

**Comments of LS Power Grid California, LLC on  
Working Concepts in Transmission Financing and Ownership**

**March 25, 2026**

LS Power Grid California, LLC (LSPGC) is pleased to provide its comments on *Working Concepts in Transmission Financing and Ownership* (Concept Paper), circulated by Executive Director Leuwam Tesfai on March 11, 2026. LSPGC and its affiliates have successfully developed transmission projects throughout the nation. Through the value of competitive solicitations conducted by the California Independent System Operator Corporation (CAISO), LSPGC has been awarded the right to develop six transmission facilities in California:

- Orchard Substation (in operation)
- Fern Road Substation (to be energized in 2026)
- Manning 500/230 kV Substation and transmission line (under construction)
- Power Santa Clara Valley 320 kV DC transmission line (Certificate of Public Convenience and Necessity (CPCN) granted)
- Power the South Bay 230 kV AC transmission line (CPCN granted)
- Collinsville 500/230 kV Substation and transmission line (CPCN pending)

LSPGC has used private financing for its California projects, but for other projects LSPGC's affiliates have teamed with incumbent utilities, including NV Energy and Idaho Power, and cooperative and municipal utilities to develop needed transmission projects. LSPGC and its affiliates have experience with a variety of financing and ownership arrangements, and this experience can benefit California as it seeks to expand the transmission grid at the lowest feasible cost to ratepayers.

In these comments, LSPGC will first offer some high-level observations, followed by responses to the questions posed in various sections of the Concept Paper.

## I. INITIAL OBSERVATIONS

**Competition:** As the Concept Paper recognizes, a lack of competition can be a factor leading to higher transmission costs, and in California, competition can reduce transmission costs by up to 40%.<sup>1</sup> We agree. The Federal Energy Regulatory Commission (FERC) Order No. 1000 competitive solicitations conducted by the CAISO have assured that major regional transmission projects are constructed at the lowest feasible cost, resulting in significant savings for California ratepayers.

With each of these competitive solicitations, the value of a competitive process has been demonstrated in numerous competing cost-containment proposals, as well as stringent accountability for the ultimate project developer and project through a required, executed Approved Project Sponsor Agreement with CAISO. Indeed, in other jurisdictions, FERC has found that these competitive process accountability agreements are superior to the existing Consolidated Transmission Owners Agreement (CTOA) provisions found in the FERC non-competitive processes.<sup>2</sup> Project costs and cost containment, financial security postings, and project milestones and schedule are terms and conditions of the Approved Project Sponsor Agreement. Consistent with the Approved Project Sponsor Agreement,<sup>3</sup> every ninety calendar days after the initial construction plan is received by CAISO until the Project is energized and under CAISO Operational Control, the Approved Project Sponsor is required to provide CAISO

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<sup>1</sup> Concept Paper, p. 2.

<sup>2</sup> See 2018 DEA Order, 164 FERC ¶ 61,021 at P 39 (rejecting PJM's proposal to exempt incumbent transmission owners from the requirement to execute Designated Entity Agreements because, among other reasons, "the Consolidated Transmission Owners Agreement is less stringent than the Designated Entity Agreement with respect to the issue of financial security and such difference could disadvantage a nonincumbent transmission developer when competing for transmission projects.").

<sup>3</sup> Section 5.3.2 of the CAISO Approved Project Sponsor Agreement.

with a construction plan status report. Every 90-day status report to CAISO includes extensive and updated details on the Project Schedule; permit and license status; right-of-way acquisition status; land acquisition status; design and engineering status; events that might affect the ability to meet design specifications; status of contracts for project work, including land, procurement and staffing; interconnecting PTO interconnection agreements; construction and testing status; risks and obstacles to project completion; and Project Budget Status, including actuals, estimate to complete, and contingency. These key CAISO accountability documents distinguish a FERC Order No. 1000 competitive process from any other transmission ownership structure. These documents include:

- Exhibit A is the CAISO Proforma Approved Project Sponsor Agreement<sup>4</sup> required to be executed by the winner of the CAISO competitive selection process.
- Exhibit B is the CAISO Construction Plan Status Report Template.<sup>5</sup>

However, too few transmission projects are eligible for the CAISO's competitive solicitations. The scope of allowed competition for transmission-level projects is controlled by the FERC. The Commission has become a national leader in advocating for competitive transmission both at FERC and in National Association of Regulatory Utility Commissioners (NARUC). The Commission should continue this key leadership both at the state and federal level. In addition to encouraging FERC to expand the scope of competitive solicitations for transmission projects at 100 kV and greater, the Commission should support the benefits of transmission competition in state policy, such as allowing the sharing of rights-of-way between

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<sup>4</sup> Exhibit A can also be founded in identical form at the CAISO website at [appendix-x-approved-project-sponsor-agreement-as-of-aug-3-2024.pdf](#)

<sup>5</sup> Exhibit B can also be founded in identical form at the CAISO website at <https://www.caiso.com/library/approved-project-sponsor-document>

new entrants and incumbents on public utility lands.<sup>6</sup> To the extent that there are grid expansions that are under the Commission’s jurisdiction, transmission competition should be encouraged there as well.

**Delays:** The Concept Paper also recognizes that delays can lead to higher development costs.<sup>7</sup> Delays for large construction projects are sometimes unavoidable, but competitive project developers have demonstrated a willingness to accept the risk of certain delays to motivate on-time performance and minimize delay-related risks. For its part, the Commission should make an effort to minimize regulatory delays and to streamline its review of transmission projects that require its approval. Transmission projects accrue Allowance for Funds Used During Construction (AFUDC), and for major transmission projects that can cost \$1 billion to construct, the increased cost of each day of delay can be significant. The revisions incorporated in General Order 131-E should result in considerable savings from reduced delay, but other reforms should be considered and implemented to further reduce potential delay at the Commission’s permitting stage.

**Creative Financing and Ownership Structures:** As mentioned above, LSPGC’s affiliates have partnered with investor-owned and cooperative and municipal utilities on certain projects. In each case, each party brought benefits to the table that contributed to the success of

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<sup>6</sup> Public Advocates Office Opening Comments on the Administrative Law Judges’ Ruling Inviting Comment on Phase 2 Issues, R.23-05-018, Feb. 5, 2024, pp. 16-20, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M524/K929/524929448.PDF> ; Reply Comments of LS Power Grid California, LLC (U-247-E) on Phase 2 Issues, R.23-05-018, Feb. 26, 2024, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M526/K148/526148050.PDF> ; Opening Comments of LS Power Grid California, LLC (U-247-E) on the Phase 2 Staff Proposal, R.23-05-018, July 2, 2024, pp. 12-18, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M535/K108/535108043.PDF>

<sup>7</sup> Concept Paper, p. 2.

the project. Public-private partnership structures offer significant potential cost savings but also face limitations. Public-private partnerships will not make sense for all projects, but the Commission and its regulated utilities should be open to considering innovative financing and ownership structures that can promote grid reliability and provide financial benefits to ratepayers. What is critical is ensuring that the rules are clear, non-discriminatory, and do not inadvertently harm the existing California competitive processes or delay projects.

**Shared Rights of Way:** The regulation of public utilities is squarely under the exclusive jurisdiction of the Commission, and the encouragement and allowance of shared rights of way between California public utilities can help create competitive pressure on more projects and more focus on costs in the competitive selection process. The Commission has allowed this sharing in other public utility sectors that it regulates, and it should follow its precedent here.

## **II. TRANSMISSION OWNERSHIP STRUCTURES**

### **A. Comments**

The Concept Paper describes four models of ownership structure that have been used to develop California transmission projects.

The **IOU model** was historically the way that transmission projects were developed when electricity delivery was dominated by vertically integrated investor-owned utilities. This model is still followed for the bulk of pending transmission projects in California, even after FERC allowed non-incumbent entities to construct, own, and operate certain types of transmission facilities. The IOU model has been under some stress recently, as the large capital investments required for wildfire mitigation projects have constrained the IOUs' ability to raise capital in private markets without regulatory authorization to earn higher rates of return. The large IOUs

have explored arrangements with private entities that can contribute capital while allowing the utility to retain ownership and control of the transmission asset.<sup>8</sup>

**Public models** can work well for the sponsoring publicly owned utilities or other public entities to meet a localized transmission need. Because these public entities are nonprofits, however, they typically do not attract private investment, and they can be capital-constrained by debt limits and other factors including risk tolerance associated with wildfire risk. As the Concept Paper points out, some public entities have partnered with private investors as a way of raising capital for specific projects and in structures that provide benefits to both parties.<sup>9</sup>

**Competitive Transmission Providers with FERC-regulated rates** is the model pursued by LSPGC for its six California projects. This model results in ratepayer benefits for projects that are selected through a competitive solicitation conducted by the CAISO, where cost containment is a key selection factor. However, only relatively few projects (about 5% of project nationwide<sup>10</sup>) are subject to competitive solicitations. In California, these competitive transmission providers often acquire status as public utilities subject to the Commission's jurisdiction, which gives them the power of eminent domain<sup>11</sup> but subjects them to regulatory burdens and potential delays that increase costs. Although status as a public utility is established by statute and case law, the Commission has the authority to reassess the regulatory burden on independent transmission utilities that have no retail customers and to reduce the associated regulatory costs to those utilities.

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<sup>8</sup> See D.11-05-048 (Citizens/SDG&E Sunrise); D.19-03-024 (Citizens/SDG&E Sycamore). See also A.24-03-009 (Citizens/PG&E).

<sup>9</sup> Concept Paper, p. 9.

<sup>10</sup> Concept Paper, p. 2.

<sup>11</sup> Public Utilities Code §§ 610, 612.

The structure for **Transmission Providers with Subscriber-Funded rates** allows generators, storage providers, and other entities who desire transmission capacity on a planned transmission facility to subscribe in advance for that capacity. The subscribers provide financial commitments or capital to the project developer, and in return receive transmission rights at stable prices that they can factor into their power purchase agreements with load-serving entities. The subscriber model has worked for some transmission projects designed to connect remote generators with distant load centers, as exemplified by the first two projects to use this model, TransWest Express and SunZia.

**B. Responses to Questions**

**1. Are there publicly available studies that provide insights on overall cost savings for ratepayers attributable to the various ownership models?**

While there are studies comparing one or two individual types of ownership structures with each other, LSPGC is not aware of a study that compares all four ownership models directly against each other. The vast majority of transmission spend, nationally and in California specifically, is FERC-jurisdictional transmission. The developers who participate in competitive solicitations are experienced at planning, permitting, and constructing major transmission projects and may have access to the capital required for these projects, as well as incumbent transmission owners through the IOU model. The FERC-regulated competitive transmission and IOU models dwarf the overall spend of needed transmission, and therefore, the sheer scale of the required capital investments prioritize that this is where the policy debate best belongs on how to best balance and design the competitive transmission and IOU models.

**2. Are there public sources that provide evidence of savings related to competitively bid projects versus projects that default to incumbent investor-owned utilities?**

Yes, as shown below.

**(a) Public Links to Evidence of Savings Related to Competitively Bid Projects Versus Projects That Default to Incumbent Investor-Owned Utilities**

Numerous public sources provide evidence of savings related to competitive projects.

The following are links to several sources that substantiate cost savings that result from transmission competition.

- [Cal Advocates Filing on Increasing Competition](#)
- [Electricity Transmission Competition Coalition and CPUC Initial Comments on NOPR](#)
- [Massachusetts Attorney General-NOPR-Reply-Comments and Affidavit](#)
- [R Street Reply Comments on FERC ANOPR](#)
- [Competition for Electric Transmission Projects \(mit.edu\)](#)
- [Cost Savings Offered by Competition in Electric Transmission: Experience to Date and Potential Value for Electricity Consumers - Brattle](#)
- [Report by Brattle Economists Discusses the Benefits of Competitive Transmission – Brattle](#)
- [Response to Concentric Energy Advisors’ Report on Competitive Transmission – Brattle](#)
- [How ROFR Laws Increase Electric Transmission Costs in Midwestern States - R Street Institute](#)
- [Counterflow: Say It Ain't So, Joe - RTO Insider](#)
- [R Street Responds: Aii Report Does Not Rebuke the Merits of Electric Transmission Competition - R Street Institute](#)
- Competition in Onshore Electricity Networks -Government Response to Consultation on Competition in Onshore Electricity Networks, August 2022
  - <https://assets.publishing.service.gov.uk/media/62eb91e18fa8f503349631c1/competition-in-onshore-electricity-networks-consultation-response.pdf>

- [Ofgem's Decision on the development of early competition in onshore electricity transmission networks sets out the model of early competition and criteria for network project eligibility to be competed \(2022\).](#)
  - Impact Analysis - <https://www.ofgem.gov.uk/sites/default/files/2022-03/Transmission%20Early%20Competition%20IA.pdf>
- [Ofgem's RIIO-2 Sector Specific Methodology Decision, sets out Ofgem's view on late competition and criteria for network project eligibility for competition \(2019\).](#)
- [Energy and Climate Change Select Committee: Pre-Legislative Scrutiny of an earlier version of this measure \(2016\).](#)
- [UK Government Fact Sheet on Greater UK Competition](#)
- Ofgem Onshore Competition Stakeholder Update  
<https://www.ofgem.gov.uk/sites/default/files/2025-12/Onshore-competition-stakeholder-update-December-2025.pdf>
- ETCC Response to Incumbent TO Comments  
<https://electricitytransmissioncompetitioncoalition.org/wp-content/uploads/ETCC-Response-to-Incumbent-TO-Comments.pdf>
- Joint Federal Trade Commission and US Department of Justice comments to Federal Energy Regulatory Commission (under Biden Administration) <https://www.ftc.gov/news-events/news/press-releases/2022/08/federal-trade-commission-doj-urge-ferc-preserve-robust-wholesale-electricity-markets>
  - [https://www.ftc.gov/system/files/ftc\\_gov/pdf/p072104\\_doj\\_ftc\\_transmission\\_comment\\_to\\_ferc.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/p072104_doj_ftc_transmission_comment_to_ferc.pdf)
- March 2025, US Department of Justice letter to Iowa legislators, Pages 4-5
  - <https://pdf.static.prod.cdr.navigacloud.com/9917c914-6d52-529c-b4b6-451376a959b7>

**(b) Public Evidence of New Jersey Board of Public Utilities and Attorney General of New Jersey on the Benefits of Competition in the State of New Jersey**

On November 22, 2022, the New Jersey Board of Public Utilities filed in the FERC Docket Order No. 1920 rulemaking docket (RM21-17), a Motion to Lodge important information on the benefits of transmission competition to New Jersey. Their evidence and summary was clear: “In short, proactively and holistically planning transmission projects to serve New Jersey’s OSW [off-shore wind] goals through a competitive process will save New Jersey ratepayers nearly \$1 billion.” In that filing, they provided a summary of data related to the benefits of competition versus the IOU model. It is quoted below directly from the New Jersey filing (footnotes not included):

**“II. Summary of Data Relevant to this Proceeding**

On November 18, 2020, the Board formally requested that PJM include New Jersey’s OSW goal of 7,500 MW into its regional transmission expansion plan pursuant to the SAA provisions of its Operating Agreement. On April 15, 2021, PJM opened a competitive solicitation window that sought proposals for projects capable of meeting the transmission needs driven by New Jersey’s OSW goals. As a result of the competitive solicitation, PJM and the Board received 80 proposals, from 13 different transmission developers, for onshore grid upgrades (“Option 1a Projects”), new onshore grid infrastructure (“Option 1b Projects”), offshore transmission projects to connect OSW projects to an onshore point of interconnection (“Option 2 Projects”), and/or projects that would create an “offshore backbone” (“Option 3 Projects”). On October 26, 2022 the Board selected the Option 1b Larrabee Tri-Collector project and a portfolio of associated Option 1a upgrades located in New Jersey, Delaware, Pennsylvania, and Maryland (collectively, the “SAA Solution”) for inclusion in PJM’s Regional Transmission Expansion Plan and cost allocation to New Jersey ratepayers.

The SAA Solution will save New Jersey ratepayers over \$900 million when compared to the baseline scenario, in which New Jersey would rely solely on the standard PJM process to interconnect its OSW projects. Specifically, while the SAA Solution costs \$1.08 billion to build, it eliminates the need to build an additional \$1.71 billion worth of new onshore transmission and onshore network upgrades through the PJM interconnection process. That alone saves ratepayers approximately \$630 million. In other words, New Jersey’s real-life experience is that using a proactive, holistic planning and competitive bidding process to select the necessary system reinforcements for multiple OSW projects is 37% cheaper than the status quo approach that plans and builds new transmission infrastructure for one generator at a time. Moreover, with respect to network system

upgrades, the “SAA offers a cost reduction of 43% to 82% compared to the network upgrade costs that would be incurred under the conventional PJM interconnection process. Additionally, the SAA Solution will also reduce the amount of cabling necessary to deliver OSW energy to the onshore grid, thereby saving ratepayers another \$288 million. The \$630 million in reduced onshore system upgrades and expansion costs plus the \$288 million reduction in cabling costs together will save ratepayers \$918 million. In short, proactively and holistically planning transmission projects to serve New Jersey’s OSW goals through a competitive process will save New Jersey ratepayers nearly \$1 billion...

Finally, the results of the SAA process demonstrate that competitive transmission solicitations can provide significant value to consumers. As the Board found in its Order, “the Larrabee Tri-Collector Solution results in an innovative transmission solution, creating a single onshore POI while leveraging existing rights of ways, an outcome that would not have been possible without . . . a competitive solicitation.” The 80 proposals that PJM received in response to the solicitation allowed the Board, its consultants, and PJM to jointly develop 34 scenarios representing unique combinations of project proposals and variations on them. This enabled the Board to identify and select the optimal solution, rather than merely accept or reject a single proposal designed in the absence of any competitive pressure. In addition to being highly innovative, the SAA Solution the Board chose also corresponded to the scenario with the second lowest overall cost, at least when one includes the cost of the additional transmission that generation developers will build. Absent the competitive solicitation framework, New Jersey ratepayers may have ultimately paid billions more in OSW transmission costs. Quite simply, the competitive transmission solicitation process provided New Jersey with a higher quality transmission solution at a substantially lower price.”<sup>12</sup>

**(c) California Independent System Operator Selection Reports and Other Order No. 1000 Region Selection Reports**

While each bid is confidential, an important place for reviewing a competitive transmission proposal’s cost containment can be found in each CAISO selection report, specifically in section 3.12 of each CAISO report “Selection Factor 24.5.4(j): Cost Containment Capability, Binding Cost Cap and Siting Authority Cost Cap Authority.” In each report, CAISO compares the cost containment capability and binding cost caps between competitive bidders. Cost and cost containment is always a key selection factor.<sup>13</sup> In the public selection report,

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<sup>12</sup> Also attached to this filing as Exhibit C, Motion to Lodge of New Jersey Board of Public Utilities in the FERC Docket Order No. 1920 rulemaking docket (RM21-17), pages 2-6.

<sup>13</sup> <https://autl.assembly.ca.gov/system/files/2026-01/caiso-ppt-tpp-csp-1.14.26.pdf>, page 7.

CAISO does not typically compare these bids to their original CAISO planning estimate, although the public planning estimates can often be found in CAISO planning materials and other CAISO materials. The competitive solicitation selection reports are in the folder for the applicable TPP cycle at the following link: [Library | Transmission plans and studies | California ISO](#).

The selection report in CAISO is based on information provided in the CAISO Transmission Proposal Sponsor Application (which is deemed CAISO confidential in the bidding process). Each bidder must complete and certify this Application for each CAISO competitively bid project, and contains an Officer Certification that the “information provided in the application, including associated worksheets, is true and accurate to the best of my belief and knowledge and there are no material omissions.”<sup>14</sup> This Application template is attached as Exhibit D.<sup>15</sup> Compared to an IOU Model where there is no such CAISO Transmission Proposal Sponsor Application, the cost information provided to CAISO in the Sponsor Application is highly robust and ultimately binding in the CAISO Approved Project Sponsor Agreement. No Application or Approved Project Sponsor Agreement occurs under an IOU model. Sample information provided in the Application in the competitive process include:

- P-3. Provide a proposed schedule for project development through release for operation that includes, at a minimum, key critical path items such as:
- Develop contracts for project work;
  - Regulatory approval; permitting; rights of way and land acquisition;
  - Engineering and design;
  - Material and equipment procurement;
  - Facility construction;
  - Agreements (interconnection, operating, scheduling, etc.) with other entities;
  - Pre-operations testing;

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<sup>14</sup> Id., page 38 of 41 of the CAISO Transmission Proposal Sponsor Application.

<sup>15</sup> Exhibit D can also be founded in identical form at the CAISO website at <https://www.aiso.com/documents/competitive-solicitation-transmission-project-sponsor-application-rev9.docx>

- Any amount of “float” incorporated into the schedule and how it was determined;
- Project in-service date;
- Other items identified by the project sponsor.

Provide a list of measures that the project sponsor would take to meet its schedule if the project sponsor encounters unanticipated delays in its schedule for land acquisition, permitting, or construction of up to 6 months. If the project sponsor proposes any financial or other incentives to ensure completion of the project on schedule, provide a description of those financial or other incentives. Beginning with the 2023-2024 Transmission Planning Process, CAISO is now requiring all project sponsors to propose an In Service Date that matches the CAISO requested In Service Date provided in Appendix I. CAISO will not attribute any value to an In Service Date earlier than the Requested In Service Date.

P-4. For the proposed project, identify the major risks and obstacles to successful project completion within cost budget while meeting schedule and identify proposed mitigations to minimize the risks. Describe all actions that the project sponsor will take to keep the project within budget while meeting schedule in light of the major risks identified.

P-5. For the transmission line and substation projects included in the Prior Projects and Experience Workbook, provide the following:

- (a) Any environmental permitting risks and challenges that the project sponsor and its team have previously faced that are comparable to the risks and challenges it will face in connection with this project.
  - (b) Any transmission line or substation design or engineering risks and challenges that the project sponsor and its team have previously faced that are comparable to the risks and challenges it will face in connection with this project.
  - (c) Any transmission line or substation construction risks and challenges that the project sponsor and its team have previously faced that are comparable to the risks and challenges it will face in connection with this project.
  - (d) Any maintenance risks and challenges that the project sponsor and its team have previously faced that are comparable to the risks and challenges it will face in connection with this project.
  - (e) Any operations risks and challenges that the project sponsor and its team have previously faced that are comparable to the risks and challenges it will face in connection with this project.
  - (f) Other specific materials that reflect project management skills for an actual project.<sup>16</sup>
- In addition to the Cost Assumptions and Containment Questions in the CAISO

Competitive Solicitation Application (pages 12-18), CAISO’s cost and containment workbook<sup>17</sup>

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<sup>16</sup> See pages 10 and 11 of the California Transmission Sponsor Application.

<sup>17</sup> The Cost and Cost Containment Worksheet (Revised) templates can be found under the Project Sponsor Documents on the CAISO website at <https://www.caiso.com/library/project->

is also part of the Application process and its competitive process for transmission projects. This workbook includes full, **confidential** bidder spreadsheets outlining their financial assumptions for the binding bid processes. Some of the Cost Assumptions and Containment questions asked of each bidder include:

- CC-1 Fully describe in detail all of your proposed cost containment measures.
- CC-2 Explain in detail and provide all bases, assumptions, reasons, support, and documentation as to why your estimated cost of debt constitutes a reasonable representation and expectation of the debt cost you expect to incur in connection with the project.
- CC-3 Describe each proposed maintenance activity and its frequency planned over the life of the project facilities. Explain in detail and provide all bases, assumptions, reasons, and support as to why your estimated O&M costs (and Administrative and General (A&G) costs) constitutes a reasonable representation and expectation of the O&M costs you expect to incur in connection with the project. To the maximum extent practicable, provide this analysis for each individual component of total O&M costs as reflected in the Cost and Cost Containment Workbook.
- CC-6 Provide all details, assumptions, reasons, and supporting documentation (including manufacturers' guidelines) underlying the project sponsor's useful life projections for the project.
- CC-7 Describe in detail all exclusions to any cost cap and cost containment measures the project sponsor proposes.
- CC-8 If the project sponsor is proposing an exclusion for *force majeure* events, how exactly does the project sponsor propose to define *force majeure* for purposes of limiting exclusions from or increases to any cost cap and other cost containment measures?
- CC-9 If a siting or permitting authority were to require relocation of the project sponsor's proposed site for the project, how exactly would that affect the project sponsor's proposed cost cap and other cost containment measures?
- CC-10 If a siting or permitting authority were to require changes to the proposed structures, equipment, or transmission lines associated with the project sponsor's project, how would that affect the proposed cost cap and other cost containment measures?
- CC-11 If a siting or permitting authority were to require an increase in the amount of environmental mitigation beyond that assumed in the project sponsor's proposal, how would that affect the proposed cost cap and other cost containment measures?

