



## **Submit comment on Issue paper and straw proposal**

Initiative: Interconnection process enhancements 2021

### **1. Provide a summary of your organization's comments on the Interconnection Process Enhancements (IPE) 2021 issue paper and straw proposal:**

CESA appreciates the CAISO's IPE Issue Paper and Straw Proposal and is mostly supportive of the CAISO's proposal and scope of issues. We underscore the importance of avoiding any retroactive changes to the existing queue where reasonable and apply many of the key reforms to prioritize and align the interconnection and transmission planning process with reliability and procurement needs, as well as to reasonably increase the commercial viability criteria to manage the interconnection queue and mitigate the risk of future superclusters. In the near term, there are reasonable changes that could be made to ensure timely network upgrades and flexibility to advance through the interconnection process.

CESA also wishes to express the sentiment that avoiding superclusters as an end or goal should not be what the CAISO strives for. High volumes of interconnection applications in itself could be a sign of significant commercial interest in developing renewable and energy storage projects to meet procurement obligations and market needs in support the state's decarbonization goals and reliability objectives. Combined with increased and/or refined commercial viability criteria to screen out less viable or speculative projects, the CAISO's focus should be weighted toward improving streamlined study processes, increasing staff resources (*e.g.*, comprehensive staffing plan), and investing/implementing automation tools to ultimately decrease study times and push the interconnection process "down the cost curve". Reasonable measures to incrementally increase the cost of entry and cost to stay in the interconnection queue is one lever in streamlining the process, but the CAISO should also do everything it can in terms of resourcing and automation to more expeditiously advance commercially-viable projects toward execution of generator interconnection agreements (GIAs) and facilitate the significant resource build needed to advance the state's energy transition.

Overall, some of the main areas of reform in the IPE Issue Paper and Straw Proposal are focused on modifying the commercial viability criteria, but in doing so, CESA generally recommends that these changes must be reflective of procurement cycles and varying development practices by technology and location. To this end, CESA also generally supports the CAISO's express intent to increase upfront data availability on transmission system capabilities and align processes across reliability, transmission, and supply capacity planning as part of Phase 2 reforms of this initiative, thus aiming to tackle some of the chicken-and-egg situations where resource development is not necessarily aligned with transmission capacity availability. Additionally, while likely outside of the direct scope of the CAISO and its interconnection process, the CAISO should coordinate with the CPUC to ensure that participating transmission owners (PTOs) adhere to timely (and potentially expedite) construction timelines for interconnection facilities and network upgrades. Greater transparency and accountability on these timelines is a necessary initial step in this regard.

**2. Provide your organization's comments on the ISO's proposal to remove the downsizing window and simplifying downsizing request requirements, as described in section 3.1, as modified in the stakeholder discussion that if a network upgrade only impacts that project, then the ISO would not need to wait for the reassessment to make a final decision on the downsizing:**

CESA supports this proposal for out-of-cycle downsizing requests as a reasonable means to reduce the MW in the interconnection queue.

**3. Provide your organization's comments on the ISO's proposal for revising the Transmission Plan Deliverability (TPD) Allocation process, as described in section 3.3:**

The CAISO proposes to revise the TPD allocation process and consolidate the Allocation Groups, focusing primarily on projects that have an off-taker agreement, have been shortlisted in a solicitation, and/or demonstrate that they are in active negotiations with a load-serving entity (LSE). While not opposing revisions to the TPD allocation groups, CESA believes that the CAISO's proposal requires further discussion and refinement as an IPE Phase 2 item to ensure that the Allocation Groups are defined in ways that: (1) do not force viable projects to become Energy Only (EO) projects (*i.e.*, CAISO's proposed new Group 3) if the generator is willing and able to fund deliverability upgrades if needed; and (2) allow EO projects that are operational could be classified as a Group 1 or 2 if it has secured an off-taker agreement or is in the process of doing so (shortlist, active negotiations).

