demonstrated ability to assume liability for major losses resulting from failure of facilities of the Project Sponsor;
- (j) demonstrated cost containment capability of the Project Sponsor and its team, specifically, binding cost control measures the Project Sponsor agrees to accept, including any binding agreement by the Project Sponsor and its team to accept a cost cap that would preclude costs for the transmission solution above the cap from being recovered through the CAISO's Transmission Access Charge, and, if none of the competing Project Sponsors proposes a binding cost cap, the authority of the selected siting authority to impose binding cost caps or cost containment measures on the Project Sponsor, and its history of imposing such measures; and
- (k) any other strengths and advantages the Project Sponsor and its team may have to build and own the specific transmission solution, as well as any specific efficiencies or benefits demonstrated in their proposal.

24.5.5 Notice to Project Sponsors

The CAISO will notify Project Sponsors as to results of the project evaluation process in accordance with the schedule and procedures set forth in the Business Practice Manual. Within 10 Business Days after selecting an Approved Project Sponsor(s) for a needed transmission solution, the CAISO will post on the CAISO website a report regarding the selection of the Approved Project Sponsor(s). The report will set forth in a detailed manner the results of the comparative analysis undertaken by the CAISO, the reasons for the CAISO's decision(s), and how the CAISO's decision is consistent with the objectives identified in

Section 24.5.4. The report will specifically identify the role of the selection factors set forth in 24.5.4 in determining, or not determining, the ultimate selection of project sponsors.

24.5.6 Competitive Solicitation Project Proposal Fee

- (a) **In General.** For competitive solicitations opening in 2023 and thereafter, 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. Such costs include the actual costs of the validation, qualification and selection process for each solution subject to the competitive solicitation process.
- (b) **Deposit.** For competitive solicitations opening in 2023 and thereafter, each Project Sponsor will pay a deposit of \$100,000 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 or charge each Project Sponsor that the CAISO did not include in the list of qualified Project Sponsors the difference between its pro rata costs and the deposit. If a refund is owed the Project Sponsor, the refund shall include interest at the rate that the CAISO earned on the deposit.
- (d) **Reconciliation of Costs for Qualified Project Sponsors.** Within seventy-five days of the CAISO's Notice to qualified Project Sponsors under Section 24.5.5, in accordance with the schedule in the Business Practice Manual, the CAISO will determine each Project Sponsor's pro rata share of the costs that the CAISO incurred in selecting an Approved Project Sponsor from among the qualified Project Sponsors for each solution.

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The ISO will refund to or charge each qualified Project Sponsor the difference between its pro rata costs and the deposit. If a refund is owed to the Project Sponsor, the refund shall include interest at the rate that the CAISO earned on the deposit.

- (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.

24.6 Obligation to Construct Transmission Solutions

The Approved Project Sponsor selected to construct the needed transmission solution or the applicable Participating TO where there is no Approved Project Sponsor, must make a good faith effort to obtain all approvals and property rights under applicable federal, state and local laws that are necessary to complete the construction of the required transmission solution. This obligation includes the Approved Project Sponsor's use of eminent domain authority, where provided by state law. A Participating TO in whose PTO Service Territory or footprint either terminus of the transmission solution is located shall be obligated to construct all regional transmission solutions included in the comprehensive Transmission Plan for which there is no Approved Project Sponsor either from the first competitive solicitation or future competitive solicitations. The Approved Project Sponsor shall not sell, assign or otherwise transfer its rights to finance, construct and own the needed transmission solution, or any element thereof, before the facilities have been energized and, if applicable, turned over to the CAISO's Operational Control unless the CAISO has not approved such proposed transfer, which approval shall not be unreasonably withheld. The CAISO shall not approve such sale, assignment or transfer unless the purchaser, transferee or assignee (i) meets the qualification requirements set forth in section 24.5.3.1; (ii) agrees to honor any binding cost containment measures or cost caps agreed to by the Approved Project Sponsor in its proposal; (iii) agrees to meet the factors that the ISO relied upon in selecting the proposal of the Approved Project Sponsor; and (iv) assumes the rights and obligations set forth in the Approved Project Sponsor Agreement.

24.6.1 Approved Project Sponsor Reporting Requirements

Starting one hundred and twenty (120) days after the Project Sponsor, or Participating TO with a service

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territory pursuant to Section 24.6 above, has been notified by the CAISO that it has been selected as an Approved Project Sponsor, such Approved Project Sponsor must submit a construction plan to the CAISO. At a minimum, and as further described in the Business Practice Manual, the construction plan will provide information on the following: land acquisition and permitting, materials procurement, and construction financing. Every ninety (90) days thereafter until the transmission solution has been energized and placed under CAISO Operational Control, the Approved Project Sponsor shall provide to the CAISO a construction plan status report. The status report shall conform to the format set forth in the Business Practice Manual and include, among other things, the following information: project schedule, status of obtaining necessary environmental permits and meeting licensing requirements, status of right-of-way acquisition, status of design and engineering, any changes in the continuing ability of the Approved Project Sponsor to meet the design specifications of the transmission solution and the date upon which the transmission solution was found to be needed in the Transmission Plan. Unless the Approved Project Sponsor is the Participating TO in whose Participating TO service territory the project is wholly located, the CAISO shall provide a copy of the Approved Project Sponsor's status report to the Participating TO(s) in whose Participating TO service territory the transmission solution is fully or partially located and to any Participating TO with which the facilities interconnects. According to the schedule set forth in the Business Practice Manual, the CAISO shall, after providing the Participating TO(s) a copy of the report, hold a call with the Participating TO(s) to review whether the transmission solution completion date proposed by the Approved Project Sponsor can reasonably be expected to be met and to review any other items of concern to either the CAISO or the Participating TO(s).

24.6.2 Delay in the Transmission Solution In-Service Date

If the CAISO determines that the proposed completion date has been delayed beyond the date upon which the transmission solution was found to be needed, the CAISO shall issue a market notice stating that it is necessary for the CAISO, the Approved Project Sponsor (to the extent the Approved Project Sponsor has not abandoned the project), and the applicable Participating TO(s) to develop a plan to address potential NERC reliability standards violations as set forth in Section 24.6.3 as well as any other issues that may be of material concern arising from the delay of the transmission solution. If the potential NERC reliability standards violations, or other issues of material concern, cannot be promptly and

adequately addressed, the CAISO will take appropriate action including but not limited to, determining that an alternate Approved Project Sponsor is necessary to complete the transmission solution as set forth in Section 24.6.4.

24.6.3 Development and Submittal of Mitigation Plans

If the CAISO determines that a delay in the date upon which a transmission solution is proposed to be energized may cause one or more Participating TO(s) or the CAISO to violate a NERC reliability standard, the CAISO shall identify the potential violation and direct the impacted Participating TO(s) to develop a mitigation plan. The CAISO or the impacted Participating TOs shall take any and all reasonable actions necessary to meet the requirements of the mitigation plan.