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[sponsor-documents](#) . These include detailed spreadsheets and questions on capital costs, operations and maintenance costs, cost of capital, regulatory treatment, depreciation, taxes, revenue requirement and any revenue requirement caps, O&M caps, binding caps on ROE, binding caps on equity percentages, and binding caps on capital expenditures. IOU and Public Ownership Models do not complete such Cost and Cost Containment worksheets.

- CC-12 If a siting or permitting authority were to require undergrounding of the project sponsor's proposed transmission facilities, or require overhead construction if the project sponsor has proposed undergrounding, how would that affect the proposed cost cap and other cost containment measures?
- CC-13 If there were to be a delay in the receipt of any of the project sponsor's siting or permit authorizations, how exactly would that affect the proposed cost cap and other cost containment measures?
- CC-14 If there were to be a delay in the schedule of the participating transmission owner for constructing its interconnection facility for the project, or if changes in project scope or location were to be required or caused by the interconnecting PTO, how would that affect the proposed cost cap and other cost containment measures?
- CC-15 If one of the project sponsor's approved contractors was not able to meet its requirements, and the project sponsor were to propose and the ISO approve an alternate contractor, what impact would this have on the proposed cost cap and other cost containment measures?
- CC-16 Indicate the authority of any agency with jurisdiction over the project to impose binding cost control measures or cost caps on the project, if the project sponsor is not proposing a cost cap.
- CC-17 If the project were cancelled due to factors outside the project sponsor's control, would the project sponsor file for an abandoned plant incentive?
- CC-18 If the project were cancelled due to factors outside the project sponsor's control, and the project sponsor would file for an abandoned plant incentive, what cost containment measures, if any, would the sponsor propose to mitigate the impact of abandonment on ratepayers?
- CC-19 If the project was ready to be placed in service, but factors beyond the project sponsor's control caused a delay to the In Service Date, would the project sponsor suspend the project or continue to accrue either AFUDC or claim a return on CWIP?
- F - 14. Provide the project sponsor's planned insurance coverage, including types of coverage and insured values during the construction period and over the operational life of the project facilities, including but not limited to covering negligent performance. Also include the types of losses to be covered during the construction and operation of the project, including specifying the extent of failure of project facilities to be covered by the planned insurance during the operation of the project.
- F - 15. Describe your ability to finance unexpected repairs (*e.g.*, replacement of a series of towers) or replacement construction during the estimated useful life, *i.e.*, the operating period for the transmission element(s). For example, capabilities can include, but are not limited to, the following: use of account set-asides or accumulated funds, parent organization guarantees, letters of credit, letters of intent from financial institutions to support the project sponsor, insurance, or other means of ensuring that these increased costs can be covered in a timely manner and thus not delay the return of the project to normal operation.
- Describe any actual events where the project sponsor had to cover increased costs due to equipment failures, including the nature of the event, costs incurred, and how these costs were funded by the project sponsor.

In contrast, none of the above questions are consideration under the “IOU model,” as the projects default to the incumbent, or the Public Ownership Models.

Selection reports are also found in other FERC Order No. 1000 Regions. Links to some of these competitive bid selection reports can be found below, with the cost savings of competition outlined in the executive summary of many, comparing the competitive process vs. the Order No. 1000 Region/ RTO original planning estimate. Often in these reports, the competitive bidding selection report compares the RTO planning estimate (“IOU Model”) to the competitive bids. For example, in MISO, the recent 2026 selection reports have included the comparison of MISO planning costs to competitive bids in Figure 2 of the selection report executive summary.

- MISO MTEP24 BECI (Bell Center - Columbia - Sugar Creek - Illinois/Wisconsin State Line). Figure 2 and the Executive Summary outlines that The Bell Center-Columbia-Sugar Creek (BECI) project connecting Illinois and Wisconsin was planned by MISO and a roughly 200-mile 765kV transmission line estimated to cost \$1.446 billion. Among the 5 bidders, the highest came in at \$1.363B, the lowest at \$808M, and the second lowest (the Winner's bid) came in at \$1.006B. The winner of this project, Transource (E2), offered a bid that was 30% lower than MISO's estimate (“the IOU Model”) and 24% lower than the highest bid. They also offered the second lowest revenue requirement—seeking \$775M, 25% less than the highest bidder's \$1.035B.
  - <https://cdn.misoenergy.org/BECI%20Selection%20Report734487.pdf>
  - MISO MTEP24 WISE (Wisconsin Southeastern Project)
    - <https://cdn.misoenergy.org/WISE%20Selection%20Report734486.pdf>
  - MISO MTEP24 RIKY (Reid EHV - Indiana/Kentucky State Line)

- <https://cdn.misoenergy.org/RIKY%20Selection%20Report710990.pdf>
- MISO MTEP21 Denny - Zachary - Thomas Hill Maywood
  - <https://cdn.misoenergy.org/DZTM%20345%20kV%20Selection%20Report632383.pdf>
- MISO MTEP21 Fairport to Denny to IA/MO State Border
  - <https://cdn.misoenergy.org/DZTM%20345%20kV%20Selection%20Report632383.pdf>
- MISO MTEP21 Hiple to IN/MI State Border
  - <https://cdn.misoenergy.org/HIMB%20345%20kV%20Selection%20Report628866.pdf>
- MISO MTEP17 Hartburg-Sabine
  - <https://cdn.misoenergy.org/Hartburg-Sabine%20Junction%20500%20kV%20Selection%20Report296754.pdf>
- MISO MTEP15 Duff-Coleman. The MISO Selection Report from 2016 is attached as Exhibit E, as it is no longer posted on MISO website.
- SPP Overview

• Project	SPP's Competitive Upgrade Study Cost Estimate (\$M)	Selected Competitive Developer Capital Cost (\$M)	Cost Savings
Sooner - Wekiwa 345 kV	77.6	66.1	15%
Wolf Creek - Blackberry 345 kV	142.6	85.2	40%
Minco - Pleasant Valley - Draper 345 kV	80.9	50.7	37%
Crossroads - Hobbs - Roadrunner 345 kV DCT	376.3	282.7	25%
Mathewson - Redbud 345 kV	103.2	72	30%
Lynch - Medanos 115 kV	45.5	21.2	53%
Potter - Beckham 345 kV	424	222.6	48%

- SPP [Sooner - Wekiwa RFP Selection Report](#)
  - [Sooner - Wekiwa RFP](#)
- SPP [Wolf Creek- Blackberry RFP Selection Report](#)
  - [Wolf Creek - Blackberry RFP](#)
- SPP [Minco - Pleasant Valley - Draper RFP Selection Report](#)
  - [Minco - Pleasant Valley - Draper RFP](#)
- SPP [Crossroads - Hobbs - Roadrunner RFP Selection Report](#)
  - [Crossroads - Hobbs - Roadrunner RFP](#)
- SPP [Mathewson - Redbud RFP Selection Report](#)
  - [Mathewson - Redbud RFP](#)
- SPP [Lynch - Medanos RFP Selection Report](#)
  - [Lynch - Medanos RFP](#)
- SPP [Beckham County - Potter RFP Selection Report](#)
  - [Beckham County - Potter RFP](#)
- A recent presentation from PJM detailing how the comparative cost review is conducted in its RTEP selection process:
  - [PJM Cost Review Presentation](#)
- [2025 PJM RTEP Window 1 Constructability and Cost Analysis](#)
- [2024 PJM RTEP Window 1 Constructability and Cost Analysis](#)
- [2022 PJM RTEP Window 3 Constructability & Financial Analysis Report](#)
- [2016 PJM RTEP Proposal Window 2 DEOK / AEP Competitive Cluster Independent Constructability Review Whitepaper](#)
- NYISO PPTN selection reports (<https://www.nyiso.com/cspp>)
- NYISO Segment A – Central East Energy Connect Selection report
  - <https://www.nyiso.com/documents/20142/5990605/AC-Transmission-Public-Policy-Transmission-Plan-2019-04-08.pdf/0f5c4a04-79f4-5289-8d78-32c4197bcd2>
  - NYISO Segment A – Central East Energy connect Selection report Appendices <https://www.nyiso.com/documents/20142/5990605/AC-Transmission-Appendices-2019-04-08.pdf/6f791d8f-69d0-daf0-525a-261a87643c35>
- Long Island Public Policy Selection report
  - <https://www.nyiso.com/documents/20142/38391083/Long-Island-Offshore-Wind-Export-Public-Policy-Transmission-Planning-Plan-2023-6-13.pdf/541df24b-4813-8956-e261-eee7cd536441>
- Long Island Public Policy Appendices
  - <https://www.nyiso.com/documents/20142/38391083/Long-Island-Offshore-Wind-Export-Public-Policy-Transmission-Planning-Appendices-2023-6-13.pdf/34c9a7dc-b6a5-b281-abed-ea09fcdf72b4>
- Western NY Public Policy selection report

- <https://www.nyiso.com/documents/20142/1396391/Western%20New%20York%20Public%20Policy%20Transmission%20Planning%20Report.pdf/42762c1d-cabc-866e-2cac-4f291c10d39a>
  - Western NY Public Policy Appendices
    - <https://www.nyiso.com/documents/20142/1396391/Western-New-York-Public-Policy-Transmission-Planning-Report-Appendices.pdf/5870c483-1e36-0db0-2d32-2e3cb2d134a0>
  - NYISO Market Monitor Potomac Economics NYISO PPTN reports:
    - Long Island analysis
      - [https://www.potomaceconomics.com/wp-content/uploads/2023/05/MMU-Report-on-Zone-K-OSW-PPTN\\_5-22-2023-clean.pdf](https://www.potomaceconomics.com/wp-content/uploads/2023/05/MMU-Report-on-Zone-K-OSW-PPTN_5-22-2023-clean.pdf)

### **III. POTENTIAL OPTIONS FOR ACHIEVING TRANSMISSION COST SAVINGS**

#### **A. Comments**

The Concept Paper lists three “levers” that could be used to achieve cost savings.

The first lever is to lower the cost of capital through financing. It is a fact; different parties have different costs of capital, and the competitive process is a robust and an efficient manner to bring innovative financing and solutions to bear for complex infrastructure projects. CAISO competitive projects have demonstrated savings related to weighted average cost of capital that developers are willing to commit to as compared to ROEs for regulated investor-owned utilities at FERC for projects that are not subject to competition. It is necessary and important to consider the overall costs and benefits of any proposed capital structure or other features of project development and ownership, and the thorough questions and worksheets as outlined on pages 14-16 in CAISO’s Competitive Bidding Application consider costs on a holistic manner. In CAISO’s bidding process, in addition to capital cost caps or ROE caps, there have been 40-year annual revenue requirement caps offered by winning bidders. There is no example of 40-year annual revenue requirement caps in either the IOU or Public Model.

The Concept Paper’s second lever proposes to use public ownership or a hybrid public-private model to reduce required returns to investors and lower tax payments. This lever

assumes that because public entities are exempt from income and other taxes, the reduced tax burden will result in lower project costs, and that public entities will require a lower return on investment than private investors. It also assumes that there is no permitting harm at a local level from this approach; local property tax and sales tax from these transmission projects are significant tax boosts to local communities and often an important consideration for allowing some infrastructure through local communities. Nevertheless, the structure of the public-private developer entity will determine whether the tax burden for the project is reduced, and identifying the types of structures that result in reduced taxes for the transmission project would be a useful exercise. Additionally, the benefits of tax-exempt ownership are muted in the early years because accelerated Modified Accelerated Cost Recovery System (MACRS) depreciation significantly reduces taxable income for taxable entities. These tax deferrals create Accumulated Deferred Income Tax (ADIT) adjustments, which flow back to customers through reductions to the rate base. As a result, for roughly the first 15 years of a project, the revenue requirement advantage of tax-exempt ownership associated with income tax savings is diminished. The Concept Paper's point about the importance of considering overall costs and benefits is also relevant here. Public entities might accept a lower return than private entities if the project results in public benefits that exceed the project's costs.

The third lever is to reduce construction costs. In the regulatory context, this lever focuses on ways to reduce the time required for permitting and regulatory approvals. Examples include the Commission's effort to streamline permitting through the revisions adopted in General Order 131-E, greater enforcement of project and review timelines, increasing use of existing rights of way, and the CAISO's use of incentives to achieve more rapid project completion. As mentioned above, the Commission should continue to review its processes to

identify the steps where the time for review could be shortened. For example, it might be possible to shorten the time required for accepting an application for a Certificate of Public Convenience and Necessity (CPCN) for construction of a transmission project as complete or for issuance of a notice to proceed after the CPCN is granted. The Commission can also consider elements of a CPCN proceeding that can be completed in parallel with the environmental review of the project. Even small reductions in the time for review can contribute to large savings in the cost of a project.

**B. Questions**

**8. How does exposure to liability and other risk affect public utilities' willingness to own transmission?**

Any entity considering investment in California transmission facilities must consider the risk of wildfires and California's interpretation of inverse condemnation, which holds utilities strictly liable for damages and injuries resulting from wildfires that were caused in part by utility facilities, regardless of whether the utility was negligent. This interpretation creates risk for California utilities that utilities and utility investors in other states do not face. That increased risk requires higher returns and increases the cost of California projects. In any public-private partnership, a public entity must be willing to take on its fair share of wildfire risk, and it remains unknown if a public entity is willing to do so in exchange for forgoing its return on equity, forgoing local taxes from the infrastructure, and have limited or any upside, which is the premise of the entire concept.

While the California Legislature has established a Wildfire Fund that provides some risk-reduction for large electric utilities, smaller electric utilities, like LSPGC and other independent transmission utilities, do not have access to that fund. If California's approach to inverse condemnation could be changed to be in line with nearly all other states (*i.e.*, to require the

utility's negligence or other culpability before holding the utility liable for damages), the reduced risk to transmission developers and owners would be reflected in lower project costs.

#### **IV. CONSIDERATIONS FOR IMPLEMENTATION**

##### **A. Comments**

This section of the Concept Paper outlines three public financing options and two public-private ownership options.

The public financing options are general obligation bonds, project revenue bonds, and federal funding. As the Concept Paper notes, general obligation bonds require voter approval, which might be challenging to obtain, especially during difficult economic times. Project revenue bonds can be used to fund public ownership in a project or to displace higher-cost capital. Federal funding is deemed to be uncertain, but in the past low-interest credit and loan guarantees provided by the Department of Energy have provided key initial support for energy projects.

The Transmission Infrastructure Accelerator created by Senate Bill 234 (signed by Governor Newsom on September 19, 2025) was implemented to provide a pathway to support lower financing costs for transmission projects. Limitations on ownership by private entities could diminish the appeal of this program to responsible developers and reduce the appetite for such developers to participate in the competitive process at CAISO. For independent transmission developers, ownership and operation of the transmission project are what justify committing significant private capital and assuming construction, operational, and wildfire-related risks. If ownership of the project is unduly limited or uncertain, developers may decide to deploy scarce capital outside of California. Moreover, the details of private-public partnerships can be complex, both within the State of California and at FERC, and will affect the project's estimated costs. As outlined in the detailed CAISO Application questions on pages 14-

16 of this filing, the Cost and Cost Containment information provided in the Competitive Solicitation Application is fundamental for reviewing “true cost containment” and for true cost comparison between public owned and privately owned transmission options.

**EXHIBIT A**

CAISO Pro Forma Approved Project Sponsor Agreement

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**Appendix X**

**Approved Project Sponsor Agreement (APSA)**

**APPROVED PROJECT SPONSOR AGREEMENT (APSA)**

**BETWEEN**

**[APPROVED PROJECT SPONSOR]**

**AND**

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

**PROJECT:**

California Independent System Operator Corporation  
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**APPROVED PROJECT SPONSOR AGREEMENT**

**[APPROVED PROJECT SPONSOR]**

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

THIS APPROVED PROJECT SPONSOR AGREEMENT (“Agreement”) is made and entered into this day of \_\_\_\_\_, 20\_\_\_\_, between [the Approved Project Sponsor], organized and existing under the laws of the State of \_\_\_\_\_ (“Approved Project Sponsor”), and the California Independent System Operator Corporation, a California nonprofit public benefit corporation organized and existing under the laws of the State of California (“CAISO”). Approved Project Sponsor and the CAISO each may be referred to as a “Party” or collectively as the “Parties.”

**RECITALS**

**WHEREAS**, the CAISO exercises Operational Control over the CAISO Controlled Grid; and

**WHEREAS**, the Approved Project Sponsor intends to construct, finance, and own the \_\_\_\_\_ Project (“Project”) consisting of transmission facilities identified in Appendix A to this Agreement; and

**WHEREAS**, if applicable, the Approved Project Sponsor will seek interconnection of the Project from the Interconnecting PTO or other entity in accordance with the requirements provided in this Agreement; and

**WHEREAS**, the Parties agree that the Approved Project Sponsor will enter into the Transmission Control Agreement to become a Participating Transmission Owner (“Participating TO”), if it is not already a Participating TO, effective upon energization of the Project, and will turn the Project over to the Operational Control of the CAISO; and

**WHEREAS**, the Parties recognize that the Approved Project Sponsor has certain rights and obligations related to the Project that arise prior to the date upon which the Approved Project Sponsor will place the facilities under the CAISO’s Operational Control and, if not already a Participating TO, will become a Participating TO and which may remain in effect for a discrete period of time after the Approved Project Sponsor enters into the Transmission Control Agreement; and

**WHEREAS**, the Approved Project Sponsor and the CAISO thus have agreed to enter into this Agreement for the purpose of identifying rights and obligations associated with the Project that arise prior to the effective date of the Approved Project Sponsor’s execution of the Transmission Control Agreement;

**NOW, THEREFORE**, in consideration of and subject to the mutual covenants contained herein, it is agreed:

**ARTICLE 1. DEFINITIONS**

When used in this Agreement, a term with initial capitalization shall have the meaning set forth in this Article 1 or the recitals, or if not defined in this Article 1 or the recitals, shall have the meaning specified in the Article in which it is used or in the CAISO Tariff, Appendix A.

**Applicable Laws and Regulations** shall mean all duly promulgated applicable federal, state, and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits, and other duly authorized actions of any Governmental Authority.

**Applicable Reliability Council** shall mean the Western Electricity Coordinating Council or its successor.

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**Applicable Reliability Standards** shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Balancing Authority Area of the Interconnecting PTO's Transmission System to which the Project is directly connected, including requirements adopted pursuant to Section 215 of the Federal Power Act.

**Breach** shall mean the failure of a Party to perform or observe any material term or condition of this Agreement.

**Breaching Party** shall mean a Party that is in Breach of this Agreement.

**Confidential Information** shall mean any confidential, proprietary, or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy, or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise, subject to Article 19.

**Default** shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 14 of this Agreement.

**Effective Date** shall mean the date on which this Agreement becomes effective as specified in Article 2.

**Environmental Law** shall mean Applicable Laws and Regulations relating to pollution or protection of the environment or natural resources.

**Federal Power Act** shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

**Force Majeure** shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, earthquake, or explosion, any order, regulation, or restriction imposed by governmental, military, or lawfully established civilian authorities, or any other cause beyond the reasonable control of the Parties that could not have been avoided through the exercise of Good Utility Practice. A Force Majeure event does not include (1) acts of negligence or intentional wrongdoing by the Party claiming Force Majeure; (2) economic conditions that render a Party's performance of this Agreement unprofitable or otherwise uneconomic; (3) economic hardship of either Party; or (4) failure or delay in granting of necessary permits for reasons not caused by Force Majeure.

**Governmental Authority** shall mean any federal, state, local, or other governmental, regulatory, or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Approved Project Sponsor, the CAISO, or any Affiliate thereof.

**Hazardous Substances** shall mean any chemicals, materials, or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants," or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material, or substance, exposure to which is prohibited, limited, or regulated by any applicable Environmental Law.

**Interconnecting PTO** shall mean any Participating TO, other than the Approved Project Sponsor, that owns or is building transmission facilities to which the Project will interconnect.

**Interconnection Handbook** shall mean a handbook, developed by the Interconnecting PTO and posted on the Interconnecting PTO's web site or otherwise made available by the Interconnecting PTO,

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describing technical and operational requirements for controls and protection equipment for transmission connected to the Interconnecting PTO's portion of the CAISO Controlled Grid, as such handbook may be modified or superseded from time to time. Interconnecting PTO's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice.

**Loss** shall mean any and all damages, losses, and claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties.

**Metering Equipment** shall mean all metering equipment installed or to be installed for measuring the Balancing Authority Area boundary pursuant to this Agreement at the metering points, including instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

**Party or Parties** shall mean the CAISO, the Approved Project Sponsor, or the applicable combination of the above.

**Reasonable Efforts** shall mean, with respect to an action required to be attempted or taken by a Party under this Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

**System Protection Facilities** shall mean equipment, including necessary protection signal communications equipment, that protect (1) the Interconnecting PTO's Transmission System, Interconnecting PTO's Transmission Interconnection Facilities, CAISO Controlled Grid, and Affected Systems from faults or other electrical disturbances and (2) the Approved Project Sponsor's Transmission System from faults or other electrical system disturbances occurring on the CAISO Controlled Grid, Interconnecting PTO's Transmission Interconnection Facilities, and Affected Systems or on other delivery systems or other generating systems to which the CAISO Controlled Grid is directly connected.

**Transmission Interconnection Facilities** shall mean the Interconnecting PTO's or other entity's transmission facilities, including any modification, additions, or upgrades, that are necessary to physically and electrically interconnect the Project to the Interconnecting PTO's Transmission System.

**Transmission Interconnection Service** shall mean the service defined in Section 4.2 of this Agreement.

## ARTICLE 2. EFFECTIVE DATE, TERM, AND TERMINATION

- 2.1 Effective Date.** This Agreement shall become effective upon execution by all Parties, subject to acceptance by FERC (if applicable). The CAISO shall promptly file this Agreement with FERC upon execution in accordance with Section 3.1, if required.
- 2.2 Term of Agreement.** This Agreement shall remain in effect until termination consistent with Section 2.3.
- 2.3 Agreement Termination.**
- 2.3.1** Except for the obligations set forth in Sections 5.6, 5.10, 10.1.1, 10.3, and Article 15, this Agreement shall terminate when the Project has been turned over to CAISO Operational Control.
- 2.3.2** A Party may terminate this Agreement in accordance with Section 5.8 or Article 14.
- 2.3.3** Notwithstanding Sections 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such

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termination and, if applicable, FERC has accepted the notice of termination.

**ARTICLE 3. REGULATORY FILINGS AND CAISO TARIFF COMPLIANCE**

- 3.1 Filing.** The CAISO shall file this Agreement (and any amendment hereto) with the appropriate Governmental Authority, if required. The Approved Project Sponsor may request that any information included in such filing be subject to the confidentiality provisions of Article 19. If the Approved Project Sponsor has executed this Agreement, or any amendment to this Agreement, the Approved Project Sponsor shall reasonably cooperate with the CAISO with respect to such filing and to provide any information reasonably requested by the CAISO needed to comply with applicable regulatory requirements.
- 3.2 Agreement Subject to CAISO Tariff.** The Approved Project Sponsor shall comply with all applicable provisions of the CAISO Tariff.
- 3.3 Relationship Between this Agreement and the CAISO Tariff.** If and to the extent a provision of this Agreement is inconsistent with the CAISO Tariff and dictates rights and obligations between the CAISO and the Approved Project Sponsor, the CAISO Tariff shall govern.
- 3.4 Requirement to Become a Participating TO.** The Approved Project Sponsor agrees that the Project shall be placed under CAISO Operational Control upon completion of the Project. To the extent the Approved Project Sponsor is not already a Participating TO, the Approved Project Sponsor further agrees that it shall enter into the Transmission Control Agreement in sufficient time for its execution to become effective as of the date of energization of the Project and that it has met or shall meet all other CAISO Tariff requirements to become a Participating TO in accordance with Section 4.3 of the CAISO Tariff.
- 3.5 Relationship Between this Agreement and the Transmission Control Agreement.** Once the Approved Project Sponsor has entered into the Transmission Control Agreement, if and to the extent a matter specifically addressed in this Agreement is inconsistent with the Transmission Control Agreement, the terms of the Transmission Control Agreement shall govern.