In the first case, CESA believes that these situations must be accommodated in the TPD allocation process since the timing of TPD allocations do not always align with securing a power purchase agreement (PPA), nor does the history of deliverability upgrade delays. The CAISO's proposed Group 2 seemingly covers situations where a commercially-viable project may be in the interconnection queue and in advanced stages of negotiating and securing a PPA, but it would deprioritize and force projects without a secured PPA or actively shortlisted/negotiated PPA to be EO projects and only have deliverability allocated where it is available on the existing system, even though, as a practical matter, projects could be built and fund the deliverability upgrades if allocated deliverability in the TPD allocation process. Otherwise, if forced to be EO and not able to secure deliverability and fund/build the associated upgrades, these projects would need to "claw back" deliverability in future TPD cycles. Rather, a path should be established for projects without PPA agreements, shortlisting, or negotiation to positioning itself for future reliability needs or procurement obligations that is more realistic with the timing of the completion of deliverability upgrades. For example, if a project's deliverability upgrades are not scheduled to be online until 2028, it does not seem reasonable to require a PPA demonstration until closer to that date, especially considering the history of PTO upgrade delays. Importantly, PPAs are also typically secured after a TPD allocation.

Instead, CESA recommends that either: (1) the current Group 3 (proceeding without a PPA) could be maintained, not eliminated; or (2) the newly proposed Group 3 could be modified to allow projects without a PPA to receive TPD allocations and fund/build deliverability network upgrades with the ability to park or maintain TPD deliverability for some period of time. For the latter, it would afford projects some flexibility and a window to secure a PPA, thus demonstrating before the end of some (to be determined) defined window its status as a Group 1 or 2 project in future TPD cycles.

More broadly speaking, CESA has concerns with tying deliverability allocation priority groups solely based on a PPA itself. The CAISO indicates that a PPA is the ultimate sign of commercial viability, but a qualifying PPA has not been defined, such as around contract term length. Would short-term contracts (*e.g.*, less than a year, a few years) qualify? Rather than seeking to define the terms of a

qualifying PPA, CESA urges against using a PPA as the sole means to define commercial viability and consider our comments above on how projects without PPA agreements or shortlisting/negotiations be included in the TPD allocation process without being forced to be EO projects.

In the second case where an EO project is operational and could be in the process of or having already secured a PPA, the ability to be classified as Group 1 or 2 in the TPD allocation process would support the same ends that projects are prioritized for those that fulfill an LSE's RA obligations. During the stakeholder call, the CAISO noted the rarity of such situations, but it should not foreclose those possibilities. CESA recommends a more flexible definition regarding whether deliverability could be prioritized for projects that may not meet immediate RA obligation needs but could also be used to meet reliability needs pursuant to an "effective" planning reserve margin, which the CAISO is undoubtedly aware the CPUC has directed the investor-owned utilities (IOUs) to procure for Summer 2022/2023 emergency reliability needs. While not meeting RA obligations *per se*, securing deliverability for these projects remain a high priority since they could also be used to meet future procurement and RA obligations.

**4. Provide your organization's comments on the ISO's proposal for addressing the question of how can the interconnection process and procurement activity align with transmission system capabilities and renewable generation portfolios developed for planning purposes, as described in section 3.4:**

CESA agrees with the CAISO's broader goal to improve coordination of planning and procurement activities, but we have general concerns about resource-specific development (*e.g.*, offshore wind) and withholding such capacity. Given unique considerations of long lead-time resources, CESA supports further exploration of this issue in a technology-neutral way but also aligns with longer outlooks of the CAISO's 20-year Transmission Outlook Initiative and the Joint Agency's SB 100 Study process and supports their identified resource development.

**5. Provide your organization's comments on the ISO's proposal for determining if a solicitation model be considered for some key locations and constraints not addressed in portfolio development, as described in section 3.6:**

In addition to greater transmission data transparency, CESA is generally supportive of exploring the development of a solicitation model. In locations where there is limited existing transmission availability relative to the interconnection requests, the CAISO's solicitation model concept could be considered, albeit with further development on the process and criteria. At that stage, higher commercial viability criteria, fees, and/or deposits could be applied as screening and scoring criteria. In this way, the barriers to entry will not be unnecessarily increased across the board.

