



Submit comment on Revised straw proposal

Initiative: Interconnection process enhancements 2023

1. Please provide a summary of your organization's comments on the revised straw proposal

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CalWEA continues to support its "Proposal to Effectively Address the Queue Overload While Preserving Open Access, Competition, and Resource Diversity" as presented at the July 11, 2023, stakeholder meeting, with slight modifications, some of which are to conform to FERC's Order 2023 framework. In summary:

1. No artificial limit should be placed on the size or location of submitted interconnection applications. However, limiting the number of applications submitted by each unaffiliated company is appropriate, as noted below under question 3. CAISO's compliance with FERC Order 2023 (e.g., site control requirements) could prevent what FERC considers "frivolous" interconnection applications.
2. All projects entering a queue cluster should be eligible for a scoping meeting and receive needed preliminary information on their interconnection requirements so that they can determine whether it would make sense to withdraw from the queue before the Cluster Study begins.
3. For its Cluster Study, CAISO (and its PTOs) should study a reasonable volume of generation interconnection capacity in each of the study zones in which interconnection applications have entered the study process, rather than studying all the queued generation. The study can heavily rely on previous studies. The deliverability assessment should focus on the interconnection requests not behind any known transmission constraints. The reliability assessment should focus on short circuit duty and substation evaluation.
4. The Cluster Study should therefore produce reasonable interconnection requirements, including cost and timelines, for each generation pocket. These costs and timelines should be assigned as a proxy to all projects in each gen pocket according to a formula to be developed.
5. The proxy interconnection requirements (cost and timeline) assigned by CAISO to projects included in the Cluster Study would be shared with all interested offtakers (e.g., LSEs) for consideration. Offtakers would then be encouraged to directly, or via the project, share their interest in studied projects with CAISO. CAISO would use such input as one of several measures to determine the commercial viability of projects included in the Cluster Study, based on the formula for scoring commercial viability. This project viability scoring process would require that the time between the Cluster Study and the Cluster Restudy be extended beyond the FERC Order 2023 45-day period to potentially a 3-month period.
6. CAISO would allow projects with a commercial viability score higher than a certain threshold to enter the Cluster Restudy. All location-constrained resources should be exempt from any scoring mechanism that involves project locations based on CAISO-selected study zones.

7. The projects that do not qualify to enter the Cluster Rerstudy based on their commercial viability score would be withdrawn from the queue unless they are willing to post a non-refundable IFS deposit based on their full proxy interconnection cost.
8. CAISO would perform the Cluster Rerstudy studies using its existing protocols based on the projects that enter the Cluster Rerstudy.

2. Provide your organization's comments on data accessibility to inform and support the zonal approach

CAISO clarified in the Dec 19th call that available transmission capacity is determined by constraints. CAISO termed the gen pockets behind constraints "sub-zones" and acknowledged that sub-zones could partially overlap with each other, and a sub-zone could cross multiple study zones. Thus, the use of "zone" or "area" in the proposal is very confusing as treatment of interconnection requests based on available transmission capacity at the zonal level is not possible. Available capacity will be POI-specific. CalWEA does not support the proposal but, if CAISO moves forward, we ask CAISO to establish the policy based on the POI and its transmission constraints as follows:

In any zones, the POIs fall into one of the three categories below:

- behind constraints without available capacity; these can move forward only as Option B or Energy Only.
- behind constraints with available capacity; projects filling up to 150% of available capacity will be studied as Option A.
- not behind any known constraints.

This clarification is consistent with CAISO's Dec 19th presentation to study up to 150% of available capacity.

CAISO does not address how to set capacity limits for POIs that are not behind any known constraints. We suggest that all projects at such POIs be included in the study process.

CalWEA urges CAISO to allow Energy Only interconnection requests anywhere in its BAA. For example, since CAISO proposes that filling up 150% transmission capacity should not apply to EO projects, that means that all EO projects are eligible for study regardless of where they are located.

3. Provide your organization's comments on updates made throughout Section 2 Interconnection Request Intake

ISO should limit the number of requests by any developer and its affiliates, and should not limit the amount of capacity requested, which would artificially curb project scale efficiencies. For example, no affiliated developers could have more than 10 IRs across the CAISO footprint and not more than 3 in a study area.

4. Provide your organization's comment on section 2.4 – Scoring Criteria

CalWEA strongly believes that scoring projects absent transmission upgrade cost and timing estimates will not be meaningful. CalWEA continues to support scoring after the cluster study provides cost and time estimates for needed upgrades, per our proposal outlined under question 1, above.

