



California ISO
Your Link to Power

California Independent
System Operator

FERC Order 890 Compliance

**Transmission Planning Regional
Conference
Phoenix, Arizona
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California ISO Strawman Proposal

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The Nine Principles

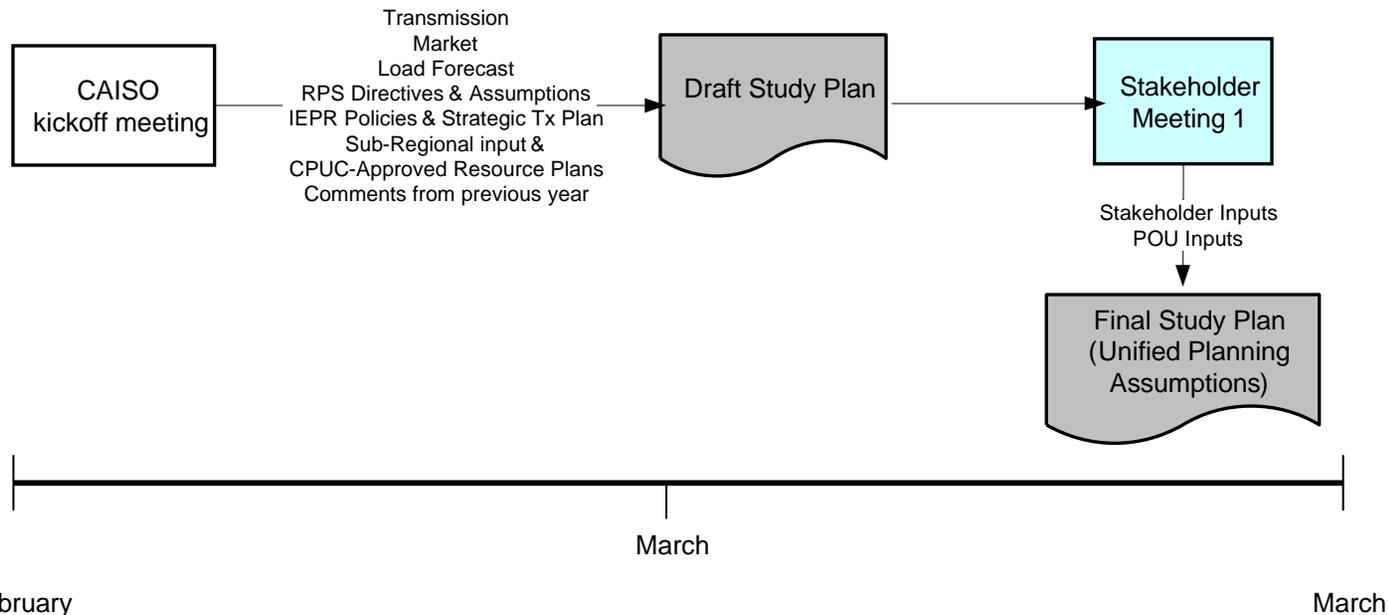
1. Coordination
2. Openness
3. Transparency
4. Information Exchange
5. Comparability
6. Dispute Resolution
7. Regional Participation
8. Economic Planning Studies
9. Cost Allocation



