

VIII. COMPETITIVE TRANSMISSION PROCESS

This section of Attachment FF of the Tariff describes the processes and requirements associated with identifying Competitive Transmission Facilities contained within a Market Efficiency Project or Multi-Value Project approved by the Transmission Provider Board in MTEP Appendix A; certifying entities as Qualified Transmission Developers, whether they are existing Transmission Owners or non-incumbent transmission developers; solicitation of Proposals from Qualified Transmission Developers to construct, implement, own, operate, maintain, repair, and restore the Competitive Transmission Facilities; evaluation of Proposals; and designation of a Selected Proposal and Selected Developer(s) pursuant to Section VIII of Attachment FF of the Tariff.

VIII.A. APPLICABILITY

Except as otherwise provided in Sections VIII.A.1, VIII.A.2 and VIII.A.3 of this Attachment FF, the Competitive Developer Selection Process shall be applicable to all transmission facilities and substation facilities included in an Eligible Project.

VIII.A.1. State or Local Rights of First Refusal:

The Transmission Provider shall comply with any Applicable Laws and Regulations granting a right of first refusal to a Transmission Owner. The Transmission Owner will be assigned any transmission project within the scope, and in accordance with the terms, of any Applicable Laws and Regulations granting such a right of first refusal. These Applicable Laws and Regulations include, but are not limited to, those granting a right of first refusal to the incumbent Transmission Owner(s) or governing the use of existing developed and undeveloped right of way held by an incumbent utility.

VIII.A.2. Upgrades to Existing Transmission Facilities:

A Transmission Owner shall have the right to develop, own, and operate any upgrade to a transmission facility owned by the Transmission Owner, in accordance with this Tariff and the ISO Agreement.

For Eligible Projects that contain both upgrades to existing transmission facilities as defined in Sections VIII.A.2.1 through VIII.A.2.2.1 and new transmission facilities that are not upgrades, the Transmission Provider shall apply the following rules to assign the facilities included in the Eligible Project to the applicable Transmission Owner or Selected Developer

- a. If 80% or more of the total cost of the transmission facilities included in the Eligible Project are upgrades as defined in Sections VIII.A.2.1 through VIII.A.2.2.1 of this Attachment FF, then the Transmission Provider shall designate the applicable Transmission Owner to develop, own, and operate all transmission facilities comprising the Eligible Project in accordance with the ISO Agreement.
- a. Otherwise, the Transmission Provider shall divide the Eligible Project into two or more facilities or segments of facilities based upon the rules set forth in Sections VIII.A.2.1 through VIII.A.2.2.1 of this Attachment FF. For those facilities or segments of facilities that are upgrades as defined in Sections VIII.A.2.1 through VIII.A.2.2.1, the Transmission Provider shall designate the applicable Transmission Owner to develop, own, and operate all transmission facilities comprising the Eligible Project in accordance with the ISO Agreement. Those facilities or segments that are not exempt from the Competitive Developer Selections Process pursuant to Section VIII.A.1 through VIII.A.3 shall be subject to the Competitive Developer Selection Process.

For purposes of this Section VIII.A.2, the Transmission Provider shall use the cost estimates prepared by the Transmission Provider for presentation to the Transmission Provider Board at the time such facilities are approved for inclusion in Appendix A to calculate the total cost of the transmission facilities contained within an Eligible Project.

VIII.A.2.1. Upgrades to Existing Transmission Lines: Upgrades to

existing transmission line facilities include any expansion, replacement, or modification, for any purpose, made to existing transmission line facilities that are classified as transmission plant and owned by one or more Transmission Owners, for reasons including, but not limited to:

- (a) Increasing the load capability of the transmission line or an associated circuit;
- (b) Increasing the nominal operating voltage of the transmission line or an associated circuit;
- (c) Installing additional plant on an existing overhead or underground transmission line facility, such as, but not limited to:
 - i. plant associated with an additional circuit installed on spare structure positions;
 - ii. additional structures to increase a sag limit or for other purposes;
 - iii. a sectionalizing switch installed on an existing transmission line circuit regardless of whether or not it is installed on an existing structure; and
 - iv. any other plant additions to existing transmission line facilities.
- (d) Any requirement or request to relocate transmission line facilities owned by an incumbent Transmission Owner where the purpose of the relocation is not part of the core scope of a Competitive Transmission