**ARTICLE 4. SCOPE OF SERVICE**

- 4.1 Transmission Facilities.** The Approved Project Sponsor shall build and connect to the CAISO Controlled Grid the Project identified in Appendix A.
- 4.2 Transmission Interconnection Service.** Transmission Interconnection Service allows the Approved Project Sponsor to connect the Project to the facilities of an Interconnecting PTO or a transmission system that is not part of the CAISO Controlled Grid. Unless the Project connects solely to the facilities of the Approved Project Sponsor, the Approved Project Sponsor shall request Transmission Interconnection Service from the Interconnecting PTO or other entity according to the milestones set forth in Appendix B and shall comply with the Interconnecting PTO's or other entity's applicable transmission interconnection procedures. The Approved Project Sponsor must obtain a separate agreement for Transmission Interconnection Service from the Interconnecting PTO or any other entity to whose facilities the Project will interconnect. This separate agreement with each Interconnecting PTO or other entity must provide, at a minimum, for the Interconnecting PTO or other entity to take any procedural steps required in this Agreement with respect to the transmission interconnection, including Sections 5.3.4, 5.4.2, 5.4.3, 5.5.3, 5.6.2, 6.1, 8.1, and 9.2, and must identify the Transmission Interconnection Facilities that an Interconnecting PTO is responsible for, and must pay for in accordance with Section 24.14.2 of the CAISO Tariff. The CAISO may facilitate the coordination between the Approved Project Sponsor and the Interconnecting PTO contemplated by this Agreement.
- 4.2.1** The Transmission Interconnection Service agreement shall require that the Interconnecting PTO or other entity providing Transmission Interconnection Service

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provide to the CAISO, every ninety (90) calendar days until the Project is energized and under CAISO Operational Control, a Transmission Interconnection Facilities status report. Such status report shall include project schedule; permit and license status, including environmental, state, and local permits and licenses; right-of-way acquisition status, if required; land acquisition status, if required; design and engineering status; status of contracts for project work, including land, procurement, and staffing; construction status; testing status; events creating risks and obstacles to project completion; and project budget, including actuals, estimate to complete, and contingency. The format for the report shall be in accordance with the Business Practice Manual for the Transmission Planning Process.

**4.3 Approved Project Sponsor to Meet Requirements of the Interconnecting PTO's Interconnection Handbook.** If applicable, the Approved Project Sponsor shall comply with the Interconnecting PTO's Interconnection Handbook for the transmission interconnections.

**4.4 Performance Standards.** Each Party shall perform all of its obligations under this Agreement in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice. To the extent a Party is required to take or prevented from or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this Agreement for its lack of compliance therewith, and if such Party is the CAISO, then the CAISO shall have the authority to amend this Agreement unilaterally to eliminate the conflict with such regulations or standards and shall submit the amendment to FERC for approval, if applicable.

**ARTICLE 5. FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION**

**5.1 General.** The Approved Project Sponsor shall, at its expense, design, procure, construct, own, and install the Project, as set forth in Appendix A. The Approved Project Sponsor shall comply with all requirements of law and shall assume responsibility for the design, procurement, and construction of the Project using Good Utility Practice and the standards and specifications provided by the Interconnecting PTO or other entity, if applicable. The Project shall be based on the assumed accuracy and completeness of all technical information received by the CAISO from the Approved Project Sponsor and by the Approved Project Sponsor from any Interconnecting PTO or other entity providing Transmission Interconnection Service. Changes to the Project design described in this Agreement must be approved by the CAISO in accordance with Section 5.9 of this Agreement. Unless otherwise agreed by the Parties, the Approved Project Sponsor shall select the testing date and the energization date for the Project consistent with the Approved Project Sponsor's application approved by the CAISO, and such dates shall be set forth in Appendix B (Milestones).

**5.2 Information Exchange.** As soon as reasonably practicable after the Effective Date, the Approved Project Sponsor shall provide information to the CAISO regarding the design and compatibility of the Project and the Transmission Interconnection Facilities, and shall work diligently and in good faith to make any necessary design changes to the Project, subject to approval by the CAISO in accordance with Section 5.9. The Parties shall amend the description of the Project set forth in Appendix A to reflect any agreed changes to the Project.

**5.3 Initial Construction Plan and Reporting Requirements.** The Approved Project Sponsor shall keep the CAISO advised monthly as to the progress of the financing, procurement, and construction efforts with respect to the Project, via email or verbal discussion as agreed upon by the Parties, and in accordance with the timeframes specified herein.

**5.3.1** The Approved Project Sponsor shall provide the CAISO with the initial construction plan one hundred twenty (120) calendar days after the Approved Project Sponsor has been selected in accordance with Section 24.4.1 of the CAISO Tariff. The plan shall include: land acquisition and permits requirements, status, and schedule; materials procurement requirements, status, and schedule; construction financing status and schedule; and

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Project contact information, if different than as identified in the selection process.

- 5.3.2** Every ninety (90) calendar days after the initial construction plan is received until the Project is energized and under CAISO Operational Control, the Approved Project Sponsor shall provide the CAISO with a construction plan status report. Such status report shall include the Project schedule; permit and license status, including environmental, state, and local permits and licenses; right-of-way acquisition status; land acquisition status; design and engineering status; events that might affect the ability to meet design specifications; status of contracts for project work, including land, procurement, and staffing; Interconnecting PTO or other entity interconnection agreements; construction status; testing status; risks and obstacles to project completion; and Project budget status, including actuals, estimate to complete, and contingency. The format for the report shall be in accordance with the Business Practice Manual for the Transmission Planning Process.
- 5.3.3** Pursuant to Section 24.6.1 of the CAISO Tariff, the CAISO will send Project status reports received in accordance with Section 5.3.2 to the applicable Interconnecting PTO and then the CAISO will hold a call with the Interconnecting PTO to review the status report, including completion date and items of concern.
- 5.3.4** If, at any time, the Approved Project Sponsor determines, in consultation with the CAISO and Interconnecting PTO or other entity providing Transmission Interconnection Service, that the completion of the Interconnecting PTO's or other entity's Transmission Interconnection Facilities will not be required until after the specified energization date set forth in Appendix B (Milestones), the Approved Project Sponsor shall provide written notice to the Interconnecting PTO or other entity and to the CAISO of such later date upon which the completion of the Interconnecting PTO's or other entity's Transmission Interconnection Facilities will be required.

**5.4 Submission and Review of Project Specifications.**

- 5.4.1** The Approved Project Sponsor shall submit specifications for major Project equipment and/or materials, including System Protection Facilities, to the CAISO and to the Interconnecting PTO or other entity providing Transmission Interconnection Service, for review and comment at least thirty (30) calendar days prior to the date on which the Approved Project Sponsor solicits offers to provide specific equipment or material to which the specifications apply or otherwise commences procurement. The Approved Project Sponsor shall provide the CAISO and the Interconnecting PTO or other entity the opportunity to review such specifications to ensure that the Project is compatible with the technical specifications, operational control, safety requirements, and any other applicable requirements of the CAISO and the Interconnecting PTO or other entity providing Transmission Interconnection Service, and to provide comment on such specifications within fifteen (15) calendar days after the submission. All specifications provided hereunder shall be deemed Confidential Information subject to the provisions of Article 19.
- 5.4.2** The Approved Project Sponsor shall submit final specifications for major Project equipment and/or materials, including System Protection Facilities, if the specification differs from the specification submitted in accordance with Section 5.4.1, to the CAISO and to the Interconnecting PTO or other entity providing Transmission Interconnection Service, for review at least one hundred eighty (180) calendar days prior to the date that testing is scheduled to commence pursuant to Appendix B (Milestones). The Approved Project Sponsor shall submit to the CAISO and to the Interconnecting PTO or other entity providing Transmission Interconnection Service final specifications for review and comment at least ninety (90) calendar days prior to the date testing is scheduled to commence. If material and/or equipment is different from the original specification

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submittal, the Approved Project Sponsor shall provide the CAISO and the Interconnecting PTO or other entity the opportunity to review such specifications to ensure that the Project is compatible with the technical specifications, operational control, safety requirements, and any other applicable requirements and to provide comments within thirty (30) calendar days after each submission. All specifications provided hereunder shall be deemed Confidential Information subject to the provisions of Article 19.

- 5.4.3** Final specification review by the CAISO and by the Interconnecting PTO or other entity shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability, or reliability of the Project or the Interconnecting PTO's Transmission Interconnection Facilities. As described in Section 5.4.2, Approved Project Sponsor shall make such changes to the Project as may reasonably be required by the Interconnecting PTO, other entity, or the CAISO, in accordance with Good Utility Practice, to ensure that the Project is compatible with the technical specifications, Operational Control, and safety requirements of the Interconnecting PTO, other entity, or the CAISO.

**5.5 Construction Activities.**

- 5.5.1** The Approved Project Sponsor shall commence construction of the Project as soon as practicable, consistent with the schedule set forth in Appendix B (Milestones), after the following additional conditions are satisfied:

**5.5.1.1** The Approved Project Sponsor has obtained appropriate Governmental Authority approval for any facilities requiring regulatory approval.

**5.5.1.2** The Approved Project Sponsor has obtained necessary permits, real property rights, and rights-of-way, to the extent required for the construction of the Project.

- 5.5.2** At least thirty (30) calendar days prior to commencement of Project construction, the Approved Project Sponsor shall provide to the CAISO, for informational purposes, a construction schedule for the Interconnecting PTO's or other entity's Transmission Interconnection Facilities.

- 5.5.3** At any time during construction, should any phase of the Project engineering, equipment procurement, or construction not meet the standards and specifications provided by the Interconnecting PTO or other entity, the Approved Project Sponsor shall be obligated to remedy deficiencies in that portion of the Project. The Approved Project Sponsor may seek approval from FERC to recover in its transmission revenue requirement just and reasonable costs associated with such remedy.

- 5.5.4** The Approved Project Sponsor shall indemnify the CAISO for claims arising under this Agreement resulting from Project construction under the terms and procedures specified in Section 15.1 Indemnity, other than for losses arising from actions that are not within the control of the Approved Project Sponsor.

- 5.5.5** If, during Project development, siting, design, engineering, construction, or testing, the Approved Project Sponsor decides to use a vendor, or any other Project team member, that is different than the vendor or team member specifically set forth in the Project Sponsor proposal submitted by the Approved Project Sponsor in accordance with the Business Practice Manual for the Transmission Planning Process, the Approved Project Sponsor shall notify the CAISO within ten (10) calendar days after the decision to make the change. Upon notification, the CAISO may take whatever action is necessary to ensure that the selected vendor or Project team member will at a minimum provide the same level of service that would have been provided by the vendor or Project team

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member described in the Approved Project Sponsor's proposal.

## 5.6 Final Project Design

- 5.6.1** As soon as reasonably practicable, but within twelve months after Project construction completion, the Approved Project Sponsor shall provide a summary of the final construction cost, which summary shall set forth sufficient detail to enable the CAISO to understand the Project costs, including a written explanation for the use of contingency and any cost overruns in excess of the cost estimate provided in Appendix E.
- 5.6.2** The Project shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) calendar days after the Project has been turned over to the CAISO's Operational Control, unless the CAISO and Approved Project Sponsor agree on another mutually acceptable date, the Approved Project Sponsor shall deliver to the Interconnecting PTO or other entity and to the CAISO "as-built" drawings, information, and documents for the Project. This information shall include, as applicable: (i) a one-line diagram; (ii) a site plan drawing showing the Project, including plan and elevation drawings showing the layout of the Transmission Interconnection Facilities; (iii) a relay functional diagram, relaying AC and DC schematic wiring diagrams, and relay settings for all facilities associated with the Project; and (iv) the impedances, determined by factory tests, for the associated transformers. The Approved Project Sponsor shall provide the Interconnecting PTO or other entity and the CAISO specifications for the protection settings, transformer tap settings, and communications, if applicable. The Interconnecting PTO or other entity and the CAISO shall assess any deviations from the relay settings, machine specifications, and other specifications originally submitted by the Approved Project Sponsor pursuant to the appropriate provisions of this Agreement and the agreement between the Approved Project Sponsor and the Interconnecting PTO or other entity.
- 5.6.3** The obligations under this Section 5.6, including Sections 5.6.1, 5.6.2, and 5.6.3, shall survive termination of this Agreement.

**5.7 Delay in Project.** If the CAISO receives notification from the Approved Project Sponsor that Project energization will be delayed beyond the date by which the CAISO found the Project to be needed, pursuant to Section 24.6.2 of the CAISO Tariff the CAISO shall issue a market notice to market participants stating that the Project is delayed. If applicable, the market notice shall also state that a plan is being developed to address potential NERC reliability standard violations as set forth in Section 24.6.3 of the CAISO Tariff, as well as any material concerns.

- 5.7.1** The CAISO shall determine if there is a potential NERC violation, for either the CAISO or applicable Interconnecting PTO, arising from any Project energization delay and will determine if there are other material issues of concern as required in accordance with Section 24.6.3 of the CAISO Tariff. If there are potential violations or material issues, the CAISO, Approved Project Sponsor, and applicable Interconnecting PTO shall develop a plan to address the delay. The plan may include the CAISO directing the Interconnecting PTO to develop a mitigation plan.
- 5.7.2** If violations or material issues cannot be promptly and adequately addressed, the CAISO will take action to resolve the issues, including determining if an alternative Project Sponsor is required.

**5.8 Delay in Approvals, Property Acquisition, or Construction.** If the timeline set forth in Appendix B is unreasonably delayed, the CAISO shall consult with the Approved Project Sponsor. After such consultation, should the CAISO determine that, for reasons other than a delay caused by the Interconnecting PTO, (i) the Approved Project Sponsor cannot secure necessary approvals or property rights, including fee title, right of way grant, and easement and

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license rights, essential for construction of the Project, or (ii) the Approved Project Sponsor is otherwise unable to timely construct the Project, or (iii) an alternative Project Sponsor is necessary pursuant to Section 24.6.4 of the CAISO Tariff; or, alternatively, if the Approved Project Sponsor determines that it is unable to proceed with construction and so notifies the CAISO, the CAISO shall take such action, including termination of this Agreement, as it determines to be necessary and appropriate in accordance with Section 24.6.4 of the CAISO Tariff. If either Party determines that an alternative Project Sponsor should be selected consistent with Section 24.6.4 of the CAISO Tariff, the Approved Project Sponsor agrees to work in good faith with CAISO, the alternative Project Sponsor, and, if applicable, the Interconnecting PTO to transfer responsibility for the Project to the alternative Project Sponsor.

**5.9 Modification.**

- 5.9.1** The Approved Project Sponsor may undertake modifications to its facilities only with the approval of the CAISO and subject to the provisions of this Agreement and the CAISO Tariff. If the Approved Project Sponsor plans to undertake a modification, it shall provide such information regarding such modification to the CAISO as the CAISO deems necessary to evaluate the potential impact of such modification prior to commencement of the work. Such information shall include information concerning the timing of such modification, any technical information, and cost impact. The Approved Project Sponsor shall provide the relevant drawings, plans, and specifications to the CAISO at least ninety (90) calendar days in advance of the commencement of the work or within such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned, or delayed. The CAISO shall determine if a modification is in accordance with the original Project criteria and intent and whether to approve the modification within thirty (30) calendar days after the Approved Project Sponsor's submission.
- 5.9.2** Any additions, modifications, or replacements made to the Project's facilities shall be designed, constructed, and operated in accordance with this Agreement, Applicable Laws and Regulations, and Good Utility Practice.
- 5.9.3** Any modifications to the Project's facilities ordered by a siting agency are not subject to CAISO approval. However, the Approved Project Sponsor is required to notify the CAISO within thirty (30) calendar days after the siting agency has issued an order directing Project modifications.

**5.10 Generator Interconnection Study Process.**

- 5.10.1** The Approved Project Sponsor shall be responsible for completing any existing studies for generator interconnection to the Project that were in the Approved Project Sponsor's generation interconnection queue upon the Effective Date of this Agreement. The CAISO and any impacted Participating TO will perform studies regarding such requests as an Affected System.
- 5.10.2** Any requests for generation interconnection to the Project submitted to the Approved Project Sponsor following the Effective Date of this Agreement shall be directed to the CAISO Interconnection Request process. The Approved Project Sponsor shall assume the functions of a Participating TO in accordance with Appendix DD of the CAISO Tariff, including performing Phase I, Phase II, and reassessment analysis for generator interconnection requests to the Project. The Approved Project Sponsor will be reimbursed the actual costs incurred for the analysis similar to the Participating TOs.
- 5.10.3** Any Generator Interconnection Agreements for interconnection to the Project shall be executed consistent with the relevant terms and conditions of the CAISO Tariff.

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**5.10.4** The obligations under this Section 5.10, including Sections 5.10.1, 5.10.2, 5.10.3, and 5.10.4 shall survive termination of this Agreement.

**5.11 Planning Authority.** The CAISO is the Planning Authority, as that term is defined by NERC, for the Project from the time it is identified in the CAISO's Transmission Planning Process and approved by the CAISO Governing Board, regardless of the status of Project construction or energization. As such, the Approved Project Sponsor shall be subject to the rights and obligations set forth in CAISO Tariff Section 24 that are applicable to Participating TOs as they pertain to the Project.

**5.12 Tax Status.** Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the CAISO's or the Approved Project Sponsor's tax exempt status with respect to the issuance of bonds, including Local Furnishing Bonds, if any.

## ARTICLE 6. TESTING AND INSPECTION

**6.1 Testing and Modifications.** Prior to energizing the Project for testing, the Interconnecting PTO or other entity shall test the Interconnecting PTO's or other entity's Transmission Interconnection Facilities, and the Approved Project Sponsor shall test the Project to ensure their safe and reliable operation. All testing shall be coordinated and approved by the CAISO to ensure grid reliability. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. The Approved Project Sponsor shall not commence initial parallel operation of the Project until the Interconnecting PTO or other entity provides prior written approval to the CAISO and the Approved Project Sponsor.

**6.2 Right to Observe Testing.** The Approved Project Sponsor shall notify the CAISO at least fourteen (14) calendar days in advance of its performance of tests. The CAISO has the right, at its own expense, to observe such testing.

**6.3 Right to Inspect.** The CAISO shall have the right, but shall have no obligation, to (i) observe the Approved Project Sponsor's tests and/or inspection of any of its System Protection Facilities and other protective equipment; and (ii) review the settings of the Approved Project Sponsor's System Protection Facilities and other protective equipment at its expense. The CAISO may exercise these rights from time to time as it deems necessary upon reasonable notice to the Approved Project Sponsor. The exercise or non-exercise by CAISO of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Project or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that CAISO obtains through the exercise of any of its rights under this Section 6.3 shall be deemed to be Confidential Information and treated pursuant to Article 19 of this Agreement.

## ARTICLE 7. METERING

(Only required if Balancing Authority Area boundary change)

**7.1 General.** The Approved Project Sponsor shall comply with any Applicable Reliability Standards and the Applicable Reliability Council requirements regarding metering. The Approved Project Sponsor and CAISO shall comply with the provisions of the CAISO Tariff regarding metering, including Section 10 of the CAISO Tariff. Power flows to and from the Project shall be measured at or, at the CAISO's option for its respective Metering Equipment, compensated to, the Scheduling Point. The CAISO shall provide metering quantities to the Approved Project Sponsor upon request in accordance with the CAISO Tariff by directly polling the CAISO's meter data acquisition system. The Approved Project Sponsor shall bear all reasonable documented costs associated with the purchase, installation, operation, testing, and maintenance of the Metering

Equipment.

## ARTICLE 8. COMMUNICATIONS

- 8.1 Approved Project Sponsor Obligations.** The Approved Project Sponsor shall maintain satisfactory operating communications with the CAISO in accordance with the provisions of the CAISO Tariff and with the Interconnecting PTO's or other entity's dispatcher or such other representative designated by the Interconnecting PTO or other entity during synchronization, testing, and energization. The Approved Project Sponsor shall provide standard voice line, dedicated voice line, and facsimile communications at the Project's control room or central dispatch facility through use of either the public telephone system or a voice communications system that does not rely on the public telephone system. The Approved Project Sponsor shall also provide the dedicated data circuits necessary to provide Approved Project Sponsor data to the CAISO and Interconnecting PTO as set forth in Appendix C, Security Arrangements Details. The data circuits shall extend from the Project to the locations specified by the CAISO and Interconnecting PTO. Any required maintenance of such communications equipment shall be performed by the Approved Project Sponsor. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, and equipment clearances.

## ARTICLE 9. OPERATIONS

- 9.1 General.** Each Party shall comply with Applicable Reliability Standards and the Applicable Reliability Council operating requirements. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.
- 9.2 CAISO Obligations.** The CAISO shall cause the Interconnecting PTO's transmission system to be operated and controlled in a safe and reliable manner during testing and synchronization and before the Approved Project Sponsor turns the Project over to CAISO Operational Control. The CAISO may provide operating instructions to the Approved Project Sponsor consistent with this Agreement and the Interconnecting PTO's and CAISO's operating protocols and procedures as they may change from time to time. The Interconnecting PTO and CAISO will consider changes to their operating protocols and procedures proposed by the Approved Project Sponsor.
- 9.3 Approved Project Sponsor Obligations.** The Approved Project Sponsor shall at its own expense operate, maintain, and control the Project in a safe and reliable manner and in accordance with this Agreement in advance of turning over Operational Control to the CAISO. Appendix A, Project Details, sets forth applicable requirements of the CAISO Balancing Authority Area and may be modified by mutual agreement of the Parties to reflect changes to the requirements as they may change from time to time. The Approved Project Sponsor shall not energize the Project with the Interconnecting PTO's or other entity's transmission system until the Interconnecting PTO or other entity provides prior written approval.
- 9.4 Start-Up and Synchronization.** The Parties shall establish agreed procedures for start-up, testing, and energization of the Project to the CAISO Controlled Grid prior to start-up of the Project. The Approved Project Sponsor shall be responsible for proper start-up and energization of the Project in compliance with the established procedures.

## ARTICLE 10. COST RECOVERY, BILLING, AND PAYMENT

- 10.1 Transmission Revenue Requirement.** The Approved Project Sponsor may apply to FERC for a Transmission Revenue Requirement for transmission facilities not yet in operation, but approved under the transmission planning provisions of the CAISO Tariff, that will be Regional Transmission Facilities or Local Transmission Facilities when placed under the CAISO's Operational Control. If FERC approves such Transmission Revenue Requirement, the CAISO

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shall incorporate the Transmission Revenue Requirement into the Regional Access Charge or Local Access Charge in accordance with the CAISO Tariff. The Approved Project Sponsor acknowledges and agrees with the cost estimates and the binding cost cap, or other binding cost containment measures, if applicable, set forth in Appendix E.

[Include the following clause if the Approved Project Sponsor agrees to a cost cap or other binding cost containment measures.]

**10.1.1** The Approved Project Sponsor agrees that it shall not seek, for recovery through its Transmission Revenue Requirement, higher costs than the maximum costs specified in, or determined in accordance with, any cost cap or other binding cost containment measures as specified in Appendix E except for costs incurred to comply with any additional specifications of the CAISO or Interconnecting PTO beyond the functional requirements for the transmission facility included in Appendix A to this agreement. The Approved Project Sponsor shall not seek recovery through its Transmission Revenue Requirement of any incentives or other costs that it has agreed to forego, as specified in Appendix E. The Approved Project Sponsor further agrees that the Transmission Control Agreement shall incorporate the Project cost cap or any other agreed-to binding cost containment measures agreed to or proposed by the Approved Project Sponsor. The provisions of this Section 10.1.1 shall survive termination of this Agreement.

**10.2 Application of CAISO Tariff.** The CAISO and Approved Project Sponsor shall comply with the billing and payment provisions set forth in the CAISO Tariff.