However, CESA has major reservations about using the solicitation model to favor selected projects with a pre-existing right to interconnect. While it could be used as a process by which to manage and reduce the interconnection queue, reserving interconnection rights represents an overreach of the CAISO's role as a non-discriminatory and competitive system operator. Existing processes are already in place to secure interconnection rights and deliverability in a non-discriminatory way.

**6. Provide your organization's comments on the ISO's proposal for determining if an accelerated process for "Ready" projects be considered, as described in section 3.7:**

CESA is supportive of moving this issue into Phase 2 of this initiative since criteria would need to be further defined and processes would need to be developed to verify readiness. In particular, CESA directionally supports the narrowing of the scope to support temporary emergency interconnection service to address near-term reliability needs, but the CAISO must develop criteria around how it defines “temporary” to ensure that it does not impact other projects seeking “permanent” interconnection in the normal queue process, or more than is necessary. In addition, there must be criteria established to define “emergency” to demonstrate that existing or expected resources truly cannot meet near- or immediate-term reliability, such that expedited interim interconnection of temporary generators could be allowed. At the stakeholder meeting, the CAISO shared how it may require an emergency proclamation from the Governor and orders from a state agency to determine the need for emergency generators to meet the shortfall, which is a start but requires further refinement. Finally, CESA shares the perspectives of other stakeholders that there may not be a need for such separate “ready” criteria if commercial viability criteria are refined and interconnection study processes are streamlined, leading to the development of temporary emergency interconnection service to be a last-resort measure that the CAISO could exercise without separate FERC tariff waivers.

**7. Provide your organization’s comments on the ISO’s proposal for determining if higher fees, deposits, or other criteria be required for submitting an IR, as described in section 4.1:**

CESA is open to the CAISO’s proposal in general for higher fees, deposits, or other proxies to minimize speculative projects or flooding the queue with applications. In particular, CESA appreciates the CAISO’s nuanced consideration of a proposal that would not raise the price to entry for all projects; however, the specific amounts proposed represent significant increases that are not tied to the actual study costs and may not necessarily increase the quality of applications. A large developer who submits 10 projects could very well be submitting 10 high-quality and commercially-viable projects but may be deterred by the significant fees and deposit requirements.

CESA thus recommends against imposing escalating fees and deposits based on multiple interconnection applications by a single developer. Escalating fees and deposits based on the number of projects may penalize high-quality, viable projects simply as a result of being from the same developer, who may be submitting multiple interconnection applications as a result of understanding the transmission system and market/procurement landscape, not because of a scattershot approach. At the stakeholder meeting, the CAISO stated that they were not basing this proposal on any quantitative or qualitative analysis on whether the number of projects submitted by a single entity correlated with poor-quality or speculative projects. Absent such analysis, this proposal should not be pursued. Moreover, CESA also has questions regarding the administrative complexity of tying interconnection applications to a single parent company when each project is typically owned and developed by separate legal entities.

CESA, however, is open to considering some increase in the study fee that is tied to actual study costs or historical precedent (e.g., \$250,000) as a means to reduce the queue, reasonably and incrementally increase the bar to entry, and support greater resourcing and infrastructure to handle the volume of interconnection applications.

**8. Provide your organization’s comments on the ISO’s proposal for determining if site exclusivity be required to progress into the Phase II study process, as described in section 4.2:**

CESA does not have a position at this time on adding a site exclusivity requirement for QC14 projects to move toward Phase II study processes. Regardless of whether the CAISO adopts a site exclusivity requirement for QC14 projects, CESA recommends that the CAISO consider how this requirement could impact projects of different technologies and locations. For example, projects developed in or near urban areas may face different conditions when it comes to securing land and site control, which can be higher and time consuming than those in rural areas, even though these projects may be otherwise commercially viable. Projects in such locations are located in extremely expensive commercial markets where landowners are not accustomed to multi-year options, except at very high lease options. If projects will not be deliverable with the necessary deliverability network upgrades until further out in the future, then projects in expensive urban markets will be economically disadvantaged in the interconnection study process, even though they may be some of the most-needed capacity to support reliability needs. Moreover, such projects may still be highly viable since smart developers will have accounted for a number of factors, such as the availability of existing transmission capability, the lack of competition at the point of interconnection (POI), and sufficiency of real estate availability at the POI.