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

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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.

24.7 Documentation of Compliance with NERC Reliability Standards

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

24.8 Additional Planning Information

24.8.1 Information Provided by Participating TOs

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

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

24.8.2 Limitation on Regional Activities

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

24.8.3 Information Requested from Load Serving Entities

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

24.8.4 Information from BAAs and Regulators

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

24.8.5 Obligation to Provide Updated Information

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

24.9 Participating TO Study Obligation

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

24.10 Operational Review and Impact Analysis

The CAISO will perform an analysis on the ISO Controlled Grid and an operational review of all Regional Transmission Facilities studied as part of the CAISO Transmission Planning Process that are proposed to be connected to, or made part of, the CAISO Controlled Grid to ensure that the solutions included in the comprehensive Transmission Plan provide for acceptable Operational Flexibility and meet all their requirements for proper integration with the CAISO Controlled Grid. This analysis includes identifying the impacts of Regional Transmission Facilities on neighboring Planning Regions or Balancing Authority Areas, including the resulting need, if any, for new solutions in such neighboring Planning Regions or Balancing Authority Areas. If the CAISO finds that a Regional Transmission Facility does not provide for acceptable Operational Flexibility, does not adequately integrate with the CAISO Controlled Grid or causes impacts on neighboring Planning Regions, transmission systems or Balancing Authority Areas, the CAISO shall coordinate with the operators of neighboring Balancing Authority Areas or transmission systems, if applicable, to reassess and redesign the Regional Transmission Facility to be constructed. If the impacts caused by Regional Transmission Facilities proposed to be added to the CAISO Controlled Grid can be mitigated through other solutions on the ISO Controlled Grid or through operational adjustments, the costs of such solutions shall be recovered through the CAISO's Regional Access Charge as part of the costs of the transmission solution. The CAISO shall not be responsible for compensating another transmission provider, Planning Authority, or Balancing Area Authority for the costs of any required solutions, or other consequences, on their systems associated with Regional Transmission Facilities, whether identified by the CAISO or the neighboring system, unless the CAISO voluntarily agrees to bear such costs pursuant to a written agreement with the neighboring system;

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provided that the CAISO will not agree to bear such costs until it first discusses the matter with stakeholders and provides stakeholders with an opportunity to submit comments. Transmission solutions that do not provide acceptable Operational Flexibility or do not adequately integrate with the CAISO Controlled Grid cannot be included in the CAISO Transmission Plan or approved by CAISO management or the CAISO Governing Board, as applicable. Any costs in connection with required solutions in neighboring transmission systems associated with Regional Transmission Facilities that the CAISO agrees to bear will be the responsibility of the Approved Project Sponsor who will construct and own the Regional Transmission Facilities that necessitated the solutions or on the neighboring transmission system, and such mitigation costs may be recovered through the CAISO's Regional Access Charge, subject to FERC approval, and all relevant tariff provisions pertaining to the calculation, billing, and recovery of the Regional Access Charge, and any related applicable provisions, shall apply.

24.10.1 [Not Used]

24.10.2 [Not Used]

24.10.3 [Not Used]

24.10.4 [Not Used]

24.11 ~~[Not Used]~~ Long-Term Planning

As part of the regional transmission planning process, the CAISO shall conduct Long-Term Regional Transmission Planning. The CAISO will commence a Long-Term Regional Transmission Planning cycle every four years and will determine whether to select any facilities no later than three years from the date when each Long-Term Regional Transmission Planning cycle began. In accordance with the specific schedule outlined in the Business Practice Manual, the CAISO generally will, in year one, develop the scenarios, in years two and three, evaluate the scenarios, and in year three determine whether to select any facilities. The Long-Term Regional Transmission Planning process shall, at a minimum:

- (a) Utilize a base case consistent with the base case developed for the comprehensive Transmission Planning Process as one of the Long-Term Scenarios, which the CAISO determines is the most likely scenario to occur.
- (b) Reflect a planning horizon covering a minimum of twenty (20) years.
- (c) Identify Long-Term Regional Transmission Needs and Long-Term Regional Transmission

Facilities to meet those needs through the development of Long-Term Scenarios

- (d) Develop and use a minimum of three Long-Term Scenarios utilizing factors in the categories of factors to consider in consultation with stakeholders.
- (f) Disclose the methodology, criteria, assumptions, data and other information that underlie transmission plans, including Long-Term Scenarios.
- (g) Measure the required seven benefits and use those measured benefits to evaluate Long-Term Regional Transmission Facilities.
- (h) Use selection criteria that provide the opportunity for CAISO to select Long-Term Regional Transmission Facilities in the regional transmission plan for purposes of cost allocation that more efficiently or cost-effectively address Long-Term Regional Transmission Needs.
- (i) Allow incumbent and nonincumbent transmission developers to utilize the regional cost allocation methodology outlined in Section 24.14.
- (j) Provide an opportunity for Relevant State Entities and interconnection customers to voluntarily fund any projects not selected.
- (j) Provide an opportunity for Interregional Transmission Projects submitted to the CAISO as a Relevant Planning Region to be evaluated as potential solutions to CAISO Long-Term Regional Transmission Needs pursuant to Section 24.18.

24.11.1 ~~[Not Used]~~ Development of Long-Term Scenarios

The CAISO will assess its long-term transmission planning needs over a 20-year transmission planning horizon, at least once every four years. In order to assess Long-Term Regional Transmission Needs to identify potential Long-Term Regional Transmission Facilities, the CAISO will utilize three distinct Long-Term Scenarios that, at a minimum, incorporate the seven categories of factors outlined in Section 24.11.1.1. The set of Long-Term Scenarios will be: (1) plausible, meaning each scenario and the set as a whole will reasonably capture probably future outcomes; and (2) diverse, meaning the CAISO can distinguish distinct transmission facilities or distinct benefits of similar transmission facilities in each scenario. Each individual Long-Term Scenario will individually be plausible. Except for the first planning cycle in which data inputs and assumptions will be first developed, at the

start of each long-term regional planning cycle, the CAISO will review and reassess previously used Long-Term Regional Transmission Planning data inputs and assumptions, if any, and incorporate updated or best available data inputs and assumptions, as necessary, to develop three forward-looking Long-Term Scenarios that will be used to identify Long-Term Regional Transmission Needs and enable the identification and evaluation of transmission facilities to meet such transmission needs. The CAISO will utilize the stakeholder process in 24.11.1.3 to perform this update.

24.11.1.1 Input Factor Categories

The CAISO will identify and use factors in the following categories to determine the assumptions that will be used in the development of Long-Term Scenarios:

- (a) Federal, federally-recognized Tribal, state, and local laws and regulations affecting the resource mix and demand.
- (b) Federal, federally-recognized Tribal, state, and local laws and regulations on decarbonization and electrification.
- (c) State-approved integrated resource plans and expected supply obligations for load-serving entities.
- (d) Trends in fuel costs and in the cost, performance, and availability of generation, electric storage resources, and building and transportation electrification technologies.
- (e) Resource retirements, including likely resource retirements beyond those that have been publicly announced.
- (f) Generator interconnection requests and withdrawals.
- (g) Utility commitments and federal, federally-recognized Tribal, state, and local policy goals that affect Long-Term Regional Transmission Needs.