**10.3 Refund Obligation.** The Approved Project Sponsor, whether or not it is subject to FERC rate jurisdiction under Section 205 and Section 206 of the Federal Power Act, shall make all refunds, adjustments to its Transmission Revenue Requirement, and adjustments to its Approved Project Sponsor Tariff, and do all other things required to implement any FERC order related to the CAISO Tariff, including any FERC order the implementation of which necessitates the CAISO making payment adjustments or paying refunds to, or receiving prior period overpayments from, the Approved Project Sponsor. All such refunds and adjustments shall be made, and all other actions taken, in accordance with the CAISO Tariff, unless the applicable FERC order requires otherwise. These obligations under this Section 10.3 shall survive termination of this Agreement.

## **ARTICLE 11. REGULATORY REQUIREMENTS AND GOVERNING LAWS**

**11.1 Regulatory Requirements.** Each Party's obligations under this Agreement shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, and compliance with the prior notice requirements of such Governmental Authorities. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this Agreement shall require the Approved Project Sponsor to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act or the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978, or the Energy Policy Act of 2005.

**11.2 Governing Law.**

**11.2.1** The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the state of California, without regard to its conflicts of law principles.

**11.2.2** This Agreement is subject to all Applicable Laws and Regulations.

**11.2.3** Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest

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any laws, orders, rules, or regulations of a Governmental Authority.

**ARTICLE 12. NOTICES**

**12.1 General.** Unless otherwise provided in this Agreement, any notice, demand, or request required or permitted to be given by a Party to another and any instrument required or permitted to be tendered or delivered by a Party in writing to another shall be effective when delivered and may be so given, tendered, or delivered by (i) recognized national courier, (ii) depositing the same with the United States Postal Service with postage prepaid for delivery by certified or registered mail, addressed to the Party, or (iii) personal delivery to the Party, at the address set out in Appendix D, Addresses for Delivery of Notices and Billings.

A Party must update the information in Appendix D as information changes. A Party may change the notice information in this Agreement by giving five Business Days written notice prior to the effective date of the change. Such changes shall not constitute an amendment to this Agreement.

**12.2 Alternative Forms of Notice.** Any notice or request required or permitted to be given by a Party to another and not required by this Agreement to be given in writing may be given by telephone, facsimile, or e-mail to the telephone numbers and e-mail addresses set out in Appendix D.

**12.3** [Intentionally left blank.]

**12.4 Operations Notice.** Each Party shall notify the other Party in writing of the identity of the person that it designates as the point of contact with respect to the implementation of Article 9.

**12.5 Project Management.** If the Approved Project Sponsor desires to change the identified project management, including key personnel, the Approved Project Sponsor shall notify the CAISO in writing thirty (30) calendar days in advance for approval. Such approval shall not be unreasonably withheld.

**12.6 Notice of Regulatory Filings.** The Approved Project Sponsor will provide to the CAISO, Participating TOs (as listed on Appendix F to the Transmission Control Agreement), and other Approved Project Sponsors, a copy of all initial filings it submits in a FERC docket that affects the rates (including Transmission Revenue Requirement), terms, or conditions of service for the Project. The Approved Project Sponsor will provide such copy either via email or first-class U.S. mail on the same day it makes the filing with FERC; provided that if the copy is sent via U.S. mail, the requirement will be satisfied if the Approved Project Sponsor places the copy in the mail on the date of filing. The CAISO will post the contact information for Approved Project Sponsors on the CAISO website.

**ARTICLE 13. FORCE MAJEURE**

**13.1 Force Majeure.**

**13.1.1** No Party shall be considered to be in Default with respect to any obligation hereunder if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Section shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred, and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to

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it in order to settle and terminate a strike or other labor disturbance.

**13.1.2** If required, the Parties shall revise this Agreement, including Appendix B and Appendix E, following a Force Majeure event.

**ARTICLE 14. DEFAULT**

- 14.1. General.** No Default shall exist where failure to discharge an obligation, other than the payment of money, is the result of Force Majeure as defined in this Agreement or the result of an act or omission of the other Party. Upon a Breach, the affected non-Breaching Party shall give written notice of such Breach to the Breaching Party. The Breaching Party shall have thirty (30) calendar days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) calendar days, the Breaching Party shall commence such cure within thirty (30) calendar days after notice and continuously and diligently complete such cure within ninety (90) calendar days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.
- 14.2 Right to Terminate.** If a Breach is not cured as provided in this Article, or if a Breach is not capable of being cured within the period provided for herein, the affected non-Breaching Party shall have the right to declare a Default and terminate this Agreement by written notice at any time until cure occurs and be relieved of any further obligation hereunder and, whether or not such Party terminates this Agreement, to recover from the Breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this Article shall survive termination of this Agreement.
- 14.3 Notice to Financing Parties.** If, as contemplated by Section 16.1, the Approved Project Sponsor has provided notice to the CAISO of an assignment of this Agreement for collateral security purposes to aid in providing financing for the Project, then (a) if such notice of collateral assignment so indicates and contains notice information for the collateral assignee, the CAISO shall provide a copy to collateral assignee identified in such notice of any notice of Breach given by the CAISO to the Approved Project Sponsor and (b) such collateral assignee shall have the right, but no obligation, to effect cure of the Breach on behalf of the Approved Project Sponsor, and any performance of any obligations under this Agreement by such collateral assignee shall be accepted by the CAISO to the same extent as though the Approved Project Sponsor had directly performed such obligations.

**ARTICLE 15. INDEMNITY, CONSEQUENTIAL DAMAGES, AND INSURANCE**

- 15.1 Indemnity.** Each Party (the "Indemnifying Party") shall at all times indemnify, defend, and hold the other Party (the "Indemnified Party") harmless from any and all Losses arising out of or resulting from the Indemnifying Party's action or inactions of its obligations under this Agreement, except in cases of negligence or intentional wrongdoing by the Indemnified Party.
- 15.1.1 Indemnified Party.** If the Indemnified Party is entitled to indemnification under this Article 15 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Section 15.1 to assume the defense of such claim, such Indemnified Party may at the expense of the Indemnifying Party contest, settle, or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 15.1.2 Indemnifying Party.** If the Indemnifying Party is obligated to indemnify and hold the Indemnified Party harmless under this Article 15, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual Loss, net of any insurance or other recovery.
- 15.1.3 Indemnity Procedures.** Promptly after receipt by the Indemnified Party of any claim or

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notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Section 15.1 may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by the Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action include the Indemnified Party and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it that are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Party having such differing or additional legal defenses.

The Indemnified Party shall be entitled, at its expense, to participate in any such action, suit, or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit, or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit, or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in which event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit, or proceeding without the consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned, or delayed.

- 15.2 Consequential Damages.** In no event shall any Party be liable under any provision of this Agreement for any losses, damages, costs, or expenses for any special, indirect, incidental, consequential, or punitive damages, including loss of profit or revenue, loss of the use of equipment, cost of capital, or cost of temporary equipment or services, whether based in whole or in part in contract or in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another Party under another agreement shall not be considered to be special, indirect, incidental, or consequential damages hereunder.
- 15.3 Insurance.** The Approved Project Sponsor shall carry insurance for the Project in accordance with good utility practice.
- 15.4 Continuity of Obligations.** The obligations and liability limitations under this Article 15 shall survive termination of the Agreement.

## ARTICLE 16. ASSIGNMENT

- 16.1 Assignment.** With the exception of assignment for collateral security purposes in accordance with this Section and Section 14.3, this Agreement may be assigned by a Party only with the written consent of the other Party, which consent shall not be unreasonably withheld. The CAISO will not approve the assignment unless the assignee (i) meets the competitive solicitation qualification requirements set for in CAISO Tariff Section 24.5.3.1; (ii) agrees to honor the cost containment measures or cost caps specified in Appendix E, if applicable; (iii) agrees to meet the factors that the CAISO relied upon in selecting the Approved Project Sponsor; and (iv) assumes the rights and obligations contained in this Agreement; provided, however, that the Approved Project Sponsor shall have the right to assign this Agreement, without the consent of the CAISO, for collateral security purposes to aid in providing financing for the Project, provided that the

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Approved Project Sponsor shall promptly notify the CAISO of any such assignment, including identification of the assignee and contact information. Any financing arrangement entered into by the Approved Project Sponsor pursuant to this Article shall provide that prior to or upon the exercise of the secured party's, trustee's, or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee, or mortgagee shall notify the CAISO of the date and particulars of any such exercise of assignment rights. Any attempted assignment that violates this Article is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof.

**ARTICLE 17. SEVERABILITY**

- 17.1 Severability.** If any provision in this Agreement is finally determined to be invalid, void, or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement, or covenant of this Agreement.

**ARTICLE 18. COMPARABILITY**

- 18.1 Comparability.** The Parties shall comply with all applicable comparability and code of conduct laws, rules, and regulations, as amended from time to time.

**ARTICLE 19. CONFIDENTIALITY**

- 19.1 Confidentiality.** Confidential Information shall include all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by a Party to the other Party prior to the execution of this Agreement.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by a Party, the other Party shall provide in writing the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

- 19.1.1 Term.** During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article, each Party shall hold in confidence and shall not disclose Confidential Information to any person.

- 19.1.2 Scope.** Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known through no wrongful act or omission of the receiving Party or Breach of this Agreement; or (6) is required, in accordance with Section 19.1.7 of this Agreement, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this Agreement. Information designated as Confidential

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Information shall no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

- 19.1.3 Release of Confidential Information.** No Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, Affiliates (limited by the Standards of Conduct requirements set forth in Part 358 of FERC's regulations, 18 C.F.R. Section 358), and subcontractors, or to parties who may be or considering providing financing to or equity participation with the Approved Project Sponsor, or to potential purchasers or assignees of the Approved Project Sponsor, on a need-to-know basis in connection with this Agreement, unless such person has first been advised of the confidentiality provisions of this Article and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article.
- 19.1.4 Rights.** Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by a Party or any other person or entity of the right to protect the Confidential Information from public disclosure.
- 19.1.5 No Warranties.** The mere fact that a Party has provided Confidential Information does not constitute a warranty or representation as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to the other Party or to enter into any further agreements or proceed with any other relationship or joint venture.
- 19.1.6 Standard of Care.** Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication, or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this Agreement or its regulatory requirements.
- 19.1.7 Order of Disclosure.** If a court or another Government Authority or entity with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request or requirement so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party shall use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.
- 19.1.8 Termination of Agreement.** Upon termination of this Agreement for any reason, each Party shall, within ten (10) calendar days after receipt of a written request from the other Party, use Reasonable Efforts to destroy, erase, or delete, with such destruction, erasure, and deletion certified in writing to the other Party, or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party, unless subject to retention for litigation or regulatory purposes.
- 19.1.9 Remedies.** The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this Article. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article, which equitable relief shall be granted without bond or proof of

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damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article.

**19.1.10 Disclosure to FERC, its Staff, or a State.** Notwithstanding anything in this Article to the contrary, and pursuant to 18 C.F.R. Section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. Section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. A Party is prohibited from notifying the other Party prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. Section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

**19.1.11 Subject to the Exception in Section 19.1.10.** Subject to the exception in Section 19.1.10 and consistent with the provisions of Sections 19.1.3 and 19.1.7, Confidential Information shall not be disclosed by a Party to any person not employed or retained by that Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Agreement or as a transmission service provider or a Balancing Authority including disclosing the Confidential Information to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of another Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this Section 19.1.11, the disclosing Party shall promptly notify the other Party in writing and shall assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order, or other reasonable measures.

## ARTICLE 20. ENVIRONMENTAL RELEASES

**20.1** Each Party shall notify the other Party, first orally and then in writing, of the release of any Hazardous Substances, including hazardous wastes as defined by local, state, and federal law, any asbestos or lead abatement activities, or any type of remediation activities related to the Project or the Transmission Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (i) provide the notice as soon as practicable, for an occurrence that may present an immediate risk to human health or the environment; (ii) make a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence for an event that may present an immediate risk to human health or the environment; and (iii) promptly furnish to the other Party information necessary for the designated Party to notify any Governmental Authorities of the event as required by law or Project-specific conditions. Copies of any publicly available reports shall be distributed to the other Party

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regarding such events.

**ARTICLE 21. INFORMATION ACCESS AND AUDIT RIGHTS**

- 21.1 Information Access.** Each Party (the “disclosing Party”) shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for the other Party to (i) verify the costs incurred by the disclosing Party for which the other Party is responsible under this Agreement; and (ii) carry out its obligations and responsibilities under this Agreement. The Parties shall not use such information for purposes other than those set forth in this Section 21.1 and to enforce their rights under this Agreement. Nothing in this Article shall obligate the CAISO to make available to a Party any third party information in its possession or control if making such third party information available would violate a CAISO Tariff restriction on the use or disclosure of such third party information.
- 21.2 Reporting of Non-Force Majeure Events.** Each Party (the “notifying Party”) shall notify the other Party when the notifying Party becomes aware of its inability to comply with the provisions of this Agreement for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation, or information provided under this Section shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this Agreement.
- 21.3 Audit Rights.** Subject to the requirements of confidentiality under Article 19 of this Agreement, the CAISO audit rights shall include the CAISO’s right to audit the Approved Project Sponsor’s costs pertaining to performance or satisfaction of obligations under this Agreement.
- 21.3.1** The CAISO shall have the right, during normal business hours, and upon prior reasonable notice to the Approved Project Sponsor, to audit at its own expense the accounts and records pertaining to satisfaction of obligations under this Agreement. Subject to Section 21.3.2, any audit authorized by this Section 21.3 shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to performance and satisfaction of obligations under this Agreement. The Approved Project Sponsor shall keep such accounts and records for a period equivalent to the audit rights periods described in Section 21.4.
- 21.3.2** Notwithstanding anything to the contrary in this Agreement, the Approved Project Sponsor’s rights to audit the CAISO’s accounts and records shall be as set forth in Section 22.1 of the CAISO Tariff.
- 21.4 Audit Rights Period for Construction-Related Accounts and Records.** Accounts and records related to the design, engineering, procurement, and construction of Project constructed by the Approved Project Sponsor shall be subject to audit and verification by the CAISO for a period of twenty-four months following the issuance of a final cost summary in accordance with Section 5.6.1.

**ARTICLE 22. SUBCONTRACTORS**

- 22.1 General.** Subject to Section 5.5.5, nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services, and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.
- 22.2 Responsibility of Principal.** The creation of any subcontract relationship shall not relieve the

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hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the CAISO be liable for the actions or inactions of the Approved Project Sponsor or its subcontractors with respect to obligations of the Approved Project Sponsor under Article 4 of this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

**ARTICLE 23. DISPUTES**

- 23.1 General.** All disputes arising out of or in connection with this Agreement whereby relief is sought by or from the CAISO shall be settled in accordance with the provisions of Section 13 of the CAISO Tariff, except that references to the CAISO Tariff in such Section 13 of the CAISO Tariff shall be read as references to this Agreement. Disputes arising out of or in connection with this Agreement not subject to provisions of Section 13 of the CAISO Tariff shall be resolved as follows:
- 23.2 Submission.** In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance, such Party (the “disputing Party”) shall provide the other Party with written notice of the dispute or claim (“Notice of Dispute”). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) calendar days after the other Party’s receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.
- 23.3 External Arbitration Procedures.** Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) calendar days after the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) calendar days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration, except prior arbitration. The arbitrator shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article, the terms of this Article shall prevail.
- 23.4 Arbitration Decisions.** Unless otherwise agreed by the Parties, the arbitrator shall render a decision within ninety (90) calendar days after appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator may be appealed solely on the grounds that the conduct of the arbitrator, or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with, and approved by, FERC if it affects jurisdictional rates, terms, and conditions of service, Transmission Interconnection Facilities, or Network Upgrades.

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- 23.5 Costs.** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

**ARTICLE 24. REPRESENTATIONS, WARRANTIES, AND COVENANTS**

- 24.1 General.** Each Party makes the following representations, warranties, and covenants:

**24.1.1 Good Standing.** Such Party is duly organized, validly existing, and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Project and transmission facilities owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted, and to enter into this Agreement and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

**24.1.2 Authority.** Such Party has the right, power, and authority to enter into this Agreement, to become a Party hereto, and to perform its obligations hereunder. This Agreement is a legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally and by general equitable principles, regardless of whether enforceability is sought in a proceeding in equity or at law.

**24.1.3 No Conflict.** The execution, delivery, and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement, or instrument applicable to or binding upon such Party or any of its assets.

**24.1.4 Consent and Approval.** Such Party has sought or obtained, or, in accordance with this Agreement, will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery, and performance of this Agreement, and it will provide to any Governmental Authority notice of any actions under this Agreement that are required by Applicable Laws and Regulations.

**24.1.5 Technical Specifications Accurate.** The technical specifications provided by the Approved Project Sponsor to the CAISO are accurate and complete.

**ARTICLE 25. MISCELLANEOUS**

**25.1 Binding Effect.** This Agreement and the rights and obligations hereof shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

**25.2 Conflicts.** In the event of a conflict between the body of this Agreement and any attachment, appendices, or exhibits hereto, the terms and provisions of the body of this Agreement shall prevail and be deemed the final intent of the Parties.

**25.3 Rules of Interpretation.** This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or

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individually; (3) reference to any agreement, including this Agreement, document, instrument, or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section, or Appendix means such Article or Section of this Agreement or such Appendix to this Agreement, or such Section of the CAISO Tariff or such Appendix to the CAISO Tariff, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

**25.4 Entire Agreement.** This Agreement, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Agreement.

**25.5 No Third Party Beneficiaries.** This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest, and, where permitted, their assigns.

**25.6 Waiver.** The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement shall not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Agreement. Termination or Default of this Agreement for any reason by the Approved Project Sponsor shall not constitute a waiver of the Approved Project Sponsor's legal rights to obtain an interconnection from the CAISO. Any waiver of any provision of this Agreement shall, if requested, be provided in writing.

**25.7 Headings.** The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

**25.8 Multiple Counterparts.** This Agreement may be executed in two or more counterparts, each of which is deemed an original but all of which constitute one and the same instrument.

**25.9 Amendment.** The Parties may by mutual agreement amend this Agreement by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

**25.10 Modification by the Parties.** Except as described in Appendices B and E, the Parties may by mutual agreement amend the Appendices to this Agreement by a written instrument duly executed by all of the Parties. Such amendment shall become effective and a part of this Agreement upon satisfaction of all Applicable Laws and Regulations.

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**25.11 Reservation of Rights.** The CAISO has the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder with respect to any rates, terms and conditions, charges, classifications of service, rule, or regulation. The Approved Project Sponsor shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations. Each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered.

**25.12 No Partnership.** This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

**25.13 Joint and Several Obligations.** Except as otherwise provided in this Agreement, the obligations of the CAISO and the Approved Project Sponsor are several, and are neither joint nor joint and several.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement in multiple originals, each of which shall constitute and be an original effective agreement between the Parties.

**[Approved Project Sponsor]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**California Independent System Operator Corporation**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**Appendices to Agreement**

Appendix A Project Details

Appendix B Milestones

Appendix C Security Arrangements Details

Appendix D Addresses for Delivery of Notices and Billings

Appendix E Approved Project Sponsor's Costs of Project

**Appendix A**

**Project Details**

1. **Description**
  
2. **Transmission Interconnection Facilities**
  
3. **Network Upgrades**
  
4. **Distribution Upgrades**
  
5. **Diagram of Project:**
  
6. **Project Team:**

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**Milestones**

**1. Milestone Dates**

*[Example: The Milestones will be determined on a case-by-case basis.]*

<b>Item</b>	<b>Milestone</b>	<b>Responsible Party</b>	<b>Due Date <sup>1/</sup></b>
	Submit Construction Plan in accordance with Section 5.3.1 of this Agreement	Approved Project Sponsor	*
	Submit request for Transmission Interconnection Service to the applicable Interconnecting PTO	Approved Project Sponsor	
	Commence development activities including commencement of regulatory approvals; acquisition of land; and permits	Approved Project Sponsor	
	Commence engineering design	Approved Project Sponsor	
	Submit Construction Plan Status Report in accordance with Section 5.3.2 of this Agreement	Approved Project Sponsor	
	Complete engineering design	Approved Project Sponsor	
	Submit Project specifications in accordance with Section 5.4.1 of this Agreement	Approved Project Sponsor	
	Provide comments on Project specifications in accordance with Section 5.4.1 of this Agreement	CAISO	
	Commence procurement including material and resources	Approved Project Sponsor	
	Complete permitting activities in accordance with Section 5.5.1.1 of this Agreement	Approved Project Sponsor	
	Complete procurement including material and resources	Approved Project Sponsor	
	Execute agreement with applicable Interconnecting PTO prior to commencement of construction	Approved Project Sponsor	
	Commence Construction	Approved Project Sponsor	
	Submit a Participating TO application for the Project to the CAISO in accordance with Section 4.3.1.1 of the CAISO Tariff	Approved Project Sponsor	
	Submit final Project specifications in accordance with Section 5.4.2 of this Agreement	Approved Project Sponsor	
	Provide comments on final Project specifications in accordance with Section 5.4.2 of this Agreement	CAISO	

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<b>Item</b>	<b>Milestone</b>	<b>Responsible Party</b>	<b>Due Date <sup>1/</sup></b>
	<b>Commence Testing</b>	<b>Approved Project Sponsor</b>	
	<b>Energization Date</b>	<b>Approved Project Sponsor</b>	*
	<b>Complete Construction</b>	<b>Approved Project Sponsor</b>	
	<b>In accordance with Section 5.6.2 provide final “as-built” drawings, information and other documents</b>	<b>Approved Project Sponsor</b>	
	<b>In accordance with Section 5.6.1 provide final costs of the Project</b>	<b>Approved Project Sponsor</b>	

- <sup>1/</sup> Dates in this Appendix B are good faith estimates and can be modified as follows:
- \* Change in milestone date requires an amendment to this Agreement pursuant to Section 25.10.
  - \*\* Change in milestone date can be agreed to in writing by the representatives listed in Appendix D to this Agreement without further regulatory approval.

## **Appendix C**

### **Security Arrangements Details**

Infrastructure security of CAISO Controlled Grid equipment and operations and control hardware and software is essential to ensure day-to-day CAISO Controlled Grid reliability and operational security. FERC will expect the CAISO, and Approved Project Sponsor interconnected to the CAISO Controlled Grid to comply with Applicable Reliability Criteria. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

The Approved Project Sponsor shall meet the requirements for security implemented pursuant to the CAISO Tariff, including the CAISO's standards for information security posted on the CAISO's internet web site at the following internet address: <http://www.caiso.com/pubinfo/info-security/index.html>.

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**Appendix D**

**Addresses for Delivery of Notices and Billings**

**Notices:**

**Approved Project Sponsor:**

[Name]  
[Address]

With a copy to:

[Name]  
[Address]

Email:

**CAISO:**

California ISO  
Attn: Infrastructure Contracts & Management  
250 Outcropping Way  
Folsom, CA 95630

[QueueManagement@CAISO.com <mailto:QueueManagement@CAISO.com>](mailto:QueueManagement@CAISO.com)

**Alternative Forms of Delivery of Notices (telephone, facsimile or e-mail):**

**Approved Project Sponsor:**

[Name]  
[Address]  
[Phone]

**CAISO:**

Deb Le Vine  
[dlevine@caiso.com <mailto:dlevine@caiso.com>](mailto:dlevine@caiso.com)  
(916) 351-2144

***[Include if Approved Project Sponsor agrees to a cost cap.]***



**EXHIBIT B**

CAISO Construction Plan Status Report Template

*<Entity providing report>*  
**Construction Plan Status Report - <date>**  
*<Project Name>*

## 1. Overall Project Progress

This Construction Plan Status Report provides an update on *<the overall status of the project including if it is on track or not and if the cost cap, if applicable, is being met>*. This Construction Plan Status Report describes what activities have occurred over the past ninety (90) days and those that are forthcoming to achieve the California Independent System Operator (CAISO) required in-service date of *<Energization Date in APSA>*. It will be updated at regular intervals.