Project, including, but not limited to, relocations driven by aesthetics, highway expansion projects, other infrastructure expansion projects, projects to improve the reliability or performance of the Transmission System, projects to reduce the cost to operate and maintain the Transmission System, projects to interconnect new generation and load, and projects to accommodate the relocation of an existing substation;

(e) Any requirement or request to relocate existing transmission line facilities owned by an incumbent Transmission Owner to accommodate Competitive Transmission Line Facilities associated with a Competitive Transmission Project, where such construction of the Competitive Transmission Line Facilities requires or requests use of the incumbent Transmission Owner's right-of-way and, as a result, also requires or requests transfer of the existing transmission facilities to alternative right-of-way or an alternative position on the same right-of-way based on either mutual consent of the incumbent Transmission Owner and Selected Developer(s) and/or the outcome of a state regulatory proceeding or court action;

(f) Functionally equivalent capital replacement of any portion of an existing transmission line facility due to aging, deterioration, damage, poor performance, aesthetics, high operating and maintenance costs, or other similar reasons;

(g) Replacing one or more existing components of any existing

transmission line facility, such as, but not limited to:

- i. replacing existing conductors with higher capacity conductors or better performing conductors;
 - ii. replacing existing structures;
 - iii. replacing insulators rated at a specific voltage with insulators rated at a higher voltage;
 - iv. replacing aging or defective components associated with the existing transmission line;
- (h) Improving the performance or characteristics of the existing transmission line for any reason;
- (i) Converting an existing overhead transmission line to an underground transmission line on the same right-of-way and/or converting an existing underground transmission line to an overhead transmission on the same right-of-way;
- (j) Improving land and land rights booked under the Commission's Uniform System of Accounts, Account Nos. 105, 350, and/or 380; or
- (k) Any other modifications to existing transmission facilities.

VIII.A.2.1.1. Installation of additional transmission circuits on existing transmission lines:

If a Competitive Transmission Project includes developing a new transmission circuit and either the project scope or subsequent state or local regulatory proceedings determine that all or a portion of the circuit

must be installed on an existing transmission line that is part of the Transmission System (i.e., co-located with existing transmission circuits on the same structures), the following rules will be used to determine what constitutes an upgrade:

- (a) If the structures associated with the existing transmission line are multi circuit structures and have spare positions to accommodate installation of one or more additional transmission circuit(s), installation of the new transmission circuit(s) on these spare structure positions will be considered an upgrade.
- (b) If the structures associated with the existing transmission line can be expanded to accommodate installation of one or more additional transmission circuit(s), expansion of the structure and installation of the new transmission circuit(s) will be considered an upgrade.
- (c) If the structures associated with the existing transmission line are not multi circuit structures and cannot be expanded to accept additional circuits, do not have sufficient spare structure positions available to accommodate the new transmission circuit(s), or have spare structure positions that are reserved for future use by the incumbent Transmission Owner and not available for the new transmission circuit(s) in question, it will be necessary to rebuild the existing transmission line to accommodate one or more additional transmission circuits. Under this scenario, acquisition of

additional right-of-way (if necessary), removal of the existing transmission line plant, construction of new transmission line structures, and transfer or replacement of the existing transmission line conductors, insulators, and shield wires will be considered an upgrade. Subject to Section VIII.A.1(a) of this Attachment FF, installation of new conductors and insulators associated with the new transmission circuit(s) will not be considered an upgrade. Therefore, the incumbent Transmission Owner will have the right of first refusal to engineer, construct, own, operate, restore, maintain, and collect revenue on all transmission plant associated with rebuilding the existing transmission line that is booked to Account Nos. 350, 352, 353, 354, 355, 357, 359, and 359.1 of the Commission's Uniform System of Accounts in accordance with such Uniform System of Accounts. Furthermore, the incumbent Transmission Owner will have the right of first refusal to engineer, construct, own, operate, restore, maintain, and collect revenue on all plant associated with existing transmission circuits that is booked to Account Nos. 356 and 358 of the Commission's Uniform System of Accounts in accordance with such Uniform System of Accounts. In addition, the incumbent Transmission Owner will have the right of first refusal to engineer, construct, own, operate, maintain, and collect revenue on all shield wires

