

TEMPORARY SUPPLY OF 330 MW LOAD FROM CAISO WHOLESALE MARKET

EXECUTIVE SUMMARY

PURPOSE: Imperial Valley Computer Manufacturing (IVCM) is developing a 330 MW AI data center in Imperial County (Google as anchor tenant). Long-term power contracts with in-valley resources (e.g., geothermal, solar) will take several years to complete. This agreement provides a temporary bridge solution: IID procures energy from the CAISO market on IVCM's behalf, ensuring the project moves forward immediately.

KEY FEATURES

- IID acts as Scheduling Coordinator and Load-Serving Entity
- Energy is bought from CAISO Day-Ahead or Real-Time markets
- IID delivers power to the data center under its balancing authority
- Generate new revenue for IID with zero risk

ZERO RISK TO IID

- IVCM funds a draw account in advance.
- Draw account used to pay for all CAISO costs, transmission charges, and staff time.
- IVCM replenishes the account daily/weekly.

RELIABILITY PROTECTION

- IID has no obligation to curtail other customers or assume reliability risk.
- If CAISO energy is unavailable, IVCM uses on-site BESS and emergency generators.
- IID maintain full control under its OATT authority

REVENUE STREAM FOR IID (Full Cost Recovery + Markup)

- All CAISO energy costs
- IID's OATT transmission rate
- IID's Scheduling Coordinator costs
- Administrative markup (additional revenue for IID)

BENEFITS TO IID & IMPERIAL VALLEY

- No Financial Exposure to IID, all costs are paid up front.
- IID collects transmission fees, scheduling charges, and markup.
- Creates demand for new geothermal and renewable generation in IID's service area.
- Support a transformational economic project. Enables a \$10B+ data center project, with permanent jobs, tax revenue, and long-term load growth.

BACKGROUND: IVCN respectfully requests that IID examine the possibility of temporarily supplying energy on a short-term basis from CAISO markets (Day Ahead and/or Real Time). IVCN is not requesting to directly procure energy outside of IID's balancing authority. IID has the authority under its Open Access Transmission Tariff to secure arrangements for resources not physically interconnected with IID's transmission system. The proposal ensures IID faces no stranded investment risk, no credit risk, and no operational burden, while being compensated for its services through a cost-plus framework.

PROPOSED COMMERCIAL STRUCTURE

A. DRAW ACCOUNT MECHANISM

Continuously fund dedicated account is set up from which IID may draw to pay for CAISO energy purchases, transmission charges, and all related costs. This ensures no credit risk or exposure to IID. Dedicated draw account that is continuously replenished allows IID to pay:

- CAISO market purchases (energy and capacity, if applicable)
- Transmission charges
- Scheduling coordinator costs
- OATT Rate Application: IID's existing OATT transmission rate applied.
- Administrative Markup: IID may determine and impose an additional administrative premium for its role in facilitating the transaction.

B. NO RELIABILITY BURDEN IS PLACED ON IID

- If CAISO energy is unavailable (a rare event, documented only once in the past three years), IVCN will meet load with on-site batteries and emergency generators.
- IID's system reliability is thus protected, and the arrangement cannot result in unserved load to IID's native customers.

C. FULL COST RECOVERY + ADMINISTRATIVE PREMIUM

The arrangement is a cost-plus model with upside for IID.

- IID will receive a fee for scheduling coordinator time and expenses,
- IID will receive the OATT transmission rate, and
- IID will receive an administrative markup for handling

D. BENEFITS TO IID AND IMPERIAL VALLEY

- No Financial Risk to IID. All financial and reliability risk is borne solely by data center which will absorb all energy, capacity, and administrative costs.
- Positive Revenue Stream to IID from the OATT rates, scheduling charges, and an administrative markup.

- The request is consistent with Section III.30.6's directive for IID to use “reasonable efforts” to assist network customers in arranging delivery of energy.
- The \$10 billion data center will generate permanent jobs, tax revenue, and demand for future renewable generation. IID will benefit from expanded generation in-valley.

