

Decision on competitive transmission process improvements proposal

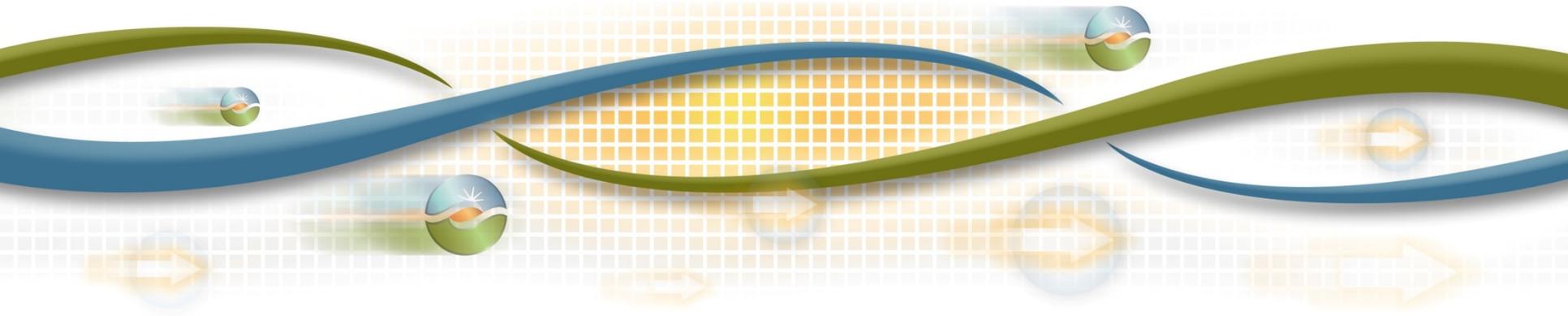
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Board of Governors Meeting

General Session

December 18-19, 2013



Management is proposing two clarifications to further support the competitive transmission process.

- Approved project sponsor only required to turn over operational control of the project it was selected to build, not its existing facilities.
 - Addresses concern expressed by transmission developers with existing facilities not under ISO operational control.
- Tariff merely requires that approved project sponsors take steps to initiate process of seeking siting approval within 120 days of being selected.
 - Potential sponsors concerned that tariff could require a completed siting application be submitted within 120 days.

Management is proposing two policy changes to further support the competitive transmission process.

- Permit approved project sponsors to recover FERC authorized, pre-participating transmission owner costs.
 - Under current tariff rules, only PTOs may recover FERC-approved costs prior to the facility being placed into service.
 - No such provision currently exists for non-PTO approved project sponsors.
- Establish a project sponsor application deposit.
 - Administering competitive process represents significant workload and cost for ISO.
 - Appropriate for project sponsors to bear cost of this process - FERC has approved such fees elsewhere.

Management recommends that the Board approve the proposal.

- Provides non-discriminatory opportunities for incumbents and non-incumbents alike.
- Facilitates greater participation in the competitive solicitation process.
- Supported by stakeholders.