



# California ISO

## Subscriber Participating TO Market Scheduling Option Draft Final Proposal

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Prepared by: Riddhi Ray  
James Lynn  
Deb Le Vine

**Subscriber Participating TO Market Scheduling Option  
Draft Final Proposal**

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## 1. Introduction

On March 12, 2024, the Federal Energy Regulatory Commission (FERC) accepted the California Independent System Operator Corporation (CAISO) tariff amendment for a new transmission development model, the Subscriber Participating Transmission Owner (Subscriber Participating TO).<sup>1</sup> This model establishes alternative opportunities for the construction of new transmission not addressed in the CAISO transmission plan in locations outside of the original CAISO balancing authority area. Specifically, the Subscriber Participating TO model provides the CAISO and interested project developers the option to develop and deliver resources that will satisfy state, municipal, county, or federal policy requirements or directives, including California's energy policy goals. The Subscriber Participating TO model enhances inter-regional transmission resilience, deliverability, and resource adequacy, while providing customers with the benefit of new transmission facilities under the operational control of the CAISO. Having the costs to construct these new transmission facilities paid by subscribers of the projects, instead of being incorporated into the CAISO's transmission access charge funded by transmission ratepayers, while providing the subscribers with an entitlement and Subscriber Participating TO the opportunity to recover revenue for use by non-subscribers are the primary distinguishing features of this model.<sup>2</sup>

Under the Subscriber Participating TO model, the developer will place the new transmission facilities under CAISO operational control and connect generation to the CAISO balancing area, without a decision to build the project being made through the CAISO's transmission planning process. In exchange, the subscribers who pay for use of the facilities receive scheduling priority and entitlement rights which are Existing Transmission Contracts (ETCs) for energy scheduled from that generator to internal CAISO demand or CAISO balancing authority area (CAISO BAA) interconnection point, whichever is the exit point of the Subscriber Participating TO transmission facilities. The entitlement rights provide the subscriber with a higher scheduling priority than other self-schedules and economic energy bids that utilize the Subscriber Participating TO transmission facilities. In addition, these entitlement rights also provide the subscribers with a financial hedge against congestion and transmission charges between the generation and the interconnection point to the original CAISO Balancing Authority Area.<sup>3</sup>

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<sup>1</sup> The FERC order accepting the Subscriber Participating TO proposal is available on the CAISO website at: <https://www.aiso.com/documents/mar12-2024-orderacceptingproposedtariffrevisions-subscriberparticipatingtransmissionownermodel-er23-2917.pdf>

<sup>2</sup> These and other features of the underlying Subscriber Participating TO model accepted by FERC are outside the scope of this stakeholder initiative.

<sup>3</sup> The original balancing authority area footprint was established as of FERC approval of the Subscriber Participating TO amendment to the CAISO tariff on March 12, 2024. The original footprint may change overtime with addition of transmission facilities or balancing authority

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The CAISO published an Issue Paper on November 13, 2024 describing certain implementation complexities with the existing ETC model, and proposing alternative market scheduling options to mitigate some of the identified issues. The CAISO published the straw proposal on January 16, 2025 providing additional details on the Congestion Revenue Right (CRR)/economic bidding option, outlining reasons for no longer proceeding with the Unbalanced ETC option, and describing the current implementation of the Subscriber Participating TO model through various numerical examples. The CAISO presented the straw proposal on a stakeholder call on January 27, 2025, and received most stakeholder comments by February 10, 2025. The CAISO notes that there were some comments that were submitted after the comment deadline, and the CAISO decided to extend the Draft Final Proposal posting date by one week to March 14, 2025 in order to consider those comments.

The CAISO is now publishing this Draft Final Proposal informed by stakeholder input to provide additional clarity on non-subscriber usage, ETC to CRR Option conversion process, and additional considerations for the future.

