



California ISO

# Subscriber PTO Model Revised Draft Final Proposal

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Stakeholder Briefing

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# Housekeeping reminders

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- 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.
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- You may also send your question via chat to either Kaitlin McGee or 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

# Changes since Draft Final Proposal

- Subscriber Wheeling Charge is capped at the TAC or WAC
- The study process for the Subscriber PTO project, including generation, will be through the transmission interconnection studies
  - The Subscriber PTO will have the first right of refusal 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
- Future non-subscriber generator interconnections will be allowed once the Subscriber PTO notifies the ISO the project will be built

## 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 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

# Use of Encumbrances

- A number of stakeholders support the use of Encumbrances
- Other stakeholders requested examples of
  - how an Encumbrance works
  - how a non-subscriber transaction works
  - how SWC is determined, charged and paid
- One stakeholder prefers the use of CRRs versus an Encumbrance



# Rationale for treating Subscriber Rights as an Encumbrance

- Encumbrance provides the rights holder with:
  - “Perfect hedge” – no charge for transmission or congestion
  - Scheduling priority
- ISO software and tariff functionality already exists for Encumbrances
- Encumbrances are given contract reference numbers (“CRNs”) to ensure proper settlement
- CRR’s are not an acceptable substitute to the subscribers:
  - They only hedge for congestion
  - The ISO doesn’t have another mechanism to provide for scheduling priority or the correct settlement

# Use of Encumbrance Proposal

- ISO proposal is not changing from the 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

# Project Transmission Costs – Subscriber Charge

- The project costs **will not** be included in the transmission revenue requirement of the TAC or WAC
- Subscriber PTO will develop a \$/MWH Subscriber Wheeling Charge for non-subscriber use of the project that will accrue to the Subscriber PTO
- If the subscriber(s) do not self-schedule their rights in the market, the transmission is available for market use
- Cost recovery of the Subscriber Charge, including updating the charge, will require FERC approval in accordance with the ISO tariff rules
- The Subscriber Wheeling Charge will be no greater than the TAC or WAC

## Transmission Rate and Revenue Allocation

- The ISO proposes to revise the revenue recovery of the Subscriber Wheeling Charge to cap it at the TAC or WAC
- All load and exports in ISO BAA will pay the TAC or WAC
- The ISO will determine the MWH imported and exported by non-subscribers at the Subscriber PTO scheduling points
- The Subscriber PTO will be paid the Subscriber Wheeling Charge times the MWH non-subscriber quantity (Subscriber Revenue)
  - First by using the WAC revenue from the Subscriber PTO scheduling points
  - If insufficient, the TAC revenue collected will fund the remaining amount to meet the Subscriber Revenue
- The ISO will memorialize the original-build cost to ensure such cost is not included in the ISO's Access Charge

# Network Upgrades Beyond Original Build

- 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

- 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 Proposal

- **Subscriber Wheeling Charge**
  - ISO is modifying the proposal to include a cap on the Subscriber Wheeling Charge
- **Future Network Upgrades**
  - Subscriber PTO can recover through the Access Charge costs associated with new generator interconnections consistent with other Participating TOs
- **Termination of Subscriber Encumbrances**
  - Term of Encumbrance is up to the Subscriber PTO
  - 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

# Generator Interconnection

- Interconnection of the project (generation and transmission) will be studied in the transmission interconnection process
  - Subscriber PTO will have first right of refusal to capacity upgrades included in the portfolio
  - If additional upgrades are required the subscriber will finance upfront the upgrade and obtain deliverability through the TPD process
- Existing PTOs will recover costs associated with network upgrades on their system in a TRR
- Subscriber PTO
  - Will ***not*** develop a TRR for network upgrades associated with the original build of the project
  - May develop a TRR for network upgrades associated with subsequent generator interconnections not part of the original build of the project



# Transmission Planning and Deliverability

- TPP
  - SPTO transmission facilities are added to the TPP once the Subscriber PTO has executed the APTOA and the subscriber has executed the GIA, similar to all other transmission facilities
- Deliverability
  - 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 Revised Draft 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

## ISO Draft Final Proposal Summary (*cont.*)

- Subscriber PTO project will be studied through the transmission interconnection process and given first right of refusal to portfolio upgrades
- 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 Applicant Participating TO Agreement with the Subscriber PTO and execution of a generator interconnection agreement will result in adding the Subscriber PTO project to the TPP.

# Proposed Initiative Schedule

Date	Event
5/22/2023	Stakeholder conference call on revised draft final proposal
6/5/2023	Stakeholder comments due on revised draft final proposal
6/22/2023	Publish final proposal and draft tariff language
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 status update and meeting discussion using the commenting tool linked on the initiative webpage
  - Comments due by end of day, June 5, 2023  
[initiativecomments@caiso.com](mailto:initiativecomments@caiso.com)
- 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](mailto:isostakeholderaffairs@caiso.com)



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May 16, 2023  
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### 2023 Summer Loads and Resources Assessment has been posted

The California Independent System Operator has released its 2023 Summer Loads and Resources Assessment, which shows considerable improvement in resource availability for the upcoming summer, driven by accelerated resource development and high hydro conditions within California.

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The image shows a preview of a blog article. On the left is a photograph of solar panels in the foreground, with a power transmission tower and wind turbines in the background under a bright sky. The text 'SUMMER OUTLOOK' is overlaid on the solar panels. To the right of the image is the article's metadata and title.

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