associated with the existing transmission line that is booked to Account No. 356 of the Commission's Uniform System of Accounts in accordance with such Uniform System of Accounts, except for any shield wire that consists of fiber optic cable and is intended to facilitate communications to support protection of the new transmission circuit(s) where the associated protective relay schemes at all terminals associated with the new transmission circuit(s) will be owned by the Selected Developer(s) in accordance with the provisions of Attachment FF that govern whether or not substation improvements are considered an upgrade. [Except as provided by Section VIII.A.1\(a\) of this Attachment FF](#), The Selected Developer(s) will have the right to engineer, design, own, operate, restore, maintain, and collect revenue on all plant associated with the new transmission circuit(s) that is booked to Account Nos. 356 and 358 of the Commission's Uniform System of Accounts in accordance with such Uniform System of Accounts and any shield wire that consists of fiber optic cable and is intended to facilitate communications to support protection of the new transmission circuit(s) where the associated protective relay schemes at all terminals associated with the new transmission circuit(s) will be owned by the Selected Developer(s) in accordance with the provisions of Attachment FF that govern

whether or not substation improvements are considered an upgrade. In such cases where an incumbent Transmission Owner and a Selected Developer(s) both own plant associated with a rebuilt existing transmission line, each party will have the right to allocate their respective costs (i.e., revenue requirements for its portion of the investment) in accordance with the cost allocation provisions of this Tariff for Multi-Value Projects or Market Efficiency Projects as appropriate. Furthermore, such parties shall, in good faith, develop, negotiate, and execute a joint-use agreement for these facilities that governs responsibilities (including who incurs associated costs) for permitting, engineering, construction, operations, maintenance, restoration, and facility access and file such executed agreement with the Commission, and submit a copy to the Transmission Provider. However, there is no obligation on the incumbent Transmission Owner to provide project implementation and/or operations and maintenance services to the Selected Developer(s) for the Selected Developer's portion of the facility, nor is there any obligation on the Selected Developer(s) to provide project implementation and/or operation and maintenance services to the incumbent Transmission Owners for the incumbent Transmission Owner's portion of the facility, other than the mutual coordination of

activities.

VIII.A.2.2. Upgrades to Existing Substations:

Upgrades to existing substations include any expansions, replacements or modifications made, in part or in whole, to any existing substation or portion thereof that is owned by one or more Transmission Owners, and where some or all of the plant within the existing substation is classified as transmission plant. These upgrades include, but are not limited to:

- (a) Replacing facilities and/or equipment within an existing substation footprint;
- (b) Installing additional plant within an existing substation footprint;
- (c) Modifying facilities and/or equipment within an existing substation footprint;
- (d) Expanding an existing substation footprint within the existing substation site boundaries and installing additional plant within the expanded area;
- (e) Acquiring additional land adjacent to the existing substation in conjunction with installation of additional plant within the boundaries of this additional land, including facilities to interconnect such plant to the existing substation plant; and
- (f) Developing an additional footprint near the existing substation to

facilitate effective expansion of the existing substation as further described below in Section VIII.A.2.2.1.