The CAISO will use each factor individually or collectively to determine the assumptions that will be used in the development of the Long-Term Scenarios that will result in plausible and diverse Long-Term Scenarios. In developing the Long-Term Scenarios, the CAISO may generalize how all of the discrete factors in a single category of factors will, in aggregate, affect the development of the Long-Term Scenarios. The CAISO will only utilize factors which it determines are likely to have a measurable effect Long-Term Regional Transmission Needs. Where factors may have overlapping

effects on the planning assumptions, the CAISO will avoid double counting the effect that those factors have on assumptions used to develop Long-Term Scenarios. Where there is overlap between categories (a)-(c) and (d)-(g), or a factor could be considered in a category in the first three or the second four, the CAISO will consider it in the appropriate category (a)-(c).

24.11.1.2 Accounting for Factors

In the development of the Long-Term Scenarios, the CAISO will account for the factors that it has determined are likely to affect Long-Term Regional Transmission Needs and will make a determination as to how that factor is likely to affect Long-Term Regional Transmission Needs.

For categories of factors listed in 24.11.1.1(a)-(c), the CAISO will assume that legally binding obligations are followed, state-approved integrated resource plans are followed, and expected supply obligations for load-serving entities are fully met. The CAISO will account for and be consistent with, and not discount, factors in the first three categories. When the CAISO determines that a factor that is based on state's law, regulation, or policy, is likely to affect needs, the CAISO will rely on the state in determining how to account for such a state-related factor.

For categories of factors listed in 24.11.1.1(d)-(g) the CAISO will use discretion in how to account for each factor and may put more weight on the factor by modeling more than the projected change in some or all Long-Term Scenarios to reflect the CAISO's view regarding the likelihood that the anticipated effects on Long-Term Regional Transmission Needs due to that factor will occur.

24.11.1.3 Stakeholder Input – Factors to be Used in Long-Term Scenarios

- (a) In accordance with the schedule set forth in the Business Practice Manual, the CAISO will provide stakeholders with a meaningful opportunity to propose factors for consideration, provide information and identify sources of best available data, propose how a factor may affect Long-Term Regional Transmission Needs, and explain how that factor could be reflected in the development of Long-Term Scenarios, including the extent to which it is appropriate to discount the effects of certain factors on Long-Term Regional Transmission Needs. The CAISO will provide a comment period during which stakeholders may submit proposals for consideration in the development of the factors under the categories of factors included in Section 24.11.1.2. Stakeholders may also

propose which future outcomes are probable and can be captured through assumptions made in the development of Long-Term Scenarios.

(b) Following review of relevant information, including stakeholder comments submitted pursuant to Section 24.11.1.3(a), the CAISO will prepare and post on the CAISO Website a draft of the factors to be used in the development of the Long-Term Scenarios and a description of how they will be utilized. The CAISO will issue a Market Notice announcing the availability of such draft, soliciting comments, and scheduling a public conference(s) as required by Section 24.11.1.3(c):

(c) No less than one (1) week subsequent to the posting of the draft factors, the CAISO will conduct a minimum of one (1) public meeting open to all stakeholders to review, discuss, and recommend modifications to the draft factors. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice;

(d) Interested parties will be provided a minimum of two (2) weeks following the first public meeting to provide additional comments on the draft factors. All comments on the draft factors will be posted by the CAISO to the CAISO Website;

(e) The CAISO will determine and publish to the CAISO Website the final factors pursuant to Section 24.11.1.4 and how the CAISO will account for each specific factor in accordance with the procedures set forth in the Business Practice Manual.

24.11.1.4: Posting of Factors

Following the public meeting(s) described in Section 24.11.1.3, and under the schedule set forth in the Business Practice Manual, the CAISO will publish on CAISO Website: (1) the list of factors in each of the seven required categories the CAISO will account for in each of its Long-Term Scenarios; (2) a description of each factor the CAISO will account for; (3) a general statement explaining how the CAISO will account for each of those factors; (4) a description of the extent to which the CAISO will discount any factors in factor categories (d)-(g) in any of the Long-Term Scenarios; and (5) list of factors the CAISO considered but did not incorporate.

24.11.1.5: Specificity of Data Inputs

The CAISO will use best available data inputs that correspond to the factors likely to affect Long-Term Regional Transmission Needs and when developing Long-Term Scenarios. Such data inputs are timely, developed using best practices and diverse and expert perspectives, and adopted in consultation with stakeholders under Section 24.11.1.3. Data inputs will be updated, as necessary, each time the CAISO reassesses and revises its Long-Term Scenarios.

The CAISO will publicly disclose, subject to any applicable confidentiality protections, information and data inputs that the CAISO will use to create each Long-Term Scenario.

24.11.1.6: Sensitivities for High-Impact, Low-Frequency Events

The CAISO will develop at least one sensitivity, applied to each Long-Term Scenario when performing the evaluation assessments, to account for uncertain operational outcomes that determine the benefits of and/or need for transmission facilities during multiple concurrent and sustained generation and/or transmission Outages due to an extreme weather event across a wide area.

The CAISO may develop additional sensitivities to account for other high-impact, low frequency events as the CAISO deems necessary.

24.11.2 ~~Not Used~~ Measurement of Benefits

The CAISO's Long-Term Regional Transmission Plan will measure and use the following seven benefits for any transmission projects identified by the CAISO, for use in the evaluation of Long-Term Scenarios as described in Section 24.11.3:

1. Reduced costs of avoided or delayed transmission investment otherwise required to address reliability needs or replace aging transmission facilities. The CAISO will measure this benefit as the reduction in investment costs due to avoided or deferred reliability transmission facilities and aging infrastructure.
2. Either (a) reduced loss of load probability, defined as the reduced frequency of loss of load events by providing additional pathways for connecting generation resources with load (if planning reserve margin is constant), or (b) reduced planning reserve margin (PRM), defined as a benefit of reduced capital cost of generation needed to meet resource adequacy requirements while holding loss of load probabilities constant. The CAISO will measure this benefit as either the reduction in

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frequency of loss of load events or the reduction in planning reserve margins while holding loss of load probabilities constant. The CAISO will determine which benefit to be measured during the Long-Term Regional Planning process consistent with its Long-Term Regional Transmission Need(s).

