



California ISO

Large Load Considerations

Straw Proposal

August 12, 2026

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I. Executive Summary

Serving the epicenter of the hyperscaler economy, the California Independent System Operator (CAISO) understands the need for new procedures to provide fast and reliable interconnection of new large loads. California faces a projected surge in electricity demand over the next decade, driven in part by new large loads such as data centers. The CAISO coordinates intensely with local, state and federal regulatory authorities, utilities, and stakeholders to ensure timely access to power for new large loads; anticipating surging demand, exploring the complexities of co-located and flexible loads, ensuring equitable cost allocation, and considering new technical requirements to account for changing operational profiles. These actions will ensure that CAISO and its Participating Transmission Owners (PTOs) facilitate economic growth and innovation without compromising the overall reliability or affordability of the system.

This Large Loads Straw Proposal responds to the Federal Energy Regulatory Commission (FERC) Order to Show Cause and illustrates the progress the CAISO has made in coordination with PTOs and other stakeholders in five key areas:

- A. Developing procedures to improve information visibility for operational awareness and new technical standards for continued reliability.
- B. Ensuring a workable framework for PTOs to develop just and reasonable deposit, financing, and other cost allocation structures within their tariffs.
- C. Establishing parallel information and application requirements for co-located arrangements in the CAISO's generator interconnection process to align with PTO load interconnection studies.
- D. Creating a framework for two new interconnection services for flexible large loads, one interim and one permanent, to allow large loads to interconnect quickly to the transmission system either while waiting for network upgrade completion or to avoid network upgrade completion, respectively.
- E. Evaluating the need for a process to study generating facilities serving electrically proximate large loads.

Respecting the current assignment of responsibilities for the system, this straw proposal addresses the topics for which the CAISO is responsible, which includes transmission planning, generator interconnection, and reliability of the CAISO system. Federal and state utility tariffs govern the study, interconnection, rates, and cost recovery for serving new loads. As such, the CAISO is coordinating closely with the PTOs and expects these proposals to continue to evolve as PTOs develop consistent and conforming policies and procedures under their transmission tariffs. In addition, the CAISO is closely coordinating with state and local regulatory authorities and looks forward to additional stakeholder feedback.

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1. Introduction and Background

This Large Loads Straw Proposal constitutes a major step forward for the CAISO and Participating Transmission Owners (PTOs) charting a course to enable development and interconnection of new large loads, including data centers and other computing loads, onto the CAISO system. The concepts proposed rest on a foundation of highly integrated planning and coordination among the CAISO, PTOs, state energy agencies, and local regulatory authorities, and provide a framework upon which the PTOs will layer their own processes to serve new large loads while upholding and reinforcing the CAISO's commitment to reliability.

The CAISO opened this stakeholder initiative with the intent of clarifying roles and responsibilities in anticipation of accelerating large load inquiries and load interconnection requests coming to the PTOs. In 2025, the CAISO began regular engagement with the PTOs and formed a Large Load Technical Requirements Working Group (LLTRWG) to explore possible technical standards to ensure reliable operations as new large loads interconnect to the CAISO system. The CAISO's Issue Paper, posted in January 2026, described current roles, considerations, and processes for large loads, including transmission and resource planning, transmission service offerings, cost allocation and responsibility, technical requirements and standards, operational requirements, and related issues.¹ The CAISO has continued to monitor and engage in state and federal regulatory discussions regarding large loads and explored central issues and procedural steps that require additional transparency or new products. On June 15, 2026, the CAISO issued a Large Loads Technical Requirements Straw Proposal on behalf of the LLTRWG in order to stay ahead of any potential operational concerns that large loads may present.

On June 18, 2026, the Federal Energy Regulatory Commission (FERC or the Commission) issued six tailored orders to show cause under Section 206 of the Federal Power Act to each of the six regional grid operators under its jurisdiction, including the CAISO. The order to show cause (Order) directed at CAISO focuses on five central concerns, all of which are addressed in this Straw Proposal. The CAISO met the first of the Commission's compliance requirements with submission of an Informational Report on Resource Sufficiency, describing recent attention to resource adequacy, generation development, transmission expansion, and load and generator interconnection processes.²

¹ See CAISO Large Loads Issue Paper at <https://www.caiso.com/documents/issue-paper-large-load-consideration-jan-20-2026.pdf>

² See CAISO Informational Report - Large Loads and Co-located Loads at <https://www.caiso.com/documents/jul-20-2026-informational-report-large-loads-and-co-located-loads-el26-71.pdf>.

