



# CRRs for Merchant Transmission Upgrades

**March 23, 2007 paper is posted at:**

<http://www.caiso.com/1baa/1baab91e536b0.pdf>

**Stakeholder Meeting**

**April 3, 2007**



## Methodology for Determining CRRs for Merchant Transmission Upgrades

- **Focus is on the methodology for determining the amount and spatial configuration of CRRs to be allocated for Merchant Transmission upgrades.**
  - Transmission planning issues to be addressed at a later time.
- **Review principles for Merchant CRRs**
- **Review steps in proposed methodology**
- **Discuss key issues in this process.**
  
- **Written comments by April 6 to [CRRComments@caiso.com](mailto:CRRComments@caiso.com)**



## Methodology for Determining CRRs for Merchant Transmission Upgrades (continued)

### ■ Key Issues:

- *Impact on Existing Capacity*: how to reserve ratepayer rights to CRRs that utilize the existing transmission grid?
- *Counterflow*: Should the investor be permitted to hold counterflow CRRs to obtain incremental CRRs over more valuable paths?
- Queue for Transmission and Generation: inter-relationship with interconnection queue.

## Principles of Merchant CRRs

- **“MT sponsor” has not recovered the costs of their transmission upgrade through a regulated rate of return.**
- **MT sponsor may choose Merchant CRRs as either option CRRs or obligation CRRs.**
- **Merchant CRRs will remain effective for 30 years or the life of the project, whichever is less.**
- **The quantity and source-sink pattern of Merchant CRRs will be commensurate with the transfer capacity that the project adds to the CAISO grid.**
- **MT sponsor’s entitlement to Merchant CRRs begins when the project is energized.**

# Merchant CRR Allocation Methodology (proposed)

- **Overview of methodology**
- **Review of two-step process**
- **Optimization of Merchant CRRs**
- **Attributes of Merchant CRRs**

# Key Issues for Proposed Merchant CRR Allocation Methodology

- **Source / Sink Combinations**
- **Counterflow**
- **Impact on Existing Capacity**



## Next Steps

- **Stakeholder written comments requested by April 6 to [CRRComments@caiso.com](mailto:CRRComments@caiso.com)**
- **Basic methodology for determining upgrades to be filed at FERC on May 2.**