3. Reduction in production costs, including savings in fuel and other variable operating costs of power generation, that are realized when transmission facilities allow for the increased dispatch of suppliers that have lower incremental costs of production, displacing higher-cost supplies as well as reduction in market prices as lower-cost suppliers set market clearing prices. The CAISO will measure this benefit as the reduction in production costs using production cost modeling simulations.
4. Reduced total energy necessary to meet demand stemming from reduced energy losses incurred in transmittal of power from generation to loads. The CAISO will measure this benefit as the reduction in the amount of total energy and transmission energy losses incurred in transmittal of power from generation to loads using production cost modeling simulations.
5. Reduced production costs during transmission Outages that significantly increase transmission congestion. The CAISO will measure this benefit as the reduction in congestion costs during transmission outages that significantly increase transmission congestion using production cost modeling simulations.
6. Reduced production costs and reduced loss of load (or emergency procurements necessary to support the system), including due to increased Interregional Transfer Capability, during extreme weather events and unexpected system conditions, such as unusual weather conditions or fuel shortages that result in multiple concurrent and sustained generation and/or transmission outages. The CAISO will measure this benefit as reduced production costs, and loss of load, and increase in interregional transfer capability during extreme weather events and unexpected system conditions.
- 4.7. Reduced energy losses during peak load reduces generation capacity investment needed to meet the peak load and transmission losses. The CAISO will measure this benefit as reduction in generation capacity investment due to reduced energy losses during peak load.

24.11.3 ~~[Not Used]~~ Evaluation of Long-Term Scenarios

The CAISO's evaluation process and selection criteria aim to ensure the more efficient or cost-effective Long-Term Regional Transmission Facilities are selected to address needs. The CAISO will identify one or more facilities that addresses each identified need.

In accordance with the Study Plan and with the procedures and schedules in the Business Practice Manual, the CAISO will perform assessments necessary to evaluate scenarios and sensitivities developed in accordance with section 24.11.1 for its Long-Term Regional Transmission Plan and determine the need for Long Term Regional Transmission Facilities. According to the schedule set forth in the applicable Business Practice Manual, the CAISO will post the preliminary results of its assessments on the CAISO Website. The CAISO's preliminary assessment results shall be posted not less than one-hundred and twenty (120) days after the Study Plan is published.

Determination of transmission solutions to be included in the Long-Term Regional Transmission Plan will be based on the CAISO's assessments, consideration of potential transmission solutions and non-transmission or generation alternatives proposed by stakeholders, coordination with Participating Transmission Owners including identifying opportunities for right-sizing replacement transmission facilities in accordance with section 24.11.3.2, measurement of benefits in accordance with section 24.11.2 and selection criteria in accordance with section 24.11.3.3.

24.11.3.1 Stakeholder Proposals for Transmission Solutions

As part of the CAISO's Long-Term Regional Transmission Planning evaluation process and in accordance with the schedule set forth in the applicable Business Practice Manual, nonincumbent developers will be given the opportunity to propose transmission facilities following the publication of the CAISO's preliminary assessment results on the CAISO Website in accordance with section 24.11.3.

Any proposed projects will be evaluated in the same manner and compared in a not unduly discriminatory and preferential manner with the proposed right sized replacement facilities described in section 24.11.3.2.

Commented [JB1]: Per paragraph 1681 of Order No. 1920.

24.11.3.2 Opportunities to Right-Size Replacement Transmission Facilities

As part of the Long-Term Regional Transmission Planning evaluation process, the CAISO will evaluate whether facilities (1) operating at or above 200 kV, and (2) that the Participating Transmission Owner that owns the facility anticipates replacing "in-kind" with a new transmission facility during the next ten years can be "right-sized" to more efficiently or cost-effectively address a Long-Term Transmission Need. The CAISO and Participating TOs will coordinate on any such existing facilities following the publication of the CAISO's preliminary assessment results on the CAISO website in accordance with section 24.11.3

(Right-sized) transmission facility is only a new transmission facility that: (1) would meet the need to replace an existing transmission facility that a transmission provider has identified in its in-kind replacement estimate as one that it plans to replace with an in-kind replacement transmission facility which also addressing a Long-Term need; (2) results in more than incidental increase in the capacity of an existing transmission facility that a transmission provider has identified for replacement in its in-kind replacement estimate; and (3) is located in the same general route as, and/or uses or expands the existing rights-of-way of, the existing transmission facility that a transmission provider has identified for replacement in its in-kind replacement estimate.

The "right-sized" replacement transmission facility will be evaluated in the same manner as any other proposed Long Term Regional Transmission Facility to determine whether it is the more efficient or cost effective transmission facility to address the transmission need. The evaluation and selection process between the "right-sized" transmission facility and other alternatives in the planning process will be not unduly discriminatory or preferential.

Commented [JB2]: Per paragraph 1679 of FERC Order No. 1920.

Commented [JB3]: Per paragraph 1681 of Order No. 1920.

24.11.3.3 Selection Criteria

The CAISO will use selection criteria to guide its determination of whether to select any facilities in the Long-Term Regionally Transmission Planning process for development. The CAISO will perform the evaluation with the aim to ensure that more efficient or cost-effective transmission facilities are selected in the regional transmission plan for purposes of cost allocation and while seeking to

maximize benefits accounting for costs over time without over-building transmission facilities. In order for the CAISO to consider a facility for selection the facility must:

_____ (a) Must have measurable benefits across the majority of the seven categories of benefits in at least one scenario in accordance with section 24.11.2; and

_____ (b) Must have a BCR of 1.00 or higher in at least one scenario.

The CAISO may select a transmission facility under its Long-Term Regional Transmission Planning process if the facility is net beneficial in more than one Long-Term Scenario and sensitivity analyses even if other transmission facilities have a higher benefit-cost ratio or provide more net benefits in a single Long-Term Scenario or particular sensitivity.

24.11.4 Selection of Long-Term Regional Facilities and Conclusion of Long-Term Planning Cycle

No later than three years following the beginning of the planning cycle and following the publication of the preliminary assessment results, the CAISO will determine whether to select or not select identified facilities based on the selection criteria in Section 24.11.3. The CAISO will post on the CAISO Website the specific determinations explaining why each identified facility was or was not selected. Simultaneous with the posting of the final determinations, the CAISO will include in a Market Notice a notice triggering the start of the voluntary funding opportunity open window, consistent with Section 24.11.5.1. The conclusion of that open window and, if applicable, the memorialization of any proposal for voluntary funding will conclude the Long-Term Regional Transmission Planning cycle.

With the exception of right-sized replacement transmission facilities which will be subject to a federal right of first refusal, Long-Term Regional Transmission Facilities will be eligible for competitive solicitation. Consistent with the alignment schedule, projects eligible for competitive solicitation will go through the Phase 3 process in Section 24.5.

The federal right of first refusal for the right-sized replacement transmission facility only applies to the new Long-Term Planning process and any such federal right of first refusal must satisfy the definition of a right-sized replacement transmission facility.

Commented [JB4]: Per paragraph 1681 of Order No. 1920.