Coordination

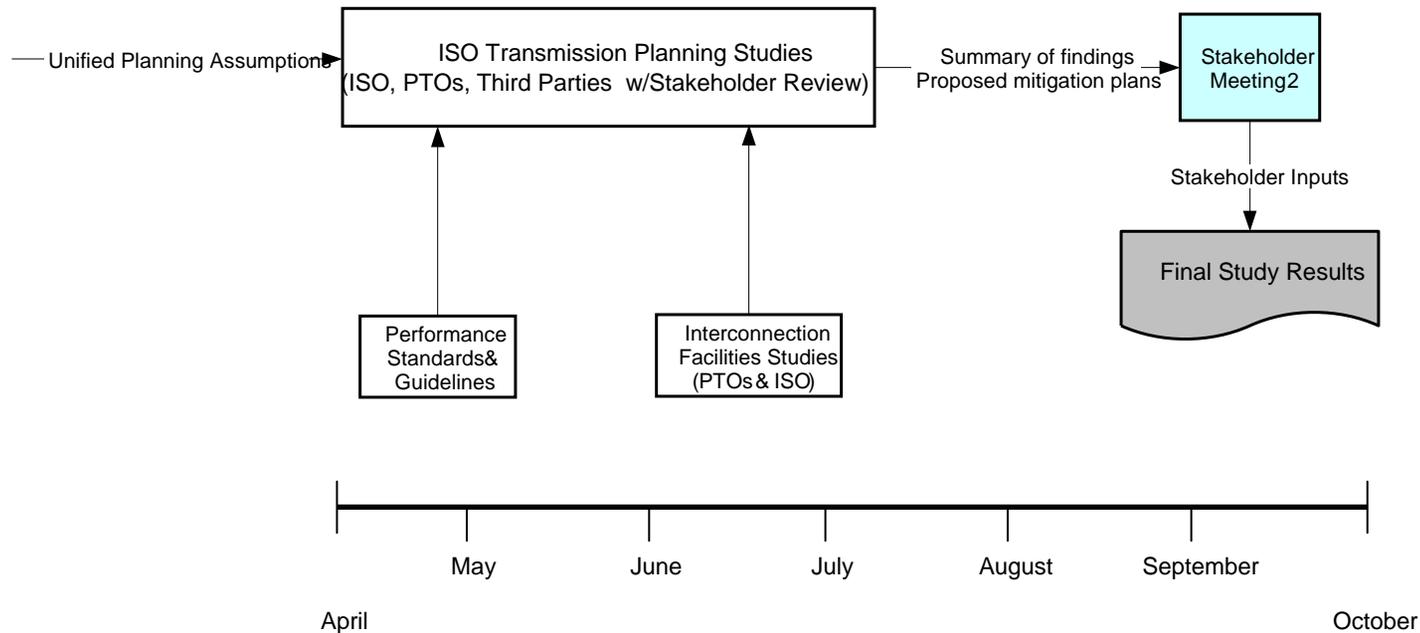
1. California ISO holds a minimum of three stakeholder meetings to facilitate coordination of stakeholder review and comment on the California ISO's annual Transmission Plan during its development. This coordination process is divided into 3 major steps:

Step 1: Develop Unified Planning Assumptions



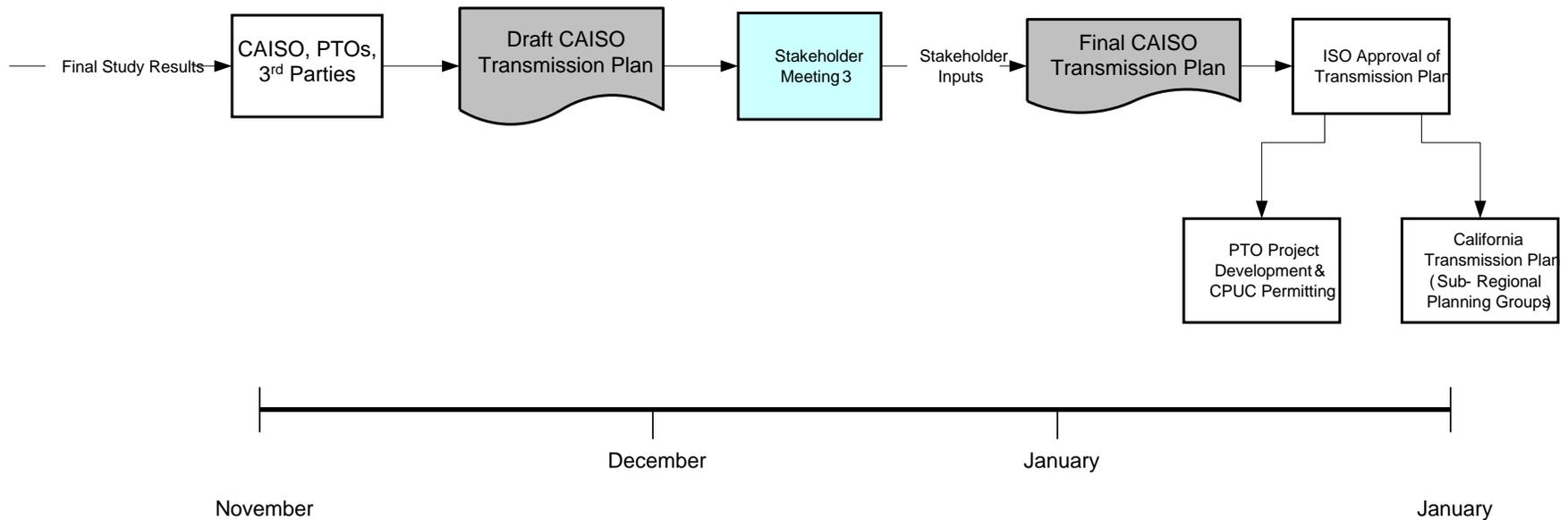
Coordination

Step 2: Conducting Studies



Coordination

Step 3: Documenting the results of the studies





Coordination

2. At least 2 weeks in advance, CAISO will notify interested parties regarding the specific scope and schedule of any stakeholder meetings through:
 - Market Notices (Self-register on CAISO's website)
 - Distribution List
 - Calendar of Events (CAISO website)
 - Study Plan for each year's integrated Transmission Planning process (CAISO's website)



