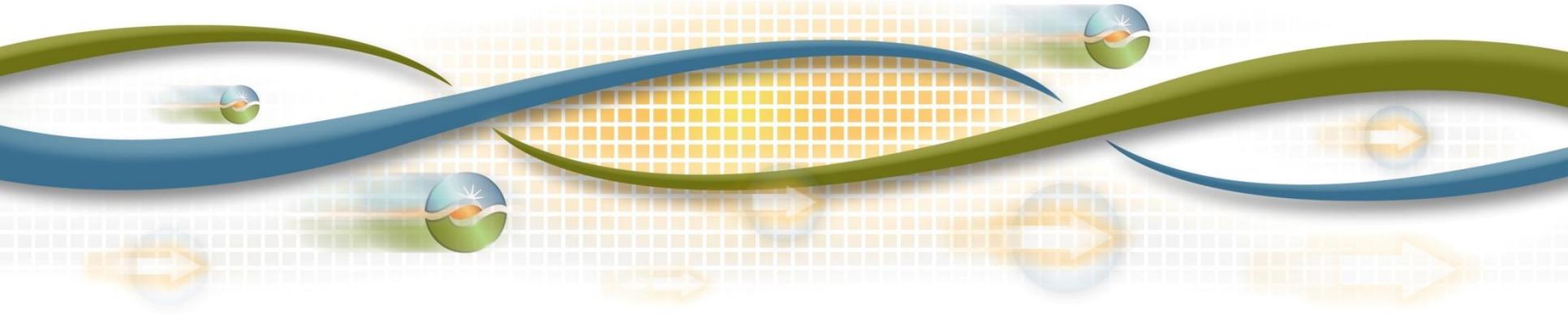


Transmission Planning Process Phase 3 Competitive Solicitation

Steve Rutty
Director, Grid Assets

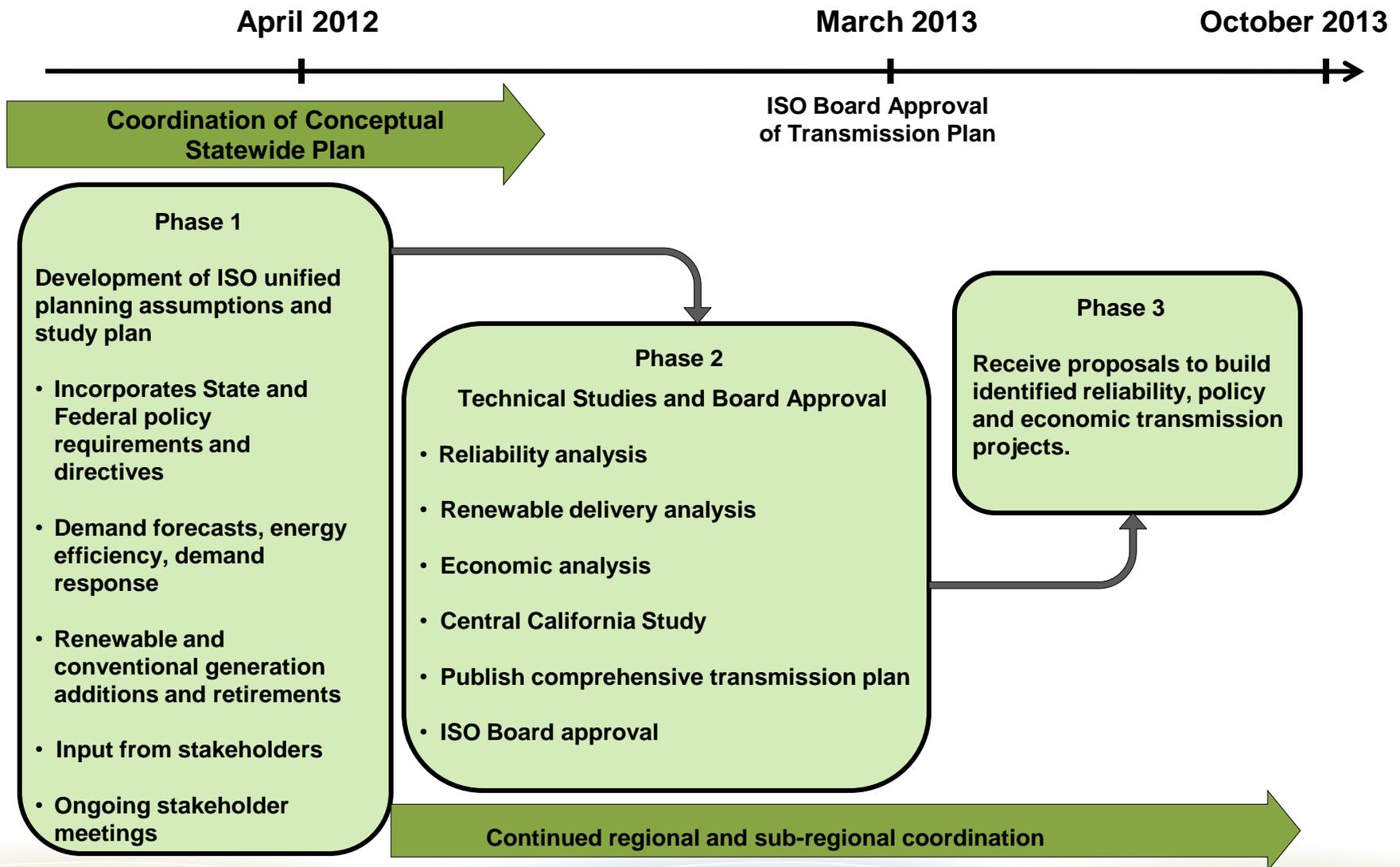
April 15, 2013



Transmission Planning Process Phase 3 - Overview of the Competitive Solicitation Process

- Process and Schedule
- Evaluation approach
- Lessons learned
- Project Discussion
- Next Steps