24.11.5 Cost Allocation for Long-Term Regional Transmission Solutions

Cost responsibility for transmission additions or upgrades selected in the Long-Term Regional

Transmission Planning process will be determined pursuant to Section 24.14. Transmission developers selected, whether incumbent or nonincumbent, will be eligible to use the applicable cost allocation method.

24.11.5.1 Voluntary Funding Opportunity

Relevant State Entities and Interconnection Customers will have the opportunity to voluntarily fund the cost of, or a portion of the cost of, a Long-Term Regional Transmission Facility that otherwise would not meet the CAISO's selection criteria. After the final selection of facilities is published pursuant to 24.11.4, entities interested in pursuing a voluntary funding opportunity may propose to the CAISO a framework for a specific facility during the two months following notice. The CAISO will evaluate whether the proposal reduces the cost of the facility to CAISO ratepayers and eliminates other deficiencies in the CAISO's original benefits evaluation in order to meet the selection criteria identified in Section 24.11.3.3. To the extent that the proposal allows the facility to meet the selection criteria, the CAISO may, but is not required to, move forward with seeking CAISO Governing Board approval for any such project and proposal.

In order to move forward, the voluntary funding proposal must mitigate all operational concerns identified by the CAISO to the satisfaction of the CAISO. To ensure that the funding parties are financially able to pay the construction and operating costs of the facility, the CAISO may require (1) a demonstration of creditworthiness (e.g., an appropriate credit rating), or (2) sufficient security in the form of an unconditional and irrevocable letter of credit or other similar security sufficient to meet its responsibilities and obligations for the proposed partial or full costs of the facility.

The CAISO and the funding parties will memorialize the proposal through the execution of an agreement between the CAISO and the funding parties. Pursuing voluntary funding does not automatically confer any particular rights or preferences to the funding parties beyond those awarded to a Project Sponsor for a Merchant Transmission Facility pursuant to Section 24.14.3. Any such proposed rights must be included in any proposal for the CAISO to consider in its evaluation.

24.11.6 Reevaluation of Long-Term Regional Transmission Solutions

Under specific circumstances and utilizing the specific criteria outlined in Section 24.11.6, the CAISO will reevaluate specific facilities that were previously selected in the Long-Term Regional Transmission

Planning cycle until the date at which substantial procurement must take place to meet the requested in-service date for that particular facility, to be specifically memorialized in any Approved Project Sponsor Agreement or similar agreement, after which the facilities will no longer be subject to reevaluation.

24.11.6.1 Reevaluation Triggering Circumstances and Criteria

The CAISO will reevaluate Long-Term Regional Transmission Facilities that were previously selected when one of the following circumstances exists for a specific project:

- (a) delays in the development of a previously selected Long-Term Regional Transmission Facility would jeopardize the CAISO's ability to meet its reliability needs or reliability-related service obligations;
- (b) the actual or project costs of a previously selected Long-Term Regional Transmission Facility significantly exceed cost estimates used in the selection of the facility by 10% or more; or
- (c) significant changes in federal, federally-recognized Tribal, state, or local laws or regulations cause reasonable concern that a previously selected facility may no longer meet the selection criteria.

In order to determine when one of these three situations occurs, thereby triggering the reevaluation, the CAISO will monitor the development activities of each Long-Term Regional Transmission Facility, including but not limited to, by requiring quarterly reports from developers of such facilities to determine if:

- (1) the project is experiencing delays which will result in the inability to meet the requested in-service date, in which case the CAISO will evaluate whether this delay jeopardizes the CAISO's ability to meet reliability needs or reliability-related service obligations prior to triggering a reevaluation; or
- (2) actual or projected costs exceed 10% of estimated costs; or
- (3) the CAISO becomes aware of a significant change in federal, federally-recognized Tribal, state, or local laws or regulations, in which case the CAISO will evaluate whether such change in law or regulation causes reasonable concern that a previously selected facility may no longer meet the selection criteria prior to triggering a reevaluation.

The CAISO will not reevaluate any selected facility on basis of significant changes in laws or regulations

unless during the planning cycle in which the facility was selected, the facility's targeted in-service date was in the latter half of the 20-year planning horizon.

24.11.6.2 Process for Reevaluation

Consistent with Long-Term Regional Transmission Planning evaluation, the reevaluation will seek to maximize benefits accounting for costs over time without over-building transmission facilities.

Reevaluation on the basis of project delays, cost increases or significant changes in laws or regulations will be part of a subsequent cycle following selection and will take into account not only any updated costs of the facility but also updated benefits. Depending on the degree to which the project no longer meets the selection criteria or delays are due to the transmission developer, the CAISO may impose a mitigation plan, reassign the project, modify the facility, or remove the facility from the plan. If the CAISO finds that the project continues to meet selection criteria and any delays do not have a significant impact on meeting identified Long-Term Needs, the CAISO will take no action.

24.12 WECC and Interregional Coordination

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

24.13 Interregional Transmission Proposals in the Regional Process

Under the procedures set forth in Sections 24.3.3 and 24.4.3, the CAISO may consider potential interregional solutions to regional needs during Phase 2 of the Transmission Planning Process. Potential interregional solutions submitted to the CAISO pursuant to these sections will be evaluated on the basis of the need for the entire proposed facility as a CAISO regional solution, the costs of which would be recovered through the Transmission Access Charge if approved as part of the comprehensive Transmission Plan. A potential interregional solution found by the CAISO to meet identified regional needs will be submitted to the CAISO Board for approval in the Transmission Plan and, if approved and applicable, the Project Sponsor will be selected in accordance with the competitive solicitation process described in Section 24.5. Subsequently, the Project Sponsor may elect to have the project studied by Relevant Planning Regions other than the CAISO pursuant to section 24.18.3 and may elect to seek

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Interregional Cost Allocation per section 24.18.4. The Project Sponsor must comply with the submission requirements contained in sections 24.18.3.1 and 24.18.4.1, respectively. The CAISO may also identify an interregional solution to the Relevant Planning Regions if the CAISO believes such conceptual solution could provide benefits to the other Planning Regions.

24.13.1 [Not Used]

24.13.2 [Not Used]

24.14 Cost Responsibility for Transmission Additions or Upgrades

Cost responsibility for transmission additions or upgrades constructed pursuant to this Section 24 shall be determined ~~as follows:~~ pursuant to this Section 24.14. To the extent that the CAISO seeks to change this methodology in the future as it relates to Long-Term Regional Transmission Facilities, the CAISO will consult with Relevant State Entities prior to amending the cost responsibility methodology. For consultation initiated by the CAISO, the CAISO will document publicly on the CAISO website the results of its consultation with Relevant State Entities prior to filing any amendment. Relevant State Entities may seek for the CAISO to amend this cost responsibility method as related to Long-Term Regional Transmission Facilities, in which case the CAISO will consult with such Relevant State Entities.

24.14.1 Project Sponsor Commitment to Pay Full Cost

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

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

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

24.14.3 CRR Entitlement for Project Sponsors Not Recovering Costs

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

of the Western Electricity Coordinating Council or its successor.