### Items Needing CAISO Input

- *<List any items the Approved Project Sponsor needs assistance from CAISO>*

### Overview of Completed Activities

- *<Interconnecting PTO>*
  - *<List completed items that can demonstrate forward movement of the project>*.
- California Public Utilities Commission (CPUC) *<and other commissions, if applicable>*
  - *<List completed items that can demonstrate forward movement of the project>*.
- Outreach / Agency Meetings
  - *<List completed items that can demonstrate forward movement of the project>*.
- Permitting, Licensing and Regulatory Filings
  - *<List completed items that can demonstrate forward movement of the project>*.
- Site Visits
  - *<List completed items that can demonstrate forward movement of the project>*.
- Environmental
  - *<List completed items that can demonstrate forward movement of the project>*.

- Engineering Design
  - *<List completed items that can demonstrate forward movement of the project>.*

### **Key Activities Over the Next 90 Days**

- Permitting, Licensing and Regulatory Filings
  - *<List completed items that can demonstrate forward movement of the project>.*
- Engineering
  - *<List completed items that can demonstrate forward movement of the project>.*
- Contracts
  - *<List completed items that can demonstrate forward movement of the project>.*
- Interconnection Agreement
  - *<List completed items that can demonstrate forward movement of the project>.*

## 2. Project Schedule

The table below provides a list of key milestone dates for the Suncrest Project. Please refer to Attachment 1 (Project Schedule) for the current Project task level schedule. *<Add discussion appropriate for the schedule>*.

Milestone	Date in APSA	Revised Date	Status
Submit request for Transmission Interconnection Service to the applicable Interconnecting PTO			
Commence development activities including commencement of regulatory approvals; acquisition of land; and permits			
Commence engineering design			
Submit Construction Plan Status Report in accordance with Section 5.3.2 of APSA			
Complete engineering design			
Submit Project specifications in accordance with Section 5.4.1 of APSA			
Commence procurement including material and resources			
Complete permitting activities in accordance with Section 5.5.1.1 of APSA			
Complete procurement including material and resources			
Execute agreement with applicable Interconnecting PTO prior to commencement of construction			
Commence Construction			
Submit final Project specifications in accordance with Section 5.4.2 of APSA			
Provide comments on final Project specifications in accordance with Section 5.4.2 of APSA			
Commence Testing			
Energization Date			
Complete Construction			
In accordance with Section 5.6.2 provide final "as-built" drawings, information and other documents			
In accordance with Section 5.6.1 provide final costs of the Project			

### 3. Permitting, Licensing and Regulatory Filings

The following is an update on key environmental activities progressed since the last report.

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Below is a table summarizing the permitting, licensing, regulatory filing activities, and consultations, and estimated completion dates and status updates:

Activity/Consultation	Estimated Completion Date	Revised Estimated Completion Date	Status
Pre-filing consultations with CPUC			
FERC Filing and Order – Abandoned plant; TO Tariff; TRR File CPCN / PEA application with CPUC			
United States Forest Service (USFS) Consultation			

Activity/Consultation	Estimated Completion Date	Revised Estimated Completion Date	Status
USFWS Section 7 ESA Consultation			
SHPO Section 106 Consultation			
USACE Section 404 Nationwide Permit			
SWRCB Construction General Permit for Stormwater Discharges Associated with Construction Activity			
<Local> County Air Pollution Control District			
Building Permits			
RWQCB Section 401 Certification			
CDFW 1602 Lake and Streambed Alteration Agreement			
CPUC Notice to Proceed in CPCN/CEQA proceeding			
Reliability Standards Agreement/CFR with CAISO			
NERC Registration with WECC			
NERC Certification			

#### 4. Right of Way Acquisition

*<Update all right-of-way acquisition related activities or state no update since last report>*. Below is a table summarizing the requirements, estimated completion date and status of right-of-way acquisition activities:

Requirement	Estimated Completion Date	Revised Estimated Completion Date	Status
Exercise option to purchase right-of-way property			
Obtain transmission and access easement from private land owner			
Complete subdivision process and close on the site property			
Obtain transmission and access easement from <i>&lt;entity&gt;</i>			
<i>&lt;Other tasks as appropriate&gt;</i>			

#### 5. Land Acquisition

*<Update all land acquisition related activities or state no update since last report>*. Below is a table summarizing the requirements, estimated completion date and status of land acquisition activities:

Requirement	Estimated Completion Date	Revised Estimated Completion Date	Status
Exercise option to purchase site property			
Obtain transmission and access easement from private land owner			
Complete subdivision process and close on the site property			
Obtain transmission and access easement from <i>&lt;entity&gt;</i>			
<i>&lt;Other tasks as appropriate&gt;</i>			

## 6. Design & Engineering

<Discuss status of design and engineering including data requests, vendor status, studies, study issues, schedule status, etc.> Below is a table summarizing the requirements, estimated completion date and status of design and engineering activities:

Requirement	Estimated Completion Date	Revised Estimated Completion Date	Status
Harmonic Study			
Transmission Engineering			
Site / Civil Engineering			
Other Engineering			

Below is a table summarizing the specification requiring CAISO review and, estimated dates:

Equipment Type Requirement	Estimated Completion Date	Revised Estimated Completion Date	Status

## 7. Contracts

<Discuss contracting status including equipment, EPC, labor, etc. for Project>. Below is a table summarizing the major contracts required including, estimated completion date and status of contracting activities:

Requirement	Estimated RFP Issuance Date	Estimated Execution Date	Status
EPC Contract			
<Other contracts as needed for Project.			

## 8. Interconnection Agreement and Status

<Discuss the status of the interconnection agreement including the estimated execution date, any issues with the negotiation, key technical transmission planning activities, and any items the CAISO can assist with for the agreement. This discussion should include progress since the last report.> Below is a table summarizing the requirements, estimated completion date and status of interconnection agreement activities:

Requirement	Estimated Completion Date	Revised Estimated Completion Date	Status
Detailed System Impact and Facility Studies			
Execution of Interconnection Agreement			

<If the Project requires network upgrades to be built, provide a status report that includes project schedule; permit and license status, including environmental, state, and local permits and licenses; right-of-way acquisition status, if required; land acquisition status, if required; design and engineering status; status of contracts for project work, including land, procurement, and staffing; construction status; testing status; events creating risks and obstacles to project completion; and project budget, including actuals, estimate to complete, and contingency for the network upgrades. Discuss any items the CAISO can assist with for the

agreement or upgrade construction. This discussion should include progress since the last report.>

## 9. Construction

<Update all construction related activities or state no update since last report>. Construction is scheduled to start <construction start date>. Below is a table summarizing the requirements, estimated completion date and status of construction activities:

Requirement	Estimated Completion Date	Revised Estimated Completion Date	Status
Pre-construction biological surveys and unrestricted access			
Site Preparation Construction			
<Additional detail as required for Project.>			

## 10. Testing and Commissioning

<Update all testing related activities or state no update since last report>. Below is a table summarizing the requirements, estimated completion date and status of testing and commissioning activities:

Requirement	Estimated Completion Date	Revised Estimated Completion Date	Status
Back feed available from <entity>			
Design / Set-Up Project Operations; Staff Training and Certification			
Start of Testing			
Commercial Operation Date			

## 11. Operations

<Update all operations related activities or state no update since last report>. Below is a table summarizing the requirements, estimated completion date and status of testing and commissioning activities:

Requirement	Estimated Completion Date	Revised Estimated Completion Date	Status
Facilities Rating			
System Model			
Internal Procedures / Practices / Processes			
CAISO operating procedures			
Design / Set-Up Project Operations			
Staff Training and Certification			

## 12. Risks & Obstacles

<Update all risks and obstacles with related activities. This will be a continuous list for the project and issues will not be deleted.>. Below is a table summarizing the current risks or obstacles for the Project:

Risk / Obstacle	Potential Impact to Cost and/or Schedule	Mitigation Plan



**EXHIBIT C**

Motion to Lodge of the New Jersey Board of Public Utilities

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Building for the Future Through Electric	)	
Regional Transmission Planning and Cost	)	Docket No. RM21-17-000
Allocation and Generator Interconnection	)	

**MOTION TO LODGE OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES**

Pursuant to Rule 212<sup>1</sup> and Rule 214<sup>2</sup> of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure, the New Jersey Board of Public Utilities (“BPU” or “Board”) seeks to lodge its recently issued Board Order<sup>3</sup> selecting transmission projects to be built pursuant to PJM’s State Agreement Approach (“SAA”) for the purpose of supporting New Jersey’s offshore wind (“OSW”) goals, the Brattle Group’s (“Brattle”) SAA Evaluation Report,<sup>4</sup> and PJM’s SAA Economic Analysis Report.<sup>5</sup>

**I. Motion to Lodge the Board Order and Its Associated Analyses**

The past practice of the Commission has been to “accept a motion to lodge [when] it provides information that assists in the decision-making process,” but deny “motions to lodge or

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<sup>1</sup> 18 C.F.R. 385.212 (2018).

<sup>2</sup> 18 C.F.R. 385.214 (2018).

<sup>3</sup> In re Declaring Transmission to Support Offshore Wind a Public Policy of the State of New Jersey, BPU Docket No. QO20100630, Order dated October 26, 2022, [https://publicaccess.bpu.state.nj.us/DocumentHandler.ashx?document\\_id=1279919](https://publicaccess.bpu.state.nj.us/DocumentHandler.ashx?document_id=1279919) (“October 2022 SAA Order”).

<sup>4</sup> Johannes P. Pfeifenberger et al., Brattle Grp., *New Jersey State Agreement Approach for Offshore Wind Transmission: Evaluation Report* 194 (Oct. 26, 2022), [https://publicaccess.bpu.state.nj.us/DocumentHandler.ashx?document\\_id=1279916](https://publicaccess.bpu.state.nj.us/DocumentHandler.ashx?document_id=1279916) (“Brattle SAA Evaluation Report”).

<sup>5</sup> PJM, *Economic Analysis Report: 2021 SAA Proposal Window to Support NJ OSW* (Nov. 4, 2022), <https://www.pjm.com/-/media/committees-groups/committees/teac/2022/20221104-special/informational-only---njosw-economic-analysis-report.ashx> (“PJM SAA Economic Analysis”).

similar filings when these filings contain information that is repetitive, outside the scope of the proceeding, or of no assistance in the decision-making process.”<sup>6</sup> The documents provided herein will assist the Commission’s decision-making process because they contain important empirical evidence on the value of proactive, holistic, and competitive transmission planning to respond to the changes in the resource mix, which is a central issue in this docket.<sup>7</sup> Moreover, the Board is the first and only state entity to utilize the PJM SAA and a competitive solicitation process to proactively plan a portfolio of transmission projects designed to meet state public policy objectives. The attached documents thus contain unique empirical data, which is neither repetitive nor duplicative of any other evidence submitted in this proceeding, that will help the Commission finalize any future rulemaking. The Board therefore respectfully requests that the Commission accept this Motion to Lodge the Board’s Order and the two related reports.

## **II. Summary of Data Relevant to this Proceeding**

On November 18, 2020, the Board formally requested that PJM include New Jersey’s OSW goal of 7,500 MW into its regional transmission expansion plan pursuant to the SAA provisions of its Operating Agreement.<sup>8</sup> On April 15, 2021, PJM opened a competitive solicitation window that sought proposals for projects capable of meeting the transmission needs driven by New Jersey’s OSW goals.<sup>9</sup> As a result of the competitive solicitation, PJM and the

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<sup>6</sup> *Xcel Energy Southwest Transmission Co., LLC*, 149 F.E.R.C. ¶ 61,182, at P 63 (2014).

<sup>7</sup> *See, e.g.*, NOPR at P 77-78 (proposing to require Long-Term Regional Transmission Planning that includes a process for identifying transmission needs driven by changes in the resource mix and demand and inviting comments on this proposed requirement); *id.* at P 358 (proposing to allow public utility transmission providers to limit competition by adopting conditional rights of first refusal); *id.* at P 378 (seeking comment on whether “this proposed conditional right of first refusal aligns with or advances the goals of Order No. 1000’s reforms”); *id.* at P 335 (noting that Order No. 1000 instituted reforms that were meant to “facilitate competition for transmission development”).

<sup>8</sup> October 2022 SAA Order at 1.

<sup>9</sup> Brattle SAA Evaluation Report at 28.

Board received 80 proposals, from 13 different transmission developers, for onshore grid upgrades (“Option 1a Projects”), new onshore grid infrastructure (“Option 1b Projects”), offshore transmission projects to connect OSW projects to an onshore point of interconnection (“Option 2 Projects”), and/or projects that would create an “offshore backbone” (“Option 3 Projects”).<sup>10</sup> On October 26, 2022 the Board selected the Option 1b Larrabee Tri-Collector project and a portfolio of associated Option 1a upgrades located in New Jersey, Delaware, Pennsylvania, and Maryland (collectively, the “SAA Solution”) for inclusion in PJM’s Regional Transmission Expansion Plan and cost allocation to New Jersey ratepayers.<sup>11</sup>

The SAA Solution will save New Jersey ratepayers over \$900 million when compared to the baseline scenario, in which New Jersey would rely solely on the standard PJM process to interconnect its OSW projects.<sup>12</sup> Specifically, while the SAA Solution costs \$1.08 billion to build, it eliminates the need to build an additional \$1.71 billion worth of new onshore transmission and onshore network upgrades through the PJM interconnection process. That alone saves ratepayers approximately \$630 million.<sup>13</sup> In other words, New Jersey’s real-life experience is that using a proactive, holistic planning and competitive bidding process to select the necessary system reinforcements for multiple OSW projects is 37% cheaper than the status quo approach that plans and builds new transmission infrastructure for one generator at a time.<sup>14</sup> Moreover, with respect to network system upgrades, the “SAA offers a cost reduction of 43% to

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<sup>10</sup> October 2022 SAA Order at 26-27; Brattle SAA Evaluation Report at 28-29.

<sup>11</sup> October 2022 SAA Order at 70. For various reasons explained in the October 2022 SAA Order, the Board declined to build and allocate the costs of any Option 2 or 3 projects through the SAA process at this time. *See id.* at 55-59, 61.

<sup>12</sup> *Id.* at 61.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*; *see also id.* at 51-53 (explaining why procuring system network upgrades “through the SAA provides clear cost-savings benefits”).

82% compared to the network upgrade costs that would be incurred under the conventional PJM interconnection process.”<sup>15</sup> Additionally, the SAA Solution will also reduce the amount of cabling necessary to deliver OSW energy to the onshore grid, thereby saving ratepayers another \$288 million.<sup>16</sup> The \$630 million in reduced onshore system upgrades and expansion costs plus the \$288 million reduction in cabling costs together will save ratepayers \$918 million. In short, proactively and holistically planning transmission projects to serve New Jersey’s OSW goals through a competitive process will save New Jersey ratepayers nearly \$1 billion.

The SAA Solution also provides substantial regional benefits that significantly outweigh its costs. Specifically, Brattle’s SAA Evaluation Report found that the Larrabee Tri-Collector and associated Option 1a upgrades will have a combined annual revenue requirement of \$117 million.<sup>17</sup> However, PJM’s economic analysis of the SAA Solution shows that it and the OSW generation that it facilitates will reduce annual PJM-wide production costs by at least \$292 million.<sup>18</sup> Thus, even though the SAA Solution is designed to advance New Jersey’s public policies, it nonetheless will enable production cost savings that are about 2.5 times greater than the annualized cost of the necessary transmission infrastructure. Moreover, these benefits are widely distributed throughout the PJM region, indeed, ratepayers that are outside of New Jersey realize most of the savings. Specifically, \$104 million of these annual production cost savings

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<sup>15</sup> Brattle SAA Evaluation Report at 80.

<sup>16</sup> October 2022 SAA Order at 61.

<sup>17</sup> See Brattle SAA Evaluation Report at 194 (projecting the annualized cost of the Larrabee Tri-Collector Solution and associated Option 1a upgrades that the Board selected to be \$117 million).

<sup>18</sup> See PJM SAA Economic Analysis at 39. The Board calculated the minimum PJM-wide production cost savings by subtracting the sum of all projected zonal annual gross load payments in Scenario 18 from the sum of all projected zonal annual gross load payments in the base case, as listed in Table 74. Note that the Board’s chosen SAA Solution was the very similar Scenario 18a, for which PJM did not perform a separate economic analysis. See *id.* at 2 n.2 (“PJM performed the energy and capacity market analysis for the NJ BPU-selected finalist Scenario 18. The final solution selected by NJ BPU was scenario 18a, which is equivalent to the Scenario 18 in terms of points of injection.”).

will accrue to New Jersey ratepayers,<sup>19</sup> while the remaining \$188 million in annual savings will accrue to ratepayers in other PJM states.<sup>20</sup> New Jersey’s experience with the SAA process therefore clearly demonstrates that longer-term, holistic, and proactive planning for new generation resources needed to meet a state’s public policy requirements can produce significant quantifiable benefits for the wider planning region.

Finally, the results of the SAA process demonstrate that competitive transmission solicitations can provide significant value to consumers. As the Board found in its Order, “the Larrabee Tri-Collector Solution results in an innovative transmission solution, creating a single onshore POI while leveraging existing rights of ways, an outcome that *would not have been possible without . . . a competitive solicitation.*”<sup>21</sup> The 80 proposals that PJM received in response to the solicitation allowed the Board, its consultants, and PJM to jointly develop 34 scenarios representing unique combinations of project proposals and variations on them.<sup>22</sup> This enabled the Board to identify and select the optimal solution, rather than merely accept or reject a single proposal designed in the absence of any competitive pressure. In addition to being highly innovative, the SAA Solution the Board chose also corresponded to the scenario with the second lowest overall cost, at least when one includes the cost of the additional transmission that

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<sup>19</sup> *See id.* at 39. The Board calculated production cost savings to New Jersey ratepayers by subtracting total New Jersey zonal annual gross load payments in Scenario 18 from total New Jersey zonal annual gross load payments in the base case, as listed in Table 74.

<sup>20</sup> *See id.* The Board calculated production cost savings to ratepayers outside of New Jersey by subtracting the sum of projected zonal annual gross load payments for the APS, BGE, DUQ, FE-ATSI, METED, PECO, PENELEC, and PLGRP zones in Scenario 18 from the sum of these zone’s annual gross load payments in the base case, as listed in Table 74.

<sup>21</sup> October 2022 SAA Order at 2 (emphasis added).

<sup>22</sup> Brattle SAA Evaluation Report at 72, 79.

generation developers will build.<sup>23</sup> Absent the competitive solicitation framework, New Jersey ratepayers may have ultimately paid *billions* more in OSW transmission costs.<sup>24</sup> Quite simply, the competitive transmission solicitation process provided New Jersey with a higher quality transmission solution at a substantially lower price.

### **III. Conclusion**

For the reasons stated above, the Board respectfully requests that the Commission grant the Board permission to lodge its October 2022 SAA Order, Brattle’s SAA Evaluation Report, and PJM’s SAA Economic Analysis Report.

Respectfully,

**NEW JERSEY BOARD OF PUBLIC UTILITIES**

**MATTHEW J. PLATKIN  
ATTORNEY GENERAL OF NEW JERSEY**

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**Dated:** November 28, 2022  
Trenton, New Jersey

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<sup>23</sup> *See id.* at 79

<sup>24</sup> *See id.* (showing that 12 of the other analyzed scenarios would have cost ratepayers an additional \$2 billion or more beyond the cost of the Scenario 18a SAA Solution that the Board ultimately selected).

## CERTIFICATE OF SERVICE

I hereby certify that, on this 28th day of November, 2022, I have caused the foregoing document to be served upon each party designated on the official service list compiled by the Secretary in this proceeding, by email.

/s/ Paul Youchak

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**EXHIBIT D**

CAISO Transmission Project Sponsor Proposal – Competitive  
Solicitation Application

# Transmission Project Sponsor Proposal –Competitive Solicitation Application

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## Introduction and General Instructions

In accordance with ISO Tariff Section 24.5 (Transmission Planning Process Phase 3), the ISO will initiate a period of at least ten (10) weeks that will provide an opportunity for project sponsors to submit specific transmission project proposals to finance, construct, own, operate, and maintain certain transmission elements identified in the ISO's comprehensive transmission plan, or those approved by ISO management in advance of the issuance of the transmission plan if the capital cost of the project is less than or equal to \$50 million. Such project proposals must include plan of service details and supporting information as set forth in the Business Practice Manual for the Transmission Planning Process (BPM-TPP) sufficient to enable the ISO to determine whether the proposal meets the criteria specified in ISO Tariff Sections 24.5.3 and 24.5.4. This competitive solicitation application form describes the details that must be provided regarding project sponsor proposals.

Projects included in this process will become part of the ISO controlled grid, and approved project sponsors will become participating transmission owners (PTOs) and will sign the Transmission Control Agreement (TCA) and enter into a Coordinated Functional Registration (CFR) agreement with the ISO. The ISO also anticipates that the project sponsor or its contracted representative(s) will be registered with the North American Electric Reliability Corporation (NERC) in the NERC categories of Transmission Owner and other functions as applicable.

This section sets forth requirements for the formatting and general contents of the project sponsor's application. The application submitted to the ISO shall not include any substantive information in response to this section. In particular, in Section 1 of the application, the project sponsor shall provide a summary of the most significant aspects of the project as proposed by the project sponsor. The ISO will refer to the information provided in Section 1, rather than any information provided in a transmittal letter for an introduction to and overview of the project. The information to be included in the application will be used by the ISO to determine whether the proposal meets the qualification criteria set forth in ISO Tariff section 24.5.3 and, if so, to compare each project sponsor and its proposal with other qualified project sponsors and proposals for the same approved transmission element pursuant to ISO Tariff section 24.5.4. To facilitate this assessment and comparison, project sponsors must provide information that reflects a thorough understanding of the requirements, processes, and activities needed to accomplish project completion and continuing operation and maintenance.

The project sponsor must submit three documents in connection with its proposal:

1. this Competitive Solicitation Application form;
2. the Cost and Cost Containment Workbook;
3. the Prior Projects and Experience Workbook.

The first document, Competitive Solicitation Application, is a completed form of this Microsoft Word document. The second document, Cost and Cost Containment Workbook, is in the form of an Excel spreadsheet. The spreadsheet documents the project sponsor's proposed capital and operations and maintenance (O&M) expenses, and also any proposed cost containment measures. The third document, Prior Projects and Experience Workbook, is in the form of a separate Excel spreadsheet. The spreadsheet documents the project sponsor's listing of prior projects and experience relevant to its

capability to develop the current project. Please note that only applicant and contractor experience identified in the Prior Projects and Experience Workbook will be used to evaluate past project performance and experience. Experience identified within other areas of sponsor proposals must be included within the Prior Projects and Experience Workbook to be evaluated.

This application form is separated into specific sections. Each section specifies information to be provided and is assigned a unique identifier for each item of information required, for example, QP-1 for Project Qualification, E-1 for Environmental Permitting and Public Processes items, S-1 for items related to Substation Design and Engineering, and so on. Project sponsors must provide responses to each of the items in the space provided after the specification of the information required and clearly note in the response the unique item identifier in each part of the response.

If the project sponsor believes that any item of the application is not applicable to its project proposal, it may indicate "N/A" but must provide a brief reason why it believes it is not applicable.

If supporting documentation is provided to supplement specific responses to application items, the project sponsor must include a specific reference to the item number and to the page numbers and paragraphs of the supporting documentation that are responsive to the application item, along with a brief explanation of how the referenced material is responsive. Information that responds directly to the information requests in the application shall be incorporated directly into the application and not be submitted as separate attachments merely referenced in the application response.

If a project sponsor provides attachments as part of the response, the project sponsor shall specify the file name of the attachment in the space provided for the response. In addition, the project sponsor shall name the attached files using the following naming convention – the file name shall include the unique identifier for the application item to which the information responds (e.g., A-5) and a description of the contents (e.g., A-5 Resumes of Key Individuals). All responses must be in readable electronic format and include the name of the project sponsor and description of the project. When submitting attachments, do **NOT** create any subdirectories. The ISO's filing system cannot process subdirectories and their use may cause important information to be lost. Also, do not use any of the following (special) characters when naming attachment files: [ ( ~ # % & \* { } \ / : < > ? ) ]. Use of any of these special characters is not compatible with the ISO's filing system and will cause important information to be lost. In addition, the project sponsor shall include in its cover letter a table or index in Microsoft Word format that contains a list of documents and attachments provided. The table or index must include the file name, contents, and a description of the application section(s) and items to which it corresponds. The project sponsor must provide a copy of the application in Microsoft Word format. The project sponsor must provide all responses and attached material in English or the ISO will disregard the information submitted.