Since many developers planned their projects with the existing tariff rules in mind, CESA recommends that the CAISO also ensure that sufficiently forward notice be provided to all market participants in advance of issuing Phase I reports by September 15, 2022 (per the CAISO's Supercluster Final Proposal). Prior to making any changes, CESA also requests that the CAISO provide data and analysis on some of the following:

- How many QC14 projects have deposits in lieu of site exclusivity?
- Has CAISO quantified the impact this change might have in terms of both application review timelines or upgrade construction timelines?
- Has CAISO evaluated what staffing level would be required to review the current Queue without a change in review or construction timelines?

In addition to the aforementioned considerations, CESA also notes that the timing between receiving the Phase I study results reports (by September 15, 2022 per the CAISO's Supercluster Final Proposal schedule) and making a decision to move into the Phase II study process is likely too short to allow projects without site control to obtain it in time to advance. Even with the CAISO setting a goal to have the Phase 1 final proposal and tariff changes approved by the Board of Governors in May 2022, certain developers would face risk in beginning the process to acquire site control without receiving their Phase I study results.

However, CESA is open to considering proposals to have higher non-refundable portions of securities and deposits for interconnection requests that drop out of the queue as a condition of advancing to the Phase II study process in QC14, coincident with the Phase II deposit deadline. In considering such an approach, the CAISO should take into account the combination of proposals for higher fees/deposits and non-refundable portions to ensure that the securities do not put unreasonable levels of funds at risk for each project, which may otherwise be commercially viable and necessary to support economic project development as well as procurement needs.

On a going forward basis for QC15 and beyond, CESA is open to considering whether to require site exclusivity as a condition to advance to the Phase II study process. Overall, CESA will need more time to develop positions or proposals on reasonable commercial viability criteria for future clusters.

**9. Provide your organization's comments on the ISO's proposal for determining if the ISO should re-consider an alternative cost allocation treatment for network upgrades to local**

**(below 200 KV) systems where the associated generation benefits more than, or other than, the customers within the service area of the Participating TO owning the facilities, as described in section 5.1:**

CESA has no comment or position at this time.

**10. Provide your organization's comments on the ISO's proposal for determining the policy for ISO as an Affected System - how is the base case determined and how are the required upgrades paid for, as described in section 5.2:**

CESA has no comment or position at this time.

**11. Provide your organization's comments on the ISO's proposal for the expanded errors and omissions process to provide criteria and options when changes to network upgrade requirements occur after Financial Security (IFS) postings have been made, as described in section 5.3:**

CESA has no comment or position at this time.

**12. Provide your organization's comments on the ISO's proposal for clarifying the definition of Reliability Network Upgrade (RNU), as described in section 5.4:**

CESA has no comment or position at this time.

**13. Provide your organization's comments on the ISO's proposal for transferring Participating Transmission Owner (TO) Wholesale Distribution Access Tariff (WDAT) Projects into ISO Queue, as described in section 5.5:**

CESA is supportive of this proposal for consideration in Phase 1. We look forward to reviewing the specific criteria regarding requirements for projects that need to be transferred to the Wholesale Distribution Access Tariff (WDAT).

**14. Provide your organization's comments on the ISO's proposal for changing sites and POIs during IR validation, as described in section 5.6:**

CESA has no comment or position at this time.

**15. Provide your organization's comments on the ISO's various questions for addressing whether the ISO have the ability to terminate the GIA earlier than the seven year period, if a project cannot prove that it is actually moving forward to permitting and construction, as described in section 5.7:**

CESA has no comment or position at this time.

**16. Provide your organization's comments on the ISO's proposal for should parked projects be allowed to submit any type of MMAs while parked, as described in section 5.8, and if yes, what criteria should be required:**

CESA disagrees with the CAISO's proposal to not allow parked projects to submit MMAs. Projects may be parked for multiple reasons, even due to offtake reasons, and doing an MMA to update something like inverters or change capacity while finalizing offtake negotiations, may save time in the long run and make a project more viable.