Regarding the specifics of the scoring criteria, we have the following comments:

- Re “LSE Interest” – LSEs cannot meaningfully determine interest in projects without a reasonably accurate estimate of upgrade costs and timelines.
- Re “Project viability / Demonstration of business partnership with future supply of major equipment” – this criterion does not necessarily indicate the viability of a particular site since major supply agreements with developers can be global and not site-specific.
- Re “Project viability / Engineering design plan” – As such design plans are only a matter of expense, this scoring criterion would only increase the cost of IR development without differentiating the viability of projects.
- Re “Project viability / Expansion of existing facilities and surplus gen-tie capacity” – This criterion appears to assume that the expansion is being done by the owner of the existing facility. This should be clarified, as expansion of a site could conflict with the existing project or substation. Further, more points should be awarded where surplus gen-tie capacity is available. Thus, we suggest replacing the 30 and 40 points for these two sub-criteria with 20 and 50 points. If there is only a letter of intent between the existing facility and the expanded resource, the IR should receive 20 points, rather than 30. If there is surplus gen-tie capacity and an executed gen-tie sharing agreement, 50 points should be awarded and otherwise 0 points.
- Re “System Need / Long-lead-time resources” – Resources included in the CPUC portfolio that do not require new transmission should also get 60 points.
- Re “Distribution Factor / lowest DFAX as tie-breaker” – Projects are generally situated behind multiple different constraints, and therefore assessing DFAX will be very complex and is not suitable for project scoring purposes. Instead, DFAX should be considered in TPD allocation where CAISO should develop an algorithm that prioritizes the highest RA value based on the available transmission capacity.

5. Provide your organization’s comment on Section 2.5.1 - Fulfillment of 150% of available and planned capacity

The language in the Dec 19th presentation is completely different from the very confusing language in the revised straw proposal. CalWEA’s comments therefore address the presentation material. However, the proposed approach will provide too rough an approximation of available transmission capacity because it will not evaluate various impacts on the constraints from different POIs. Also, CAISO does not address how it will set capacity limits for POIs that are not behind any known constraints. Please see comments under question 2 above.

Regarding 150% of the capacity, CalWEA continues to support a higher threshold, such as 200%, for these reasons:

1. The available transmission capacity published by CAISO is lagging the most recent TPD allocation (at least for QC15). The ICs will need to make judgements in a too-short period of time regarding whether to pursue certain IRs in the next cluster window.
2. The available transmission capacity is a rough estimate that doesn’t account for different impacts from a different set of POIs.
3. Scoring projects in an early stage of development could lead to uneconomic projects being picked and to overlooking potentially viable projects. Keeping a larger volume of projects in the study process will allow for self-correction of the imperfect scoring approach and potentially greater competition.

6. Provide your organization’s comment on section 2.5.2 – Zonal Auctions

The auction approach will raise project development costs, favor deep-pocket developers, and reduce competition.

If CAISO proceeds with the proposed approach, CalWEA suggests that CAISO refund the auction financial security if the project doesn't receive a TPD allocation and has to withdraw.

7. Provide your organization's comment on section 2.5.3 – Modifications to the Merchant-Financing "Option B" Process

Option B should be allowed at all POIs without available capacity. See comments to question 2 above.

Regarding ADNUs being approved in TPP, an Option B project should not be required to seek a TPD allocation for an ADNU that it has already posted a deposit for; it should get the TPD immediately under the condition that its posting be refunded only once the project is operational.

8. Provide you organization's comment on the ISO's proposal to remove both the off-peak and operational deliverability assessments to enable the ISO to meet Order No. 2023's prescribed timelines (section 2.6.1)

Support. These studies provide little value to developers.

9. Provide your organization's comments on updates made to Section 3.1 - One-time Withdrawal Opportunity

CalWEA supports CAISO's previous proposal. Given that network upgrade costs are fully refundable, SCE's concerns are unfounded. At a minimum, projects without shared NU and without Assigned NU that are Potential NU for later projects should be given the one-time withdrawal opportunity.

10. Provide your organization's comments on updates made to Section 3.2 - Limited Operation Study Updates

CAISO should allow non-binding LOS any time upon IC request and at the expense of the IC.

11. Provide your organization's comments on updates made to Section 3.3 - Requirements for Asynchronous generating facilities

CalWEA supports the requirements.

12. Provide your organization's comments on updates made to Section 3.4 - Removal of suspension rights

No comment.

13. Provide your organization's comments on updates made to Section 3.5 – Limitations to TPD

CalWEA opposes this proposal. The remaining project may be reduced in size for commercial reasons, but it should be allowed to develop as an EO resource at the original size regardless of PPA status.

14. Provide your organization's comments on updates made to Section 3.6 - Viability Criteria and Time in Queue

No comment.

15. Provide your organization's comments on updates made to Section 3.7 – Timing for Construction Sequencing Requests

Section 3.7 is "Project modification request policy updates." CalWEA supports the policy updates.

16. Provide your organization's comments on updates made to Section 3.8 – Shared Network Upgrade Postings and Payments

No comment.

17. Provide your organization's comments on updates made to Section 3.9 – Timing of GIA Amendments

Support. The adoption of the approach could be PTO-specific, i.e., a PTO could amend the GIA sooner.

18. Provide your organization's comments on updates made to Section 3.10 – PTO starting work on NTPs

Support.

19. Provide your organization's comments on Section 3.11 - Deposit for ISO implementation of interconnection projects

CAISO should request that FERC allow the use of the study deposit for this purpose instead of requiring a new deposit. If FERC rejects the request, the additional deposit should be \$50,000k or less.

20. Provide your organization's comments on Section 3.12 - Update to the Phase Angle Measuring Units data

No comment. However, we note that CAISO may have intended to suggest a PMU resolution requirement of 60 samples per second.