*The following instructions in italics pertain to the submission of geographic information:*

*When submitting geographic information, e.g., the proposed route for a transmission line or the location of a proposed new substation, or reactive support or series compensation station, the project sponsor shall provide the information both in a PDF file or files, and also in shapefiles. In order to provide for the greatest support and exchangeability, shapefiles are chosen as the GIS*

*format for submittal. There shall be one shapefile for each proposed transmission project, and no shapefile submitted shall contain more than one proposed transmission project. The proposed transmission projects are to be defined as **line** shapes. The attribute table of the shapefile shall include a "**NAME**" text field that contains the name of the transmission project. This submittal shall include, at a minimum, the following four files: **name.shp**, **name.shx**, **name.dbf** and **name.prj**. The file name shall be the name of the transmission project with any spaces and special characters replaced by underscores or other regular characters. Abbreviating and shortening of the names are acceptable and encouraged. All of the files that make up the shapefile shall be zipped together in a single "zip" file with the same name as the shapefile.*

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If the project sponsor proposes to contract with others to perform duties related to the proposed project, the project sponsor's responses to the items in the application must reflect the roles, responsibilities, processes, and procedures to be used by the organization that will perform those duties, and the management controls that will be used by the project sponsor to assure that the work is done in accordance with applicable agreements, contracts, and regulatory and reliability requirements. In addition, the project sponsor shall complete the Excel spreadsheet entitled Prior Projects and Experience Workbook by which the project sponsor is to provide information regarding relevant prior projects and experience of the project sponsor and its contractors.

For each item in the application, if the project sponsor is proposing to finance, construct, own, operate, and maintain multiple transmission elements, the project sponsor shall also indicate how its response would change depending on how many of its proposals are approved by the ISO. For example, in P-4 of Section 4 (Project Management and Schedule) the project sponsor shall describe how the projected in-service date of a project would be affected if two or more of the project sponsor's proposals are approved.

Please note that the ISO will consider only ONE proposal per application submitted. The project sponsor may identify alternate proposals that it has considered, but shall clearly identify the single proposal that it wishes the ISO to evaluate.

This application form includes an officer certification form (Section 15) that must be signed by an officer of the authorized representative of the applicant project sponsor. The ISO will not consider any application that does not include a completed officer certification form.

To the extent a project sponsor considers any of the information submitted with its application to be confidential or proprietary, the project sponsor must clearly identify the confidential or proprietary information and must include an explanation as to why the information should be treated by the ISO as confidential. The ISO will not treat the identity of a project sponsor and basic information about the project sponsor's proposed project as confidential information. A project sponsor must separately request confidential treatment for each response to an individual application information request and explain the need for confidential treatment. Project sponsors shall not make general designations of large sections of the application as confidential or proprietary.

Project sponsors should note that the maximum size of an e-mail submitted to the ISO must not exceed 20 MB or the ISO's e-mail system may not be able to process it. An application that includes files or attachments larger than 20 MB must be compressed to files of a size less than 20 MB. Project sponsors shall submit their information via CD or DVD medium. Please provide 3 complete sets of CDs or DVDs and clearly label each with project name and sponsor name. The ISO prefers that project sponsors submit the initial application (consisting of the Microsoft Word document and associated attachments, and the Excel spreadsheets) on CDs or DVDs. Upon request, the CAISO can also supply access to a secure site for downloading applications and information in lieu of providing CD's or DVD's.

If a project sponsor wishes to apply for more than one project eligible for the ISO's transmission procurement process, the project sponsor must submit a separate application for each project. Again, the ISO will consider only one proposal per application.

Please note that there are several tables in this application form for use in providing responses. Project sponsors may add rows to the tables if the number of entries exceeds the number of rows initially provided in the tables.

The ISO requires a deposit of \$100,000 for each submitted application. The ISO will not consider applications if the project sponsor fails to include the deposit on or before the date the bid window closes. Payment instructions and a project sponsor deposit form can be found in Section 16 of this application form.

While the competitive bid window is open, a project sponsor may submit questions to the ISO for clarification. Questions must be submitted via e-mail to the following address: [transmissioncompetitivesolicitation@caiso.com](mailto:transmissioncompetitivesolicitation@caiso.com). The ISO will attempt to answer these questions in a timely manner. The answers will be made available in a table that the ISO will post to its website on the "Transmission Planning" page. Note that the ISO will not include the identity of the project sponsor in the table. In general, the ISO will update this table on a weekly basis or as needed.

## 1 Project Sponsor Name, Organizational Structure, and Proposal Summary

A-1 Project Sponsor Name:

*Response: (Enter Project Sponsor Company Name)*

A-2 Proposal Name:

*Response: (Enter Proposal Name)*

A-3 Submittal Date:

*Response: (Enter Submittal Date)*

A-4 Provide a brief summary of the project sponsor's proposal:

*Response:*

A-5 Provide an organizational chart depicting the entire project team and areas of responsibility, including the responsibilities of all contractors. The project organizational chart and associated information should identify which team member or entity (project sponsor parent, project sponsor affiliate, project sponsor, or contractor or affiliate) is responsible for each area of the project functions including Permitting, Land Rights Acquisition, Engineering, Construction, Operation and Maintenance. If the responsibility for an area is being broken into sub-areas, for example, Engineering is broken into Substation Engineering and Transmission Engineering, both responsible entities should be shown on the organization chart with their responsibility clearly noted on the chart. For each responsible entity shown on the org chart include at least the name of each the lead individual for that entity and a resume. For all resumes provided, clarify how they relate to the organization chart. For past projects and experience that the project sponsor wishes to be considered in the comparative analysis, the PPEW included with application should include experience information for each entity designated as responsible for performing a function or part of a function.

If a responsible entity has not yet been selected as responsible for a project function, the above information (listed on organization chart, noted area of responsibility on the chart, name of lead individual, resume of lead individual, how position relates to the organization chart and entries as appropriate in the PPEW) should be provided for each entity being considered for that function. The project sponsor should be aware that if it is selected as the approved project

sponsor, the ISO will require that any change in the personnel and contractors proposed to be used for the project must be approved by the ISO.

In addition, provide a corporate organizational chart of the project sponsor and any parent companies and affiliates. Describe the legal and financial structure of the project sponsor and its team, including type of corporation if a corporation, or type of entity if it is a special purpose entity (e.g. project financed LLC) created explicitly for the proposed project. Describe the legal and financial relationship of the entity listed as the project sponsor to all other entities that are referred to in the application to include but not limited to all parent or holding company organizational entities, equity investors and any entity that will finance or otherwise financially support or provide guarantees for part or all of the project if different from the project sponsor. This description shall include the entity or entities that will own the assets of the project (whether through a special purpose entity or as part of a portfolio of assets or other mechanism) during the construction period and during the operating period.

*Response:*

- A-6 State that the project sponsor is making a commitment to become a participating transmission owner for the purpose of turning the transmission element that the project sponsor is selected to construct and own as a result of the competitive solicitation process over to the ISO's operational control, to enter into the Transmission Control Agreement with respect to the transmission element, to adhere to all applicable reliability criteria, and to comply with NERC registration requirements and NERC and Western Electricity Coordinating Council (WECC) standards, where applicable.

*Response:*

## 2 Project Qualification

### Project Sponsor and Project Qualifications:

The ISO will review each project sponsor’s proposal to assess the qualifications of the project sponsor and its project proposal based on the qualification criteria set forth in ISO Tariff section 24.5.3. The ISO will evaluate the information submitted by each project sponsor in response to the application items pertaining to sections 24.5.3.1(a)-(e) to determine whether the project sponsor has demonstrated that its team is physically, technically, and financially capable of (i) completing the needed transmission solution in a timely and competent manner and (ii) operating and maintaining the transmission solution in a manner that is consistent with good utility practice and applicable reliability criteria for the life of the project.

In addition, the ISO will determine whether the transmission solution proposed by a project sponsor is qualified for consideration, based on the qualification criteria contained in ISO Tariff sections 24.5.3.2(a) and (b). Please demonstrate that the proposed project meets the proposal qualification criteria for the needed transmission element by providing responses to the following two items (QP-1, QP-2) that relate to the qualification of the proposed project. When providing these responses, the project sponsor shall refer to information that has been provided in other sections of its application for additional information and support. The following two responses shall provide a complete demonstration or qualification – through the two responses directly and by including references in the two responses to material provided in responses to other items in the application.

Describe and demonstrate how:

QP-1. The proposed design of the transmission solution is consistent with needs identified in the comprehensive ISO transmission plan.

*Response:*

QP-2. The proposed design of the transmission solution satisfies applicable reliability criteria and ISO planning standards.

*Response:*

### 3 Prior Projects and Experience

In the accompanying Excel spreadsheet entitled Prior Projects and Experience Workbook, the project sponsor shall provide a description of all relevant prior projects and experience of the project sponsor and affiliate(s) on the Project Sponsor experience tab and its proposed contractors on the Contractor experience tab as it relates to this project. The lists of projects should include those with voltages greater than 200 kV completed in the past ten years. If the project sponsor or its proposed contractors do not have experience permitting, or acquiring land associated with facilities with voltages greater than 200 kV, but do have experience with lower voltage facilities, this experience may be included. . For maintenance and operations experience, include projects for voltages greater than 200 kV that the project sponsor or contractor has had maintenance or operations responsibility over the past 10 years even if they were constructed more than 10 years ago. Detailed explanations of schedule and budget variances may be supplied in a separate document if necessary as noted in the spreadsheet and shall include a description of major issues confronted and resolved during the project.

The Contractor experience tab of the Prior Projects and Experience Workbook shall be used to list the prior project experience of all contractors that the project sponsor proposes to use for this project, including but not limited to land acquisition, environmental permitting, design and engineering, construction, maintenance, and operations contractors. If the project sponsor proposes to but has not retained a contractor for any of the foregoing functions, the project sponsor shall provide the experience of the contractors shortlisted for each function as requested in Question A-5. Only the experience of the contractor(s) that has/have been designated for a function in the response to Question A-5 will be counted for that function. In case the project sponsor provides a list of more than one shortlisted contractor for a function, the experience of the contractor with the least experience will be counted for that function.. Any change to these contractors will require approval by the ISO. The evaluation will consider the qualifications of each submitted contractor. The experience list shall include any work performed by the contractor for the project sponsor. For environmental permitting contractors, the project sponsor must indicate in the spreadsheet, for each prior project listed for that contractor, the federal and state permits acquired as well as associated environmental processes, including federal NEPA or state environmental review determinations.

Note: Experience entries in the PPEW for functions that an entity is not designated as responsible for performing or being considered for performing will not be considered in the ISO's comparative analysis for that function.

## 4 Project Management and Schedule

- P - 1. Provide a general description of the proposed approach to project management and scheduling for the transmission element.

*Response:*

- P - 2. Provide the proposed management structure, organization, authority levels, and resources committed to project management and scheduling for the full scope of the project, including relevant experience and capability for the proposed project manager and other relevant decision-makers for the project. If the sponsor does not have a team in place, provide your plan to meet these requirements.

*Response:*

- P - 3. Provide a proposed schedule for project development through release for operation that includes, at a minimum, key critical path items such as:

- Develop contracts for project work;
- Regulatory approval; permitting; rights of way and land acquisition;
- Engineering and design;
- Material and equipment procurement;
- Facility construction;
- Agreements (interconnection, operating, scheduling, etc.) with other entities;
- Pre-operations testing;
- Any amount of “float” incorporated into the schedule and how it was determined;
- Project in-service date;
- Other items identified by the project sponsor.

Provide a list of measures that the project sponsor would take to meet its schedule if the project sponsor encounters unanticipated delays in its schedule for land acquisition, permitting, or construction of up to 6 months. If the project sponsor proposes any financial or other incentives to ensure completion of the project on schedule, provide a description of those financial or other incentives.

Beginning with the 2023-2024 Transmission Planning Process, CAISO is now requiring all project sponsors to propose an In Service Date that matches the CAISO requested In Service Date provided in Appendix I. CAISO will not attribute any value to an In Service Date earlier than the Requested In Service Date.

*Response:*

- P - 4. For the proposed project, identify the major risks and obstacles to successful project completion within cost budget while meeting schedule and identify proposed mitigations to minimize the

risks. Describe all actions that the project sponsor will take to keep the project within budget while meeting schedule in light of the major risks identified.

If the project sponsor is sponsoring more than one project, the project sponsor shall also describe how the projected in-service date of this project (as reflected in the proposed schedule) would be affected if two or more of the project sponsor's proposals are selected.

*Response:*

- P - 5. For the transmission line and substation projects included in the Prior Projects and Experience Workbook, provide the following:
- (a) Any environmental permitting risks and challenges that the project sponsor and its team have previously faced that are comparable to the risks and challenges it will face in connection with this project.
  - (b) Any transmission line or substation design or engineering risks and challenges that the project sponsor and its team have previously faced that are comparable to the risks and challenges it will face in connection with this project.
  - (c) Any transmission line or substation construction risks and challenges that the project sponsor and its team have previously faced that are comparable to the risks and challenges it will face in connection with this project.
  - (d) Any maintenance risks and challenges that the project sponsor and its team have previously faced that are comparable to the risks and challenges it will face in connection with this project.
  - (e) Any operations risks and challenges that the project sponsor and its team have previously faced that are comparable to the risks and challenges it will face in connection with this project.
  - (f) Other specific materials that reflect project management skills for an actual project.

*Response:*

## 5 Cost Assumptions and Containment

Provide all the information regarding cost containment for the proposed project in the Cost and Cost Containment Workbook. In addition, provide the information regarding the cost containment proposal in response to the following requests. Ensure the information provided in this application is consistent with the information provided in the Cost and Cost Containment Workbook.

CC-1 Fully describe in detail all of your proposed cost containment measures.

*Response:*

CC-2 Explain in detail and provide all bases, assumptions, reasons, support, and documentation as to why your estimated cost of debt constitutes a reasonable representation and expectation of the debt cost you expect to incur in connection with the project.

*Response:*

CC-3 Describe each proposed maintenance activity and its frequency planned over the life of the project facilities. Explain in detail and provide all bases, assumptions, reasons, and support as to why your estimated O&M costs (and Administrative and General (A&G) costs) constitutes a reasonable representation and expectation of the O&M costs you expect to incur in connection with the project. To the maximum extent practicable, provide this analysis for each individual component of total O&M costs as reflected in the Cost and Cost Containment Workbook.

*Response:*

CC-4 Identify by job category the number of full-time equivalent employees (FTE) the project sponsor intends to employ from its company to perform operations activities and the number of FTEs the project sponsor intends to employ from its company to perform maintenance activities. Also provide the number of FTEs that will be allocated to Administrative and General activities. Describe the specific role and functions each FTE will serve. Describe in detail the basis for and assumptions underlying these FTE estimates and the cost associated with the FTEs.

*Response:*

CC-5 Indicate whether the project sponsor intends to contract for O&M services.

- If so, provide the name of the counterparty and attach any agreements that provide the terms of the relationship.
- If the project sponsor intends to rely on O&M services from a regulated utility, identify the utility and describe in detail how the utility intends to support the project. Attach any agreements that provide the terms of the relationship.
- Provide the specific roles and functions the contractors will provide for the project.
- Provide in detail the justification for cost estimates associated with contracted O&M services.

- e. For contracted O&M services, provide: (1) the number of FTEs- (on an annual basis) that would be conducting maintenance activities; (2) the number of FTEs- that would be providing operations services; and (3) the number of FTEs- that would be allocated to Administrative and General activities.

*Response:*

- CC-6 Provide all details, assumptions, reasons, and supporting documentation (including manufacturers' guidelines) underlying the project sponsor's useful life projections for the project.

*Response:*

- CC-7 Describe in detail all exclusions to any cost cap and cost containment measures the project sponsor proposes.

*Response:*

- CC-8 If the project sponsor is proposing an exclusion for *force majeure* events, how exactly does the project sponsor propose to define *force majeure* for purposes of limiting exclusions from or increases to any cost cap and other cost containment measures?

*Response:*

- CC-9 If a siting or permitting authority were to require relocation of the project sponsor's proposed site for the project, how exactly would that affect the project sponsor's proposed cost cap and other cost containment measures?

*Response:*

- CC-10 If a siting or permitting authority were to require changes to the proposed structures, equipment, or transmission lines associated with the project sponsor's project, how would that affect the proposed cost cap and other cost containment measures?

*Response:*

- CC-11 If a siting or permitting authority were to require an increase in the amount of environmental mitigation beyond that assumed in the project sponsor's proposal, how would that affect the proposed cost cap and other cost containment measures?

*Response:*

- CC-12 If a siting or permitting authority were to require undergrounding of the project sponsor's proposed transmission facilities, or require overhead construction if the project sponsor has proposed undergrounding, how would that affect the proposed cost cap and other cost containment measures?

*Response:*

- CC-13 If there were to be a delay in the receipt of any of the project sponsor's siting or permit authorizations, how exactly would that affect the proposed cost cap and other cost containment measures?

*Response:*

- CC-14 If there were to be a delay in the schedule of the participating transmission owner for constructing its interconnection facility for the project, or if changes in project scope or location were to be required or caused by the interconnecting PTO, how would that affect the proposed cost cap and other cost containment measures?

*Response:*

- CC-15 If one of the project sponsor's approved contractors was not able to meet its requirements, and the project sponsor were to propose and the ISO approve an alternate contractor, what impact would this have on the proposed cost cap and other cost containment measures?

*Response:*

- CC-16 Indicate the authority of any agency with jurisdiction over the project to impose binding cost control measures or cost caps on the project, if the project sponsor is not proposing a cost cap.

*Response:*

- CC-17 If the project were cancelled due to factors outside the project sponsor's control, would the project sponsor file for an abandoned plant incentive?

*Response:*

- CC-18 If the project were cancelled due to factors outside the project sponsor's control, and the project sponsor would file for an abandoned plant incentive, what cost containment measures, if any, would the sponsor propose to mitigate the impact of abandonment on ratepayers?

*Response:*

- CC-19 If the project was ready to be placed in service, but factors beyond the project sponsor's control caused a delay to the In Service Date, would the project sponsor suspend the project or continue to accrue either AFUDC or claim a return on CWIP?

*Response:*

## 6 Financial

The project sponsor (or the project sponsor's parent or other affiliated entity in the event the project sponsor must rely on either to meet this financial criteria) must demonstrate it has sufficient financial resources, including, but not limited to, satisfactory credit ratings and other financial indicators as well as the demonstrated ability to assume liability for major losses resulting from failure of any part of the facilities associated with the transmission solution. The ISO will consider the parent's or affiliated entity's financial statements, credit ratings, and other statements in this section if the parent or affiliated entity provides financial assurances acceptable to the ISO as described in F-2 below.

### General

- F - 1. Provide a list of equity holders, equity contribution by each investor, and the amount of debt over the entire life of the project.

*Response:*

- F - 2. If the project sponsor is relying on a parent or another affiliated entity to satisfy the financial criterion of its application, (1) describe the entity's relationship to the project sponsor in the form of a corporate hierarchy and (2) provide a letter signed by an officer of the parent or affiliated entity indicating that the parent or affiliated entity provides financial assurances for the project. In addition, provide details of the parent's or affiliated entity's plan for providing for credit, investment, or financing arrangements for financial backing of the project. If financial recourse is limited, describe under what conditions recourse is available to the parent or affiliated entity's financial resources. Describe how these arrangements comply with all legal and regulatory requirements related to affiliate transactions.

*Response:*

### Financial Strength and Creditworthiness

For the entity that has the financial resources to meet the financial strength and creditworthiness criteria and is required to provide financial assurances for the project, provide the information requested in F-3 through F-10.

- F - 3. Provide annual, audited financial statements or equivalent (e.g., FERC Form 1) that at a minimum, includes an Auditors Statement, Management Statement, Balance Sheet, Income Statement, Statement of Cash Flows and Notes to the Financial Statements, for the most recent year and previous four years (five years total). If audited financial statements are not available, the project sponsor may provide other documentation demonstrating financial capability. In either case, the documentation **must be accompanied by a letter signed and attested to by an officer of the company** providing financial assurances that the documents are a fair representation of the financial condition of the company in accordance with generally accepted accounting practices. If this information is available electronically, it is acceptable for the

project sponsor to provide links to the appropriate documents. NOTE: All financial statements must be provided in English.

*Response:*

- F - 4. Provide quarterly, unaudited financial statements or equivalent (e.g. FERC Form 3-Q) published since the last annual, audited financial statement. If not available, the project sponsor may provide other documentation demonstrating financial capability. In either case, such documentation **must be accompanied by a letter signed and attested to by an officer of the company** providing financial assurances that the documents are a fair representation of the financial condition of the company in accordance with generally accepted accounting practices. If this information is available electronically, it is acceptable for the project sponsor to provide links to the appropriate documents. NOTE: All financial statements must be provided in English.

*Response:*

- F - 5. If the creation of a special purpose entity (SPE) is being proposed for this project, describe the funding source(s) for the SPE for the duration of the project's useful life and how it fits into the corporate hierarchy. Explain how the capabilities and resources of the parent organization(s) of the SPE can be attributed to and will serve the SPE.

*Response:*

- F - 6. Provide current credit ratings and rating agency reports from Moody's Investor Services, Standard & Poor's Ratings Services and/or Fitch Ratings, or another rating agency designated by the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization. If credit ratings are unavailable, the project sponsor may provide other supporting information.

*Response:*

- F - 7. Provide a report of any failure to make debt service payments on time during the previous five years. If the project sponsor is an SPE, report any such failures by its parent or other affiliated entities, including any predecessor SPEs.

*Response:*

- F - 8. Provide a summary of any history of bankruptcy, dissolution, merger, or acquisition for the current calendar year and the five prior calendar years. If the project sponsor is an SPE, report any such events by its parent or other affiliated entities, including any predecessor SPEs.

*Response:*

F - 9. Based upon the most recent audited financial statements, provide a ratio of total assets to the total projected capital costs of the project, and show the calculation including any encumbrances.

*Response:*

F - 10. For each of the five years for which audited financial statements were provided according to F – 3 above, provide the following financial ratios, and show the calculation for each:

- 1) Funds from operations to interest coverage
- 2) Funds from operations to total debt
- 3) Total debt to total capital

*Response:*

**Project Financing**

F - 11. Describe the financing used on up to five projects listed in the Prior Projects and Experience Workbook that are similar in type and size to (or larger than) the transmission element and/or substation proposed in the application. Include the following in your response and use the table provided below:

- 1) Project description,
- 2) Financing structure (e.g., LLC vs. corporate),
- 3) Equity and debt contribution,
- 4) Debt sources,
- 5) Bank(s) involved,
- 6) Other important information.

F-11 (1)Project Description	(2)Financing Structure	(3)Equity and Debt Contribution	(4)Debt Sources	(5)Banks Involved	(6)Other Important Information

F - 12. Describe the proposed financing sources of funds and instruments for construction and working capital for this project by completing the following table:

Entity Providing Debt Financing	Loan Amount	Interest Rate	Repayment Period	Grace Period During Construction	Equity Provided by Project Sponsor

F - 13. For financing sources other than the capital markets, describe the benefits to ratepayers and others of your proposed financing source(s). This shall include the projected cost of the financing sources.

*Response:*

**Project Liability Protection and Project Replacement and Repairs**

F - 14. Provide the project sponsor’s planned insurance coverage, including types of coverage and insured values during the construction period and over the operational life of the project facilities, including but not limited to covering negligent performance. Also include the types of losses to be covered during the construction and operation of the project, including specifying the extent of failure of project facilities to be covered by the planned insurance during the operation of the project.

*Response:*

F - 15. Describe your ability to finance unexpected repairs (*e.g.*, replacement of a series of towers) or replacement construction during the estimated useful life, *i.e.*, the operating period for the transmission element(s). For example, capabilities can include, but are not limited to, the following: use of account set-asides or accumulated funds, parent organization guarantees, letters of credit, letters of intent from financial institutions to support the project sponsor, insurance, or other means of ensuring that these increased costs can be covered in a timely manner and thus not delay the return of the project to normal operation.

