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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

AM
A2405014

Application of LS Power Grid California, LLC (U-247E), for a Certificate of Public Convenience and Necessity Authorizing Construction of the 'Power the South Bay' Project.

Application 24-05-014

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling identifies the issues for the proceeding, determines that there is no need for an evidentiary hearing, sets a schedule for the remainder of the proceeding, affirms the category initially assigned to the proceeding, and resolves other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Background

On May 17, 2024, LS Power Grid California, LLC (LS Power) filed Application (A.) 24-05-014 requesting a certificate of public convenience and necessity (CPCN) for the Power the South Bay Project (Project).

Prior to LS Power's initial filing, the California Independent System Operator (CAISO) had identified and selected the Project in its 2021-2022 Transmission Plan as a needed reliability-driven upgrade to the California transmission system.¹ To fill the reliability need, CAISO initially proposed a

¹ The CAISO staff performed a regional transmission planning analysis using a 10-year planning horizon. It modeled a range of on-peak and off-peak system conditions and considered facilities under CAISO operational control with voltages ranging from 60 kV to 500

Footnote continued on next page.

high-voltage project with mixed direct current (DC) and alternating current (AC) line components, stretching from the Newark 230 kilovolt (kV) substation owned by Pacific Gas and Electric Company (PG&E) to the Northern Receiving Station (NRS) 230 kV substation owned by Silicon Valley Power (SVP), a municipally-owned electricity provider in the City of Santa Clara. However, following LS Power's initial filing for a CPCN to construct, own, and operate the Project, CAISO determined that a material change should be made to what CAISO had previously planned.

As noted, CAISO's initial plan was to have the Project contain both AC and DC segments, including two new high-voltage direct current (HVDC) terminals.² However, on November 12, 2024, CAISO's Board of Directors approved a modification of the scope of the Project to a 230 kV, exclusively AC, transmission line project to better meet reliability demands resulting from greater than expected increases in forecasted load growth and the transition to a more robust long-term plan for the South Bay. Citing the change as a potentially material change, Administrative Law Judge (ALJ) Ferguson, on February 10, 2025, ordered LS Power to replace its original Application with an Amended Application, reflecting CAISO's change to the Project's original dual current design. LS Power filed its Amended Application on February 28, 2025. On December 12, 2025, the CEQA unit of the Commission's Energy Division issued

kV. Where this analysis found reliability concerns, CAISO identified transmission solutions to address these concerns. The Project is one such solution.

² In a typical AC transmission network, the power flows along the path of least resistance, which in some cases can result in unequal distribution of power across the AC transmission network. An HVDC system allows the operator to precisely control the power flow across the HVDC segment, which can help avoid issues on the AC transmission network.

its revised final environmental impact report (EIR) addressing LS Power's Amended Application for a CPCN.

As a reliability-driven addition to the California transmission grid, CAISO selected LS Power as the approved project sponsor for the Project through a competitive solicitation process. Once constructed, the Project would become part of the CAISO-controlled transmission system. CAISO requires the Project to be in service by no later than June 1, 2028. The costs of the Project would be recovered solely through transmission rates as part of CAISO's Transmission Access Charge, which comes under the Federal Energy Regulatory Commission's exclusive jurisdiction over rates for interstate transmission service. In its Amended Application, LS Power estimates that the total capital cost of the Project is \$677,700,000.³ In addition, LS Power has agreed to cost containment controls enforceable by CAISO.⁴

No protest to the initial or amended application was filed.

CEQA requires the lead agency (the Commission in this case) to identify environmental impacts of the project and ways to avoid or lessen those impacts.⁵ The Commission issued its revised final EIR for the proposed Project on December 12, 2025. Because there would be significant, although temporary, air quality impacts during the construction phase at the terminus of the transmission line in the City of Santa Clara, and because the City is not the applicant before the Commission, the Commission cannot impose mitigation on the City, acting through SVP, as a local public agency, the EIR for this proceeding addresses these significant and unavoidable impacts of the Project. The Commission may

³ Amended Application at 14.

⁴ *Ibid.*

⁵ See Cal. Code Regs., tit. 14, § 15000, *et seq.* (CEQA Guidelines), § 15060.

not approve the Project unless it (i) reviews and certifies the EIR, (ii) considers feasible alternatives or mitigation measures that would substantially lessen any significant effects that the Project would have on the environment, and (iii) determines that there are overriding considerations that merit approval of the Project and issuance of a CPCN to LS Power despite the unavoidable, significant (though temporary) impacts on air quality at the terminus of the transmission line in the City of Santa Clara.⁶ These and other issues will be addressed in the Commission's final decision for this proceeding.

In addition, pursuant to GO 131-D and Decision (D.)06-01-042, the Commission will not approve a project until the Commission is satisfied that its design complies with the Commission's policies governing the mitigation of electric and magnetic fields (EMFs) using low-cost and no-cost measures. These matters will also be addressed in the Commission's final decision for this proceeding.

A prehearing conference (PHC) was held on December 22, 2025, to assess how best to proceed efficiently to a conclusion of this proceeding. LS Power, and the only two other parties (CAISO and the City of Santa Clara, doing business as Silicon Valley Power (SVP), a municipally owned electric distribution company) appeared at the PHC. At the PHC the three parties stated that there were no disputes between or among them.⁷

2. Issues

Based on the record of this proceeding and governing authorities discussed above, the issues to be determined in this proceeding are:

⁶ See CEQA Guidelines §§ 15090-15091, § 15093, § 15126.2, § 15126.4, and § 15126.6; Final EIR, Vol. 1, section 3.3.