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As directed by the Commission, the CAISO is coordinating closely with state energy agencies to complement their regulatory proceedings, as well as with the PTOs to ensure a fair and consistent application of requirements and procedures across the CAISO system. Such consistency is critical to enabling reliable and timely interconnection, energization, and operations of new large loads.

To anticipate and enable increasing load growth, the CAISO works with the state energy agencies, utilities, and stakeholders in its footprint. A 2022 Memorandum of Understanding (MOU) between the California Energy Commission (CEC), California Public Utilities Commission (CPUC), and the CAISO tightened the linkages between resource and transmission planning, interconnection, and procurement so California is equipped to meet its reliability needs and state energy policy objectives.³ This framework has allowed the CAISO and the PTOs to meet the increasing demand forecasted for the state. As of January 2026, the CEC forecasts that data center load in the CAISO-managed grid will increase by 1.8 gigawatts (GW) by 2030 and 4.7 GW by 2035.⁴ The CAISO also is aware that utilities are receiving an increasing number of large load interconnection and service applications, and is committed to staying ahead of the curve, timely meeting new energy demand reliably and affordably.

To date, California's integrated resource planning efforts have resulted in more than 36 GW of nameplate new generation and storage capacity coming online to serve CAISO load since 2020.⁵ The close coordination between the CAISO, state agencies, and local regulatory authorities on demand forecasts and resource planning provides a pathway for proactive transmission planning that anticipates emerging large load growth and aligns with resource needs to serve new loads.

The current assignment of transmission responsibilities for the system under the CAISO's operating control gives lead responsibilities for resource (generator and storage) interconnection and transmission planning to the CAISO, while utilities,

³ See Memorandum of Understanding Between the California Public Utilities Commission and the California Energy Commission and the California Independent System Operator Regarding Transmission and Resource Planning and Implementation at <https://www.aiso.com/Documents/ISO-CEC-and-CPUC-Memorandum-of-Understanding-Dec-2022.pdf>.

⁴ California Energy Demand 2025 Hourly Forecast – CAISO – Planning Scenario: <https://efiling.energy.ca.gov/GetDocument.aspx?tn=268127&DocumentContentId=105135>

⁵ See CPUC Resource Tracking Data Reports at <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/summer-2021-reliability/tracking-energy-development/cpuc-resource-tracking-data-reports>

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specifically the PTOs, hold the lead role for load connections.⁶ These relationships are set out in the FERC-approved tariffs of the CAISO and the PTOs and the CAISO transmission control agreement. To date, most of the load interconnections have been distribution-system connections informed by the utilities' distribution system requirements, with third-party customer connections managed with the utilities. This structure has efficiently and effectively enabled the utilities to manage both their PTO responsibilities for transmission connections regulated by FERC and their state-jurisdictional responsibilities for rates and charges that apply to end-use customers.

However, the CAISO and the PTOs recognize that there is an increase in load interconnection requests for transmission-system connections that raise questions about the roles and responsibilities of the CAISO and the PTOs. FERC's Order raises many of these questions. This straw proposal addresses the issues the Commission raises in the Order that directly pertain to the CAISO's responsibilities to anticipate and plan for new additions to the CAISO system, provide transmission service, and maintain reliable operations of the grid. This straw proposal highlights several issues that will require significant coordination among the PTOs to develop consistent tariff policies and procedures that conform to the framework the CAISO proposes, respect the distinct roles of the CAISO versus the various types of PTOs, and comply with the requirements the Commission describes in the Order.

This Large Loads Stakeholder Initiative will address all the issues in the Order. The CAISO is also conducting other stakeholder initiatives that will provide additional benefits to reliability, market efficiency, and affordability, as described below. These stakeholder initiatives include the CAISO's ongoing work on:

- Resource adequacy;
- Demand and Distributed Energy Market Integration (DDEMI); and
- Interconnection Process Enhancements.

