

# Memorandum

**To:** ISO Board of Governors  
**From:** Neil Millar, Vice President, Infrastructure & Operations Planning  
**Date:** September 27, 2024  
**Re:** **Decision on Southwest Intertie Project - North transmission plan addendum conditions and participating transmission owner application of Great Basin Transmission LLC**

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*This memorandum requires ISO Board of Governors action.*

## EXECUTIVE SUMMARY

The ISO Board of Governors at its December 14, 2023, meeting approved the inclusion of the Southwest Intertie Project – North (“Southwest Intertie Project - North”) as an addendum to the 2023-2024 Transmission Plan, subject to certain conditions. The Southwest Intertie Project - North project includes the development of a new transmission line from Midpoint, Idaho to Robinson Summit, Nevada, and certain upgrades to the existing One Nevada (“ON”) Line from Robinson Summit to Harry Allen, Nevada. The ISO seeks to fund 77.169% of the project in return for southbound and certain northbound entitlements on the resulting path from Midpoint, Idaho, through Robinson Summit to Harry Allen, Nevada, to facilitate access to wind resources in Idaho as included in the California Public Utilities Commission (CPUC) 2023-2024 base portfolio. The conditions for inclusion in the transmission plan are:

1. Idaho Power filing and receiving approval for its SWIP-related case from the Idaho Public Utilities Commission by September 30, 2024;
2. The CPUC reaffirming the need for Idaho wind in its 2024-2025 Transmission Planning Process portfolio decision;
3. Great Basin Transmission, LLC, a subsidiary of LS Power, declaring its intent to become a participating transmission owner by July 1, 2024, submission and approval of its application in accordance with the ISO tariff and Transmission Control Agreement; and

4. The Federal Energy Regulatory Commission's acceptance of Great Basin Transmission's transmission owner tariff and a transmission revenue requirement rate structure.

Management is seeking two approvals from the Board of Governors at this time:

- Approval of revisions to the first condition to consider a funding commitment with the U.S. Department of Energy as an alternative to the contractual arrangement with Idaho Power, and
- Subject to the Board of Governors approving the modification to the first condition, Management recommends approval of the Great Basin Transmission, LLC application to become a participating transmission owner.

#### Department of Energy Commitment

Since December 2023, while Great Basin Transmission, LLC has been negotiating with Idaho Power to fund the remaining 22.831% or 500 MW northbound capacity of the entitlements, the U.S. Department of Energy has signed a facilitation agreement with Great Basin Northbound, LLC (a Great Basin Transmission, LLC affiliate and subsidiary of LS Power Transmission, LLC) for the same northbound capacity entitlements pursued by Idaho Power. Great Basin Transmission Northbound, LLC is owned by LS Power Transmission, LLC and owns 22.831% of the SWIP - North project and the northbound entitlements contracted to Department of Energy, while Great Basin Transmission, LLC will own 77.169% of the SWIP - North project, and associated southbound and northbound entitlements being turned over to the ISO's operational control. This facilitation agreement with Great Basin Transmission Northbound, LLC will allow Great Basin Transmission, LLC to commence the project sooner than the time Idaho Power needs to fulfill the conditions included in the December motion. The intent of the Department of Energy grant is to initially fund the project and then sell the entitlements to a utility, including potentially Idaho Power.

Management requests the Board revise the first condition for inclusion of the project in the 2023-2024 Transmission Plan to reference Department of Energy funding, and thus consider the first condition met.

***Moved, that the ISO Board of Governors revise the conditions approved at the December 14, 2023 meeting to allow the first condition be met by the Department of Energy funding in place of Idaho Power's involvement, with the other three conditions remaining unchanged.***

### Participating Transmission Owner Application

In June 2024, Great Basin Transmission, LLC (“Great Basin”) submitted an application to become a participating transmission owner with respect to: (a) 1,117.5 MW entitlements Great Basin holds on SWIP - North and the ON line southbound from Idaho and, (b) 572.5 MW Great Basin holds on SWIP - North and the ON Line northbound to Idaho. The cost of the project is \$1,230 million in nominal dollars, excluding financing costs and allowance for funds used during construction including various cost containment measures. In accordance with the procedures established by the Transmission Control Agreement and the ISO tariff, Management reviewed the Great Basin application, and the stakeholder comments submitted Great Basin satisfies all elements of the process to become a participating transmission owner applicable at this time. Great Basin will execute the SWIP – North Agreement to establish the requirements during construction and is expected to satisfy all others requirements prior to execution of the Transmission Control Agreement.<sup>1</sup> Accordingly, Management requests that the Board of Governors approve the ISO’s acceptance of the Great Basin application. Subject to this approval, Great Basin will become a participating transmission owner upon effectiveness of the Transmission Control Agreement and the FERC acceptance of Great Basin transmission owner tariff and transmission revenue requirement – the fourth condition.

***Moved, that the ISO Board of Governors approve the ISO’s acceptance of the application of Great Basin Transmission, LLC for participating transmission owner status, conditioned on (1) Great Basin Transmission, LLC executing the Transmission Control Agreement and (2) the Federal Energy Regulatory Commission accepting a transmission owner tariff and transmission revenue requirement for Great Basin Transmission, LLC as set forth in the memorandum dated September 27, 2024.***

### **DISCUSSION AND ANALYSIS**

In accordance with the procedures established pursuant to section 4.3 of the ISO tariff and section 2 of the Transmission Control Agreement, Great Basin submitted an application on June 18, 2024, that proposed turning over operational control of Great Basin entitlement rights of SWIP - North and the ON Line to the ISO.