24.14.3.1 Western Path 15

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

24.14.3.2 FPL Energy, LLC

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

24.14.4 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 unscheduled Subscriber Rights,

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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.

24.15 Ownership of and Charges for Expansion Facilities

24.15.1 Transmission Additions and Upgrades under TCA

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

24.15.2 Access and Charges for Transmission Additions and Upgrades

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

24.16 Expansion by Local Furnishing Participating TOs

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

24.17 Evaluation of Interregional Transmission Projects

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In coordination with other Planning Regions and in accordance with the Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language set forth in Section 24.18, the CAISO will assess whether proposed Interregional Transmission Projects provide more cost effective or efficient solutions to regional transmission needs than proposed regional solutions and should be included in the comprehensive Transmission Plan. The CAISO's evaluation will generally be conducted in a two year evaluation cycle as set forth in this section, but could be concluded earlier if all Relevant Planning Regions complete their assessments to allow an earlier decision.

24.17.1 Submission of Interregional Transmission Projects

Starting at the beginning of the first even-numbered calendar year after the effective date of this section 24.17, and at the beginning of every even-numbered year thereafter, the CAISO will initiate a submission period in which proponents may request evaluation of an Interregional Transmission Project. The date upon which the submission period begins will be as set forth in the Business Practice Manual and the CAISO will provide notice of this date to interested parties. The submission window will close on March 31. Interregional Transmission Project proponents must use the forms and satisfy the technical and other requirements set forth in the Business Practice Manual for Transmission Planning.

24.17.2 Interregional Transmission Project Assessment

During the planning cycle in which an Interregional Transmission Project is submitted, the CAISO will make a preliminary assessment as to whether the submitted project could potentially meet a regional need by eliminating or deferring the need for a regional transmission solution. The CAISO, working with its stakeholders, will then develop an initial estimate of the benefits, in dollars, of the CAISO share of the costs of the Interregional Transmission Project, determine whether it meets the regional reliability, economic, or public policy need identified by the CAISO in the transmission planning process, and use such information to determine if the Interregional Transmission Project will more cost effectively or efficiently address the regional transmission solution identified in the comprehensive Transmission Plan consistent with Tariff Sections 24.17.2 and 24.17.3. The CAISO determination will consider and compare the benefits and costs of the regional transmission solution and the estimated CAISO benefits and CAISO costs of the Interregional Transmission Project which eliminates or defers the regional need consistent with Tariff Section 24.4.6.7 and the applicable Business Practice Manual. If the Interregional

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Transmission Project could potentially meet a regional need more cost-effectively and efficiently than the regional transmission solution and the project proponent has properly requested Interregional Cost Allocation from each Relevant Planning Region, the CAISO will confer with the Relevant Planning Regions, consistent with Section 24.18.4, to determine the assignment of Interregional Transmission Project costs to the CAISO. Based on this initial assessment of Interregional Transmission Project benefits, the CAISO cost share assignment and the urgency of the need for a regional transmission solution, the CAISO will determine whether to further evaluate the project during the next planning cycle. Should the CAISO determine that the need for the regional solution is not urgent, the CAISO will defer approval of the regional solution until the Interregional Transmission Project assessment is concluded in the second cycle.

24.17.3 Selection in the Comprehensive Transmission Plan

During the second planning cycle after an Interregional Transmission Project is submitted, the CAISO will conduct a more in-depth analysis of the Interregional Transmission Project which will include a consideration of the timing in which a regional solution is needed and the likelihood that the proposed Interregional Transmission Project will be constructed and operational in the same timeframe as the regional solution. The CAISO will also determine the regional benefits of the Interregional Transmission Project to the CAISO that shall be used for purposes of allocating any costs of the Interregional Transmission Project to the CAISO. The CAISO shall determine those regional benefits to the CAISO, in dollars, by calculating (1) the net cost (cost of regional transmission solution minus its economic benefits determined in accordance with Tariff Section 24.4.6.7 and the applicable Business Practice Manual) for which it eliminates or defers the regional need, plus (2) the regional economic benefits of the Interregional Transmission Project determined in accordance with Tariff Section 24.4.6.7 and the applicable Business Practice Manual. If the CAISO determines that the proposed Interregional Transmission Project is a more efficient or cost effective solution to a regional need and the Interregional Transmission Project can be constructed and operational in the same timeframe as the regional solution, the CAISO will identify such facility as the preferred solution and recommend it for approval by the CAISO Governing Board in the comprehensive Transmission Plan. The CAISO will also identify the regional transmission additions or upgrades that were initially identified but were eliminated by selecting the Interregional Transmission

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Project. Once an Interregional Transmission Project has been selected in the CAISO comprehensive Transmission Plan and the transmission plans of all Relevant Planning Regions, the CAISO will seek to coordinate with the project proponent, the other Relevant Planning Regions and all affected transmission providers to address project implementation issues, including, project financing, cost overruns, ownership and construction, operational control, scheduling rights and other matters related to the Interregional Transmission Project.

24.17.4 Interregional Transmission Project Cost Recovery

The designated owner of the Interregional Transmission Project shall recover the CAISO's assigned share of the Interregional Transmission Project costs through its Regional Transmission Revenue Requirement as approved by FERC.

24.17.5 Monitoring the Status of Interregional Transmission Projects

The CAISO will monitor the progress of an Interregional Transmission Project selected in the comprehensive transmission plan to meet regional needs with regard to the status of the project owner, financing, permitting, construction, and other milestones pertinent to the completion and commercial operation date of the Interregional Transmission Project. Such monitoring may include a request for periodic reports from the project sponsor and the Relevant Planning Region or affected transmission provider who are sharing the costs of the project. The CAISO shall make available to all Participating TOs with which the project interconnects all information about the status of the project and its progress towards completion and energization. As necessary, the CAISO will hold a call with such Participating TO to review whether the project completion date for the Interregional Transmission Project owner can reasonably be expected to be met and to review any other items of concern to either the CAISO or the Participating TO.

24.17.6 Delay in Interregional Transmission Project In-Service Date

If the CAISO determines that the Interregional Transmission Project completion and energization date has been delayed beyond the date upon which the regional transmission solution was found to be needed, the CAISO shall issue a Market Notice stating that it is necessary for the CAISO, the Interregional Transmission Project owner and the applicable Participating TO to develop a plan to address potential NERC Reliability Standards violations as set forth in Section 24.6.3 as well as any other

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issues that may be of material concern to the CAISO or Participating TO. If the potential NERC Reliability Standards violations or other issues of material concern cannot be promptly and adequately addressed, the CAISO shall reconsider the need for a regional solution and identify a regional solution to supplant the Interregional Transmission Project. The CAISO will use its best efforts to identify such a regional solution during the planning cycle in which the CAISO determined that the Interregional Transmission Project would not be completed and energized in the identified timeframe to meet the regional need originally identified in the comprehensive Transmission Plan. The regional solution may consist of the same transmission elements that were originally identified in the comprehensive Transmission Plan in which the Interregional Transmission Project was selected, or it may be a different transmission or non-transmission solution.