⁶ At times in this straw proposal, the CAISO will distinguish between utility responsibilities as 'participating transmission owner (PTO), utility distribution company (UDC), or load-serving entity, or load-serving entity, as all carry different responsibilities depending on the type of load and regulatory topic in question. Utility distribution company refers to an entity that owns a distribution system for the delivery of energy to and from the CAISO-controlled grid, and that provides regulated retail electric service to Eligible Customers, as well as regulated procurement service to those end-use customers who are not yet eligible for direct access, or who choose not to arrange services through another retailer. Participating Transmission Owner refers to a party to the Transmission Control Agreement who has placed its transmission assets and Entitlements under the CAISO's Operational Control in accordance with the Transmission Control Agreement. Load-serving entities are responsible for serving retail electricity customers and, in California, includes investor-owned utilities, community choice aggregators, publicly owned utilities, and electric service providers.

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In addition to this Large Load Stakeholder Initiative and other related initiatives, the CAISO engages in state-level coordination efforts related to large loads as California agencies are implementing state law related to data centers and examining the implications of large loads in resource planning and procurement, interconnection, retail rate design, and energization,⁷ with open proceedings at the CPUC and in certain dockets at the CEC.

The CAISO notes that the North American Electric Reliability Corporation (NERC) is actively advancing industry-wide efforts to address reliability impacts of large loads, particularly large computational loads, such as data centers. In May 2026, NERC issued a Level 3 Essential Actions Alert addressing large-load modeling and data, system studies, commissioning, ride-through performance, and monitoring. In parallel, NERC Project 2026-02 – Large Loads is developing new and revised Reliability Standards to establish longer-term requirements in these areas. The CAISO is actively participating in these efforts and coordinating its large-load technical requirements with the evolving NERC framework.⁸

The CAISO has an important role in planning for and maintaining reliable operations of the grid and in facilitating consistent approaches to large load interconnections among the PTOs. Considering the urgency of onboarding new large loads and the required timeline to submit a filing to FERC under Federal Power Act Section 205, the CAISO issues this straw proposal for stakeholder consideration.

A. Transmission Service to Eligible Customers on Behalf of Large Loads

The Commission directed the CAISO and the PTOs to either show cause as to why their FERC-jurisdictional tariffs remain just and reasonable and not unduly discriminatory or preferential without provisions addressing the five categories set out in the Order or explain what changes to their tariffs would remedy the identified concerns. The first category included provisions addressing the application process, study procedures, and ongoing operational requirements that apply to “Eligible Customers” seeking transmission service on behalf of large loads.⁹

⁷ The CPUC refers to load interconnection as “energization.”

⁸ See Large Load Technical Requirements - Straw Proposal at <https://stakeholdercenter.caiso.com/InitiativeDocuments/Large-Load-Technical-Requirements-Straw-Proposal-Jun-15-2026.pdf>

⁹ Order to Show Cause at P 3.

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Below, the CAISO responds to the series of deficiencies the Commission identified related to this category. The CAISO agrees with the Commission that additional clarity and information requirements are necessary within the CAISO tariff, especially if interim or non-firm service is being considered to facilitate “speed-to-power,” or accelerated large load interconnections. Further, the CAISO encourages consistency among the PTOs in key areas related to large load interconnection application, study, and operations.

In addition, the CAISO proposes a series of operational requirements, which it will continue to develop in coordination with the PTOs and the LLTRWG, and in parallel with the North American Electric Reliability Corporation’s (NERC) efforts to develop technical standards for the reliable operation of large loads.

While recognizing some changes to the CAISO tariff are needed to address the Commission’s concerns with regard to the first category in the Order, the CAISO does not propose significant changes to the roles and responsibilities associated with large load interconnection applications or studies. The current framework of shared responsibilities among the CAISO and the PTOs remains an efficient and effective mechanism to achieve the aims FERC outlines in the Order. The PTOs remain largely responsible for processing applications and studying new large loads and the CAISO remains responsible for reviewing those studies and ensuring alignment with transmission planning activities. The CAISO notes the importance of this clarity and consistency as it relates to large load interconnections and operations on the system and believes the proposed tariff enhancements below complement the load and resource planning process described in the December 2022 Memorandum of Understanding between the CAISO, CPUC, and CEC.¹⁰ The CAISO believes that this framework, with some clarification and new information requirements, as well as operational requirements, will address the concerns the Commission described in the first category in the Order.