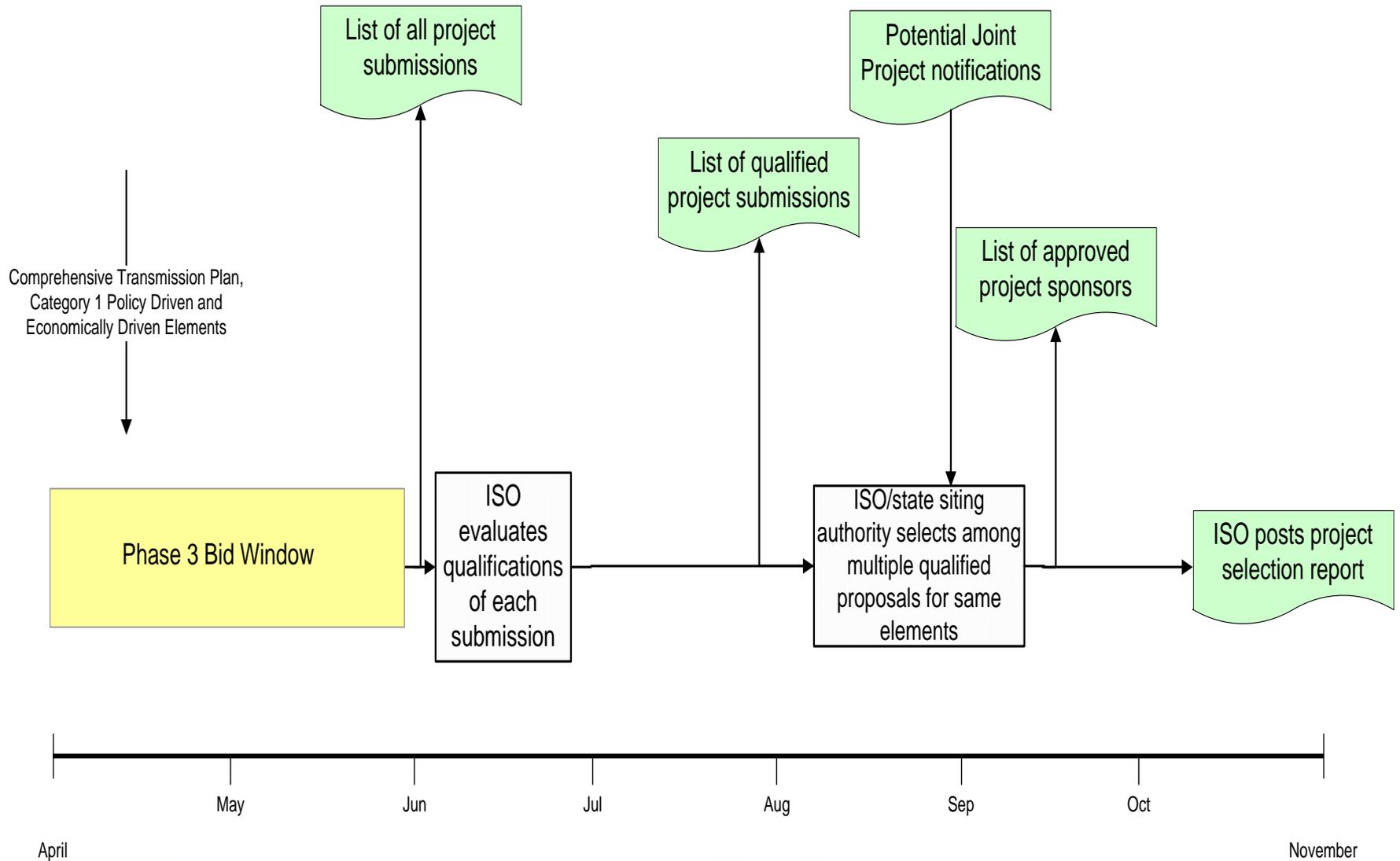
2012/2013 Transmission Planning Cycle



Projects Eligible for Competitive Solicitation

- Policy-driven or economic-driven projects.
- Reliability-driven projects providing additional policy or economic benefits.
- Approved by either:
 - the ISO Board as part of the annual comprehensive Transmission Plan, or
 - approved by ISO management if capital costs are \$50 million or less (accelerated basis).
- Excludes: (1) any elements that are upgrades to or additions on an existing facility (2) construction or ownership of facilities on an existing right-of-way or (3) construction or ownership of facilities within an existing substation.

TPP Phase 3 Schedule



Key Steps in the Solicitation and Selection Process

- 1 Post functional specifications and solicit bids
- 2 Conduct informational conference calls
- 3 Receive Project Sponsor applications
- 4 Assess whether applicants meet minimum qualifications
- 5 Post list of qualified Project Sponsors
- 6 Selection of Approved Project Sponsor
- 7 Post Approved Project Sponsor / report

Functional Specifications, Information Conference Calls, and Q&A Document

- The ISO prepares and posts functional specifications for each transmission element at beginning of bid window.
- The ISO will host an informational conference call after opening each bid window to discuss:
 - Schedules
 - Process
 - Application form
 - Functional specifications
- Potential Project Sponsors can submit questions during the bid window and the ISO will post answers on the CAISO website for all interested parties to view.