Describe any actual events where the project sponsor had to cover increased costs due to equipment failures, including the nature of the event, costs incurred, and how these costs were funded by the project sponsor.

*Response:*

## 7 Environmental Permitting and Public Processes

- E - 1. Provide an overview of the various project activities that the project sponsor believes are needed to achieve siting approval, obtain all necessary permits, and any other necessary public processes required to construct the project. Provide a list of steps or flow chart for these project activities and processes. If the project is located within more than one state, provide a response for each state as applicable.

*Response:*

- E - 2. Using your best estimate, indicate whether any federal discretionary permit(s) will be required. For each discretionary permit anticipated, identify the agency and applicable governing rule or statute. Describe these in detail, e.g., Clean Water Act Section 401- 404, U.S. Fish and Wildlife Service biological opinion.

*Response:*

- E - 3. Using your best estimate, indicate whether any state discretionary permit(s) will be required and the type of permit to be filed (e.g., endangered species incidental take permit, water quality Section 401).

*Response:*

- E - 4. Indicate if any federal land (for example, Forest Service, BLM) is proposed to be crossed, and if a NEPA (National Environmental Policy Act) environmental process is required.

*Response:*

- E - 5. For projects within the State of California:

- a. Indicate which agency is the expected California Environmental Quality Act (CEQA) lead agency. Explain why that agency was chosen and indicate whether that agency has agreed to be the lead agency for this project.

*Response:*

- b. Provide a list of Best Management Practices<sup>1</sup> and project sponsor standing policies, related to siting and permit processes, that all employees are required to observe, including how are they implemented and how are they reported, that would be applicable for the proposed project.

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<sup>1</sup> BMPs, which are environmental industry standard terminology, are the project sponsor's standards that would be common to all projects, i.e., not specific to any particular project. For example, this could consist of company training policies that relate to required safety training, environmental sensitivity training, accident and injury reporting, or community involvement programs involving both the local elected officials and the immediate community that will be impacted by the proposed project.

*Response:*

- c. Provide a list of Applicant Proposed Measures that would be applicable for the proposed project. These are project sponsor mitigation measures that would be applied to reduce the potential environmental impact for a particular construction activity to ensure the impact is reduced below the level of a significant unavoidable impact. These are normally related to the CEQA checklist.

*Response:*

- d. Indicate if you expect to perform any public outreach (e.g., open houses, project hotline number, project update mailings) and describe the planned outreach program.

*Response:*

- E - 6. Provide information related only to transmission line, reactive support, series compensation, and substation siting and permits for projects developed by the project sponsor or its team in the past ten years. If the project sponsor is an SPE, provide information on the parent organization(s) for similar projects. Provide:

- a. A description of any project siting or permitting notice of violation (NOV).

*Response:*

- b. Siting or permitting fines levied by the project approval authority or any other agency with discretionary or ministerial authority over the project.

*Response:*

- c. Remediation actions taken to avoid future violations.

*Response:*

- d. A summary of siting or permitting law violations by the project sponsor or its team found by federal or state courts, federal regulatory agencies, state public utility commissions, other regulatory agencies, or in any other legal proceeding.

*Response:*

- e. Any notice of violations that were remediated to the satisfaction of the issuing agency or authority.

*Response:*



# California ISO

- f. A summary of any instances in which the project sponsor or its team is currently under investigation or is a defendant in any legal proceeding for violation of any siting or permitting law.

*Response:*

## 8 Transmission or Substation Land Acquisition

- L - 1. Provide a general description of the land siting and acquisition needed for the proposed project and a map of the proposed project alignment and/or substation site on a suitable map base and scale - USGS quadrangle 1:24000 at a minimum. The map should show the study area for routing the project as well as any alternate routes, existing transmission lines, California Natural Diversity Data Base (CNDDDB) information within the project area, and avoidance areas (such as parks, airports, military installations, and areas of local, state or national interest and any other major exclusion areas). Provide estimated acreages required. Include construction access, permanent access roads, laydown yards, and landing zones, if required. Show alternatives evaluated, those dismissed, and the justification for the preferred site.

*Response:*

- L - 2. Provide a copy of the standard grant of easement anticipated and any temporary construction easement documents necessary for the project construction and a description of your proposed strategy for crop loss and or business loss compensation.

*Response:*

- L - 3. Provide an indication of whether the project sponsor has eminent domain authority. If the project sponsor does not have eminent domain authority and does not plan to obtain eminent domain authority, describe the strategy for acquisition of necessary land rights.

*Response:*

- L - 4. Indicate whether the project sponsor has any existing ROW or substations on which all or a portion of the transmission element can be built. For any such ROW describe how it would be used as part of the proposed project. Also, for any such ROW describe any incremental costs and risks associated with using the existing ROW (for example, negotiating additional land rights or the potential of "overburdening" existing easements). Does the project sponsor make a binding commitment to seek to use such existing ROW or substations for the project, and to use such existing ROW or substations unless the applicable siting authority or other regulatory agency determines otherwise, approves a different route, or the project sponsor is prevented from doing so by *force majeure* type events?

*Response:*

## 9 Substation Design and Engineering

The items listed below should only be completed if the proposed transmission solution contains a substation or facilities similar to a substation (e.g., synchronous condenser, STATCOM).

- S - 1. For each substation or reactive control element that is included as part of your proposed project, provide the location, GPS information, interconnection with new or existing transmission facilities, bus and breaker arrangement, typical structure types and materials that will be used, and any other unique aspects of the substation that the project sponsor proposes.

*Response:*

- S –2. For each proposed substation, reactive support, or series compensation installation, provide the substation siting criteria that will be used on the project (e.g., future area plans, constructability, earthquake activity, flood plain and mudslide considerations).

*Response:*

- S – 3. For each proposed substation, reactive support, or series compensation installation, provide the basic parameters for the installation - primary and secondary voltage, BIL<sup>2</sup>, initial design power capacity, and final design power capacity (if developed in stages).

*Response:*

- S – 4. For each proposed substation, reactive support, or series compensation installation, provide a preliminary design criteria document that specifies the criteria that will be used in the design of the facility. Also provide a list of standards and requirements that will be used in its design - e.g., IEEE 142. Provide a complete list of state specific requirements for each U.S. state in which the project will be located (e.g., California and other state specific requirements if part of the project or the entire project is located outside California).

*Response:*

- S – 5. For each proposed substation, reactive support, or series compensation installation, provide a single line diagram and general arrangement plan, which includes:
- i. bus and breaker arrangement,
  - ii. transformer arrangement,
  - iii. automatic tap changer, if any,
  - iv. power factor correction equipment if any,
  - v. voltage regulator, if any,
  - vi. ground fault limiting resistor or reactor, if any,
  - vii. line terminations for existing or proposed transmission lines,
  - viii. bus type and rating,

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<sup>2</sup> A design voltage level for electrical apparatus that refers to a short duration (1.2 x 50 microsecond) crest voltage and is used to measure the ability of an insulation system to withstand high surge voltage.

- ix. high voltage switch types and ratings,
- x. switchgear type and ratings,
- xi. battery system arrangements,
- xii. substation, reactive support, or series compensation facility layout with equipment location, fencing, grounding, control/relay building, etc.

*Response:*

- S – 6. For each proposed substation, reactive support, or series compensation installation, describe the protection system criteria and specific components included in the design for primary and back-up protection. Identify any special protection considerations for the substation.

*Response:*

- S – 7. For each proposed substation, reactive support, or series compensation installation, describe the SCADA incorporated in the design. Include the project sponsor’s commitment to meet operational data requirements and a specific description of the communications strategy.

*Response:*

- S – 8. For each proposed substation, reactive support, or series compensation installation, describe the physical security criteria and specific security measures that will be incorporated in the final facility design.

*Response:*

## 10 Transmission Line Design and Engineering

The items listed below should only be completed if there is a transmission line included in the proposed transmission solution.

- T - 1. Provide a general overview and description of the transmission line that the project sponsor proposes, including the following items. Use the table provided below for your responses:
- a. The starting and ending points including length of preferred route. If the route is in more than one state, provide the information for each state. This shall include GPS coordinates.
  - b. proposed conductor size, bundling and type,
  - c. intervening substations, switching stations, or series compensation facilities,
  - d. typical span lengths,
  - e. any other unique aspects of the line that the project sponsor proposes that has not previously been provided for the overhead portions of the line.

If any underground transmission is proposed, include a general description of the following items:

- f. the underground conductor size and type and length of segment(s),
- g. the proposed termination facilities, and
- h. any other unique aspects of the underground portion of the line not previously provided.

T-1 Item	Response
a	
b	
c	
d	
e	
f	
g	
h	

- T - 2. Provide the transmission line siting criteria that will be used for any overhead section of the proposed transmission line and any underground sections of the proposed transmission line.

<i>Response:</i>
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- T - 3. Provide a listing of all existing or permitted transmission lines, including voltage, structure type, and separation, located adjacent to or in the same corridor as the proposed project. Provide the criteria used to establish the separation between the proposed transmission line and existing transmission and distribution facilities.

*Response:*

- T - 4. Provide the preliminary design criteria document for any overhead section of the proposed transmission line and any underground section of the proposed transmission line.

*Response:*

- T - 5. Provide a list of standards and requirements that will be used in the transmission line design for both overhead and underground, e.g., IEEE 951, ASCE Manual No. 72, GO 95, with an emphasis on providing a complete list of state specific requirements and the requirements of other states where the proposed project will be located. Also provide any interconnection standards for interconnection of the project to existing utility system(s).

*Response:*

- T - 6. Provide a single line diagram and a general arrangement plan of the entire proposed transmission line, including transmission line crossings by the new project line. For crossings, provide a list by voltage and type of construction of lines crossed (either over or under) by the proposed project. Include isolation devices to be installed for operations and maintenance purposes.

*Response:*

- T - 7. For any proposed overhead transmission line, provide the following additional information not included in response to T-1 in the table provided below:
- Basic parameters of the transmission line(s) - Design voltage, BIL (design or adjacent substation criteria), initial design power capacity and final design power capacity (if developed in stages).

#### **Support Structures**

For any support structures including wood poles, tubular poles, and lattice steel structures, provide:

- a description of the proposed support structures and conductor geometry,
- structure foundations as appropriate and grounding criteria and implementation,
- insulation level, insulator types,
- lightning protection,
- estimated right of way widths for each different segment of the project with drawings for each and the basis of determining each right of way width.

#### **Line Ratings and Impedance**

- Provide the estimated per mile line impedances for each different line section proposed in the project, suitable for use in power flow, system stability, and system protection studies.

Also provide an estimate of the completed line overall impedance in per unit on a 100 MVA base.

- h. Provide NESC and/or GO 95 Grade of Construction.
- i. Provide NESC and/or GO 95 Loading Corridor Separation.

T-7 Item	Response
a	
b	
c	
d	
e	
f	
g	
h	
i	

T - 8. For any proposed overhead section and any underground section of the transmission line, provide the ampacity rating methodology including maximum conductor temperature that will be used to determine the normal and emergency ratings of the overhead line for summer and winter. Provide the actual ampacity for the line under normal conditions and emergency operations (specify time limit for emergency operations) for summer and winter operating conditions.

*Response:*

T - 9. For any proposed underground transmission sections, provide the following additional information not included in response to T-1 in the table provided below:

- a. Type of transmission cable, including splicing and cable grounding,
- b. Substructures, conduits and duct banks, and splicing enclosures,
- c. Termination facilities and structures,
- d. Description of the type of transmission cable, including splicing and cable grounding,
- e. Provide the estimated per mile line impedances for each different line section proposed in the project. All line impedances shall be provided on a per unit 100 MVA base. Also provide an estimate of the completed line overall impedance.
- f. lightning protection,
- g. estimated right of way widths for each different segment of the project with drawings for each and the basis of determining each right of way width.

T-9 Item	Response
a	
b	
c	
d	
e	
f	
g	

T - 10. For each substation that the proposed transmission line would terminate in that will not be the responsibility of the project sponsor to modify in order to interconnect the line, provide the following information in the table below:

- a. Name of the substation where the interconnection will take place.
- b. A description of the demarcation point that identifies the point in the interconnection where responsibility for implementation (e.g., design, construction, testing) changes from the project sponsor to the substation owner.
- c. List of agreements that must be reached with the substation owner or others to interconnect and operate the proposed line to the substation (e.g., interconnection agreement, schedule agreement).
- d. A description of the project sponsor’s approach to determining if any environmental permitting will be required to terminate the proposed line at the substation
- e. A description of the approach the project sponsor’s will use to determine the cost to implement changes at the substation or other locations that are associated with the interconnection of the proposed project at the substation and of those costs which will paid for by the project sponsor.

T-10 Item	Response
a	
b	
c	
d	
e	

## 11 Construction

Provide an overview and description of the construction plan and management practices that the project sponsor proposes to follow in response to the questions below:

- C-1 Description of inspection of construction activities, including substations, reactive support, series compensation installations, overhead transmission lines, and underground transmission lines if part of the project.

*Response:*

- C-2 Description of the method of establishing material yards, sequencing and receiving material, providing material to contractors, material quality control methods, and material expediting processes.

*Response:*

- C-3 Description of the method of coordination of the duration and timing of any clearances of existing circuits necessary during construction.

*Response:*

- C-4 Description of the plans for a constructability review including completeness of engineering drawings, construction specifications, material orders, and tracking and providing changes.

*Response:*

- C-5 Description of the status of easements orders of possession, permits, and compliance with pre-construction permit conditions and mitigation measures.

*Response:*

- C-6 Description of the method for detail scheduling showing sequence of work, environmental restrictions, clearances requirements, progress reports, and actions taken to maintain schedule.

*Response:*

- C-7 Description of any unique or special construction techniques proposed for any aspect of the proposed project, including ROW clearing, construction and permanent access road construction, and expected helicopter work. If applicable, include information related to wildfire mitigation plans during construction.

*Response:*

C-8 Provide information related only to transmission line, reactive support, series compensation, and substation construction for projects developed by the project sponsor or its team for projects completed during the past ten years. If the project sponsor is an SPE, provide the information for the parent organization(s). Provide

a. A description of any project construction-related notice of violation (NOV).

*Response:*

b. Construction-related fines levied by the project approval authority or any other agency with discretionary or ministerial authority over the project.

*Response:*

c. Remediation actions taken to avoid future violations.

*Response:*

d. A summary of construction-related law violations by the project sponsor or its team found by federal or state courts, federal regulatory agencies, state public utility commissions, other regulatory agencies, or in any other legal proceeding.

*Response:*

e. Any notice of violations that were remediated to the satisfaction of the issuing agency or authority.

*Response:*

f. A summary of any instances in which the project sponsor or its team is currently under investigation or is a defendant in any legal proceeding for violation of any construction-related law.

*Response:*

## 12 Maintenance

M-1 Describe the roles and responsibilities of the project sponsor's maintenance organizations (organizations that perform ongoing facility maintenance and repairs). Describe any organizational changes to the project sponsor's current organization that are planned to accommodate maintenance of the proposed project. Provide any contract you have with a third party to provide maintenance services for the project. Describe what specific maintenance activities will be handled by project sponsor staff and which activities will be handled by contractors or vendors. Note: In the Prior Projects and Experience Workbook, please provide information on the transmission/substation facilities for which the sponsor's or contractor's maintenance organizations have been responsible for during the past ten years regardless of when the facility was constructed. Please include voltage rating, length of transmission lines and number and type of substations as per the note in the Prior Projects and Experience Workbook.

*Response:*

M-2 Describe the project sponsor's policies, processes, and procedures for assuring that only persons who are appropriately qualified, skilled, and experienced in their respective maintenance trades or occupations are employed. Include qualifications, certifications, and experience requirements for maintenance personnel.

*Response:*

M-3 Describe the project sponsor's training program for maintenance personnel. Include initial and continuing education requirements for maintaining qualifications for classifications with maintenance responsibilities (e.g., what are the training and certification requirements for linemen and substation electricians?). Identify training resources used.

*Response:*

M-4 Describe the project sponsor's capabilities that will enable it to comply with the maintenance standards described in Appendix C of the TCA. Indicate whether or not the project sponsor's standards include the elements listed in TCA Appendix C Sections 5.2.1 (Transmission Line Circuit Maintenance) and 5.2.2 (Station Maintenance). (Note: Each PTO will prepare its own maintenance practices that shall be consistent with the requirements of the ISO Transmission Maintenance Standards. The effectiveness of each PTO's maintenance practices will be gauged through the ISO's availability performance monitoring system. Each PTO's adherence to its maintenance practices will be assessed through an ISO review pursuant to TCA Appendix C Maintenance Procedure 4).

*Response:*

M-5 Describe the project sponsor's vegetation management plan as it applies to the proposed project. Provide the project sponsor's preexisting procedures and historical practices for managing ROW

for transmission facilities. If applicable, describe the project sponsor’s wildfire mitigation plans and its team’s experience with implementing wildfire mitigation plans in High Fire Risk Areas.

*Response:*

- M-6 Provide information, notices, or reports regarding the project sponsor’s compliance with its standards for inspection, maintenance, repair, and replacement of similar facilities. Include audit reports or regulatory filings.

*Response:*

- M-7 Describe the project sponsor’s capabilities that will enable it to provide its Availability Measures in accordance with TCA Appendix C Section 4.3 as applicable. Provide sample availability measures, or similar measures, for other facilities owned by the project sponsor to demonstrate the project sponsor’s capability.

*Response:*

- M-8 Would adding the project to the ISO controlled grid require any changes or exceptions to the provisions of the TCA? If “yes”, describe.

*Response:*

- M-9 Describe the project sponsor’s (its team or planned team) capabilities that will enable it to comply with the activities required by TCA Section 7 (Operations and Maintenance [including Scheduled Maintenance, Exercise of Contractual Rights, and Unscheduled Maintenance]).

*Response:*

- M-10 Specify where the project’s maintenance team (including any project sponsor staff and contractors) will be located. Specify the estimated response time of any assigned project sponsor staff, maintenance contractor, or emergency response provider.

*Response:*

## 13 Operations

- O-1 Describe the roles and responsibilities of the operations organizations, including operating jurisdictions as they relate to the proposed project. Identify the planned location of those responsible for operation of the project, including the location of the control center that will serve as the single point of contact for the ISO. Describe any organizational changes to the project sponsor's current operations organization that are planned to accommodate the proposed project. Provide any contract you have with a third party to provide operation services for the project. In the Prior Projects and Experience Workbook, please provide information on the transmission/substation facilities for which the sponsor's or contractor's operations organizations have been responsible during the past ten years regardless of when the facility was constructed. Please include voltage rating, length of transmission lines and number and type of substations as per the note in the Prior Projects and Experience Workbook .

*Response:*

- O-2 Describe the project sponsor's policies, processes, and procedures for assuring that only persons who are appropriately qualified, skilled, and experienced in their respective operations trades or occupations are employed. Include qualifications, certifications, and experience requirements for operators and operations' field personnel (i.e. field switching personnel).

*Response:*

- O-3 Describe the project sponsor's training program for operations personnel. Include initial and continuing education requirements for maintaining qualifications for classifications with operation responsibilities (e.g., what are the training and certification requirements for operators). Identify training resources used.

*Response:*

- O-4 Would adding the project to the ISO controlled grid require any changes or exceptions to the provisions of the TCA regarding operations? If "yes", describe.

*Response:*

- O-5 Identify the NERC functions for which the project sponsor has registered or intends to become registered related to the proposed project.

*Response:*

- O-6 If the project sponsor plans to contract for services to perform the NERC functions, identify the contractor and the NERC functions for which it is registered or intends to become registered. If you plan to use a contractor and have not selected one yet, provide the requested information for the contractors you are considering. Describe how the project sponsor will ensure

compliance with the reliability standards or requirements associated with these functions.  
Provide any contract you have with a third-party to perform NERC functions.

*Response:*

- O-7 Describe the approach the project sponsor will use to assure compliance with Applicable Reliability Standards. Include descriptions of organizational responsibility, processes, and procedures for assuring compliance. Identify any Applicable Reliability Criteria for which transmission owners are responsible that require temporary waivers under TCA Section 5.1.6. Explain any.

*Response:*

- O-8 Provide information demonstrating that the project sponsor, or its intended contractor or contractors as identified in O-1, has been in compliance with the Applicable Reliability Standards for all transmission facilities that it owns, operates, or maintains. This could include information for facilities outside the ISO controlled grid and shall include available NERC compliance audit results. Provide information describing the amount of transmission facilities subject to NERC compliance by listing the number of miles of transmission lines by voltage class and the number of substations by voltage class. If the project sponsor does not have experience with transmission facilities subject to NERC reliability standards, provide information demonstrating compliance with standards that do apply to those facilities and the amount of facilities subject to such compliance.

*Response:*

- O-9 Describe in general how the project sponsor proposes to divide responsibility for NERC reliability standards between the project sponsor and the ISO in the Coordinated Functional Registration agreement. Compare your response with existing agreements between the ISO and other PTOs, and describe expected differences, if any. Existing agreements are available on the ISO website.

*Response:*

- O-10 Describe the applicable agreements that will define the responsibilities of the Transmission Operator as defined in NERC reliability standards and authority with respect to NERC reliability standards categories of Generator Owner(s), Generator Operator(s), Planning Authority(ies), Distribution Provider(s), Transmission Owner(s), Transmission Service Provider(s), Balancing Authority(ies), Transmission Planner(s), and adjacent Transmission Operator(s).

*Response:*

- O-11 Describe how the project sponsor will meet the NERC reliability standards requirement that a Transmission Operator have adequate and reliable data acquisition facilities for its Transmission Operator Area and with others for operating information necessary to maintain reliability.

Include back-up control center plans if any. Also include provisions for providing the availability data required by TCA Appendix C Section 4.3.

*Response:*

- O-12 Describe the project sponsor’s (its team or planned team) capability that will enable it to comply with the activities required by TCA Section 6.1 (Physical Operation of Facilities [including Operation, ISO Operating Orders, Duty of Care, Outages, Return to Service, and Written Report]) and TCA Section 6.3 (Other Responsibilities).

*Response:*

- O-13 Describe the project sponsor’s capability (for its team or its planned team) that will enable it to comply with the activities required by TCA Section 9.2 (Management of Emergencies by Participating TOs) and TCA Section 9.3 (System Emergency Reports: TO Obligations). Identify resources available to respond to major problems on the proposed project. Include resources available through mutual assistance agreements and describe expected response times. Provide samples of emergency operating plans.

*Response:*

- O-14 Will the project be subject to any encumbrance? If so, provide a statement of any Encumbrances to which any of the transmission lines and associated facilities to be placed under ISO Operational Control are subject, together with any documents creating such Encumbrances and any instructions on how to implement Encumbrances and Entitlements in accordance with TCA Section 6.4.2.

*Response:*

- O-15 Identify the plans or provisions to be implemented by the project sponsor to replace major failed equipment, e.g., a substation transformer, circuit breaker, or a group of towers (including dead end structures).

*Response:*

- O-16 Identify and describe any violations of NERC reliability standards or other reliability standards the project sponsor or its team has incurred in the past ten years.

*Response:*

- O-17 Identify and describe any operations-related tariff violations or FERC rules violations the project sponsor or its team has incurred in the past ten years.

*Response:*



O-18 Identify and describe any violations of operations-related laws, statutes, rules, or regulations the project sponsor or its team has incurred in the past ten years that are not discussed elsewhere in the application.

*Response:*

## 14 Miscellaneous:

Z-1: Provide any additional evidence or support that the project sponsor believes supports its selection as an approved project sponsor. This can include, but is not limited to, other benefits the project sponsor's proposal provides, specific advantages that the project sponsor or its team have, or any efficiencies to be gained by selecting the project sponsor's proposal or additional information that was not requested in the other sections that supports the selection of the sponsor's proposal. Do not include information that is already included in other sections of the application.