## **2. Subscriber Participating TO Model Implementation**

### **2.1 Current Implementation Issues**

The CAISO had identified certain implementation complexities as explained in the Issue Paper, which included the requirement to submit an export schedule at the sink portion of the Subscriber Participating TO transmission system, and potentially require the subscriber to import back the energy into the CAISO BAA to serve CAISO demand. This creates the need for the scheduling coordinators of the Subscriber Participating TO generation to export the generation out and then have to submit corresponding import schedules back into the CAISO BAA in order to serve demand internally within the CAISO BAA.

While, the current model remains workable, it creates certain inefficiencies which, the CAISO believes could be mitigated through the option proposed in this Draft Final Proposal. By providing the subscriber a CRR/economic bidding option, it allows the subscriber to have one transaction from source to demand sink in the CAISO BAA.

In addition, this requirement to import/export also created challenges if the adjacent BAA were to join EDAM, because the subscriber would be unable to submit an ETC import schedule or bid at an EDAM transfer point in the same manner it does today, the

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areas. The scheduling priority and financial hedge provisions would be extended beyond the interconnection point if the subscriber has additional transmission rights under Existing Transmission Contracts (“ETC”) from the CAISO BAA interconnection point to their load aggregation point, but otherwise, the scheduling and financial rights end at the end of the Subscriber Participating TO transmission interconnection point to the CAISO BAA.

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Subscriber would have to rely on the market to optimally dispatch energy to counterflow and effectuate a transfer in the import direction. The CAISO discussed these complexities with stakeholders on November 20, 2024 and January 27, 2025, and proposed alternatives to mitigate them, as further described in this Draft Final Proposal. In addition to the complexities discussed, stakeholders raised a number of questions regarding non-subscriber usage, CRR settlement, and impact of WEIM and EDAM rules. This Draft Final Proposal further clarifies the implementation of the CRR/economic bidding option, proposes reporting requirements on the Subscriber PTO, and provides a path for monitoring the implementation of the Subscriber PTO model and consideration of necessary future changes.

### **3. Proposed Enhancement**

#### **3.1 CRR/Economic Bidding Option**

##### ***Background***

The CAISO described in the Straw Proposal the opportunity for Subscribers to exchange their ETCs for CRR Options using a process already in place for certain entities that wish to exchange TORs for CRR Options. These CRR Options would be granted solely for the Subscriber Participating TO transmission path, and would terminate at the interconnection point of the Subscriber Participating TO transmission path with the current CAISO BAA. The CAISO expanded further on the CRR Option by specifying the process for ETC to CRR conversion in the Straw Proposal.

##### ***Stakeholder Feedback***

BAMx, Pattern, Six Cities, SCE, and WPTF submitted comments by the comment deadline that were generally supportive of the CRR/economic bidding option as an enhancement to Subscriber Participating TO market scheduling mechanism but asked for some additional clarification on mechanics. Some stakeholder comments were received after the submission deadline and were not posted publicly, but have been reviewed and considered by CAISO. Of these, one stakeholder was supportive of the CRR option while the other raised concerns regarding the CRR option potentially increasing non-subscriber usage. Pattern submitted questions regarding the specifics of ETC to CRR conversion for the SunZia transmission system.

##### ***Proposal***

##### **Subscriber Participating TO CRR Conversion Process**

The CAISO describes the ETC to CRR conversion process below, which will be applicable to all Subscriber Participating TOs. This process is based on the existing Transmission Ownership Right (TOR) to CRR conversion process described in the

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CAISO Business Practice Manual for CRRs<sup>4</sup>. The CAISO has further clarified that the ETC to CRR nomination process shall be available on a quarterly basis only, based on the design of the CAISO's new CRR software system. With regards to Pattern's submitted questions on the specifics of CRR nomination and setup on the SunZia transmission system, the CAISO believes it is more appropriate to address those questions directly with the Subscriber Participating TO during the design and implementation of the SunZia transmission system instead of covering them in this policy proposal.