⁷ Transcript, 12/22/2025, at 10.

1. Does the Project serve a present or future public convenience and necessity that meets the requirements of Public Utilities Code Sections 1001, *et seq.*?
2. Does the Project qualify for the rebuttable presumption under Public Utilities Code Section 1001.1 in favor of the CAISO's "needs evaluation"?
3. What are the significant environmental impacts of the Project?
4. Are there potentially feasible mitigation measures that will avoid or lessen the identified significant environmental impacts?
5. As between the Project and the project alternatives, which is environmentally superior?
6. Are the mitigation measures or environmentally superior project alternatives infeasible for economic, social, legal, technological, or other considerations?
7. To the extent that the Project and/or project alternatives result in temporary but significant and unavoidable air quality impacts, are there overriding considerations that nevertheless merit Commission approval of the Project or alternative?⁸
8. Did the Commission review and consider the EIR for the Project, was the EIR completed in compliance with CEQA, and does the EIR reflect the Commission's independent judgment?
9. What is the maximum prudent and reasonable cost of the Project?⁹
10. What, if any, are the community values affected by the Project under Public Utilities Code Section 1002(a)(1)?
11. What are the impacts on environmental and social justice communities, including the extent to which the construction of the Project impacts the achievement of any

⁸ CEQA Guidelines § 15093.

⁹ See Public Utilities Code § 1005.5.

of the nine goals of the Commission's Environmental and Social Justice Action Plan?

12. Is the Project and/or environmentally superior project alternative in compliance with the Commission's policies governing the mitigation of EMF effects using low-cost and no-cost measure
13. Should the Commission grant LS Power exemptions from certain affiliate transaction rules and reporting requirements?

3. Need for Evidentiary Hearing

Both CAISO and SVP indicated at the PHC that they each had no contested, material, issues of fact.¹⁰ Therefore, I find there is no need for any evidentiary hearing.

4. Schedule

The following schedule is adopted here and may be modified by the ALJs as required to promote the efficient and fair resolution of the application.

LS Power may file an opening brief in this proceeding, not to exceed 50 pages, on or before the fifth workday after this Scoping Memo and Ruling is issued. CAISO and SVP each may file a reply brief, not to exceed five pages, on or before the fifth workday after LS Power has filed its opening brief.

The proceeding will stand submitted upon the date for filing of reply briefs unless the ALJs require further evidence or argument. The Commission will make every effort to issue its final decision in this proceeding during the first quarter of 2026, as the Applicant has requested. Based on this schedule, the proceeding will be resolved within the current statutory deadline of October 30, 2026.¹¹

¹⁰ See fn. 7, *supra*.

¹¹ Decision 25-10-048.

5. Alternative Dispute Resolution Program and Settlements

There are no disputes between or among the parties in this proceeding and therefore no need for anyone to consider Alternative Dispute processes.

6. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination that this is a ratesetting proceeding.¹² Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

7. Public Outreach

Pursuant to Public Utilities Code Section 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed on the Commission's daily calendar. Where feasible and appropriate, this matter was incorporated into engagements conducted by the Commission's External Affairs Division with local governments and other interested parties.

In addition, as required by GO 131-D, Section XI, LS Power provided public notice of this matter as follows:¹³

- By direct mail to local, state and federal government entities, California Indian Reservation Tribal governments and other interested parties;
- By direct mail to all owners of land on which the proposed facility would be located and owners of property within 300 feet of the right-of-way as determined by the most

¹² Resolution ALJ 176-3570.

¹³ See Application at 20.

recent local assessor's parcel roll available to the utility at the time notice is sent;

- By advertisement, not less than once a week, two weeks successively, in a newspaper or newspapers of general circulation in the county or counties in which the Project would be located, the first publication to be not later than ten days after filing of the application; and
- By posting a notice on-site and off-site where the Project would be located.

8. Intervenor Compensation

Neither CAISO nor SVP qualify for intervenor compensation.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such responses using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and

the ALJs. When serving any document, each party must ensure that it is using the current official service list on the Commission's website.¹⁴

This proceeding will follow the electronic service protocol set forth in Rule 1.10, with one exception, such that all parties are excused from the Rule 1.10 requirement to serve on the ALJs both an electronic and a paper copy of filed or serviced documents. Therefore, when serving documents on Commissioners, their personal advisors, and/or the ALJs, whether they are on the official service list or not, parties must only provide electronic service, transmitted no later than 5:00 p.m., on the date scheduled for service to occur, unless otherwise instructed by the ALJs.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

¹⁴ The form to request additions and changes to the Service list may be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

12. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add “@cpuc.ca.gov” to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

13. Assignment of Proceeding

Commissioner Karen Douglas is the assigned Commissioner, and Charles Ferguson and Nilgun Atamturk are the assigned ALJs for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above in section 2 and is adopted.
2. The schedule for this proceeding is set forth above in section 4 and is adopted.
3. Evidentiary hearing is not needed.
4. The category of the proceeding is ratesetting.

Dated January 14, 2026, at San Francisco, California.

/s/ KAREN DOUGLAS

Karen Douglas

Assigned Commissioner