



# Transmission Planning Process Phase 3

## Revise Competitive Solicitation Project Proposal Fee

Issue Paper and Straw Proposal

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## **1. Introduction**

With this paper, the California Independent System Operator (ISO) proposes to revise the competitive solicitation project proposal fees by (1) increasing the initial deposit from \$75,000 per project sponsor application to \$100,000, and (2) removing the ‘not to exceed’ cap of \$150,000. Going forward, each project sponsor would be responsible for its pro rata share of the actual costs the ISO incurs in qualifying and selecting an approved project sponsor.

These changes are necessary to ensure the ISO has access to the resources necessary to diligently conduct its competitive solicitation process given the number and complexity of expected competitions. The changes are also needed to ensure the costs are recovered from the applicants – competing project sponsors - in those competitions.

## **2. Background**

The tariff requires project sponsors who participate in the competitive solicitation process to submit an initial \$75,000 deposit with each of their project proposals to pay for the ISO’s and its contractors’ costs in evaluating project proposals and ultimately selecting the approved project sponsor. If the costs go above the \$75,000 initial deposit, the tariff allows the ISO to bill each project sponsor up to another \$75,000, for a total of \$150,000 per project proposal. Any costs above the \$150,000 threshold are absorbed by the ISO. In addition, the ISO only bills the actual costs it incurs and refunds any excess deposit amounts to the project sponsors.

Although the ISO’s costs have not exceeded the \$150,000 cap to date (see actual costs per project proposals in the table below), costs have approached the cap. Also, the ISO anticipates going forward that it may need to rely more heavily on contractors as the number of competitive projects increase. This expectation, combined with more complex projects being considered for competitive solicitation, suggests that \$150,000 will be insufficient to cover future evaluations.

TPP Plan Years	Project	Number of Sponsors Proposals	Evaluation cost per proposal
2013-2014	Miguel	1	\$ 15,056
	Suncrest	2	\$ 130,286.27
	Desert Link	3	\$ 144,901.05
	Delaney - Colorado	5	\$ 106,071.78
	Estrella SS	4	\$ 51,526.09
	Spring SS	3	\$ 55,303.92
	Wheeler Ridge SS	4	\$ 37,794.81

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2018-2019	Gates Voltage Support	10	\$ 50,591.45
	Round Mtn. Voltage Support	14	\$ 37,293.30
2021-2022	Manning SS	4	\$ 114,546.76
	Collinsville SS	4	\$ 121,408.82
	Metcalf-SJB DC Project	5	\$ 84,117.22
	Newark-NRC DC Project	6	\$ 63,923.50

### **3. Straw Proposal**

The ISO proposes to increase the initial deposit for each competitive solicitation project sponsor application from \$75,000 per project sponsor application to \$100,000. The ISO also proposes to remove the ‘not to exceed’ cap of \$150,000. Instead, going forward, each project sponsor, for each application in a competitive solicitation, will pay its pro rata share of the actual costs that the ISO incurs in qualifying and selecting an approved project sponsor. The ISO will only bill actual costs it incurs and will refund any excess deposit amounts to the project sponsors.

This proposal is in line with competitive solicitations run by other ISOs that have been approved by FERC. For example SPP, PJM, NYISO, ISO-New England, and MISO do not have caps on their competitive transmission processes, and they recover their actual study costs from the project sponsors. MISO, NYISO, and ISO-New England have initial deposits of up to \$100,000.

### **4. WEIM Classification**

This initiative will adjust a tariff rule that governs the competitive solicitation process for proposed enhancements to the ISO controlled grid. ISO staff believes that the WEIM Governing Body would have no role in the decision about this initiative.

The proposed tariff rule change contemplated in this initiative will not be “applicable to EIM Entity balancing authority areas, EIM Entities, or other market participants within EIM Entity balancing authority areas, in their capacity as participants in EIM.” Rather, the proposed tariff rules will be applicable “only to the ISO balancing authority area or to the ISO-controlled grid.” Accordingly, the decision to approve this change will fall outside the scope of joint authority.

While the WEIM “Governing Body may provide advisory input over proposals to change or establish tariff rules that apply to the real-time market but are not within the scope of joint authority,” no aspects of this initiative will apply to the real time market. Accordingly, this initiative falls outside of the WEIM Governing Body’s advisory role as well.

Stakeholders are encouraged to submit a response to this proposed classification in their written comments, particularly if they have concerns or questions.

## **5. Stakeholder engagement**

The schedule for stakeholder engagement is provided below. The ISO will present its proposal to the Board of Governors for approval in July 2023.

<b>Date</b>	<b>Event</b>
<b>Track 1</b>	
6/1/2023	Issue Paper & Straw Proposal Posting
6/8/2023	Stakeholder Call
6/22/2023	Comments Due
7/5/2023	Final Proposal Posting
7/18/2023	BOG Meeting