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<sup>1</sup> Consistent with the conditions approved by the Board in December 2023, Great Basin Transmission, LLC will need to file a Transmission Owner Tariff and a transmission revenue requirement rate that is approved by FERC.

In order for an applicant to become a participating transmission owner, sections 2.2.3 and 2.2.5 of the Transmission Control Agreement require that the ISO accept the application and permit a party to become a participating transmission owner if the ISO determines that:

- The transmission lines and associated facilities to be placed under the ISO's operational control can be incorporated into the ISO controlled grid without any material adverse impact on its reliability;
- Incorporating such transmission rights will not put the ISO in breach of applicable reliability criteria and its obligations as a member of the Western Electricity Coordinating Council;
- The ISO has no outstanding objections regarding any of the applicant's transmission facilities or entitlements;
- The applicant is capable of performing its obligations under the Transmission Control Agreement; and
- All applicable regulatory approvals of the applicant's transmission owner tariff and the transmission revenue requirement have been obtained.

Great Basin satisfies the first element because the entitlements support the Integrated Resource Planning portfolios the CPUC submitted to the ISO for study in its transmission planning process. Initially, the 2022-2023 sensitivity portfolio and 2023-2024 base portfolio and confirmed in the 2024-2025 portfolio identify 1,000 MW of Idaho wind resources to be imported into the ISO. SWIP - North is the sole known transmission project that would serve California Load Serving Entities in accessing wind resources in Idaho by 2027. The ISO's economic studies also demonstrate other economic benefits contributing to the overall value provided by the project, as set out in the transmission planning process. Great Basin satisfies the second element because the entitlement rights within the NV Energy Balancing area who already meets all the obligations and is certified and registered with the Western Electricity Coordinating Council and the North American Electric Reliability Council. The ISO will work with Great Basin and NV Energy to establish operating procedures that consistent with the entitlement rights held by Great Basin.

Great Basin satisfies the third element, as the ISO has no objection to Great Basin entitlements as they will expand the capability of receiving Idaho wind consistent with the CPUC portfolio. In addition, after posting the application for the required period, no external comments were received regarding the ISO accepting Great Basin as a participating transmission owner. Great Basin also satisfies the fourth element because Great Basin is contracted with an experienced transmission owner and operator who

will perform the obligations under the Transmission Control Agreement with respect to entitlements on Great Basin's behalf. The ISO makes the entitlements available through market awards in combination with the energy awarded in the market with different scheduling priorities through its market optimization, which is how it fulfills its role of transmission service provider and market operator. Great Basin's capacity entitlements would be subject to similar treatment, where the ISO is simply making the capacity available to ISO market participants in the same manner it makes transmission available across the broader ISO grid, resulting in the transmission being accounted for in the market optimization process and the market optimization outcome governing its eventual use. In addition, the ISO has always engaged in outage coordination in order to timely and accurately inform its market participants of transmission availability on non-ISO transmission facilities. The ISO expects to engage in a similar manner with NV Energy but does not expect to have approval or rejection rights over outage scheduling of Great Basin's capacity entitlement.

The fifth element is addressed through the conditional nature of the Board's approval. Great Basin has advised the ISO that it intends to file its transmission owner tariff and associated transmission revenue requirement with FERC. The proposed motion states that FERC acceptance of these filings is an express condition of accepting Great Basin as a participating transmission owner. If Great Basin does not complete all of these requirements, including FERC approval, then the ISO would not agree to accept Great Basin as a participating transmission owner.

In addition to establishing the contractual relationship with Great Basin during the construction of the project, the ISO developed a SWIP – North Agreement that requires Great Basin to construct, finance and own the SWIP – North. The agreement requires Great Basin provide the ISO quarterly detailed construction status reports that include the ongoing expenditure of funds for the project, permitting, procurement and construction status; the ISO reviews specifications for all major equipment to confirm that the equipment being procured is consistent with the defined specifications; Great Basin will coordinate all testing and the ISO has the right to observe the testing, and coordinates the energization of the project for operations. Great Basin will also be responsible to provide the final costs to the ISO.

To provide transparency of the SWIP – North project, Great Basin will participate in the bi-annual Transmission Development Forums and will provide a public-facing executive summary that describes project development and construction status, planned schedule for completion, actual capital costs incurred, projected costs at completion, comparison of projected costs to the project cost estimate, and an estimate of the projected allowed funds used during construction at completion that the ISO will post on its website.

## **POSITIONS OF THE PARTIES**

As required by section 2.2.2 of the Transmission Control Agreement, the ISO posted Great Basin's application for participating transmission owner status on the ISO website, and notified market participants on June 24, 2024, for a 60-day comment period ending August 23, 2024, to give interested parties an opportunity to review the application and submit comments to the ISO. The ISO did not receive any comments.

## **CONCLUSION**

Management recommends that the Board approve the revised conditions to the inclusion of the addendum to the 2023-2024 Transmission Plan to reflect Department of Energy's involvement in the project in place of Idaho Power.

Management also recommends that the Board approve the ISO's acceptance of Great Basin's application for participating transmission owner status conditioned on (i) Great Basin's execution of the Transmission Control Agreement and (ii) acceptance of Great Basin's transmission owner tariff and transmission revenue requirement by FERC. Based on the criteria set forth in the Transmission Control Agreement, Management has concluded that the application submitted by Great Basin satisfies all of the requirements for acceptance.