



Submit comment on Final proposal

Initiative: Interconnection process enhancements 2021

1. Please provide a summary of your organization's comments on the IPE 2021 phase 2 final proposal:

CESA appreciates the California Independent System Operator's (CAISO or ISO) continued efforts to enhance the interconnection process in Phase 2. The collective proposals of the 2021 Interconnection Process Enhancements (IPE) will go a long way to managing overheated and large interconnection queues, better aligning cost allocation and various procurement and planning processes, and efficiently bring on the new capacity resources needed to support the state's decarbonization goals and reliability needs.

The Phase 2 Final Proposal represents a culmination of significant staff effort and stakeholder input. In the context of the Federal Energy Regulatory Commission (FERC) Notice of Proposed Rulemaking (NOPR) on generator interconnection processes and procedures, the ISO naturally contemplated how this Phase 2 Final Proposal would align and advance the NOPR, even as FERC is still in the process of soliciting stakeholder comments before issuing a Final Rule on the matters. In particular, in the Draft Final Proposal, the ISO proposed a suite of changes that would institute higher fees, deposits, and withdrawal penalties, conditioned on whether projects met certain commercial readiness criteria, which determined the specific track of fees, deposits, and withdrawal penalties. In response, CESA recommended a narrower set of incremental changes at this late stage of the process, limited to the NOPR's study cost allocation formula and the \$/MW study deposit amounts without the commercial readiness component of the NOPR proposal. We viewed these incremental changes as reasonably balanced for managing the overheated queue while not excessively deterring market participation when considering the range of Phase 1 and 2 proposals, which collectively would have unclear net impacts on upcoming queue clusters.

However, the ISO has withdrawn this proposal altogether in light of the widespread stakeholder opposition and the short lead time to the October Board of Governors (BOG) meeting, preferring instead to address these issues through the FERC NOPR process. Even though still supportive of the aforementioned incremental change to institute \$/MW study deposits, CESA also supports the ISO's proposal to remove these suite of changes from the Phase 2 Final Proposal. Indeed, being at a late stage in the stakeholder process, any significant reform could not be fully vetted, and stakeholder consensus building could not be feasibly achieved before October 26-27, 2022. Rather, CESA looks forward to engaging the ISO in the FERC NOPR process.

In addition to these high-level comments on the fees, deposits, and withdrawal penalties, CESA reiterates our position that additional transparency enhancements could be achieved in spite of the FERC NOPR with greater automation and development of necessary platforms, as well as how the ISO should consider alternatives to setting power purchase agreement (PPA) term requirements as it pertains to Transmission Plan Deliverability (TPD) allocation group criteria.

2. Provide your organization's comments on section 3.1 - Transparency enhancements:

CESA continues to strongly support the ISO's efforts to make more data categories publicly and transparently available to stakeholders, which will advance more rational and smart siting decisions and reduce to some degree the more speculative interconnection requests that enter the queue mostly to seek transmission availability and project cost information. While data transparency in itself does not resolve the current interconnection logjams, it is an important contributing factor to addressing the current and future queues. To this end, CESA commends the ISO for making many project-level information available in the current Final Proposal.

Upon review of comments, however, the ISO maintained its Draft Final Proposal and did not make any changes to the Final Proposal, even though CESA continues to believe that there are still merits to our recommendations and pathways to pursue them without necessarily awaiting the NOPR conclusion.

One major recommendation made by CESA and many other stakeholders was the production of heat maps, akin to those made available on California's distribution grid via the Integrated Capacity Analysis (ICA) maps. Though the transmission capability estimates produced by the ISO are helpful, they are snapshots in time and lack the granularity needed to support siting decisions. Yet, the ISO explained that it would wait for the NOPR process to play out before agreeing to produce a map. CESA does not believe that the development of such a map needs to wait for the conclusion of the NOPR with a Final Rule, which may or may not require the production of heat maps. The FERC rules will likely establish common guidance and minimum standards for the interconnection process and procedures, but there is no reason why the ISO cannot exceed them if such tools could help ease queue management in the nearer term, especially as the timeline for any Final Rule is unclear and could be at least one year out into the future. Given the timelines for development and implementation of heat maps, the ISO should get started as soon as possible.

Additionally, CESA offered comments on how certain information (e.g., site exclusivity, milestones) could be presented in aggregated form to protect commercially-sensitive information, yet the ISO declined to add them into the Final Proposal because of the challenge of consistently producing, enforcing, and making accessible such information. While recognizing the costs and effort to make such information public even in aggregated form must be weighed against the benefits of doing so, CESA believes that this reasoning points to how the ISO should strive to automate the inputs and outputs of such information. Based on how the ISO described the work required to do so, CESA presumes that such information is tracked and analyzed in a very manual process, making it a tall task to even produce the aggregated information on whether projects had site exclusivity or used in-lieu deposits in making the case for site exclusivity-related proposals in Phase 1 of this initiative. Given the value of making this information public to inform siting decisions, CESA strongly encourages the ISO to consider ways to automate the process of receiving updates and information from interconnection customers in an automated fashion such that the production of outputs in aggregated form can be similarly streamlined and made available.

3. Provide your organization's comments on section 3.2 - Revisiting the criteria for PPAs to be eligible for a Transmission Plan Deliverability (TPD) allocation:

CESA reiterates our principled position that the ISO should not define minimum term lengths for qualifying PPAs, but if the ISO is intent on doing so, CESA urges that the ISO return to the 3-year minimum contract term requirement to apply for Allocation Groups A and B and retain deliverability for Allocation Groups B and D. Yet, the ISO has not budged in its position from the Draft Final Proposal, though we appreciate the reasonable and balanced accommodations to enable projects with non-LSE

to qualify for these groups. Overall, while understanding the ISO's motivations, CESA does not agree with the ISO's position in this regard, where valid alternatives have been proposed, such as LSA's in-lieu deposit alternative for projects that have secured a PPA of at least one year but less than the required 5-year term. Another alternative could be to weigh PPA term lengths in the BPM scoring process, thus not using term length as an eligibility criterion but more of a scoring criterion to favor projects that can best utilize long-term ratepayer-funded deliverability. CESA strongly urges the ISO to more deeply consider and adopt some form of these alternatives, or at least minimally, return to the 3-year minimum contract term requirement that the ISO previously included in the Phase 1 Final Proposal.

4. Provide your organization's comments on section 5.1 - Should the ISO 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:

CESA has no comment at this time.

5. Provide your organization's comments on section 5.2 - Policy for ISO as an Affected System – how is the base case determined and how are the required upgrades paid for:

CESA has no comment at this time.

6. Provide your organization's comments on section 5.2 - While the tariff currently allows a project to achieve its COD within seven (7) years if a project cannot prove that it is actually moving forward to permitting and construction, should the ISO have the ability to terminate the GIA earlier than the seven year period:

The ISO made no change to the Draft Final Proposal to the Generator Interconnection Agreement (GIA) termination period, and no discussion was provided in response to limited and broadly supportive stakeholder comments. CESA reiterates our support for this reasonable proposal to exercise and enforce the ISO's existing authorities and procedures in order to manage the interconnection queue and ensure projects are demonstrating development progress.

7. Provide your organization's comments on section 6.1 - 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:

The ISO continues to defer this issue to either bilateral discussions and/or updates in the quarterly Transmission Development Forum (TDF). At this stage of the stakeholder initiative, there is limited time to advance this issue toward developing solutions, so we instead request that the ISO immediately take up this issue in another stakeholder initiative since bilateral discussions and the TDF is currently ill-suited for creating broader standards and protocols related to getting timelines for all upgrades associated with projects getting FCDS.