1. Definition of Large Load

FERC noted in the Order that the CAISO and PTO tariffs lack a definition of large load, as a new category of load.¹¹ The Commission directed the CAISO and PTOs to create an appropriate definition, including a load size and interconnection voltage threshold, based on the characteristics of CAISO’s transmission system. The Commission

¹⁰ See Memorandum of Understanding Between the California Public Utilities Commission and the California Energy Commission and the California Independent System Operator Regarding Transmission and Resource Planning and Implementation at <https://www.caiso.com/Documents/ISO-CEC-and-CPUC-Memorandum-of-Understanding-Dec-2022.pdf>.

¹¹ Order to Show Cause at P 58.

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suggested that a potentially reasonable definition would be “a new commercial or industrial customer, located at a single site behind one or more points of interconnection, and that has a peak load of 50 MW or greater, interconnects to the transmission system at a voltage level of greater than 69 kV, and is not part of a co-location arrangement.”¹²

Proposal

The CAISO proposes to include a definition of “Large Load” in the CAISO tariff; however, the CAISO believes it may be premature to do so at this point, while NERC is developing similar, potentially overlapping, terms for computational loads. As such, the CAISO’s proposed definition may shift in the coming months to avoid regulatory conflicts between its definition and NERC’s. Aligning with future NERC standards will avoid creating dual or conflicting regulatory requirements for the same loads. Nevertheless, the CAISO can describe the principles it believes are helpful in defining large loads.

The CAISO proposes that a potential definition could be: “An End User located at a single site interconnecting to the CAISO Controlled Grid, and that has a peak load of 50 MW or greater.”¹³ Similar to generating facilities, the CAISO proposes to continue to adhere to FERC and California regulations on what considers a “site.” The CAISO has not seen developers try to game interconnection processes to avoid MW thresholds through de-aggregation, and the CAISO does not believe it is necessary to create additional rules to prevent such gaming on the load side. The CAISO expects the large load definition will adequately apply to large loads comprised of distinct loads, even if they have separate retail meters. Operationally, such loads would still have the same impact on the CAISO transmission system.

This proposed definition differs from the Commission’s proposal in several respects. First, it does not include a description of the types of load (i.e., commercial or industrial customer). Notwithstanding that NERC standards may be further qualified to include specific types of loads, the CAISO does not believe that a large load definition should include descriptions of the types of load. This is for several reasons. For one, the CAISO does not want to create standards that result in false positives, false negatives, or disputes about what constitutes “commercial” or “industrial.”

¹² *Id.* at P 57.

¹³ Appendix A to the CAISO tariff defines an End User as “A consumer of electric power who consumes such power to satisfy a Load directly connected to the CAISO Controlled Grid, a Distribution System” It defines the CAISO Controlled Grid as “The system of transmission lines and associated facilities of the Participating TOs that have been placed under the CAISO’s Operational Control.”

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In addition, unless there is a relevant operational difference between the types of loads, specifying type is unnecessary. NERC is developing Computational Load standards that relate to reliability, which are mainly concerned with operational issues. The CAISO intends to follow and timely adopt any necessary tariff changes to implement new NERC operational standards for Computational Loads. The CAISO is not aware of long-term transmission planning considerations that would apply specifically to Computational Loads that would not also apply to many, if not all, other types of Large Loads. If a specific type of large load does warrant specialized treatment, that can be added as an additional qualifier where that specialized treatment is called out.

The CAISO's proposed definition also omits a specific voltage level for the interconnection (FERC proposes interconnections at a voltage level greater than 69 kV). The CAISO does not believe this is necessary where the definition specifies the point of interconnection is with the CAISO controlled grid, as this effectively describes that the large load is transmission-connected, obviating the need to specify a voltage that could conflict with the existing transmission registration.

