Submit comment on Track 2 working groups

Initiative: Interconnection process enhancements 2023

CALWEA COMMENTS AS SUBMITTED

1. Of all of the concepts and proposals presented in the Discussion Document and in working groups, what concepts or proposals do you think will be most meaningful in addressing the problem statements? *

1) Interconnection request intake

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, workshop (updated on July 20, 2023). To expound on that presentation:

1. No artificial limit should be placed on the number, size, or location of submitted interconnection applications – most such applications are likely to follow CAISO’s recommended interconnection zones anyway. CAISO could increase interconnection application study fees or site exclusivity deposits as a measure to prevent what it considers “frivolous” interconnection applications – particularly for developers that submit an excessive number of 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 Phase 1 studies begin.
3. For its Phase 1 study, CAISO (and its PTOs) should study a volume of generation interconnection capacity in each of the study zones in which interconnection applications have entered the Phase 1 study process, rather than studying all the queued generation. The study can be done similarly to how CAISO conducts TPP studies for policy upgrades. The formula for the generation volume and its mapping to various busbars in a study zone should reflect the latest total IRP capacity for that zone as well the size and location of interconnection applications submitted for that zone in the queue being studied. The algorithm can be discussed and determined later.
4. The CAISO Phase 1 study should therefore produce reasonable interconnection requirements, including cost and timelines, for each study zone. These costs and timelines should be assigned as a proxy to all projects in each study zone according to a formula to be worked out later.
5. The proxy interconnection requirements (cost and timeline) assigned by CAISO to projects studied in Phase 1 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 studied in Phase 1 included in the formula for scoring commercial viability. This project viability scoring process would require that the time between Phase 1 and Phase 2 studies be extended beyond the current 90-day period to potentially a 6-month period.

6. CAISO would allow projects with a commercial viability score higher than a certain threshold to enter Phase 2 studies subject to those projects posting their IFS based on their proxy interconnection costs. IFS postings will be subject to the same calculation and forfeiture rules as are applicable today. 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 Phase 2 studies 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 Phase 2 studies using its existing protocols based on the projects that enter Phase 2 studies.

2) Queue management

To address CAISO's shortage of resources, both in terms of skilled human resources and creative solutions, to "administratively" manage the onslaught of resources seeking to connect to the grid in a reliable and timely fashion, CAISO should hire more staff, employ consulting services, and develop innovative technical methods and tools. (One such method was suggested by SCE whereby the detailed verification of inverters would be delayed to much later in the interconnection process.) These simple solutions are particularly feasible given that the interconnection customers will bear the full cost of any solution(s) that CAISO adopts for processing and studying queued interconnection applications.

2. Of all of the concepts and proposals presented in the Discussion Document and in working groups, what concepts or proposals concern you? Please describe how these concepts fail to adhere to the principles or would not appropriately address the problem statements. *

1) Interconnection request intake

CalWEA is concerned that the CAISO's proposals do not comport with the overarching imperative (noted in CAISO's June 23, 2023 paper) that CAISO continue to ensure open access and avoid discriminatory or preferential treatment. Most of the reforms proposed by CAISO would limit the number and scope of interconnection applications even before the interconnection process starts. Such principles are contrary to FERC's open access principles and would also severely limit the current supply competition that enables Load Serving Entities the opportunity to select from a large variety of resources at competitive prices in meeting their short- and long-term clean energy and reliability goals, to the benefit of electricity customers.

In addition, we are concerned that the CAISO's proposals will fail to meet the principle that reforms should "enhance the interconnection process's ability to support the procurement necessary to meet California Public Utilities Commission (CPUC) resource portfolios and California Energy Commission (CEC) SB 100 portfolios, and portfolios established by non-CPUC jurisdictional LRAs." Specifically, we find CAISO's proposed solutions to be discriminatory against "location-specific resources." For example, CAISO would study projects with higher priority in part based on its preferred locations developed by the new transmission upgrades recently approved by its board. Fitting into those locations works for technologies and resources that are site-flexible – primarily solar, storage and combinations of the two, which now dominate the queue. It does not work well for location-

constrained resources, such as wind, offshore wind, geothermal and certain types of long-duration storage resources (e.g., pumped storage). These resources generally require considerable due diligence prior to entering the queue, which accounts in part for why they are a small portion of the queue. Therefore, as noted above, all location-constrained resources should be exempt from any scoring mechanism that involves project locations based on CAISO-selected study zones.

2) Queue management

CalWEA believes that the Queue Management Initiative should be completely reconsidered. The specific measures suggested by Queue Management for managing the projects that have already completed their studies imply that such projects stay in the queue and request MMAs for frivolous reasons rather than to address real business needs as developers seek to advance their projects. And the solutions offered by QM appear to be intended to limit the activity of such projects simply to reduce the workload on CAISO and PTO staff as opposed to innovatively solve the real problems that real projects are facing. For example, measures such as limiting the lifetime of a project in the queue to seven or 10 years from the date of interconnection application seems to forget that transmission upgrades identified as part of interconnection studies these days often require construction periods that far exceed 5 years (sometimes as long as 10 years), and that construction would at best start three or more years after the interconnection application has been accepted by the CAISO.

In short, CalWEA finds queue management reforms to be distracting and recommends that all QM proposals be reconsidered as part of a proceeding separate from the 2023 IPE.

3. Please provide any suggested modifications to combinations of the proposed concepts, or additional thoughts to meet the principles established for the initiative: *

No further comments at this time.