

**Memorandum of Understanding**  
**Between**  
**The California Public Utilities Commission (CPUC)**  
**And**  
**The California Energy Commission (CEC)**  
**And**  
**The California Independent System Operator (ISO)**  
**Regarding**  
**Transmission and Resource Planning and Implementation**

Statewide resource planning and transmission planning are currently performed under several state agency processes and the ISO's federally-approved transmission planning and generation interconnection processes. Since 2010, when the ISO and CPUC first entered into a memorandum of understanding ("MOU") to coordinate renewable generation planning and transmission planning (the "2010 MOU"), the CEC, CPUC and ISO have taken additional measures to enhance coordination of load forecasting, resource planning, and transmission planning. These include most notably the 2013 joint commitments to the California State Senate Committee on Energy, Utilities and Communications, and the coordination efforts putting effect to those commitments.

These processes, and their linkages, have been revisited in light of the escalation in new resource development and related transmission necessary to meet state reliability and renewable energy goals between now and 2045.

The CEC develops the ten-year electricity demand forecast which is the basis for transmission and resource planning and a longer-term multi-decade forecast to estimate impacts of the state's decarbonization goals and policies. The CEC also convenes joint agency SB 100 planning and supports the CPUC and ISO by performing land use evaluation for long term resource planning efforts.

As part of its resource planning, the CPUC develops forward-looking resource portfolios addressing a host of resource needs and requirements through proceedings that set the direction for procurement authorizations, and ultimately authorize resource procurement by jurisdictional load serving entities.

The ISO conducts transmission planning that initiates all expansion planning for reliability, policy, and economic reasons in the footprint of its member participating transmission owners, and executes its resource interconnection process under FERC open access principles.

As well, the California Air Resources Board (CARB) sets air quality regulations and GHG emission reduction strategies that impact how energy is used in the state and therefore provides vital input into CEC and CPUC resource planning processes. While not a party to this Memorandum of Understanding, it is important that CARB's role is acknowledged.

The CEC load forecasts and ISO transmission information together inform the CPUC-developed resource portfolios. These portfolios in turn inform further ISO transmission plans and may inform CEC forecasts.

The CPUC, CEC and the ISO desire to work together to enhance coordination of resource planning and transmission planning to achieve state reliability and policy needs, and coordinate the timely development of resources, resource interconnections, and the needed transmission infrastructure.

Accordingly, the CEC, CPUC and the ISO agree to the following:

#### *Resource and Transmission Planning*

1. The CEC, CPUC and the ISO will coordinate and implement a joint work plan in Integrated Energy Policy Report proceedings, SB 100 related proceedings, and other resource planning activities led by the CEC. The work plan will align the key milestones of the demand forecasting process with the three parties' planning and policy deliberations and will clarify data flows between the three parties. This work plan will highlight timing needs for key deliverables and areas for collaboration. This higher level of coordination via the work plan will clarify how each of the three parties may use the forecasts in their own deliberations.
2. After the CEC finalizes the demand and load modifier forecasts and scenarios, the CEC, CPUC and the ISO will agree on principles for forecast cases and a single recommended forecast set and seek to use it consistently in the transmission planning and resource procurement cycles to the extent possible given the sequencing of the different processes.
3. The CPUC will incorporate longer term statewide resource planning efforts led by the CEC into its proceedings for resource portfolios developed for resource procurement and transmission planning purposes. The CEC in turn will utilize relevant resource information resulting from CPUC resource planning proceedings in its subsequent resource planning efforts.
4. The ISO will utilize the results of its planning process, interconnection cluster study reports, and any longer term informational planning exercises conducted by the ISO to provide the CPUC with an assessment of transmission planning needs and estimates spanning the ISO balancing authority area for resource planning purposes, and coordinate with the CEC on transmission needs in support of longer term informational analysis
5. The CPUC will incorporate CAISO provided transmission information into its considerations in developing resource portfolios and will map the resulting portfolio

resources to specific electrical locations, e.g. busbars, through a joint effort with the CEC and CAISO.

6. Provided the CPUC's portfolios meet parameters agreed to by the CPUC and the ISO with regards to the number, timing, and format of the portfolios, the ISO will assess and incorporate into its annual transmission plan the portfolios developed in relevant CPUC processes, to the maximum extent practical given the goal of identifying needed transmission capacity.
7. In the ISO's transmission planning process, the ISO will conduct a stakeholder process that complies with Order 890, FERC Order 1000, and any subsequent relevant orders of the Federal Energy Regulatory Commission (FERC) and allow meaningful public participation to ensure that appropriate study assumptions and scenarios are identified to support development of the final transmission plan. Stakeholders will have opportunities to comment on published drafts of the plan, including the final draft transmission plan that will be submitted for approval to the ISO Board of Governors. The final transmission plan for the ISO balancing authority area will reflect the ISO's consideration of all stakeholder comments and recommendations received during the planning process.
8. The ISO's final transmission plan will identify specific needed transmission facilities, and will distinguish – for policy-driven transmission projects – between Category 1 facilities which merit unconditional approval versus Category 2 facilities which may be needed depending on the course of future generation development and are expected to be found to be needed in future planning cycles.

#### *Transmission Development and Permitting*

9. The ISO transmission planning process will consider and incorporate the scenarios and portfolios developed by the CPUC with input from the CEC, and the subsequent CPUC siting/permitting process will then give substantial weight to project applications that are consistent with the ISO's final transmission plan.

#### *Procurement and Interconnection*

10. In authorizing or requiring procurement of resources by load serving entities, the CPUC will provide direction, to the extent appropriate, to pursue resources with the operational characteristics and geographic locations consistent with the resource planning conducted by the CEC and CPUC, and the transmission planning conducted by the ISO based on that resource planning.
11. The ISO will seek to prioritize interconnection process activities to support the resources with the operational characteristics and geographic locations consistent with the resource planning conducted by the CEC and CPUC, and the transmission planning conducted by the ISO based on that resource planning.

12. The ISO will coordinate with the CEC and CPUC to manage the resource interconnections and network upgrade projects in the interconnection process and provide transparency to ensure timely interconnection, to the extent possible.

*Other*

13. The staff of the CEC, CPUC and ISO will develop process documentation identifying significant process linkages and clarifying how the framework established in this MOU will be put into effect. This documentation will be made publicly available on their respective websites. This documentation will be updated on a routine basis to reflect any updated process or proceeding information or major scheduling changes affecting interaction between processes.
14. This Memorandum of Understanding supersedes and replaces the 2010 MOU.
15. The CPUC, CEC, and ISO recognize that this Memorandum of Understanding is being completed calling for coordination that may require tariff modifications to the ISO's transmission planning or resource interconnection processes. If any FERC-ordered modifications substantively affect the terms of this Memorandum of Understanding, the CEC, CPUC, and ISO will collaborate to develop appropriate revisions to the Memorandum of Understanding.
16. The parties to this Memorandum of Understanding acknowledge that certain actions may require authorization by a full commission or board of governor vote, and as such, this Memorandum of Understanding in no way limits each party's jurisdiction or authority.

The CEC, CPUC, and the ISO understand and agree to the terms of this Memorandum.

California Public Utilities Commission

By: *Alice Reynolds*

Name: Alice Reynolds

Title: Commission President

Date: 12/22/22

California Energy Commission

By: *David Hochschild*

Name: David Hochschild

Title: Chair

Date: 12/23/22

California Independent System Operator Corporation

By: *Elliot Mainzer*

Name: Elliot Mainzer

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Date: 12/16/22