

Competitive Transmission
Implementation of Competitive Solicitation Process
September 24, 2013

Background

On March 20, 2013, the California Independent System Operator (CAISO) Board of Governors approved the 2012-2013 Transmission Plan. The CAISO deemed a few projects in the Plan subject to competition including the Gates-Gregg 230 kV Line located in the Greater Fresno area which was included in the CAISO's TPP to address reliability issues. The 2012-2013 cycle of the Transmission Planning Process is the first time this competitive process is being implemented in California for transmission projects.

The competitive solicitation process is described in the CAISO Tariff Section 24.5 and the CAISO's April 24, 2013 Business Practice Manual (BPM) for the Transmission Planning Process (referred to below as the Pre-Order 1000 Regional Compliance Language), however, new tariff language will go into effect on October 1, 2013 as a result of the CAISO's compliance filing with FERC to address Order 1000 regional planning requirements. In setting the October 1 effective date, the CAISO's stated intent was to "enable it to apply the new tariff provisions to the 2013-2014 transmission planning cycle^{1,2}."

Implementation Issues that Impact the Gates-Gregg Project

1. 120 Day Requirements for Seeking Siting Approvals: Pre-Order 1000 Regional Compliance Language³ indicates that in cases where the CAISO is selecting the winning bidder (e.g. Gates-Gregg), bidders must "seek siting approval within 120 days of the selection of the project sponsor". This could be interpreted to require that the selected project sponsor will need to file a CPCN application and PEA within 120 days of selection. Based on prior development of CPCN/PEA filings, 120 days is not a sufficient period of time to develop a comprehensive document that will meet established CPUC standards and will not allow for pre-filing consultations that have been requested by the CPUC.

2. 120 Day Requirement for Seeking Other Approvals: The Pre-Order 1000 Regional Compliance Language also refers to seeking "any other necessary approvals," from the appropriate authorities within 120 calendar days of selection as the project sponsor, either by CAISO or the siting authority. To the extent that this language requires project sponsors to apply for the entire suite of federal and state environmental permits as well as local ministerial permits that may be required, the 120 day time period also does not allow sufficient time nor is it the appropriate time period procedurally. Often times the final list of permits required cannot be known until after consultation between the CPUC and other agencies, development of mitigation measures, and the selection of the final alternative by the CPUC -- none of which takes place until after the proponent files its application at the CPUC.

¹ Cover letter to CAISO Docket ER13-103-000 (<http://www.aiso.com/Documents/October112012Order1000ComplianceFiling-DocketNoER13-103-000.pdf>)

² April 18, 2013 FERC Order on ER13-103-000, p. 7, §II (6), http://www.aiso.com/Documents/Apr18_2013Order-Order1000Phase1ComplianceFilingER13-103-000.pdf

³ CAISO Tariff Section 24.5.2.3(c)

Recommendations

1. *In order to address the first issue, CAISO should seek clarification from FERC that it has the discretion to apply Sections 24.5.3.4 and 24.5.3.5 of the Order 1000 second regional compliance filing (ER13-103-003) to the current competitive solicitation process once such language is effective October 1, 2013. In order to address the second issue, the language indicating that “any other necessary approvals” need to be initiated within 120 days of CAISO approval should be deleted from the new tariff language*
2. *If it is determined that CAISO does not have such discretion to apply the new tariff language to the 2012-2013 transmission planning cycle, CAISO should seek a waiver from FERC for relief from need to apply the pre-Order 1000 tariff requirements. Instead, it would seek to modify Sections 24.5.3.4 and 24.5.3.5 of the Order 1000 second regional compliance filing by deleting the reference to seeking “any other necessary approvals” and then request that the revised siting approval language be applied to the 2012-2013 transmission planning cycle.*

Sections 24.5.3.4 and 24.5.3.5 of the compliance filing are provided below for reference along with proposed revisions to the language in ~~strikeout~~:

24.5.3.4 Single Qualified Project Sponsor and Proposal

If only one (1) Project Sponsor, including joint Project Sponsors resulting from a collaboration, submits a proposal to finance, own, and construct a specific transmission solution and the CAISO determines that the Project Sponsor is qualified to own and construct the transmission solution under the criteria set forth in Section 24.5.3.1 and the proposal meets the proposal qualification criteria in Section 24.5.3.2, the Project Sponsor will be the Approved Project Sponsor and must initiate the process of seeking siting approval, ~~and any other necessary approvals,~~ from the appropriate authority or authorities within one hundred twenty (120) days of CAISO approval.

24.5.3.5 Multiple Qualified Project Sponsors and Proposals: Selection of Approved Project Sponsor

If there are multiple qualified Project Sponsors and proposals for the same transmission solution, the CAISO will select one qualified Approved Project Sponsor based on a comparative analysis of the degree to which each Project Sponsor’s proposal meets the qualification criteria set forth in Section 24.5.3.1 and the selection factors set forth in 24.5.4. The CAISO will engage an expert consultant to assist with the selection of the Approved Project Sponsor. Thereafter, the Approved Project Sponsor must initiate the process of seeking siting approval, ~~and any other necessary approvals,~~ from the appropriate authority or authorities within one-hundred twenty (120) days of CAISO approval.