The following describes the CRR nomination process:

1. The ETC holders of the Subscriber Participating TO will be able to nominate conversion of ETC to CRRs every quarter by following the process described below. The specific type of CRR Options that will be provided to ETC holders are called MT\_TOR CRRs.
2. ETC holders may nominate a portion of transmission capacity as CRRs at least 10 days before the published release date of the Full Network Model to be used in CRR allocations for the first month of the applicable quarter. This calendar is posted on the CAISO website. The amount of CRRs must remain unchanged for the quarter.
3. CAISO will reduce the encumbered transmission capacity of the Subscriber Participating TO transmission system by the MWs nominated for CRRs.
4. The nominated CRRs must specify the following:
  - a. Source and sink restricted to the Subscriber Participating TO transmission system. The CRR nomination could be for a single direction, e.g. CRRs could be nominated from IPP to Harry Allen and ETCs reserved in the opposite direction – from Harry Allen to IPP.
  - b. The ETC MWs that are being released as CRR Option MWs
  - c. The time duration of the CRR nomination by quarter.
  - d. Upon nomination, the CRRs will be released for both on-peak and off-peak time periods.
5. The CRR source must be an individual Pnode, aggregate Pnode or Scheduling Point. The CRR MWs in cumulative cannot exceed the transmission line capability.
6. The Subscriber Participating TO must submit updated TRTC instructions to CAISO to update the CRR registration commensurate with the release of transmission encumbrance through CRR nomination.

### MT\_TOR CRR Characteristics

1. The CRRs will only provide IFM congestion hedge to the extent there is any difference in congestion price between source and sink of the CRR, and shall

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<sup>4</sup> Business Practice Manual for Congestion Revenue Rights  
<https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Congestion%20Revenue%20Rights>

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not provide any RTM congestion hedge, consistent with the CRR design today.

2. The CRRs will be settled based on all schedules on the transmission path, (i.e. subscriber and non-subscriber awards). The settlement of the MT\_TOR CRRs are generally consistent with how CRR Options are settled in the market today except for the difference noted in (4), and the CAISO is not proposing any changes to this market settlement model to distinguish between subscriber and non-subscriber schedules. By converting ETCs to CRRs, the CRR holders will only receive congestion revenue in IFM for all market schedules from the CRR source to sink; not the scheduling priority or the TAC exemption.
3. With this option, the transmission capacity nominated for CRRs will no longer be subject to ETCs and will be open for scheduling in all CAISO markets. This scheduling will be subject to any restrictions of use based on bilateral contracts between Subscriber Participating TO and non-CAISO transmission service providers that are providing entitlement rights to the Subscriber Participating TO as described later in this Draft Final Proposal.
4. In addition, the MT\_TOR CRRs are not subject to CRR underfunding allocation. This is because of the key difference between MT\_TOR CRRs and CRRs awarded through the allocation or auction. The CRRs awarded through the allocation or auction are always settled at the awarded MW value, whereas the MT\_TOR CRRs can be derated hourly based on the ratio of the operating transfer capability (OTC) and the total transfer capability (TTC) of the particular flowgate/intertie constraint and flowgate/intertie constraint direction that was associated with the source to sink combination of the original ETC from which the CRR holding was converted from.

### **Limit Non-Subscriber Scheduling at Certain Export and Import Scheduling Points**

The CAISO recognized in the Issue Paper that there may be certain restrictions that exist on Subscriber Participating TO entitlements due to limitations established by the OATTs of the non-CAISO transmission service providers. For example, any imports into the CAISO BAA by non-subscribers at Pinal Central would be restricted to non-subscribers that are transmission customers of the transmission service providers that provide the transmission rights over their systems that SunZia represents as entitlements under the Transmission Control Agreement. In this circumstance (or others), the CAISO intends to work with the respective Arizona entities to ensure that only CAISO market participants that are eligible to use the Pinal Central to Palo Verde entitlement rights are able to schedule at Pinal Central to Palo Verde. The CAISO is currently working through the various implementation details on transmission scheduling with the Arizona entities, which includes discussing such restrictions. In order to implement such limitations, only certain SCs will be allowed to schedule at these scheduling points, by limiting the number of SCIDs that can schedule at Pinal Central. The list of SCIDs can be determined based on discussions with parties to the

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transmission service agreements, i.e. SunZia the Subscriber Participating TO and the Arizona transmission entities, Salt River Project, Western Area Power Administration, and Tucson Electric Power Company.

