

188 FERC ¶ 61,151  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

September 3, 2024

In Reply Refer To:  
California Independent System Operator  
Corporation  
Docket No. ER24-2471-000

California Independent System Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630

Attention: Roger E. Collanton

Dear Mr. Collanton:

1. On July 5, 2024, pursuant to section 205 of the Federal Power Act,<sup>1</sup> the California Independent System Operator Corporation (CAISO) filed an Applicant Participating Transmission Owner Agreement (SunZia Transmission APTOA) between CAISO and SunZia Transmission, LLC (SunZia Transmission).<sup>2</sup> The SunZia Transmission APTOA sets forth the terms and conditions that will govern SunZia Transmission's responsibilities and relationship with CAISO until SunZia Transmission signs the Transmission Control Agreement (TCA) and CAISO assumes operational control over SunZia Transmission's high-voltage direct current transmission project in New Mexico and transmission entitlements across Arizona (Project). In this order, we accept the SunZia Transmission APTOA, effective September 4, 2024, as requested.

2. CAISO states that the Project includes a 552-mile, 3,021 MW high-voltage direct current bi-pole transmission line in New Mexico and Arizona as well as transmission entitlements from Pinal Central, Arizona to the Palo Verde substation in western Arizona.<sup>3</sup>

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<sup>1</sup> 16 U.S.C. § 824d.

<sup>2</sup> California Independent System Operator Corporation, CAISO Non-Conforming Service Agreements, Service Agreement No 8329, Applicant Participating TO Agreement-SunZia Transmission (0.0.0).

<sup>3</sup> CAISO states that an entitlement is the right of a Participating Transmission Owner (Participating TO), obtained through contract or other means, to use another entity's transmission facilities for the transmission of energy. Transmittal at n.3.

CAISO explains that the Project will connect wind generation resources in New Mexico to Arizona and California.<sup>4</sup>

3. CAISO explains that the TCA and CAISO's Open Access Transmission Tariff (Tariff) set forth the process for transmission owners to become Participating TOs, which allows transmission owners to place their transmission facilities under CAISO's operational control. CAISO continues that SunZia Transmission submitted an application to become a Participating TO in January 2024 and that, in its application, SunZia Transmission indicated that it intended to place the Project under CAISO control. In addition, SunZia Transmission stated that the costs of the Project would not be included in CAISO's Transmission Access Charge; rather SunZia Transmission indicated that the transmission capacity would be administered according to the Subscriber Participating Transmission Owner (Subscriber PTO) provisions of the Tariff.<sup>5</sup> CAISO states that the CAISO Board of Governors approved SunZia Transmission's application to become a Participating TO in May 2024, conditioned upon SunZia Transmission executing the TCA and upon the Commission's acceptance of a Transmission Owner Tariff for SunZia Transmission.

4. CAISO states that the SunZia Transmission APTOA will allow SunZia Transmission to participate in CAISO's generator interconnection and transmission planning processes, including the study of future generator interconnections to the Project in queue cluster 16. CAISO explains that, although the CAISO Board has approved SunZia Transmission as a Participating TO, SunZia Transmission is not subject to the Tariff until such time as it enters into the TCA and turns the Project transmission facilities over to CAISO operational control. According to CAISO, the SunZia Transmission APTOA "bridges the gap" until the Tariff and the TCA can govern SunZia Transmission's relationship with CAISO as a Participating TO.<sup>6</sup>

5. CAISO states that the SunZia Transmission APTOA is substantially similar to the Applicant Participating Transmission Owner Agreement (TransWest APTOA) between CAISO and TransWest Express, LLC (TransWest). CAISO explains that TransWest is another CAISO Board-approved Participating TO whose transmission capacity will be administered according to the Subscriber PTO provisions of the Tariff and that the Commission accepted the TransWest APTOA last year.<sup>7</sup> CAISO notes that both the

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<sup>4</sup> *Id.* at 2; SunZia Transmission APTOA at art. 1. Definitions.

<sup>5</sup> On March 12, 2024, the Commission accepted revisions to the CAISO Tariff to implement the Subscriber PTO model. *Cal. Indep. Sys. Operator Corp.*, 186 FERC ¶ 61,177 (2024).

<sup>6</sup> Transmittal at 3-4.

<sup>7</sup> *Id.* at 2 (citing *Cal. Indep. Sys. Operator Corp.*, 182 FERC ¶ 61,154 (2023) (*TransWest*)).

SunZia Transmission APTOA and the TransWest APTOA are very similar to CAISO's *pro forma* Approved Project Sponsor Agreement (APSA), which is an agreement between an approved project sponsor and CAISO establishing the terms and conditions under which the approved project sponsor will complete the siting and construction of the transmission facilities that the approved project sponsor was selected to construct.<sup>8</sup> CAISO explains that, because the Project, like TransWest, was not identified through the CAISO transmission planning process, SunZia Transmission is not eligible to execute an APSA. Thus, CAISO concluded that an agreement with SunZia Transmission comparable to both the APSA and the TransWest APTOA is appropriate.<sup>9</sup>

6. CAISO explains that certain provisions in the SunZia Transmission APTOA differ from the TransWest APTOA. Specifically, Article 1 modifies and adds definitions specific to the SunZia Transmission Project. Article 2 governs the term of the SunZia Transmission APTOA. Specifically, CAISO or SunZia Transmission may terminate the SunZia Transmission APTOA if it is determined that the Project cannot reliably become part of the CAISO-controlled grid. CAISO explains that CAISO and SunZia Transmission have also agreed to develop mutually agreeable arrangements to allow SunZia Transmission to continue commissioning its transmission and wind generating facilities for up to 12 months following termination to allow SunZia Transmission sufficient time to register as a new balancing authority area for its facilities.<sup>10</sup>

