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May 15th, 2025

Dear CAISO Board of Governors:

SunZia Wind PowerCo LLC ("SunZia Wind") and SunZia Transmission LLC ("SunZia Transmission") write in support of the Subscriber Participating Transmission Owner ("SPTO") Market Scheduling Option Final Proposal ("Proposal") and appreciate CAISO's timely stakeholder process to bring the Proposal forward for your consideration.

As the Board of Governors is aware, SunZia Wind is a 3,500 MW capacity wind project under construction in New Mexico. It is also the subscriber of the SunZia Transmission system's capacity rights through New Mexico and Arizona. SunZia Wind will utilize these transmission capacity rights to deliver high-value, diverse renewable energy and resource adequacy attributes to California off-takers under long-term Power Purchase Agreements ("PPAs"). SunZia Wind will work with scheduling coordinators to optimize the use of these transmission rights and energy bids into the CAISO market.

SunZia Transmission is a nearly-completed 550-mile 3,000 MW HVDC transmission line between a new substation in central New Mexico and the Pinal Central substation in Arizona and has Transmission Service Rights (a.k.a "Entitlements") over the existing AC grid to CAISO's Palo Verde delivery point.

The Proposal is an important addition to the SPTO design because it addresses identified inefficiencies by allowing an SPTO subscriber, like SunZia Wind, the option to economically bid energy into the market, while still preserving the long-term benefits of the Entitlements provided to SPTO subscribers. This economic bidding structure is consistent with how other non-SPTO generators participate in the CAISO market today and will improve the dispatch of SunZia Wind into the broader CAISO market, decreasing curtailments across the market and ultimately serving SunZia Wind's off-takers in CAISO more effectively.

Without the Proposal before the Board of Governors today, the only way for SunZia Wind to economically bid would be to first submit an export schedule out of the CAISO Balancing Authority Area ("BAA") and then immediately afterward submit an import schedule back into the CAISO BAA. This approach is inefficient because it would require the scheduling coordinator to submit twice as many e-Tags as necessary and it would also require CAISO to verify the additional e-Tags to ensure reliable market operations.

For all of these reasons, SunZia Wind appreciates CAISO's consideration of the two options in the original straw proposal to implement a more efficient economic bidding option for SPTO subscribers and supports the Proposal's advancement of the option to convert Existing Transmission Contract ("ETC") to Congestion Revenue Rights ("CRRs").

While the appropriateness of an SPTO's Non-Subscriber Usage Rate ("NSUR"), which was approved in concept by the Board of Governors over a year ago, is not the subject of this stakeholder process, SunZia Transmission observes that the Federal Energy Regulatory Commission ("FERC") has upheld in two different Orders, that non-subscribers should not be able to use SPTO transmission for free. *See Cal. Indep. Sys. Operator Corp.*, 186 FERC ¶ 61,177, at P 52 (2024); *see also, SunZia Transmission, LLC*, 191 FERC ¶ 61,053, at P 51 (2024) (finding that the use of a non-zero NSUR, capped by the TAC, is just and reasonable and not unduly discriminatory or preferential).

SunZia Wind also recognizes that none of the costs of the SunZia Transmission system were placed into the CAISO's Transmission Access Charge ("TAC"). Consistent with the SPTO policy design and tariff, the subscriber—SunZia Wind—is paying for the cost of the transmission. A policy that would allow non-subscribers to use the SPTO transmission service for free would act as a serious disincentive for subscribers to invest in transmission.

Notwithstanding this broader support and justification for the NSUR, in order to facilitate the timely and efficient onboarding of the SunZia Wind and SunZia Transmission as CAISO's first SPTO, and in the spirit of working with the other CAISO Participating Transmission Owners, the California Public Utility Commission, and other important stakeholders, SunZia Transmission and SunZia Wind are willing to accept a temporary two-year suspension of the NSUR payments for imports into the CAISO BAA, as described in the Proposal.

Lastly, SunZia Transmission notes that the rate design of SunZia Transmission's NSUR is currently subject to settlement and hearing procedures a FERC, which could result in a lower NSUR for exports out of CAISO (and also for any potential future imports after the two-year suspension), further addressing stakeholder concerns around hypothetical impacts to the TAC.

In conclusion, SunZia Wind and SunZia Transmission again thank CAISO staff for expeditiously bringing this Proposal forward and urge the Board of Governors to approve the Proposal as the final bidding rules for SunZia Wind need to be incorporated into commercial and operational structures this summer.

Sincerely,

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