### **Subscriber Registration**

A market transaction for exports and imports on the Subscriber Participating TO transmission path scheduled without using an ETC is considered a non-subscriber schedule and is subject to those tariff rules, i.e. exports are charged WAC and both exports and imports are counted as non-subscriber usage. Under the CRR option, the subscribers will be free to exchange ETCs for CRRs and schedule using economic bids. Without ETCs, their market awards appear no different than the market awards of non-subscribers that are scheduling imports and exports on the Subscriber Participating TO transmission path.

To address this issue, the CAISO proposes that subscribers must register in CAISO Masterfile, export and import system resources on Subscriber Participating TO transmission scheduling points. If the subscriber schedules using these export and import system resources and receives market awards, the CAISO settlement system will recognize these market transactions and will exempt them from the WAC specific charges. It will also exclude the associated awards from inclusion in the non-subscriber usage payment amount that will eventually be used to pay the non-subscriber payment amount to the Subscriber Participating TO.

This specific arrangement requires the CAISO to setup export and import system resources in a customized manner, as well as the subscribers to limit themselves to only using these export and import system resources. This also means subscribers cannot submit export or import market transactions not associated with these export and import system resources without counting as non-subscriber usage. If the subscribers don't utilize these export and import system resources, they will be charged the WAC and be counted as non-subscriber usage. If the subscriber does not schedule using the correct export and import system resources and is treated as non-subscriber usage, the CAISO will not accept any market settlement disputes to remedy such charges.

### **Non-Subscribe Usage Payment Calculation**

For any non-subscriber export schedules at a Subscriber Participating TO scheduling point, the aggregate value of the exports across the entire trade month will be used to calculate the portion of the non-subscriber usage payment which will be charged to the WAC revenue bucket collected from exports at that Subscriber Participating TO scheduling point. The non-subscriber usage payment amounts will follow the same timeline as Transmission Revenue Requirement (TRR) payments today, which are paid to Participating TOs on a monthly basis. While the CAISO will account for the non-subscriber usage in each market run and trade date, the payment will be based on the summation of all non-subscriber usage over a given trade month and the effective non-subscriber usage rate for the given trade month. The non-subscriber generation will be



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measured using meter data while import and export schedules will be measured using submitted e-tags. The CAISO will post the effective non-subscriber usage rates on the CAISO website similar to how the High Voltage Access Charge and Wheeling Access Charge are posted today.

For any non-subscriber import schedules at a Subscriber Participating TO scheduling point, the aggregate value of the imports across the entire calendar month will be used to calculate the portion of the non-subscriber usage payment that will be charged to the TAC revenue bucket collected from CAISO BAA demand. For any wheeling transactions, which consist of a paired import and export transaction, the CAISO will calculate the non-subscriber usage for both the import and export transactions, if they are scheduled at a Subscriber Participating TO scheduling point. For e.g. on the Transwest Express system, a wheeling transaction from IPP to Harry Allen Substation will result in the import at IPP being considered non-subscriber usage as IPP is a Subscriber Participating TO scheduling point, but not the export at Harry Allen Substation, since Harry Allen Substation is not the Subscriber Participating TO scheduling point. The non-subscriber charge used in such calculations shall be specific (and potentially different) for each Subscriber Participating TO scheduling point based on the Subscriber Participating TO's FERC filed rates, but applicable to both imports and exports at that scheduling point.