7. CAISO states that Articles 4, 5, and 6 of the SunZia Transmission APTOA dictate that CAISO's obligations and rights applicable to the Project do not extend to the Arizona entitlements because these entitlements are beyond the CAISO-controlled grid. Section 4.6 provides that, if generator interconnection requests previously submitted to SunZia Transmission are submitted to CAISO in queue cluster 16 and the transmission project interconnection request is submitted by the close of the application window for queue cluster 16, then certain fees applicable to SunZia Transmission will not apply. CAISO explains that this will prevent double-charging of fees. Additionally, because these entities have submitted interconnection requests to SunZia Transmission, they will have queued rights to the remaining bay position(s) necessary to physically interconnect the project. Finally, CAISO states that, if the generator interconnection request is not submitted in queue cluster 16 or, for the transmission interconnection project, by the close of the application window for queue cluster 16, and there are other interconnection request applications

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<sup>8</sup> *Id.* at 2 n.2 & n.11 (citing CAISO, CAISO eTariff, app. X (Approved Project Sponsor Agreement (APSA)) (10.0.0); *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,107 (2014)).

<sup>9</sup> *Id.* at 4-5.

<sup>10</sup> *Id.* at 5.

submitted to CAISO, any prior interconnection requests or applications will be withdrawn, and the open bay position(s) will be released by CAISO for use by other applicants.<sup>11</sup>

8. According to CAISO, section 4.9 of the SunZia Transmission APTOA provides that CAISO will administer operational control of the Arizona entitlements consistent with the administration of entitlements outside of its balancing authority area.<sup>12</sup> Additionally, CAISO explains, Articles 5 and 6 are consistent with the TransWest APTOA but exclude the Arizona entitlements from CAISO's metering and operations requirements for Participating TOs.<sup>13</sup>

9. Notice of CAISO's filing was published in the *Federal Register*, 89 Fed. Reg. 57,146 (July 12, 2024), with interventions and protests due on or before July 26, 2024. Pacific Gas and Electric Company, Northern California Power Agency, Clean Power Alliance of Southern California, and California Department of Water Resources State Water Project filed timely motions to intervene. Timely motions to intervene and comments were filed by SunZia Transmission and Salt River Project Agricultural Improvement and Power District (Salt River).

10. SunZia Transmission states that it fully supports CAISO's filing of the SunZia Transmission APTOA. SunZia Transmission explains that the SunZia Transmission APTOA is the first of several Commission filings that will transition SunZia Transmission to Participating TO status under the Tariff. According to SunZia Transmission, regulatory certainty by the end of 2024 that this Participating TO transition process can be completed will benefit the current financing and construction schedules of the Project and the wind facilities expected to interconnect with the Project.<sup>14</sup>

11. Salt River explains that the parties negotiated certain aspects of section 4.9 of the SunZia Transmission APTOA to reflect their joint understanding of how the transmission rights on Salt River's transmission system will be used. Salt River asserts that the impact of CAISO having operational control over SunZia Transmission's transmission rights on Salt River's transmission system should be minimal because SunZia Transmission remains the transmission customer under Salt River's tariff. Salt River notes that section 4.9 specifies that CAISO's "operational control" of SunZia Transmission's transmission rights on Salt River's system is bounded by the terms and conditions of Salt River's tariff and business practices. Salt River explains that this is accomplished by the Transmission Rights and

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<sup>11</sup> *Id.* at 5-6.

<sup>12</sup> *Id.* at 6.

<sup>13</sup> SunZia Transmission APTOA at Articles 5 and 6.

<sup>14</sup> SunZia Transmission Comments at 5-6.

Curtailed Instructions that SunZia Transmission will provide CAISO pursuant to section 4.9 the SunZia Transmission APTOA.<sup>15</sup>

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2023), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

13. We accept the SunZia Transmission APTOA, effective September 4, 2024, as requested. We find that the SunZia Transmission APTOA is just and reasonable and not unduly discriminatory or preferential. The language in the SunZia Transmission APTOA largely mirrors the provisions approved by the Commission in the *pro forma* APSA as well as in the TransWest APTOA that the Commission accepted in *TransWest*, but also reflects the unique characteristics of the Project. Notably, Articles 4, 5, and 6 clarify that the Arizona entitlements are beyond the CAISO-controlled grid and thus CAISO's obligations and rights applicable to the Project do not extend to the Arizona entitlements. While SunZia Transmission would be ineligible to execute an APSA with CAISO because the Project was not identified through CAISO's transmission planning process, we find that the SunZia Transmission APTOA is a reasonable vehicle to address this situation. Like the APSA, the SunZia Transmission APTOA provides a mechanism for a potential Participating TO to function as a Participating TO in ways that facilitate the eventual transition of the potential Participating TO to become a Participating TO. Furthermore, as CAISO explains, the SunZia Transmission APTOA bridges the gap until CAISO's Tariff and the TCA can govern SunZia Transmission's relationship with CAISO as a Participating TO. This will allow, among other things, any requests for generator interconnections to the Project to participate and be studied in CAISO's generator interconnection queue cluster 16, pursuant to section 4.6 of the SunZia Transmission APTOA.

By direction of the Commission.

Debbie-Anne A. Reese,  
Acting Secretary.

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<sup>15</sup> Salt River Comments at 3-4.