REQUESTED ACTION

- Conduct Sensitivity Analyses: Identify feasible import paths for CAISO market energy and available transmission import capability from geothermal areas.
- Develop Rate Structure: Establish applicable markup, scheduling coordinator cost recovery, and administrative fees.
- Adopt Bridging Framework: Approve a temporary market-sourced supply arrangement under OATT § III.30.6, with all risks and costs borne by IVCN.

GOVERNING LEGAL FRAMEWORK

A. IID’s OATT – Section III.30.6

Section III.30.6, Transmission Arrangements for Network Resources Not Physically Interconnected with the Transmission Provider, provides: “The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider’s Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements . . .” This language contemplates exactly the present situation: a Network Customer seeking delivery from a non-interconnected resource, with the Transmission Provider tasked with reasonable assistance.

B. IID’s POLICY ON DIRECT ACCESS

IVCM acknowledges that IID does not permit Direct Access. The proposed arrangement does not constitute Direct Access. IID, as Load-Serving Entity and Balancing Authority, would remain the energy procurer of record, purchasing energy through CAISO markets (Day-Ahead or Real-Time) and delivering it under its balancing authority. IVCN bears all costs, ensuring IID’s tariff integrity and avoiding a precedent that undermines IID’s retail service exclusivity.

CONCLUSION

IID has clear authority under its OATT to assist Network Customers in securing arrangements for non-interconnected resources. IVCN’s proposal operationalizes this authority in a manner that is cost-neutral, risk-free, and beneficial to IID and the Imperial Valley community. We respectfully urge IID to adopt this short-term bridging mechanism to enable the Aten Road Data Center to proceed while long-term PPAs are finalized.

APPENDIX – SUPPORTING AUTHORITIES AND FRAMEWORK

A. IID OATT Excerpts

Section III.30.6 – Transmission Arrangements for Network Resources Not Physically Interconnected

“The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements ...”

Section III.28.2 – Designated Resources

Provides that a Network Customer may designate Network Resources not physically interconnected with the Transmission Provider's Transmission System, subject to the Network Customer arranging delivery and the Transmission Provider assisting.

Section III.30.1 – General Principles

Confirms that service is provided for the purpose of serving designated Network Load and that Transmission Provider must act in a manner consistent with OATT obligations.

B. Risk Allocation Summary

- Financial Risk: 100% borne by IVCN.
- Credit Risk: Eliminated by draw account mechanism.
- Reliability Risk: None to IID (IVCM covers via on-site backup).
- Proposal is consistent with IID OATT § III.30.6; does not constitute Direct Access.

C. Suggested IID Next Steps

1. Sensitivity Analysis:

- Map feasible CAISO import paths (Day-Ahead and Real-Time markets).
- Analyze import capability from geothermal area.

2. Rate Setting:

- Establish administrative markup percentage and scheduling coordinator cost schedule.

3. Formalize Bridging Agreement:

- Enter into a short-term “Bridging Energy Agreement” under OATT umbrella.

Annual Revenue to IID

Annual Energy	330	MW	x	8,760	hrs	=	2,890,800	MWhr
IID OATT Rate	\$3.38	\$/MWhr	x	2,890,800	MWhr	=	\$9,770,904	
Scheduling Coordinator Rate	\$0.29	\$/MWhr	x	2,890,800	MWhr	=	<u>\$838,332</u>	
						Total Annual IID Revenue SCR + OATT	=	\$10,609,236
Avg Wholesale CAISO cost	\$52.34	\$/MWhr	x	2,890,800	MWhr	=	\$151,304,472	
CAISO TAC cost	\$14.08	\$/MWhr	x	2,890,800	MWhr	=	<u>\$40,702,464</u>	
						Total CAISO + TAC	=	\$192,006,936
IID Administrative Mark Up	6.0%		x	\$192,006,936		=	\$11,520,416	
						Total Annual IID Revenue	=	\$22,129,652