### **Subscriber Interconnected Generation**

There is a key difference between the treatment of subscriber usage on import/export schedules and Subscriber Participating TO interconnected generators. While for import and export schedules, the subscriber treatment is dependent on whether the export or import system resources have been registered as exempt from WAC and non-subscriber usage calculations, for Subscriber Participating TO interconnected generators the treatment is dependent on the level of subscriber MWs associated with the generator. Regarding any non-subscriber usage of Subscriber Participating TO interconnected generator, the CAISO has included in its implementation a new data field in Master File called subscriber capacity. This will be a MW value per generator resource ID that will identify the MW level of subscriber capacity on a generator. Generally, if the Subscriber Participating TO transmission is fully subscribed and the off-takers are receiving rights to the entire capacity of the generator through PPAs or RA contracts, then the generator resource ID subscriber capacity shall be equal to its registered PMax in Master File. When calculating non-subscriber usage, the CAISO will compare the subscriber capacity MW with the market award received by the generator, and if the market award is higher than the subscriber capacity, then the delta will be counted as non-subscriber usage. But in the cases of fully subscribed generators, there will be zero non-subscriber usage attributed to them.

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### EDAM Access Charge Calculation

In the Straw Proposal, the CAISO described the treatment of subscriber and non-subscriber usage under EDAM, based on the most recent tariff filings accepted by FERC governing the CAISO BAA participation in EDAM. This section reiterates that discussion in light of additional comments raised on this subject since that time.

Under EDAM, there will be transfer points established between EDAM BAAs, including the CAISO and its adjacent EDAM BAAs. These transfer points will have BA to BA transfers in the DAM similar to the BA to BA transfers between WEIM BAAs in FMM and RTED. These EDAM transfers are not considered as export or import schedules between the EDAM BAAs, and so are not charged any WAC unlike how export schedules are charged today. In addition, since these EDAM transfers are not an export or import schedule, they will not be included in the non-subscriber payment amounts that are funded through WAC or TAC similar to how WEIM transfers are treated today, but will be subject to a different cost recovery mechanism as described below.

While there will be no WAC charged for EDAM transfers, there may be other cost recovery mechanisms available to the Subscriber Participating TOs under the EDAM rules. In our recent tariff filing<sup>5</sup>, the CAISO proposed to allow Subscriber Participating TO transmission to be considered as either existing or new transmission, similar to the transmission built by other PTOs, and accounted for accordingly. As this tariff filing was approved, the Subscriber Participating TO transmission will be eligible to recover EDAM access charge revenues for non-subscriber usage of their transmission. If the Subscriber Participating TO transmission is placed in service prior to the adjacent BAA joining EDAM, then the transmission will be considered as existing transmission and would be eligible for recovery under the EDAM access charge based on historical schedules of non-subscriber usage on that intertie. The CAISO proposes that import and export schedules submitted without a WAC and non-subscriber payment exemption shall count as historical non-subscriber schedules for purposes of calculating the EDAM access charge. If the Subscriber Participating TO transmission is placed in service after the adjacent BAA joins EDAM, then the Subscriber Participating TO transmission will be considered as new transmission and will recover their non-subscriber usage payments through the EDAM access charge based on estimated schedules of non-subscriber usage.<sup>6</sup>

### WEIM Transfers

If the adjacent BAA at the scheduling point is a WEIM balancing area, than post-HASP that scheduling point is considered a transfer point and any incremental awards in FMM and RTED are considered a WEIM transfer. WEIM transfers are not considered an export or import schedule and therefore are not charged WAC nor are they counted

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<sup>5</sup> FERC Docket No. ER25-437 EDAM Access Charge in CAISO Balancing Authority Area

<sup>6</sup> See the EDAM access charge provisions in CAISO Tariff sections 33.26 and 26 for more information concerning the EDAM access charge and how it will apply in the CAISO BAA. These tariff provisions will be effective on May 1, 2026.

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towards non-subscriber usage payment amount; *i.e.*, they fall under the WEIM “reciprocity” rules. This is because the tariff language filed regarding calculating of non-subscriber usage payment specified using import and exports schedules in the calculations for non-subscriber usage payment amount and not WEIM transfers which are treated as a different kind of market transaction today.

