

Transmission Planning and Competitive Procurement at the CAISO

Utilities and Energy Oversight Hearing
Transmission Accelerator Implementation
January 15, 2026

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The ISO's annual planning process comprehensively advances transmission to meet state needs

- Reliability driven projects to reliably serve load customers meeting federal, western and ISO standards
- Policy driven transmission to meet state or federal policy needs
- Economic driven transmission alleviating bottlenecks to enable the lowest cost resources to serve load and enable economic transactions
- Coordinated with state agencies relying on:
 - load forecasts prepared by the California Energy Commission; and,
 - resource planning performed by the California Public Utilities Commission
- Federally regulated by FERC

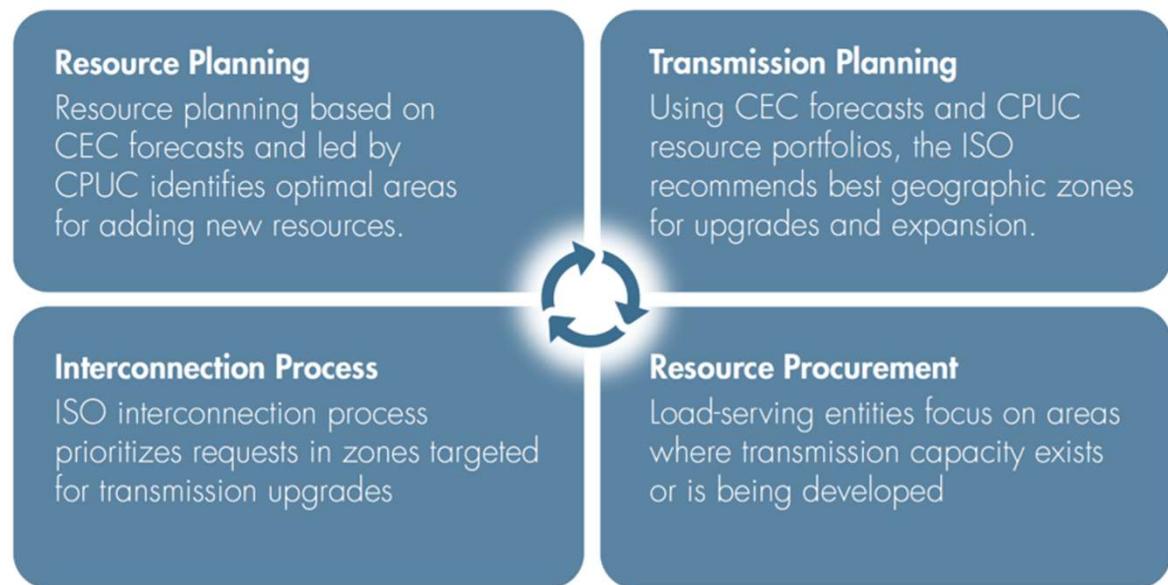
The CAISO's transmission planning process advances transmission aligned with longer term objectives

- Annual 10-Year transmission plan is the formal approval document for expansion planning in our footprint
 - Responds to accelerating load growth and escalating clean energy needs
 - The 2024-2025 Transmission Plan and three previous plans approved transmission totaling over \$22 billion in investment
 - Investment recovered over life of the projects
 - Focus on most efficient and effective long-term solutions, including grid enhancing technologies
- 20 Year Outlook assesses longer term needs
 - First prepared in 2022, updated in 2024
 - Establishes a longer-term direction and strategy
 - Provides context for nearer term decision



Tightened linkages between planning, procurement and the interconnection process have yielded efficiencies and enhanced results

The CAISO, California Public Utilities Commission (CPUC), and California Energy Commission (CEC) signed an updated Memorandum of Understanding in December, 2022



This set the stage for more thorough integration of the interconnection process with the resource and transmission planning processes.