Project Sponsor Application includes the following:

1. Introduction
2. General Instructions
3. Project Sponsor, Name, and Qualifications
4. Project Finance, Project Management and Cost Containment
5. Environment and Public Processes
6. Substation
7. Transmission Line
8. Operations and Maintenance
9. Miscellaneous (additional supporting evidence)

Sections 4-9 above capture all of the Selection Factors identified in Tariff 24.5.2.4

Project Sponsor Minimum Qualification Criteria

- Proposed project is consistent with needed transmission elements identified in the Transmission Plan (BPM 5.4.1)
- Whether the proposed project satisfies applicable reliability criteria and ISO planning standards; and
- Whether the Project Sponsor is physically, technically and financially capable of:
 - i. Completing the project in a timely and competent manner; and
 - ii. Operating and maintaining the facilities consistent with good utility practice and applicable reliability criteria for the life of the project.
- The ISO will post on the website a list of Qualified Project Sponsors

Project Sponsor Selection Among Qualified Sponsors

- Single Project Sponsor is automatically selected
- Multiple Project Sponsors
 - Collaboration
 - ISO will allow an opportunity for qualified Project Sponsors to collaborate to offer a single proposal
 - Same authorized governmental body
 - The ISO will accept Project Sponsor determination by that authorized governmental body
 - Different authorized governmental bodies
 - The ISO, with assistance from an expert consultant, will select Approved Project Sponsor