### 3.2 Non Subscriber Usage Reporting and Design

#### *Background*

In the Straw Proposal, the CAISO had provided detailed numerical examples describing the implementation of the non-subscriber usage rate and payment of the non-subscriber usage amount. These examples covered a wide range of scenarios, including simple scenarios with all ETC usage and more complex scenarios with ETCs and economic bids and WEIM transfers all occurring on Subscriber Participating TO scheduling points. The CAISO presented these examples in order to provide more detail and clarity to stakeholders on the non-subscriber usage mechanics.

#### *Stakeholder Comments*

The CAISO received stakeholder comments from BAMx, SCE and others raising concerns about the potential level of non-subscriber usage and the potential level of non-subscriber usage payments to Subscriber Participating TOs. These concerns are primarily related to CAISO measured demand paying for non-subscriber import schedules or non-subscriber generation schedules on the Subscriber Participating TO, which unlike non-subscriber export schedules are not self-funding. Six Cities submitted comments requesting additional examples of non-subscriber usage.

Some stakeholders are concerned that the non-subscriber import schedules or generator schedules that serve CAISO demand are not being economically optimized in the market as the associated non-subscriber usage rate is not included in the import bid price. Moreover, certain stakeholders have also raised concerns that the non-subscriber import schedules or non-subscriber generator schedules may act as a source for exports at non-Subscriber Participating TO scheduling points, and will still result in non-subscriber usage payment amounts being charged to CAISO measured demand.

#### *Proposal*

With regards to comments requesting additional examples, the CAISO would like to point out that the Straw Proposal contained several detailed examples covering a very wide range of potential scenarios, which led to very informative and constructive discussions with stakeholders at the January 27, 2025 stakeholder meeting. Moreover, based on additional discussions with stakeholders, the CAISO believes that sufficient numerical examples have been provided to explain the implementation of non-subscriber usage. Based on this consideration the CAISO is not including additional

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examples in the Draft Final Proposal but requests stakeholders to refer to the examples provided in the Straw Proposal. The CAISO has provided a summary matrix of different types of usage of the Subscriber Participating TO transmission line and a discussion of non-subscriber usage in Appendix A.

SCE had submitted comments proposing that a portion of CRR revenues attributable to non-subscriber schedules be credited against the non-subscriber usage amount paid to the Subscriber Participating TO. While the CAISO appreciates the proposal, the CRR option does not provide the same congestion hedge or scheduling priority as the ETC option, and reducing CRR rents to the Subscriber Participating TO is a fundamental change to the existing CRR mechanism that needs to be considered carefully. Moreover, as described below, the CAISO believes that there may not be significant non-subscriber usage on the line to drive significant non-subscriber congestion rents being paid out to the Subscriber Participating TO. At this point, the CAISO will not be proceeding with proposing a change to how the CRR revenues are paid and used by the Subscriber Participating TO. That being said, the Subscriber Participating TO is free to credit such CRR revenues back to subscribers or reduce its non-subscriber usage rate through its FERC filings on non-subscriber usage payment amounts.

Based to comments from certain stakeholders which seem to indicate that CAISO should take a more active role in prescribing rate-making mechanics for Subscriber Participating TO, the CAISO would like to underscore it has not and will not prescribe the rate making treatment Subscriber Participating TOs need to follow regarding CRR revenues or non-subscriber payment amounts. The CAISO had assumed in its original Subscriber Participating TO policy proposal that Subscriber Participating TOs and their subscribers would likely agree on bilateral arrangements that considered the non-subscriber payment amounts received by the Subscriber Participating TOs and potentially agree on a credit or some form of reimbursement. While this is the working assumption, the CAISO is not prescribing a specific rate making treatment as it believes it is not appropriate for the CAISO to dictate how Participating TOs or Subscriber Participating TOs formulate their transmission rates and negotiate bilateral transmission contracts.