VIII.A.2.2.1. Expansion of an existing substation by developing an additional footprint near the existing substation:

Construction of a new substation footprint near an existing substation to facilitate expansion of the existing substation is considered an upgrade and is necessary when the transmission project calls for expansion of the existing substation and there is not sufficient space for such expansion. Upgrades through development of a second substation footprint can be accomplished in one of two ways. First, a second substation footprint can be developed near the existing substation footprint, and the two substation footprints will function electrically as a single substation and will be interconnected by bus extensions or connectors. An example would be expanding an existing substation that is landlocked by public roadways by developing a second substation footprint on the other side of one of the roads and then installing an overhead single span connector which would function as a substation bus to interconnect the two substation footprints. Second, an existing substation could be retired for many reasons such as but not limited to: lack of room for future expansions, physical conditions such as soil subsidence, earthquake reinforcement requirements, to prevent flood damage, regulatory/public necessity/economic reasons, and other similar factors. A new substation could be developed nearby on a

different site and all transmission circuits into the existing substation could be rerouted to the new site, which is essentially the relocation of an existing substation. These scenarios represent upgrades to an existing substation when the intent of the transmission project produced by the transmission planning process is to expand the existing substation rather than develop a new substation or to relocate an existing substation for reasons not related to implementation of a regionally cost shared transmission project.

VIII.A.3. Immediate Need Reliability Projects

Immediate Need Reliability Projects are projects that: (a) are identified in a Baseline Reliability Study needed to address a reliability need and needed within thirty-six (36) months from first Calendar Day of the month in which the Transmission Provider Board approves the project for inclusion in Appendix A of an MTEP; and (b) meet the criteria for designation as a Baseline Reliability Project pursuant to Section II.A.1 of this Attachment FF, notwithstanding the fact that such project also meets the criteria set forth in Section II.B of this Attachment FF for classification as a Market Efficiency Project. The Transmission Provider shall designate the applicable Transmission Owner to develop, own, and operate all transmission facilities comprising such Immediate Need Reliability Project in accordance with the ISO Agreement.

VIII.A.3.1 Procedure for Review of Immediate Need Reliability Projects:

(a) Within thirty (30) Calendar Days after the Transmission Provider Board approves the respective MTEP, the Transmission Provider shall post a report on its website that

separately identifies each Immediate Need Reliability Project that the Transmission Provider has determined to assign to the applicable Transmission Owner. The posted report shall include:

- i. An identification of the transmission facilities contained within the Immediate Need Reliability Project;
- ii. The need by date of each Immediate Need Reliability Project;
- iii. A brief explanation of the reliability need(s), that each Immediate Need Reliability Project is required to address, including the reason(s) for the need by date, in sufficient detail to allow stakeholders to understand the need and why it is time sensitive;
- iv. The date(s) and manner in which the reliability need was first identified during the planning process along with an explanation of why the need was not identified earlier;
- v. An explanation of other transmission or, consistent with the provisions of Section I.D.1.b, any non-transmission alternatives the Transmission Provider considered but concluded would not sufficiently address the immediate reliability need.

(b) If the Transmission Provider identifies any Immediate Need Reliability Projects pursuant to Section VIII.A.3.1(a), the Transmission Provider shall provide stakeholders with thirty (30) Calendar Days to submit comments in response to the report required by Section VIII.A.3.1(a) starting with the date that such report is posted on the Transmission Provider's website. Within sixty (60) Calendar

Days after posting the report required by Section VIII.A.3.1(a), the Transmission Provider shall post the comments received together with any responses by the Transmission Provider.

(c) The Transmission Provider shall post and update at least annually a list of prior years' designations of Market Efficiency Projects that met the criteria in Section VIII.A.3, for designation as an Immediate Need Reliability Project which list shall contain both the need-by date and the date that the Transmission Owner placed the facility in service.

VIII.A.3.2 Immediate Need Reliability Project Dispute Resolution.

Any disputes regarding determinations to classify or not classify a transmission project as an Immediate Need Reliability Project and/or assign transmission facilities associated with such Immediate Need Reliability Project to the Transmission Owner will be referred to the Dispute Resolution Process under Attachment HH of this Tariff. In the event that such classification and/or assignment is being challenged through the Dispute Resolution Process under Attachment HH of the Tariff, the obligation of the designated Transmission Owner to construct such facilities is not waived.