**17. Provide your organization's comments on the added scope item from SCE to add due dates for curing deficiencies in Appendix B, to avoid delays in starting Phase II studies, as described in section 6.1:**

CESA is generally supportive of this scoping item. As explained in the Issue Paper and Straw Proposal, it is important to establish reasonable and clear upfront curing periods so that the entire queue is not held up due to delays of interconnection studies with deficiencies.

**18. Provide your organization's comments on the added scope item from SCE to make it explicit that when ICs agree to share a gen tie-line, PTO interconnection facilities, and any related IRNUs at a substation across clusters, the shared IRNUs are not subject to GIDAP Section 14.2.2, as described in section 6.1:**

CESA has no comment or position at this time.

**19. Provide your organization's comments on the added scope item from Gridwell on a proposal to include an issue focused on improved transmission grid data transparency, and specifically what data your organization would like to obtain publicly, as described in section 6.2:**

CESA is strongly supportive of this scoping item since improved data access, transparency, and accessibility will support not only the developer community in identifying viable and cost-effective project sites but also LSEs in more smartly assessing projects and vetting achievable commercial online dates and overall project costs

**20. Provide your organization's comments on the added scope item from LSA/SEIA to resolve delays caused by PTOs via modifications to commercial viability criteria, as described in section 6.3:**

CESA has no comment or position at this time.

**21. Provide your organization's comments on the added scope item from LSA/SEIA to address network upgrade re-stacking and how your organization would suggest the Participating TOs would prioritize the various upgrades versus project CODs, as described in section 6.3:**

CESA supports the continued inclusion of this issue for further discussion and believes it could be developed in a way that supports practical implementation timelines while avoiding any line jumping of fair interconnection and deliverability rules.

**22. Provide your organization's comments on the added scope item from LSA/SEIA to address expanding deliverability transfer opportunities, as described in section 6.3:**

CESA is supportive of this scoping item as a means to help manage the overheated queue and potentially consolidate around the most viable projects.

**23. Provide your organization's comments on the added scope item from CalWEA to address re-examining the ISP electrical independence test in section 6.4 and provide specific proposals for revisions to the ISP electrical independence test criteria that provides a methodology that addresses the condition where a current cluster project is impacted or a potential impact cannot be ruled out:**

CESA does not have a specific proposal at this time, but we support an examination to clarify the process and study criteria for the electrical independence test.

**24. Provide your organization's comments on the added scope item from REV Renewables to address examining the issue of when a developer issues a notice to proceed to the PTO, requesting the PTO/ISO should start planning for all upgrades that are required for a project to attain FCDS, including the upgrades that get triggered by a group of projects, as described in section 6.4:**

CESA is supportive of this scoping item and agrees with REV Renewables that delays in upgrade construction unnecessarily creates a reliance on year-by-year interim deliverability and causes the potential for the loss of deliverability on any given year if interim deliverability no longer exists, yet deliverability-related upgrades are not constructed in time. Broadly, like the network re-stack issue above, how work plans for network upgrades are prioritized and initiated merit deeper discussion.

**25. Provide your organization's comments on the added scope item from SDG&E recommending there be a requirement that any IR that proposes to utilize a third party owned gen-tie must provide documentation as part of their IR that demonstrates that the gen-tie owner has agreed to the project using its gen-tie, as described in section 6.4:**

CESA has no comment or position at this time.

**26. Provide your organization's comments on the added scope item from SDG&E recommending that after the IR validation, the ISO should be consistent in using RIMS for all documents, details, etc. related to projects, as described in section 6.4:**

CESA has no comment or position at this time.

**27. Additional comments on the IPE 2021 issue paper and straw proposal and December 13, 2021 stakeholder workshop discussion:**



CESA appreciates the CAISO's inclusion of the *Grid Strategies* white paper, which offers helpful context from the FERC ANOPR as well as key observations on how the current process can be improved. As noted throughout the white paper and in the CAISO's proposals, there is misalignment in planning and interconnection processes, where Phase 2 of this initiative will play a critical role in facilitating the development of these proposals.

Due to the timing of the issuance of the Issue Paper and the Straw Proposal and the intervening end-of-year holiday break, the above comments are limited in scope since member feedback has been limited and/or consensus recommendations have been harder to reach as an organization. However, we look forward to further engagement in this initiative.