One of the proposed mitigations from stakeholders is to include a non-subscriber usage rate added in non-subscriber import schedules and non-subscriber generator schedules at Subscriber Participating TO scheduling points. The reasoning is that by including the non-subscriber usage rate in the supply bids, it will increase the bid price of the non-subscriber bids and will allow for the market to consider the non-subscriber usage rate in its optimization. Another mitigation suggested is to only pay the non-subscriber usage payment amount based on the net amount of export and import schedules at the Subscriber Participating TO scheduling points.

The first Subscriber Participating TO transmission line is currently scheduled to be implemented Q4 2025, and the CAISO is actively and expeditiously working on its implementation which includes significant process and software changes. The proposed ETC to CRR conversion process is an enhancement to the Subscriber

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Participating TO model, and while requiring some process and system changes, was proposed due to the limited nature of the changes required. If the CAISO were to further explore and attempt to implement the mitigations discussed above, it would require extensive deliberation as well as significant system changes which would push out the implementation timeline of the ETC to CRR conversion enhancement. For e.g., the idea of adding in non-subscriber usage rate to non-subscriber bids would require significant tariff and system changes, and would require policy deliberations such as, *is the adder inserted by the CAISO or is it a bid requirement to be adjusted by the scheduling coordinator, does it affect price formation, does it affect the final settlement of the scheduling coordinator, any associated penalties for not including the adder, etc.* These are significant policy questions which need to be closely examined and deliberated by stakeholders. Moreover, the CAISO believes that the Subscriber Participating TO transmission will likely be extensively utilized by subscribers and will not experience the significant level of non-subscriber usage assumed by stakeholders. The subscribers have funded the line, and it is reasonable to assume they expect to maximize the utilization of the transmission line they have funded.

The CAISO has considered these proposed mitigations and the concerns raised and proposes the following:

The CAISO proposes to proceed with the Subscriber Participating TO design as currently proposed in the Draft Final Proposal, allow the SunZia transmission and generation to be fully operationalized in the CAISO market by mid-2026, and allow at least 2 years of operational experience to calculate the actual level of non-subscriber usage on the SunZia line. If CAISO observes that there is a significant level of non-subscriber usage on the SunZia transmission line that is being charged to CAISO demand and receives input from stakeholders that a review of the Subscriber Participating TO non-subscriber usage rate and payment amount mechanisms are required, it will propose a new policy initiative to re-examine the non-subscriber usage rate and payment amount mechanism within a reasonable timeframe.

In order to provide transparency during this observation period, the CAISO proposes that all Subscriber Participating TOs with operational transmission lines will submit an annual report of total non-subscriber usage payments received to the CAISO, which will be posted on the CAISO website similar to how for transmission revenue requirements of Participating TO is currently posted today. While stakeholders did ask for more periodic reporting, the CAISO proposes the annual reporting to strike a balance between transparency and administrative workload associated with generating additional reports.

## 4.WEM Governing Body Role

This initiative proposes certain ISO tariff amendments to enhance the opportunities for transmission developer to become a Participating TO. ISO staff believes that these proposed ISO tariff changes will go to the Board of Governors only and that the Western Energy Markets (WEM) Governing Body will have no role in the decision. Under the new

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rules, the Board and the WEM Governing Body have joint authority over any proposal to change or establish any CAISO tariff rule(s) applicable to the EIM Entity balancing authority areas, EIM Entities, or other market participants within the EIM Entity balancing authority areas, in their capacity as participants in EIM. This scope excludes from joint authority, without limitation, any proposals to change or establish tariff rule(s) applicable only to the CAISO balancing authority area or to the CAISO-controlled grid.

Charter for EIM Governance § 2.2.1. None of the tariff rule changes currently contemplated in this initiative would 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.” The proposed tariff rules would be applicable “only to the CAISO balancing authority area or to the CAISO-controlled grid.” Accordingly, the matters scheduled for approval in May 2025 fall outside the scope of joint authority. The WEM Governing Body also has an advisory role that extends to any proposal to change or establish ISO tariff rules that would apply to the real-time market but are not within the scope of joint authority. This initiative, however, does not propose changes to real-time market rules.