The CAISO's proposed definition also does not include FERC's proposal that the definitions specify that the large load "is not part of a co-location arrangement." The CAISO does not believe it is necessary to exclude large loads participating in co-location arrangements from the *definition* of large loads. Although such loads will be subject to different tariff provisions than standalone large loads, they would still constitute large loads.

Although the voltages of the distribution grid likely challenge large loads to interconnect, the CAISO recognizes that it could be possible for 50 MW loads to interconnect to the distribution grid. Nevertheless, the CAISO is focused on transmission-connected large loads at this time because they are the subject of FERC's Order, and because the transmission grid represents the likely interconnection point for the vast majority of large loads. This initiative will thus focus on transmission interconnections, and the Demand and Distributed Energy Resource Integration (DDEMI) initiative and other CAISO stakeholder initiatives will continue to work on distribution-related enhancements.

2. Large Load Application Process

The Commission suggested that the CAISO and the PTOs lack clear and consistent provisions establishing the application process and study procedures that will be used when the CAISO and/or the PTOs evaluate the provision of transmission service to Eligible Customers on behalf of large loads, including an application process,

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application fee and readiness requirements, and information and data requirements.¹⁴ The Order also suggested that the CAISO and PTO tariffs lack appropriate study provisions to recognize the unique operational characteristics of large loads that are willing and able to limit their energy withdrawals under certain conditions to lessen or avoid the need for network upgrades.¹⁵

In addition, the Commission noted that accurate models using Electromagnetic Transient studies may help to ensure that transmission service needed on behalf of large loads can be provided without compromising reliability and suggests clarity and consistency in the evaluation of alternative transmission technologies (ATTs) as potential solutions to accommodate an eligible customer's request for transmission service on behalf of a large load.¹⁶ To the extent that traditional network upgrades are selected over ATTs, the Commission recommended demonstration of why ATTs were not selected.¹⁷

Finally, the Commission directed the CAISO and the PTOs to explain whether their tariffs sufficiently address identification of Direct Assignment Facilities and Network Upgrades (as the Order defines) necessary to reliably provide transmission service to Eligible Customers on behalf of large loads; include provisions for a 60-90-day timeline to study the unique operational characteristics of large loads; and include a study deadline to assess large loads.¹⁸

Proposal

The CAISO reiterates that the existing load interconnection process is conducted efficiently and effectively by the PTOs. For this reason, the CAISO proposes enhanced and ongoing coordination with the PTOs on the load and resource interconnection processes and expects the PTOs to align application processes in order to ensure the level of visibility necessary for the CAISO to plan for new large loads and maintain reliability once they are interconnected.

Within that division of responsibilities, the CAISO agrees with the Commission's concerns in the Order that information in the large load interconnection study process regarding a large load's willingness to limit energy withdrawals under certain conditions is important for the CAISO's planning and operational purposes. To that end, the CAISO expects the PTOs to develop consistent study procedures to be completed within 60 to

¹⁴ Order to Show Cause at P 58.

¹⁵ *Id.* at P 59.

¹⁶ *Id.*

¹⁷ *Id.* at P 61.

¹⁸ *Id.* at P 62.

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90 days to enable this flexibility. In addition, the CAISO proposes a number of data requirements for the large load interconnection study procedures, described in Section A.4, to ensure the CAISO has the necessary information to account for such flexibility.

The CAISO proposes a framework for agreements under which large loads commit to limiting energy withdrawals under the flexible load interconnection service offerings described in Section D of this straw proposal. However, regarding the load application process, the CAISO suggests that the PTOs develop consistent application processes, study requirements, and agreements to ensure sufficient transparency in the load application and study process. It is important for the PTOs to maintain some degree of consistency in their respective tariffs so the CAISO has a greater certainty around the consistency of data and operational details received by the PTOs in the load applications.

The CAISO currently evaluates myriad alternative transmission technologies in its transmission planning process, which is the primary process through which the CAISO ensures service to new large load interconnection requests. The CAISO's evaluation routinely includes static synchronous compensators, static VAR compensators¹⁹, advanced power flow control devices, transmission switching, synchronous condensers, voltage source converters, advanced conductors, and tower lifting. The CAISO understands that transmission providers must consider ATTs at all times. As a transmission provider, the CAISO must include in the generator interconnection cluster study report an explanation of the results of the evaluation of the enumerated alternative transmission technologies for feasibility, cost, and time savings as an alternative to a traditional network upgrade.

