



California ISO

Subscriber PTO Model Final Proposal

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Stakeholder Briefing

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Housekeeping reminders

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.
- Meeting is structured to stimulate dialogue and engage different perspectives.
- Please keep comments professional and respectful.
- Please try and be brief and refrain from repeating what has already been said so that we can manage the time efficiently.

Instructions for raising your hand to ask a question

- If you are connected to audio through your computer or used the “call me” option, select the raise hand icon  located on the top right above the chat window. **Note:** #2 only works if you dialed into the meeting.
 - Please remember to state your name and affiliation before making your comment.
- If you need technical assistance during the meeting, please send a chat to the event producer.
- You may also send your question via chat to all panelists.

CAISO Policy Initiative Stakeholder Process



This represents the typical process, and often stages of the process run in parallel.

We are here

Subscriber PTO Model Topics

- Development of a model for Subscriber PTOs
- Use of Encumbrances
- Transmission Costs
 - Subscriber Wheeling Charge
 - Future Network Upgrades
 - Termination of Subscriber Encumbrance
- Transmission Cost Allocation
- Generator Interconnection Process
- Transmission Planning Process
- Deliverability

Clarifications since Revised Draft Final Proposal

- Additional detail on the study process for the Subscriber PTO project, including generation, will be through the transmission interconnection studies
 - The Subscriber PTO will have the first option to the capacity upgrades included in the portfolio
 - If the TPP does not identify portfolio upgrades then deliverability will be allocated in the TPD process
- Additional detail on the deliverability allocation process
- Clarification on what projects the model applies to
- Clarification on CRR opportunities if the line is not fully encumbered

Development of a model for Subscriber PTOs

- Significant support for development of a Subscriber PTO model
- Allows a project developer of generation and transmission to join the ISO BAA with a project using the FERC subscriber-funded transmission approach
- Allows out-of-state resources to be within the ISO BAA
- Model flexible enough to allow LSEs' opportunity to meet their renewable portfolio standard requirement and other state policy procurement requirements without increasing the ISO's transmission revenue requirement for the cost of the Subscriber PTO line but not additional network upgrades required within the existing ISO grid

Use of Encumbrance Proposal

- Additional feedback was not received
- ISO proposal is not changing from the Revised Draft Final Proposal
 - Use existing Encumbrance functionality for Subscriber Rights
 - Provide the Subscriber with:
 - Scheduling priority on the transmission facility they have paid for
 - An exemption for transmission service charges, congestion, bid cost recovery, offsets and IFM congestion allocation on SPTO facility

Project Transmission Costs

- Stakeholders raised concern that the proposal has shifted from the original principles discussed
 - While the Subscriber PTO project costs are not included in the TRR, any upgrade costs on other PTO systems will be included in the TAC TRR
 - ISO tariff section 24.15.2 requires existing PTOs to pay for interconnection upgrades required for approved project sponsors and section 24.10 requires existing PTOs to pay for affected system upgrades, the SPTO model is similarly situated
 - If the generation is not meeting ISO LSE requirements, then existing PTO upgrades should be treated similar to the proposed long-term firm transmission service
 - SPTO model is not similar because it is generation within the ISO BAA

Project Transmission Costs

- ISO proposal is not changing from the Revised Draft Final Proposal
 - Subscriber PTO will develop a \$/MWH Subscriber Wheeling Charge for non-subscriber use of the project that will accrue to the Subscriber PTO
 - The Subscriber Wheeling Charge will be no greater than the TAC or WAC
 - Upgrade costs on existing PTO system will be included in the TAC or WAC

Subscriber Wheeling Charge

- While most stakeholders support charging non-subscriber use of the SPTO facilities, one continues to question need for the Subscriber Wheeling Charge
 - Since the line is fully subscribed and has no unrecovered costs, why should they get any revenue
 - If a non-subscriber uses the line, FERC open access principles and cost causation support payment for usage
 - Concerned that it deprives existing PTOs of WAC
 - SPTO should get CRRs instead
 - CRRs revenue is used to provide the perfect hedge to the subscribers and any remaining revenue goes to the CRR holders or balancing account
 - Providing Merchant Transmission CRRs has never resulted in a transmission project being built

Subscriber Wheeling Charge

- ISO proposal is not changing from the Revised Draft Final Proposal
 - Non-subscriber use of Subscriber Participating TO project will pay the WAC for exports or TAC for imports
 - WAC or TAC revenues from non-subscriber use will be used to pay the Subscriber PTO its Subscriber Wheeling Charge
 - The project costs **will not** be included in the transmission revenue requirement of the TAC or WAC and TAC/WAC will not increase
 - If the project is not fully subscribed in both directions, CRRs will be available consistent with the tariff process
 - If the subscriber(s) do not self-schedule their rights in the market, the transmission is available for market use