This proposed classification reflects the current state of this initiative and may change as the stakeholder process moves ahead. Stakeholders are encouraged to submit a response to the EIM classification of this initiative as described above in their written comments, particularly if they have concerns or questions.

## 5. Stakeholder Engagement

The CAISO will discuss this straw proposal with stakeholders during a stakeholder meeting on March 21, 2025. Stakeholders are asked to submit written comments by April 4, 2025 through the commenting tool. A comment template will be posted on the CAISO’s initiative webpage here: [California ISO - Subscriber participating transmission owner market scheduling options \(caiso.com\)](https://www.caiso.com/initiatives/subscriber-participating-transmission-owner-market-scheduling-options)

The proposed schedule for this initiative is as follows:

DATE	EVENT
1/17/2025	Publish Straw Proposal
1/27/2025	Stakeholder meeting on Straw Proposal
2/10/2025	Comments due on Straw Proposal
3/14/2025	Publish Draft Final Proposal
3/21/2025	Stakeholder meeting on Draft Final Proposal
4/4/2025	Comments due on Draft Final Proposal
4/21/2025	Publish Final Proposal
5/22/2025	Board of Governors Meeting

## Appendix A – Transmission Usage

### Matrix of Different Types of Transmission Usage

	<b>Interconnected generation</b>	<b>Import/Exports</b>	<b>WEIM transfers</b>
<b>Non-Subscriber Usage</b>	Non-subscriber usage on interconnected generation is the difference between metered generation in excess of the associated subscriber MW	Non-subscriber usage on import or export transactions is equal to adjusted e-tags, if the import or export resource is not associated with subscribers.	Not applicable
<b>Subscriber Usage</b>	Subscriber usage on interconnected generation is the metered generation that is less than or equal to the associated subscriber MW	Subscriber usage on import or export transactions is equal to adjusted e-tags, if the import or export resource is associated with subscribers.	Not applicable
<b>Other</b>	Not applicable	Not applicable	All WEIM transfers are considered neither as subscriber or non-subscriber usage.

### Discussion on Non-Subscriber Usage

As an example using the SunZia transmission project, any flows from Pinal Central to Palo Verde will be limited to 2131MW. The SunZia wind generation has total gross MW output of approximately 3500 MWs, which at a 40% capacity factor will generate a maximum of 12,264 GWh. The total feasible energy flow from Pinal Central to Palo Verde is 18,667 GWh, which uses gross production of 2131 MW at a 100% capacity factor. If 75% of the maximum SunZia wind generation, which equates to 9,198 GWh, is able to flow from Pinal Central to Palo Verde, this leaves approximately 9,469 GWh of energy flow availability on the Pinal Central to Palo Verde transmission path during a given year. SunZia subscribers will continue to have the ability to submit subscriber imports at Pinal Central to utilize any available capacity on this line. Even assuming that the SunZia subscribers use upto 75% of the remaining capacity which equates to 7,102 GWh, this leaves 2,367 GWh of remaining energy flow on the path which could

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potentially count as non-subscriber usage. Utilizing the filed non-subscriber usage charge for Pinal Central to Palo Verde of \$7.6/MWh, this could equate to \$18 Mn of non-subscriber usage payments to SunZia over a year. While this is a substantive amount, the CAISO believes that a significant portion of this non-subscriber energy will likely serve the growing CAISO demand thus giving direct benefits to ratepayers who will ultimately pay for the non-subscriber usage rate. Another point to note is that Palo Verde will also be a scheduling point between Salt River Project and CAISO, and this existing scheduling point will continue to be an alternative to CAISO market participants to schedule on instead of Pinal Central, which would also contribute towards reducing non-subscriber usage for SunZia. The CAISO requests that stakeholders consider these assumptions and the associated nuances, while evaluating the CAISO's proposal to gain more operational experience with the implementation of SunZia prior to revisiting any change to the non-subscriber usage charge and payment mechanism. Nevertheless, the true level of non-subscriber usage will not be known until the Subscriber Participating TO line has been placed in service and operated for a substantive amount of time.