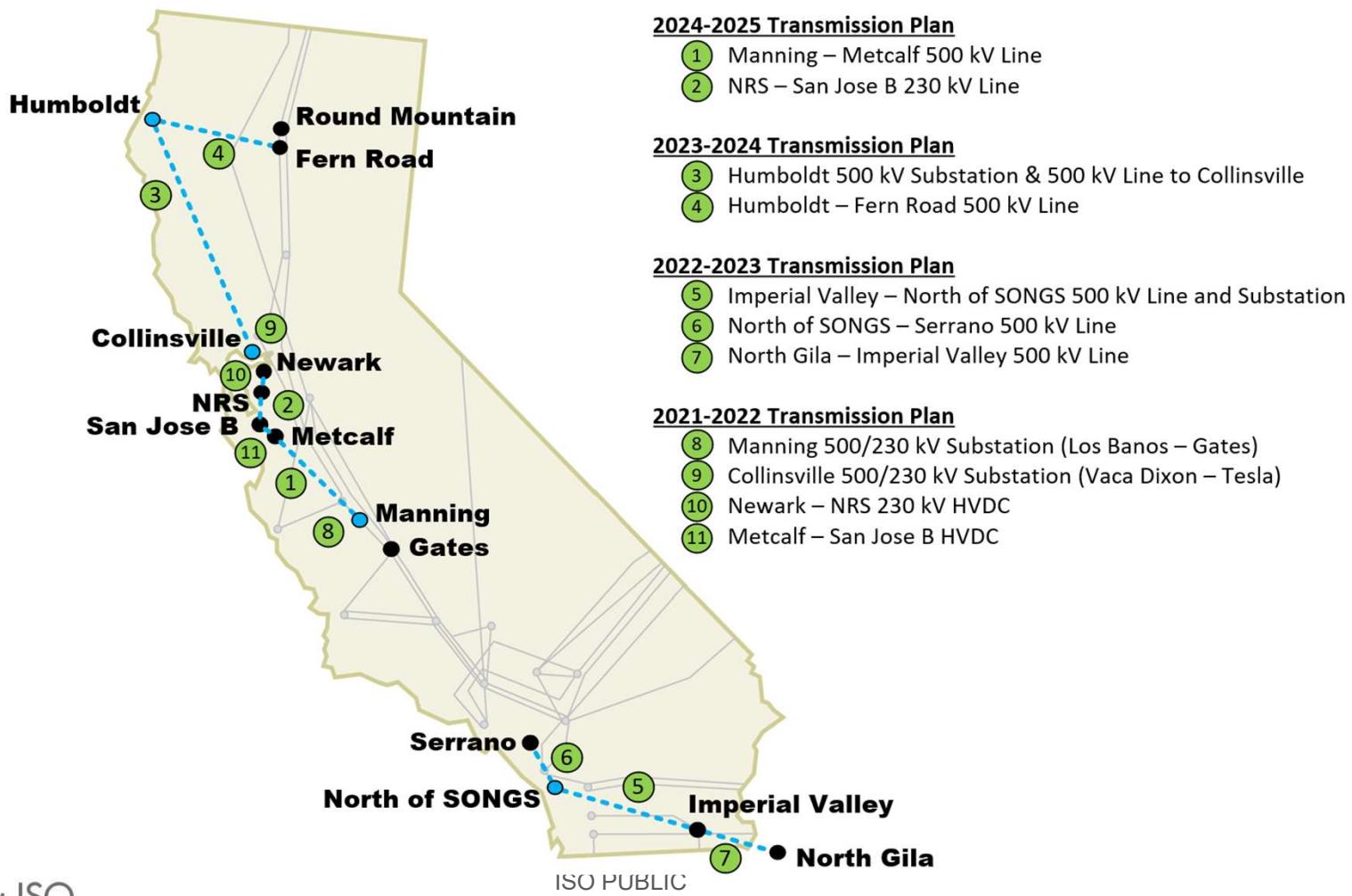
- Interconnection process enhancements approved by FERC in 2024 and 2025

Competitive Procurement and Eligible Projects

- Following Board approval of the transmission plan, the ISO solicits proposals to finance, construct, own, operate and maintain transmission facilities that are:
 - 200 kV and above
 - Are not upgrades to, or replacements of, existing transmission facilities
- Examples include:
 - AC and DC Transmission Lines
 - Substations and Switching Stations
 - Reactive and Dynamic Voltage Support Facilities
- 21 projects have been awarded competitively since 2010, with two in progress:
 - 15 to independent developers, 3 to incumbents, 3 to partnerships
 - (3 projects were subsequently canceled due to changing needs)

Competitively awarded projects represent a significant portion of new transmission expenditures

- 11 of the 128 projects approved in the last 4 transmission plans (9%)
- Represented \$10.5 billion or 46% of the total capital estimated at time of approval



ISO uses a Comparative Analysis to Determine the Approved Project Sponsor

- Objective is to determine the qualified Project Sponsor which is best able to:
 - Design, finance, license, construct; maintain, and operate the transmission solution in a cost-effective, efficient, prudent, reliable, and capable manner over the life of the transmission solution; while
 - Maximizing overall benefits and minimizing the risk of untimely project completion, project abandonment, future reliability issues, and operational or other relevant problems
- Selection based on a comparative analysis of the degree to which each Project Sponsor's proposal meets the qualification criteria and selection factors, as set forth in ISO Tariff
 - More weight is given to Key Selection Factors identified for each project
 - **Cost and cost containment is always a key selection factor**

Alignment between Transmission Infrastructure Accelerator and CAISO Competitive Solicitation Process

- The ISO does not anticipate changes to its tariff to complement the efforts of the Transmission Infrastructure Accelerator
- The ISO will continue to rely on the selection factors described in its tariff
- Can acknowledge the opportunity for engagement between the Transmission Infrastructure Accelerator and qualified bidders