Therefore the CAISO supports and has broadly adopted the practice of duly considering and assigning ATTs to meet identified system needs, including when triggered by new loads interconnecting to the CAISO grid. The CAISO documents consideration of such technologies in its annual Transmission Plan. This has been the practice in CAISO for several years and was recently memorialized in the CAISO's tariff in compliance with FERC Order Nos. 2023 and 1920 (pending FERC approval).²⁰ To respond to the Order and the large load interconnection context specifically, the CAISO proposes to clarify these considerations through consistent tariff language in the CAISO tariff, which the CAISO expects the PTOs will similarly include in their tariffs. Rather than providing standardized documentation of the detailed rationale each time a traditional transmission technology is approved over the use of ATTs, the CAISO proposes to continue to report annually on the approvals of ATTs within each transmission plan. The

¹⁹ VAR refers to voltampere reactive, which is the unit used to measure reactive power in an AC electrical grid.

²⁰ See, e.g., Section 6.2 of Appendix KK to the CAISO tariff.

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ISO will continue to set out the alternatives that were considered in the selection of all preferred transmission solutions, whether ATTs or other more conventional solutions, to the reasonable depth necessary given the nature of the transmission need. This approach has worked well in the generator interconnection study process, enabling the consideration and use of ATTs and grid enhancing technologies without slowing down studies.

With regard to the Commission's ATTs-related modeling requirements, the CAISO coordinates annually with the transmission owners during the annual transmission planning process on the feasibility of ATTs, particularly evaluating the application of advanced conductors and flow control devices. The CAISO notes that Dynamic Line Rating (DLR) refers to a transmission line rating varying based on local conditions, such as ambient air temperature, wind speed, cloud cover, solar heating, and precipitation, etc., rather than a static rating assumption. DLRs can provide additional capacity for a transmission line. In the CAISO's production cost simulation, many congestions were observed in the evening time or in lower-temperature months. Such congestion can be potentially mitigated or reduced by adopting DLRs for the lines. In the CAISO's most recent planning cycle, DLRs were not modeled in production cost modeling cases, since it not only requires operational history data of weather conditions and line ratings, but also requires software and modeling enhancement to accommodate the data in production cost model. The CAISO is coordinating with the PTOs, WECC, and the software vendor of GridView to explore the feasibility and possibility of implementing dynamic line rating in production cost models in future planning cycles.

As a general matter, the CAISO recognizes that the Order implicates various types of PTOs, including non-load-serving PTOs and approved project sponsors that could be impacted by large load interconnection requests but are not load-serving entities and do not have retail interconnection tariffs. The CAISO expects the PTOs to work together to clarify and develop complementary roles and responsibilities in their respective tariffs regarding requests for interconnections to non-load-serving PTO facilities.

3. Large Load Interconnection Study Procedures

The Commission highlighted a lack of clarity and consistency regarding the study of provision of transmission service to Eligible Customers on behalf of large loads.²¹ Further, the Commission noted that, while it does not seek to alter the allocation of rights and responsibilities between CAISO and PTO tariffs, the CAISO's and PTO's tariffs may not clearly specify which entity will be responsible for studying the provision

²¹ Order to Show Cause at P 51.

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of transmission service to Eligible Customers on behalf of large loads.²² The Order suggested that additional study considerations may be necessary to address the unique operational and reliability challenges that providing transmission service to eligible customers on behalf of large loads presents to the transmission system.²³ The Commission noted that clear and consistent study processes may be necessary to fully capture the transmission system impacts of providing such transmission service, which could result in significant operational risks for the transmission system,²⁴ and suggested that tariff provisions may prevent disputes over a variety of issues, e.g. study timelines and delays, how the transmission service needed on behalf of the large load is studied, what types of network upgrades are considered, and how required network upgrades to provide the requested transmission service are determined.²⁵