*Response:*

## 15 Officer Certification

### OFFICER CERTIFICATION FORM

I, \_\_\_\_\_, an officer of the entity identified above as the Project Sponsor or affiliate of the Project Sponsor, understanding that the ISO is relying on the information set forth in the foregoing application, including associated worksheets, to select an Approved Project Sponsor for the transmission element that is the subject of the application, hereby certify that I have full authority to represent the Project Sponsor or affiliate of the Project Sponsor, as described below. I further certify that:

1. I am the \_\_\_\_\_ (title) of \_\_\_\_\_ (Project Sponsor).
2. I have prepared, or have reviewed, all of the information contained in the foregoing application, including associated worksheets, which is being submitted into the ISO's competitive selection process for the:  
  
\_\_\_\_\_ (name of transmission element).
3. On behalf of the Project Sponsor, I agree that any dispute between the ISO and the Project Sponsor regarding any aspect of the competitive selection process, including the ISO's selection report, will be resolved in accordance with ISO Tariff Section 13 ("Dispute Resolution").

I acknowledge that I understand the relevant provisions of Section 24.5 of the ISO Tariff and the Business Practice Manual for Transmission Planning applicable to the Project Sponsor's application, including, but not limited to, those provisions describing the information that will be used by the ISO to determine the Project Sponsor's qualifications to participate in the competitive selection process and the criteria that the ISO will apply in the comparative evaluation for purposes of Selecting an Approved Project Sponsor. I certify, after due investigation, that the information provided in the application, including associated worksheets, is true and accurate to the best of my belief and knowledge and there are no material omissions. In addition, by signing this certification, I acknowledge the potential consequences of making incomplete or false statements in this certification, which may include exclusion from the current and subsequent competitive selection processes.

\_\_\_\_\_  
(Signature)

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## 16 Application Deposit Payment Instructions

Please complete this entire form.

### Project Sponsor Deposit Information

1. Name of Phase 3 Project: \_\_\_\_\_
2. Name, address, telephone number, and e-mail address of the Customer's contact person (primary person who will be contacted):

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Company Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
City, State: \_\_\_\_\_  
Zip Code: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Fax Number: \_\_\_\_\_  
Email Address: \_\_\_\_\_

3. Alternate contact:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Company Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
City, State: \_\_\_\_\_  
Zip Code: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Fax Number: \_\_\_\_\_  
Email Address: \_\_\_\_\_

4. Any deposit paid by check shall be submitted to the CAISO representative indicated below: Note – the check may be included with applications submitted on CDs or DVDs. Checks shall be made payable to the CAISO.

#### Overnight Address

California ISO  
Attn: Julie Balch  
Grid Assets  
P.O. Box 639014  
Folsom, CA 95763-9014

California ISO  
Attn: Julie Balch  
Grid Assets  
250 Outcropping Way  
Folsom, CA 95630

**5. Project Sponsor Deposit is submitted by:**

**Legal name of the Customer:** \_\_\_\_\_  
By (signature): \_\_\_\_\_  
Name (type or print): \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\*\*Required Deposit: \$100,000 USD (note: Wires originating from outside the U.S. are subject to currency conversion rates and/or additional bank fees).

\*\*Your application will not be considered received if the deposit is not received prior to the bid window close date.

## Wire Information

California ISO - Remit to Addresses

Beneficiary Bank Name  
Beneficiary Bank Address  
Wells Fargo Bank, NA  
420 Montgomery St.  
San Francisco, CA 94104

LGIP/SGIP  
Wells Fargo Bank, NA  
ABA # 121000248  
Account # 4122041825  
Account name: CAISO LGIP

## Approval History

Approval Date: June 25, 2024

Effective Date: June 25, 2024

Application Owner: Scott Vaughan

Application Owner's Title: Senior Manager, Transmission Assets

## Revision History

Version	Date	Description
9	6/25/2024	Added text for CAISO consideration of early in service dates, clarified experience consideration requirements, added CC-17, CC-18 and CC-19: questions concerning project delay or cancelation, requested construction related wildfire mitigation, clarified specific M-3 and O-3 group training requirements.
8	6/23/2023	Added clarification for including experience, added reference to GPS coordinate identification of subs and transmission lines, eliminated original question L1 , added request for more detail on schedule float in P3
7	3/22/2021	Revised Version Released - General update and simplification
6	4/17/2019	General update
5	5/10/2016	General update and revised to address stakeholder comments.
4	4/7/2014	Revised to align with updated tariff.
3	4/4/2013	Revised Version Released – Add Version Control, Approval History, and Revision History Sections
2	4/1/2013	Revised Version Released - General clarification modifications and clean-up for 2012-2013 TPP Phase 3 Bid Window Opening
1	12/19/2012	Initial Version Released

**EXHIBIT E**

MISO Selection Report for Duff - Coleman Project

# SELECTION REPORT

## Duff-Coleman EHV 345 kV Competitive Transmission Project



## 1. Executive Summary

In January 2016, Midcontinent Independent System Operator, Inc. (MISO) kicked off its first FERC-approved Order 1000 competitive developer selection process. MISO issued a Request for Proposals for a market efficiency project known as the Duff-Coleman EHV 345 kV Competitive Transmission Project, a new 345 kV transmission line connecting the Duff substation in southern Indiana to the Coleman EHV substation in western Kentucky. In response to the Request for Proposals, MISO received 11 comprehensive proposals from RFP Respondents,<sup>1</sup> listed alphabetically:

- Ameren Transmission Company of Illinois and PPL TransLink, Inc.
- Duke-American Transmission Company, LLC
- Edison Transmission, LLC
- GridAmerica Holdings, Inc.
- ITC Midcontinent Development, LLC
- Midcontinent MCN, LLC
- NextEra Energy Transmission Midwest, LLC
- Republic Transmission, LLC
- Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Incorporated and Public Service Enterprise Group, Inc.
- Transource Energy, LLC
- Xcel Energy Transmission Development Company, LLC.

Each of these RFP Respondents demonstrated the necessary breadth and scope of capabilities, and the financial wherewithal, to design, finance, construct, operate, and maintain the project. The proposals, however, were sufficiently distinct from one another and each provided varying levels of specificity, certainty, risk mitigation, and cost. MISO wishes to convey its deep appreciation and respect for the tremendous effort and resources all RFP Respondents invested to develop their proposals. The dedication, innovative thinking, and competitive spirit the RFP Respondents brought to this process will benefit MISO, its members, and ultimately all consumers of electricity in helping us build a stronger, more reliable electric grid for today and tomorrow.

MISO is pleased to announce that, following an in-depth comparative analysis of these 11 proposals, Republic Transmission has been designated as the Selected Developer for the Duff-Coleman EHV 345 kV Competitive Transmission Project. Republic Transmission was comparatively advantageous and exhibited the best balance of high-quality design and competitive cost, best-in-class project implementation, and top-tier plans for operations and maintenance.

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<sup>1</sup> All RFP Respondents must be MISO Qualified Transmission Developers.

Republic Transmission is a wholly owned subsidiary of LS Power Associates, L.P. and its subsidiaries and affiliates. Republic Transmission's proposal includes one Proposal Participant: Big Rivers Electric Corporation (Big Rivers). Big Rivers is a member-owned, not-for-profit, generation and transmission cooperative headquartered in Henderson, Kentucky.

Republic Transmission excelled among a complement of strong proposals. Republic Transmission's proposal provided the strongest combination of attributes, including but not limited to, the highest degree of certainty and specificity, the lowest risk, and low cost. In selecting Republic Transmission, MISO evaluated Republic Transmission's proposal against four FERC-approved evaluation criteria: cost and design, project implementation, operations and maintenance, and planning participation. MISO was also guided and influenced by the collective application of the four evaluation principles found in MISO's business practices manual: specificity, certainty, cost, and risk mitigation.

For MISO, it comes down to providing the greatest overall value and that, encompasses more than just cost. There are more elements to cost than just the overall number. In MISO's process, cost is a comparative advantage, not an absolute determinate.

Republic Transmission committed to cap several elements of its annual transmission revenue requirement to benefit ratepayers for the life of the project, had a robust, detailed design that is flexible, and proposed the highest conductor capacity. Republic Transmission had the most complete project implementation plan, demonstrating the highest probability of success. Republic Transmission was better than nearly all other proposals in operations and maintenance and exhibited comprehensive capabilities and plans, and had the lowest estimated operations and maintenance cost.

Republic Transmission's performance collectively across MISO's four evaluation criteria was unmatched by any other proposal, scoring 95 out of a possible 100 points. Compared to Republic Transmission's total score of 95, the other proposals scored between 80 and 41 points. As illustrated in Figure 1-1, Republic Transmission is the clear and decisive winner. The second highest score of 80 was awarded to Proposal 107, the designated Alternate Selected Developer.<sup>2</sup> The tables below depict the final scoring results and criteria-level categorizations (as called for in the MISO Tariff and further detailed in the business practices manual) for all of the proposals. The table also refers to all RFP Respondents (other than Republic Transmission) only by numerical designations to protect confidentiality.

As shown in Figure 1-1, the scores illustrate that each RFP Respondent is capable of acceptably developing and implementing the project. However, the scores reflect distinctions in the proposals and how some are comparatively better positioned based on the facts submitted in their proposals.

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<sup>2</sup> MISO is required to keep the identity of the Alternate Selected Developer confidential.

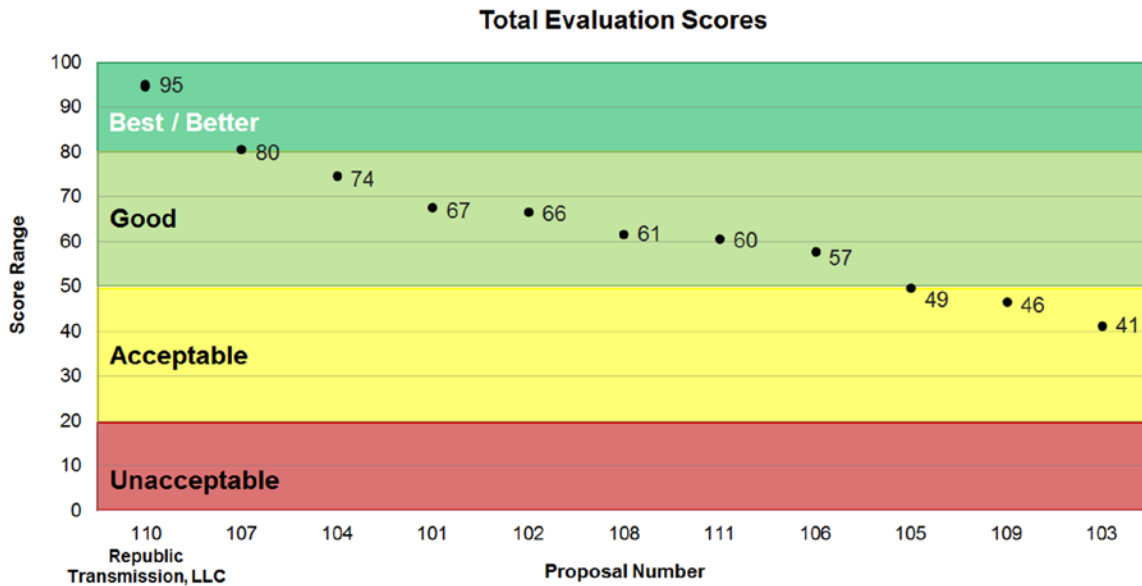


Figure 1-1: Final Scoring Summary

As discussed above, MISO’s Tariff requires MISO to evaluate proposals according to four evaluation criteria: cost and design, weighted at 30%; project implementation, weighted at 35%; operations and maintenance, weighted at 30%; and transmission planning participation, weighted at 5%.<sup>3</sup> In order to determine the final evaluation score, all proposals are evaluated against each evaluation criterion, categorized as either ‘Best,’ ‘Better,’ ‘Good,’ ‘Acceptable,’ or ‘Unacceptable,’ scored with respect to each criterion, and then assigned final scores.<sup>4</sup> The proposals were evaluated and scored based upon a comparative analysis.

MISO evaluated each proposal based on the information submitted by the RFP Respondents in their respective proposals. The obligations of RFP Respondents to provide the needed information were communicated clearly up front in the Request for Proposals package. MISO’s decisions with regard to evaluation, selection, and scoring are steeped in the specific documentation the RFP Respondents submitted and not based on any information obtained from outside the four corners of the submitted proposals.

The proposal considered the best in a given evaluation criterion was categorized as ‘Best’ for a criterion. The remaining proposals in that same criterion were then categorized into one of the remaining four categories (‘Better,’ ‘Good,’ ‘Acceptable,’ or ‘Unacceptable’) based upon the merits of the proposal and the application of the evaluation principles, discussed above. A numerical score was then awarded to each proposal, commensurate with its categorization and comparative ranking for each evaluation criterion.

Below is a table that shows MISO’s comparative categorizations of all proposals within each of MISO’s four evaluation criteria, leading with Republic Transmission’s proposal.

<sup>3</sup> MISO Tariff, Attachment FF, Section VIII.E.1.

<sup>4</sup> Business Practices Manual No. 027 – Competitive Transmission Process, (BPM-027), Section 8.2.1.

Comparative Categorization Summary Table

Proposal ID #	Cost and Design (30%)	Project Implementation (35%)	Operations and Maintenance (30%)	Planning Participation (5%)
110	Best	Best	Better	REDACTED
107	Good	Better	Good	
104	Better	Good	Good	
101	Good	Acceptable	Good	
102	Acceptable	Good	Best	
108	Good	Good	Acceptable	
111	Good	Good	Acceptable	
106	Good	Acceptable	Good	
105	Acceptable	Acceptable	Good	
109	Acceptable	Acceptable	Acceptable	
103	Acceptable	Acceptable	Acceptable	

Table 1-1: Comparative Categorization Summary Table

As shown in this table, Republic Transmission is in the top tier for all criteria and the ‘Best’ for two criteria. Below are some noteworthy insights from MISO’s evaluation of all of the proposals, including the Selected Proposal.

**Noteworthy: Cost and Design**

MISO’s review and analysis of the cost and design information submitted by each proposal revealed the following noteworthy points:

- the cost estimate developed by MISO for the project in the MISO Transmission Expansion Plan for 2015 was \$58.9 million and the range submitted in the 11 proposals was \$34.0 million to \$55.7 million.
- a variety of innovative and novel cost caps, concessions, and commitments were proposed, taking advantage of the freedom to develop new ways to compete on cost and annual transmission revenue requirement within MISO’s Competitive Developer Selection Process.<sup>5</sup>
- proposals with lower and more certain annual transmission revenue requirements, compared to other proposals, generally performed well across the spectrum of sensitivity studies conducted to test how resilient different proposals might be with changes to cost drivers.
- the majority of proposed pole structures were direct embedded and steel; only one RFP Respondent proposed wood structures.

<sup>5</sup> See Table 2-2 and Table 2-3 for further information related to cost caps, concessions, and commitments.

- structure types reflected common industry practice (monopole, H-frame, or lattice).
- all RFP Respondents proposed crossing the Ohio River in the same general area.
- a wide variety of conductor sizes, configurations and types were proposed.

MISO determined that Republic Transmission's proposal was the best for cost and design because it combined superior design with competitive upfront costs and robust cost caps with no exclusions beyond those recognized by MISO's Selected Developer Agreement. Republic Transmission's design approach demonstrated rigor and specificity throughout, featuring:

- aggressive competition on every annual transmission revenue requirement allocation factor,
- a well-supported route,
- ample right-of-way to support design flexibility and potential future expansion, and
- a robust conductor with greater capacity than MISO's required minimum, which will better accommodate changes to the transmission grid over time and decrease line losses.

While the estimated implementation costs for Republic Transmission's proposal were roughly average among proposals, the differential between Republic Transmission and other proposals with lower upfront costs became narrower over time, viewed through the lens of ultimate costs to MISO's ratepayers. MISO's evaluation and selection process does not require the lowest cost proposal to be selected. MISO's process includes other criteria, such as project implementation, operations and maintenance, and planning participation that must be evaluated.

Republic Transmission's estimated 40-year annual transmission revenue requirement provided the best long-term certainty by offering:

- low anticipated operations and maintenance costs by leveraging local partners,
- limited return on equity for the life of the project (9.8%), and
- limited equity in capital structure for the life of the project (45%).

Only one proposal submitted a lower estimated annual transmission revenue requirement than Republic Transmission, but did not match Republic Transmission's design quality and rigor. All other proposals were either good or acceptable with respect to cost and design, because their designs were not as strong and they did not demonstrate consistently high levels of rigor, specificity, and certainty comparable to Republic Transmission's proposal.

### **Noteworthy: Project implementation**

MISO's review and analysis of the project implementation information submitted by each RFP Respondent revealed the following noteworthy points:

- Every RFP Respondent demonstrated previous transmission line development experience.
- Every RFP Respondent placed substantial funding and resources in pre-construction surveys and research.
- Many RFP Respondents supplied well-developed project plans and used industry standard project management tools.
- Proposed route lengths varied, anywhere from 28 miles to 36 miles.
- Extensive efforts were placed into understanding the complexity of the regulatory and permitting framework for the project's location; many RFP Respondents had already begun early consultations with regulatory authorities.
- There was wide variability in the approach toward constructing the project.
- The majority of proposals' documentation exceeded MISO's minimum requirements in the Request for Proposals.
- Every RFP Respondent clearly demonstrated the capability to fund their estimated implementation costs for the project.

MISO determined that Republic Transmission's proposal was the best for project implementation because it was the most complete proposal and presented robust documentation for all project implementation sub-criteria (addressing aspects of project implementation such as project schedule, project management, route and site evaluation, regulatory permitting, and engineering and surveying).

One other proposal distinguished itself in most areas of project implementation, but did not exhibit specificity comparable to Republic Transmission's proposal across every sub-criterion within project implementation. Every other proposal was either good or acceptable for project implementation because, compared to the Republic Transmission proposal, they lacked consistent certainty, specificity, and risk mitigation across the full range of sub-criteria for project implementation.

### **Noteworthy: Operations and Maintenance**

MISO's review and analysis of the operations and maintenance information submitted by each RFP Respondent revealed the following noteworthy points:

- All RFP Respondents demonstrated previous experience in maintaining 345 kV transmission line infrastructure, either directly or through contractors.
- Many of the proposed maintenance and forced outage responder contractors are affiliates of the same parent company.

- Most RFP Respondents are proposing to use contractors to perform maintenance on the project.
- RFP Respondents proposed forced outage response times anywhere from less than one hour to three hours; those having shorter forced outage response times generally had shorter emergency repair response times.
- Most RFP Respondents had greater detail with regard to both forced outage and emergency repair time and maintenance plans on the Indiana side of the project; only a few had similar detail for the Kentucky side of the project.
- Operations and maintenance costs ranged from \$120,000 per year to \$894,000 per year.

MISO determined that Republic Transmission's proposal should be categorized as 'Better' for operations and maintenance because Republic Transmission's operations and maintenance plan was comprehensive and highly specific, with only one area (the sub-criterion for safety plans and performance history) where its documentation was not as robust and project-specific as the 'Best' proposal for operations and maintenance.

Proposal 102 earned the categorization of 'Best' for operations and maintenance because RFP Respondent 102 submitted the most robust information on certainty, specificity, and risk mitigation for all operations and maintenance sub-criteria (consisting of elements such as real-time operations monitoring and control capabilities, switching, forced outage response, emergency repair, preventive and predictive maintenance, spare parts management, and so forth).

Every other proposal was either good or acceptable for operations and maintenance because, compared to the top two proposals (Proposal 102 and Republic Transmission's proposal), they did not demonstrate comparable certainty, specificity, and risk mitigation across the full range of sub-criteria for operations and maintenance.

### **Noteworthy: Planning Participation**

MISO reviewed and verified the planning participation documentation submitted by each RFP Respondent. Planning participation was unique in that it was scored on an all-or-nothing basis, meaning that a proposal was awarded the full planning participation score (5%) if at least one RFP Respondent or Proposal Participant participated in the MISO annual transmission expansion planning process that included the project. Because every proposal but one received credit for planning participation, the planning participation criterion did not differentiate any of the top proposals in MISO's comparative analysis. To avoid revealing the identities of the RFP Respondents (because only one RFP Respondent did not receive planning participation credit), MISO has redacted proposal-specific information about planning participation in this report.

inflation and operations and maintenance costs. MISO modeled ATRR estimates using common and proposal-specific values where appropriate across a range of possible scenarios and under varying discount rates for net present value analysis. This enabled MISO to compare the rigor of submitted cost estimates and assess resulting certainty and risk mitigation offered to ratepayers in MISO while taking into account all relevant binding cost caps and concessions.

RFP Respondents proposed a wide range of cost caps, concessions, and other cost-containment commitments in their proposals. The instructions and templates in the RFP package were designed to enable RFP Respondents to approach cost competition creatively, but with rigor and specificity (including sample contract language). Although this flexible approach entailed greater complexity, it enhanced the Competitive Developer Selection Process.

To illustrate the wide range of innovative cost elements included in the proposals, Table 2-2 summarizes the cost caps, concessions, and commitments of all of the proposals. Table 2-3 provides supporting explanation about exceptions or limitations some proposals included.

Summary of Cost Caps, Concessions, and Commitments											
Uncertainty	101	102	103	104	105	106	107	108	109	110	111
ROE		✓		✓ <sup>i</sup>			✓	✓ <sup>ii</sup>	✓ <sup>iii</sup>	✓	
Capital Structure		✓		✓						✓	
Implementation Costs	✓ <sup>iv</sup>	✓ <sup>v</sup>	✓	✓ <sup>iv</sup>		✓	✓	✓	✓ <sup>iv</sup>	✓	✓ <sup>iv</sup>
Operations and Maintenance Costs				✓							
Inflation Rate			✓	✓		✓		✓		✓	
Rate Concessions						✓					✓

- i Limited duration ROE cap
- ii Cap on weighted average cost of capital (includes ROE), limited duration
- iii No ROE cap, but will forego ROE incentive adders in initial FERC filing
- iv AFUDC is not included in the cap
- v Only a portion of construction costs are capped

Table 2-2: Summary of Cost Caps, Concessions, and Commitments

Proposal Exceptions to Cost Caps, Concessions, and Commitments	
1. Project Routing	Some proposals exclude routing changes due to unforeseen soil conditions, river crossings, etc. Combination of general outs and specific per mile cost values (with/without dead band).
2. Material Escalation Costs	Some proposals include exceptions for construction costs that rise above inflation ratse.
3. Condemnation and Property Rights	Some proposals allow an increase to the construction cost cap for condemnation and property rights costs that exceed a specified percentage or dollar value.
4. Five Year or Initial Filing Commitments	Some proposals commit to a cap for only the first five years in service or until a subsequent FERC filing.
5. Regulatory	Some proposals note exclusions for environmental permitting, remediation, and mitigation.
6. Non-Developer Driven Changes	Most proposals allow an increase to the construction cap for costs driven by changes from regulatory government agencies, local utilities, MISO, and Force Majeure.

**Table 2-3: Summary of Exceptions to Cost Caps, Concessions, and Commitments**

In evaluating the reasonably descriptive facility design and rigor of each proposal, MISO used the associated factors, as shown in the tables in Attachment 4, which correspond to information requested in the RFP. These factors included items such as: conductor selection, flexibility of design, galloping and vibration, geotechnical, grounding, lightning protection, line ratings, foundation types, estimated positive sequence line impedance and pi-equivalent susceptance, optical ground wire or communication system, estimated line length, structure materials, structure types, road crossings, utility crossings, and Ohio River crossing.

Through in-depth review of these factors collectively, MISO gained a thorough understanding of each RFP Respondent’s ability to successfully design the project with appropriate specificity, certainty, and risk mitigation measures. The cost sub-criterion was considered in the cost aspect of the evaluation. With regard to certainty, MISO focused on the rigor of design data collection and supporting design studies. Some examples of this include acquisition of geotechnical data; acquisition or consideration of routing data including parcel crossings, road crossings, line crossings, and river crossings; and consideration of potential environmental and external impacts on the design (river flooding levels, lightning frequency, etc.). A proposal with a higher level of certainty is less likely to be exposed to major design changes down the road.

With regard to risk, MISO evaluated the ability of the design to perform well throughout its expected life. Some examples of this include the proposed load ratings relative to the minimum specified load ratings, relative thermal conductor stress levels associated with proposed ratings, shielding angles for lightning protection, targeted ground resistance levels, conductor tension levels (when supplied) relative to maximum levels specified by relevant codes (such as National Electrical Safety Code), proposed vertical and horizontal clearance buffers, proposed measures