Openness

1. CAISO transmission planning processes are open to all stakeholders. Meetings or major activities will be noticed in advance
2. Study assumptions and other key information will be made available to stakeholders to the maximum extent permissible
3. CAISO intends to create password-protected areas on its website to protect proprietary information
4. CAISO intends to coordinate with WECC and other stakeholders to develop a Non-Disclosure Agreement (NDA) to govern access and use of CAISO, PTO and other detailed planning information



Transparency

1. CAISO utilize transmission planning practices recommended by established institutions, including WECC/NERC or practices developed through stakeholder processes
2. Sufficient information will be provided for skilled practitioners with available commercial tools to be able to replicate study results through:
 - Study Plan: Contains general planning assumptions e.g. load forecast, model of transmission, generation, contingency, study methodology etc.
 - Password-protected section on CAISO website: For more information e.g. Base case, contingency files (access subject to NDA)
 - CAISO Transmission Plan report: Summary of all activities and update on the status of transmission projects etc.



Information Exchange

1. CAISO will develop an “Open Season” process for the submittal of stakeholder study requests, required data for studies, and transmission facilities proposals
2. CAISO will prepare a summary of requested studies and other information such as, congestion data, demand response proposals, new generation in the LGIP queue in the annual CAISO Transmission Plan report
3. CAISO Transmission Plan report also will provide links to relevant transmission planning information available from third parties, including the CEC and PTOs



Comparability

1. CAISO acts as independent reviewer of new facilities in its controlled grid and of interconnections with its neighboring systems.
2. CAISO evaluates each proposed facility independently.
3. CAISO practices the same approval process for facilitating access and new transmission investments to serve its own native load and third party service requests.



Dispute Resolution

1. CAISO has a dispute resolution process in its Tariff that requires negotiations first, followed by mediation (at the option of the parties), then arbitration.
2. CAISO's dispute resolution process addresses both procedural and substantive transmission planning disputes.



Regional Participation

1. The CAISO is participating in the creation of California Sub-regional Planning Group (CASPG) that is expected to be formed by end of 2007
2. Through participation in CASPG, in addition to its own planning process, the CAISO desires to facilitate the exchange of data and information to promote the use of consistent assumptions and data for transmission planning studies
3. Scope of CASPG should include other beneficial types of upgrades that go beyond reliability and congestion such as:
 - Integrating renewable resources
 - Provide a benchmark to compare between transmission/resources etc.

Regional Participation

4. The CAISO, individually and through CASPG, will participate and exchange information with the following other regional and sub-regional transmission planning groups:
 - WECC (e.g. TEPPC, PCC and its subcommittees and workgroups)
 - Sub-regional Planning Organizations, e.g., WestConnect
 - Other Technical Regional Planning Groups, e.g., SWAT



Economic Planning Studies

1. CAISO is developing a process and criteria for determining and mitigating “significant and recurring congestion” through a stakeholder process
 - The number of study stakeholder may request still to be determined
 - A stakeholder meeting is scheduled on July 27 to discuss this issue
2. The CAISO will facilitate an “Open Season” that ends December 31st of each year. Stakeholders may propose new facilities or request congestion studies for consideration in the following year’s Transmission Plan
 - As a component of its Transmission Plan, the CAISO intends to conduct analysis to track and trend transmission congestion
 - More details on “Open Season” still to be developed
3. Information related to this principle will be posted on OASIS



Cost Allocation

- Cost allocation of new projects has been addressed by CAISO's Transmission Access Charge (TAC)



Additional Issues

- For the key issues will be included in its planning process, CAISO plans to include the following issues in its FERC 890 compliance filing.
 - Preservation of Long-Term Congestion Revenue Rights (LT-CRRs)
 - Remote Resource Interconnection Policy (RRIP – also known as third category of transmission)



California ISO Order 890 Compliance Process

- May 11: Posted Draft Strawman Proposal to California ISO Website
- May 21: Initial Stakeholder Meeting to Discuss Draft Strawman Proposal
- May 24: Written Stakeholder Comments Due on Draft Strawman Proposal
- May 29: Post Strawman Proposal on California ISO Website
- June 26: FERC Technical Conference in Phoenix, AZ
- July-Aug: Further Develop Strawman Proposal and Potential Tariff Language with Additional Stakeholder Activities
- Sept 6-7: Consideration by Board of Governors (as necessary)
- Sept–Oct: Further Develop Tariff Language with Potential Additional Stakeholder Activities
- Oct 11: File California ISO Transmission Planning Process with FERC



Next Steps

- July 27: Stakeholder meeting to discuss Economic Planning study, LT-CRRs, and RRIP
- Sept 6-7: Consideration by Board of Governors (as necessary)
- July-Aug: Further Develop Strawman Proposal and Potential Tariff Language with Additional Stakeholder Activities
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