Competition under the ISO Transmission Planning Process

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Development of Annual Transmission Plan

Phase 1
assumptions and study plan

Coordination of Conceptual Statewide Plan

March 22, 2012
Transmission Plan Presented to ISO Board for Decision

Phase 2
Technical Studies and Board Decision

Continued regional and sub-regional coordination

December 31, 2011
Coordination of Conceptual Statewide Plan

December 31, 2012
Phase 3
Competition - policy and economic projects.

Presented to ISO Board for Decision

March 22, 2012
Transmission Plan Presented to ISO Board for Decision

December 31, 2012
## Competitive Opportunities – Current vs. Order 1000

<table>
<thead>
<tr>
<th>Current TPP</th>
<th>Order 1000</th>
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<tbody>
<tr>
<td><strong>Incumbent Only</strong></td>
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<tr>
<td>Competitition (green-field)</td>
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<tr>
<td>Reliability upgrades – No “incidental” economic/policy benefits</td>
<td>Reliability upgrades – with “incidental” economic/policy benefits</td>
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<td>Upgrades to existing assets</td>
<td>Upgrades not subject to regional cost allocation.</td>
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<td>CAISO: &lt; 200 kV</td>
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- Upgrades to existing assets:
  - Economic-driven upgrades
  - Policy-driven upgrades

- Generation interconnection – driven upgrades:
  - Economic-driven upgrades
  - Policy-driven upgrades

* See next slide
Development of 2011/2012 Annual Transmission Plan

Reliability Analysis (NERC Compliance)
- 33% RPS Portfolio Analysis
  - Incorporate GIP network upgrades
  - Identify policy transmission needs

Economic Analysis
- Congestion studies
- Identify economic transmission needs

Other Analysis

Results
Proposed changes to transmission planning and generation interconnection process should provide more opportunities for competition.

- Major network upgrades for generation deliverability determined holistically through transmission planning instead of through interconnection studies.
  - Policy driven – open to competition
  - Ratepayer funded
- Generation development requiring delivery upgrades not in the comprehensive plan will be generator funded.
  - Generator can choose who builds the transmission
  - Not ratepayer funded
ISO Competitive Process

ISO Transmission Plan → Elements open to competition → Project Proposals

ISO Initial Evaluation
- Complete & Adequate
- Sponsor is capable

- Only 1? Y → On to siting approval
- N

- Collaborate on single joint project? Y

- Same siting authority? Y → ISO Selects*
- N

* See next slide
ISO Selection Criteria

- Capabilities to finance, license, and construct
- Capabilities to operate and maintain facilities
- Sponsor’s existing rights of way and substations
- Experience acquiring ROWs & eminent domain authority
- Schedule & demonstrated ability to meet schedule
- Financial resources
- Technical and engineering qualifications and experience
- Previous record on construction and maintenance
- Ability to assume liability for major losses
- Demonstrated cost containment capability – willingness to accept a cost cap.
Incumbents are obligated to construct identified transmission elements if ....

- No approved project sponsor
- Approved project sponsor subsequently unwilling or unable to build.

Alternatively...

- ISO could open a new solicitation process.