24.18 Order 1000 Common Interregional Tariff

24.18.1 Annual Interregional Information Exchange

Annually, prior to the Annual Interregional Coordination Meeting, the CAISO will make available by posting on its website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in the CAISO's transmission planning region and potential solutions thereto:

- (i) study plan or underlying information that would typically be included in a study plan, such as:
 - (a) identification of base cases;
 - (b) planning study assumptions; and
 - (c) study methodologies;
- (ii) initial study reports (or system assessments); ~~and~~
- (iii) regional transmission plan; and
- (iv) Information regarding Long-Term Regional Transmission Needs:
 - the Long-Term Regional Transmission Needs discussed in the interregional transmission coordination meetings;
 - any interregional transmission facilities proposed or identified in response to

Long-Term Regional Transmission Needs:

- the voltage level, estimated cost, and estimated in-service date of the interregional transmission facilities proposed or identified as part of Long-Term Regional Transmission Planning;
- the results of any cost-benefit evaluation of such interregional transmission facilities, with such results including both any overall benefits identified (which may occur across multiple transmission planning regions), as well as any benefits particular to each transmission planning region; and
- the interregional transmission facilities, if any, selected to meet Long-Term Regional Transmission Needs.

(collectively referred to as “Annual Interregional Information”).

The CAISO will post its Annual Interregional Information on its website according to its regional transmission planning process. Each other Planning Region may use in its regional transmission planning process the CAISO’s Annual Interregional Information. The CAISO may use in its regional transmission planning process Annual Interregional Information provided by other Planning Regions. The CAISO is not required to make available or otherwise provide to any other Planning Region (i) any information not developed by the CAISO in the ordinary course of its regional transmission planning process, (ii) any Annual Interregional Information to be provided by any other Planning Region with respect to such other Planning Region, or (iii) any information if the CAISO reasonably determines that making such information available or otherwise providing such information would constitute a violation of the Commission’s Standards of Conduct or any other legal requirement. Annual Interregional Information made available or otherwise provided by the CAISO shall be subject to applicable confidentiality and CEI restrictions and other applicable laws, under the CAISO’s regional transmission planning process.

24.18.2 Annual Interregional Coordination Meeting

The CAISO will participate in an Annual Interregional Coordination Meeting with the other Planning Regions. The CAISO will host the Annual Interregional Coordination Meeting in turn with the other Planning Regions, and is to seek to convene such meeting in February, but not later than March 31st June 30th. The Annual Interregional Coordination Meeting is to be open to stakeholders. The CAISO will

provide notice of the meeting to its stakeholders in accordance with its regional transmission planning process.

At the Annual Interregional Coordination Meeting, topics discussed may include the following:

- (i) each Planning Region's most recent Annual Interregional Information (to the extent it is not confidential or protected by CEII or other legal restrictions);
- (ii) identification and preliminary discussion of interregional solutions, including conceptual solutions, that may meet regional transmission needs or Long-Term Regional Transmission Needs in each of two or more Planning Regions more cost effectively or efficiently ~~;~~ and
- (iii) updates of the status of ITPs being evaluated or previously included in the CAISO's comprehensive transmission plan ; and
- (iv) information regarding respective Long-Term Regional Transmission Needs as well as Long-Term Regional Transmission Facilities to meet those needs.

24.18.3 Interregional Transmission Project Joint Evaluation Process

24.18.3.1 Submission Requirements

A proponent of an Interregional Transmission Project may seek to have its Interregional Transmission Project jointly evaluated by the Relevant Planning Regions pursuant to Section 24.18.3.2 by submitting the Interregional Transmission Project into the regional transmission planning process of each Relevant Planning Region in accordance with such Relevant Planning Region's regional transmission planning process and no later than March 31st of any even-numbered calendar year. Such proponent of an Interregional Transmission Project seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region must submit the Interregional Transmission Project to each such Planning Region in accordance with such Planning Region's regional transmission planning process. In addition to satisfying each Relevant Planning Region's information requirements, the proponent of an Interregional Transmission Project must include with its submittal to each Relevant Planning Region a list of all Planning Regions to which the Interregional Transmission Project is being submitted.

24.18.3.2 Joint Evaluation of an Interregional Transmission Project

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For each Interregional Transmission Project that meets the requirements of Section 24.18.3.1, the CAISO (if it is a Relevant Planning Region) will participate in a joint evaluation by the Relevant Planning Regions that is to commence in the calendar year of the Interregional Transmission Project's submittal in accordance with Section 24.18.3.1, or the immediately following calendar year. With respect to any such Interregional Transmission Project, the CAISO (if it is a Relevant Planning Region) will confer with the other Relevant Planning Region(s) regarding the following:

- (i) Interregional Transmission Project data and projected Interregional Transmission Project costs; and
- (ii) the study assumptions and methodologies it is to use in evaluating the Interregional Transmission Project pursuant to its regional transmission planning process.

For each Interregional Transmission Project that meets the requirements of Section 24.18.3.1, the CAISO (if it is a Relevant Planning Region):

- (a) will seek to resolve any differences it has with the other Relevant Planning Regions relating to the Interregional Transmission Project or to information specific to other Relevant Planning Regions insofar as such differences may affect the CAISO's evaluation of the Interregional Transmission Project;
- (b) will provide stakeholders an opportunity to participate in the CAISO's activities under this Section 24.18.3.2 in accordance with its regional transmission planning process and the Long-Term Regional Transmission Planning process;
- (c) will notify the other Relevant Planning Regions if the CAISO determines that the Interregional Transmission Project will not meet any of its regional transmission needs or Long-Term Regional Transmission Needs; thereafter the CAISO has no obligation under this Section 24.18.3.2 to participate in the joint evaluation of the Interregional Transmission Project; and
- (d) will determine under its regional transmission planning process if such Interregional Transmission Project is a more cost effective or efficient solution to one or more of the CAISO's regional transmission needs.

24.18.4 Interregional Cost Allocation Process

24.18.4.1 Submission Requirements

For any Interregional Transmission Project that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with Section 24.18.3.1, a proponent of such Interregional Transmission Project may also request Interregional Cost Allocation by requesting such cost allocation from the CAISO and each other Relevant Planning Region in accordance with its regional transmission planning process. The proponent of an Interregional Transmission Project must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

24.18.4.2 Interregional Cost Allocation Process

For each Interregional Transmission Project that meets the requirements of Section 24.18.4.1, the CAISO (if it is a Relevant Planning Region) is to confer with or notify, as appropriate, any other Relevant Planning Region(s) regarding the following:

- (i) assumptions and inputs to be used by each Relevant Planning Region for purposes of determining benefits in accordance with its regional cost allocation methodology, as applied to Interregional Transmission Projects;
- (ii) the CAISO's regional benefits stated in dollars resulting from the Interregional Transmission Project, if any; and
- (iii) assignment of projected costs of the Interregional Transmission Project (subject to potential reassignment of projected costs pursuant to Section 24.18.5.2 below) to each Relevant Planning Region using the methodology described in this section 24.18.4.2.