ISO will use Comparative Analysis to Determine Approved Project Sponsor

- Selection based on a comparative analysis of the degree to which each Project Sponsor's proposal meets
 - Minimum qualification criteria (Application: Section 3)
 - Detailed application criteria (Application: Sections 4-9)
- Objective is essentially to determine the qualified Project Sponsor which is best able to:
 - Design, finance, license, construct;
 - Maintain, and operate the transmission element(s) in a cost-effective, prudent, reliable, and capable manner over the lifetime of the transmission element(s); while
 - Maximizing overall benefits and minimizing the risk of untimely project completion, project abandonment, and future reliability, operational and other relevant problems.

Project Sponsor Selection Factors (CAISO Tariff Section 24.5.2.4)

- a) Current and expected capabilities to finance, license, and construct the facility and operate and maintain it for the life of the project
- b) Existing rights-of-way / substations that would contribute to the project
- c) Experience in acquiring rights-of-way to facilitate approval and construction
- d) Proposed schedule and demonstrated ability meet that schedule
- e) Financial resources
- f) Technical and engineering qualifications for proposed project
- g) Previous record regarding transmission facility construction & maintenance
- h) Demonstrated capability to adhere to standardized practices
- i) Demonstrated ability to assume liability for major losses
- j) Demonstrated cost containment capability

Posting Approved Project Sponsors; and Report on Approved Project Sponsor Selection

- The ISO will post a list of the Approved Project Sponsors for each economically driven, Category 1 policy driven or reliability (with economic or policy-driven benefits) transmission element in the final comprehensive Transmission Plan
- Approximately one month after the ISO posts the list of Approved Project Sponsors, the ISO will post a detailed report regarding the selection of the Approved Project Sponsors.

Lessons Learned From The Ongoing Imperial Valley Transmission Project Competitive Solicitation

- Application validation schedule was too condensed.
 - BPM changes in process to add more time up front
- Clarified Project Sponsor application based on questions from potential Project Sponsors.
- New Project Sponsor application now has version control.

Transmission Elements for Competitive Solicitation

- Gates – Gregg 230 kV Transmission Line
 - Cost Estimate \$115 to \$145 million
 - Reliability Project with Policy & Economic Benefits
 - Improve pumping capability at Helms
 - Latest in Service Date: May, 2022
- Sycamore – Penasquitos 230 kV Transmission Line
 - Cost Estimate \$111 to \$221 million
 - Policy Project
 - Needed for deliverability of renewable generation
 - Latest in Service Date: May, 2017

Key Selection Factors (Tariff Section 24.5.2.4) for Gates-Gregg Line:

- a) Current and expected capabilities to finance, license, and construct the facility and operate and maintain it for the life of the project
- c) Experience in acquiring rights-of-way to facilitate approval and construction
- d) Proposed schedule and demonstrated ability meet that schedule
- j) Demonstrated cost containment capability

Key Selection Factors (Tariff Section 24.5.2.4) for Sycamore – Penasquitos Line:

- a) Current and expected capabilities to finance, license, and construct the facility and operate and maintain it for the life of the project
- b) Existing rights-of-way / substations that would contribute to the project
- c) Experience in acquiring rights-of-way to facilitate approval and construction
- d) Proposed schedule and demonstrated ability meet that schedule
- f) Technical and engineering qualifications for proposed project
- j) Demonstrated cost containment capability

Summary and Next Steps

- Project Sponsor application and Project Functional Specifications are now posted to the TPP webpage at:
<http://www.caiso.com/planning/Pages/TransmissionPlanning/2012-2013TransmissionPlanningProcess.aspx>
- Submit completed applications (also questions about the application) to this E mail address:
transmissioncompetitivesolicitation@caiso.com
- Sample of submitted questions matrix here:
<http://www.caiso.com/Documents/TransmissionCompetitiveSolicitationQuestionsLog.pdf>
- Completed applications due on or before June 3, 2013.
(No exceptions and no extensions)

Additional Questions?

Any further questions?