Network Upgrades Beyond Original Build

- Additional feedback was not received
- ISO proposal is not changing from Revise Draft Final Proposal
- Future generator interconnections to the Subscriber PTO project may require new network upgrades
 - New network upgrades maybe recovered through the ISO Access Charge
 - The Subscriber PTO would develop a cost of service rate solely for the new network upgrades
 - Reimbursement would be consistent with the tariff

Termination of Subscriber Encumbrance

- Additional feedback was not received
- ISO proposal is not changing from Revise Draft Final Proposal
- Regardless of the term of the Subscriber Encumbrance, the Subscriber PTO will not be allowed to include a transmission revenue requirement in the TAC or WAC for the original build cost of the Subscriber PTO transmission facility
 - Stakeholders strongly support this position
 - Once the original project has been completely paid off, the determination of continuing the Encumbrance will be based on the applicable regulatory requirements at that time

Transmission Cost Allocation Proposal

- Subscriber Wheeling Charge
 - No change from Revised Draft Final Proposal
- Non-Subscriber Wheeling Charge
 - One stakeholder requested additional information on the allocation of congestion revenue
 - CRR allocation and auction revenue go back to demand
- ISO proposal is not changing from Revised Draft Final Proposal
- Non-subscriber will pay for the use of the SPTO line

Generator Interconnection Process

- Stakeholders requested clarification on the specifics of the SPTO generator process
- The generator will be studied as part to the transmission interconnection process and will have the first option to acquire the deliverability included in the CPUC resource portfolio
- The SPTO facilities will become part of the GIDAP base case once:
 - Signed Applicant PTO Agreement (APTOA)
 - Signed Generator Interconnection Agreement
 - Notice to proceed is provided to the ISO

Transmission Planning

- SPTO transmission facilities will be studied through the interconnection process with each affected transmission owner
- SPTO transmission facilities added to the TPP once the Subscriber PTO has
 - Executed the APTOA
 - Subscriber and SPTO have executed the GIA, similar to all other transmission facilities
 - Submitted a commitment to proceed to the ISO

Deliverability

- Subscriber generator will apply for deliverability through the TPD process
 - First priority to deliverability allocated to subscriber generator if included in the CPUC portfolio
 - Deliverability will be held until the TPD opportunities are exhausted
- Maximum Import Capability
 - MIC added at new import points
 - MIC at existing import points has priority over future interconnections – Eldorado, Harry Allen, etc.
 - MIC is allocated to load serving entities
 - Subscriber is within the ISO BA and does not use MIC

ISO Final Proposal Summary

- Provide existing Encumbrance rights to Subscriber PTO subscribers
- Charge all load the TAC and all exports the WAC with no rate pancaking
- Subscriber PTO paid for use of their line by non-subscribers through a FERC approved Subscriber Wheeling Charge which is capped at the TAC or WAC
- Costs of the original build of the Subscriber PTO transmission facilities will not be included in the ISO TRR
- If the subscriber Encumbrance is terminated prior to recovery of the original build cost, the Subscriber PTO can not include any such cost in the ISO TRR
- Subscriber PTO project will be studied through the transmission interconnection process

ISO Draft Final Proposal Summary (*cont.*)

- Future interconnections to Subscriber PTO transmission facilities will be treated in accordance with the ISO tariff and the Subscriber PTO will develop a TRR to be included in the ISO's access charge
- MIC will be allocated to the new scheduling points of a Subscriber PTO
- Current MIC allocation has priority over new MIC allocations or MIC expansion
- An APTOA with the Subscriber PTO, execution of a generator interconnection agreement and commitment to build the project will result in adding the Subscriber PTO project to the TPP and GIDAP base case
- Given first option to acquire the additional deliverability included in the CPUC resource portfolio requirement

Proposed Initiative Schedule

Date	Event
6/29/2023	Stakeholder conference call on final proposal and draft tariff language
7/19/2023	Stakeholder comments due on draft tariff language
7/20/2023	Board of Governors Meeting

Next steps

- Please submit comments on the draft tariff language using the commenting tool linked on the initiative webpage
 - Comments due by end of day, July 19, 2023
- Visit the webpage for Subscriber PTO Model
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Subscriber-participating-transmission-owner-model>
- If you have any questions, please contact isostakeholderaffairs@caiso.com