For each Interregional Transmission Project that meets the requirements of Section 24.18.4.1, the CAISO (if it is a Relevant Planning Region):

- (a) will seek to resolve with the other Relevant Planning Regions any differences relating to Interregional Transmission Project data or to information specific to other Relevant Planning Regions insofar as such differences may affect the CAISO's analysis;
- (b) will provide stakeholders an opportunity to participate in the CAISO's activities under this

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Section 24.18.4.2 in accordance with its regional transmission planning process;

- (c) will determine its regional benefits, stated in dollars, resulting from an Interregional Transmission Project; in making such determination of its regional benefits in the CAISO's region, the CAISO will use its regional cost allocation methodology, as applied to Interregional Transmission Projects;
- (d) will calculate its assigned pro rata share of the projected costs of the Interregional Transmission Project, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the Interregional Transmission Project;
- (e) will share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the Interregional Transmission Projects in its regional transmission plan for purposes of Interregional Cost Allocation; the CAISO may use such information to identify its total share of the projected costs of the Interregional Transmission Projects to be assigned to the CAISO in order to determine whether the Interregional Transmission Project is a more cost effective or efficient solution to a transmission need in the CAISO region;
- (f) will determine whether to select the Interregional Transmission Project in its regional transmission plan for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and
- (g) will endeavor to perform its Interregional Cost Allocation activities pursuant to this Section 24.18.4.2 in the same general time frame as its joint evaluation activities pursuant to Section 24.18.3.2.

24.18.5 Application of Regional Cost Allocation Methodology

24.18.5.1 Selection by All Relevant Planning Regions

If the CAISO (if it is a Relevant Planning Region) and all of the other Relevant Planning Regions select an Interregional Transmission Project in their respective regional transmission plans for purposes of Interregional Cost Allocation, the CAISO will apply its regional cost allocation methodology to the projected costs of the Interregional Transmission Project assigned to it under Sections 24.18.4.2(d) or

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24.18.4.2(e) above in accordance with its regional cost allocation methodology, as applied to Interregional Transmission Project.

24.18.5.2 Selection by at Least Two but Fewer than All Regions

If the CAISO (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the Interregional Transmission Project in their respective regional transmission plans for purposes of Interregional Cost Allocation, the CAISO is to evaluate (or reevaluate, as the case may be) pursuant to Sections 24.18.4.2(d), 24.18.4.2(e), and 24.18.4.2(f) above whether, without the participation of the non-selecting Relevant Planning Region(s), the Interregional Transmission Project is selected (or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many times as necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

If following such evaluation (or reevaluation), the number of selecting Relevant Planning Regions does not change and the Interregional Transmission Project remains selected for purposes of Interregional Cost Allocation in the respective regional transmission plans of the CAISO and at least one other Relevant Planning Region, the CAISO will apply its regional cost allocation methodology to the projected costs of the Interregional Transmission Project assigned to it under Sections 24.18.4.2(d) or 24.18.4.2(e) above in accordance with its regional cost allocation methodology, as applied to Interregional Transmission Projects.

New Definitions for Appendix A:

- Assumptions Meeting

As part of the comprehensive Transmission Planning Process, a stakeholder meeting to review the criteria, assumptions, and models related to local and regional transmission planning.

-In-Kind Replacement Facility

For purposes of the right-sizing reform, an in-kind replacement facility is a new transmission facility that: (1) would replace an existing transmission facility that the transmission provider has identified in its required 10-year in-kind replacement estimate as needing to be replaced; (2) would result in no more than incidental increase in capacity over the existing transmission facility identified as needed to be replaced; and (3) is located in the same general route as, and/or uses the existing rights-of-way of, the existing transmission facility identified as needing to be replaced.

Commented [JB5]: Consistent with Paragraph 1678 (and footnote 3613) of Order No. 1920.

- Long-Term Regional Transmission Facility

Regional transmission facility that is identified as part of Long-Term Regional Transmission Planning to address Long-Term Regional Transmission Needs.

- Long-Term Regional Transmission Need(s)

Transmission needs identified through Long-Term Regional Transmission Planning by, among other things, running scenarios and considering the enumerated categories of factors.

- Long-Term Regional Transmission Plan The report prepared by the CAISO, pursuant to Section 24, which documents the outcome of the Long-Term Regional Transmission Planning Process as defined in the Study Plan.

- Long-Term Regional Transmission Planning

Regional transmission planning on a 20 year, forward-looking, and comprehensive basis to identify Long-Term Regional Transmission Needs, identify transmission facilities that meet such needs, measure the benefits of those transmission facilities, and evaluate those transmission facilities for potential selection in the regional transmission plan for purposes of cost allocation as the more efficient or cost-effective

regional transmission facilities to meet Long-Term Regional Transmission Needs.

- Long-Term Scenarios

Scenarios that incorporate various assumptions using best available data inputs about the future electric power system over a sufficiently long-term, forward-looking transmission planning horizon to identify Long-Term Regional Transmission Needs and enable the identification and evaluation of transmission facilities to meet such transmission needs.

- Needs Meeting

As part of the comprehensive Transmission Planning Process a stakeholder meeting to review identified reliability criteria violations and other transmission needs that drive the need for local or regional transmission facilities.

- Relevant State Entity

Any state entity responsible for electric utility regulation or siting electric transmission facilities within the state or portion of a state located in the transmission planning region, including any state entity as may be designated for that purpose by the law of such state.

- Solutions Meeting

As part of the comprehensive Transmission Planning Process, a stakeholder meeting to review potential solutions to reliability criteria violations and other transmission needs.

Changes to existing tariff definitions:

- **Regional Transmission Facility** A transmission facility that is owned by a Participating TO or to which a Participating TO has an Entitlement that is represented by a Converted Right, that is under the CAISO Operational Control, and that is not (1) a Local Transmission Facility or a Location Constrained Resource Interconnection Facility, and supporting facilities, (2) a Long-Term Regional Transmission Facility, or ~~(23)~~ a Merchant Transmission Facility.

- **Study Plan** The plan to be developed pursuant to Section 24.3.1, which sets forth the technical studies

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to be performed during the ~~annual~~ Transmission Planning Process.

- **Transmission Plan** The report prepared by the CAISO on annual basis, or on a biennial basis (every two years) starting in 2028, pursuant to Section 24, which documents the outcome of the comprehensive Transmission Planning Process as defined in the Study Plan.

- **Unified Planning Assumptions** The assumptions to be developed pursuant to Section 24.3.1 and used, to the maximum extent possible, in performing technical studies identified in the Study Plan as part of the Transmission Planning Process.