Finally, the Commission suggested that the CAISO and PTO tariffs fail to deter speculative or duplicative requests for transmission service by Eligible Customers on behalf of large loads.²⁶

Proposal

The CAISO proposes to clarify in its tariff that the current process requires load interconnection requests to be submitted to the appropriate PTO pursuant to the PTO tariffs. The CAISO currently accounts for those load interconnection requests in the CAISO's transmission planning process (TPP) and to some extent in the CAISO Resource Interconnection Standards (RIS). The CAISO proposes both clarifying and continuing this process in its tariff. In addition, the CAISO proposes enhanced data sharing and process alignment between the CAISO and the PTOs to further streamline the load interconnection request and study process.

As noted earlier in this straw proposal, the CAISO does not propose changing the allocation of rights and responsibilities for studying large load interconnection requests from the framework in place today: the PTOs will continue to manage the bulk of the study responsibilities. This has been a highly efficient and effective process, to date, and the CAISO expects that it can continue to be so with the influx of large load interconnection requests. The CAISO encourages the PTOs to align their load interconnection study procedures among themselves and with the CAISO resource interconnection standards and transmission planning processes for enhanced clarity

²² *Id.* at P 51.

²³ *Id.* at P 52.

²⁴ *Id.* at P 53.

²⁵ *Id.* at P 54.

²⁶ *Id.* at P 55.

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and consistency for customers, to fully capture the transmission system impacts of providing such transmission service by applying consistent study parameters, and to minimize operational risks to the system through a common study framework.

The CAISO agrees with the Commission and proposes some tariff enhancements to ensure greater coordination and visibility between the CAISO and PTOs regarding the load interconnection study results. This will require continued coordination with the PTOs during the study process, and will be particularly important for co-located loads and generation, discussed in Section C of this straw proposal, as well as with the provision of flexible interim load interconnection (FILI) service, discussed further in Section D of this straw proposal.

The CAISO acknowledges multiple possible configurations of large loads and co-located loads, each of which may necessitate unique information to fully mitigate operational or reliability concerns. These various configurations are described in Section C of this straw proposal on co-located loads. Each will have different implications on the CAISO's generator interconnection study requirements. Co-located loads with exporting generation (existing or new), for example, will need parallel review by the CAISO and the relevant PTO.

Thus, the CAISO proposes a new requirement for co-located loads and generation to provide comprehensive information on both the load and generation in the CAISO's resource interconnection process, in addition to the PTO load interconnection application process. The CAISO proposes to establish procedures for the CAISO and PTOs to exchange and compare information to ensure the respective studies of the load and generator are consistent with the customer's requested mode of operation and type of service requested.

In light of the need for coordination between the CAISO's resource interconnection study process (in which the studies are conducted primarily by the PTOs) and load interconnection studies, the CAISO expects PTOs to propose enhanced alignment of their load interconnection request windows and study timelines with the CAISO processes. This is needed for all the information to be communicated back to the CAISO in a timely and consistent manner to inform the CAISO's broader transmission planning, resource interconnection, and deliverability allocation procedures. The CAISO notes that its resource interconnection timeline and transmission planning timelines are relatively bound in its tariff as required by FERC Order Nos. 2023, 1000, and 1920, and the MOU with the California state energy agencies. Therefore, the CAISO expects the PTOs will need to update their tariffs to align study processes with one another and in consideration of other related CAISO processes.

To ensure clarity on behalf of stakeholders, the CAISO encourages the PTOs to establish tariff revisions describing study timelines and procedures for the transmission service needed on behalf of large loads, types of network upgrades considered, and methods to determine required network upgrades to provide the requested transmission service.²⁷ The CAISO believes that a high degree of consistency would be useful across PTO tariffs to ensure timeline alignment, process efficiencies, and utility of data. In addition, the CAISO proposes to define in its tariff any instances when the CAISO would reject load interconnection study results or decline to consider or approve associated transmission solutions through the TPP; these conditions include instances when PTO study results indicate high operational risk or uncertainty, or would interfere with CAISO compliance with balancing authority, transmission operator, or reliability coordinator reliability standards.

The most effective way to ensure load associated with new large load interconnections is reflected in CAISO's TPP is to work with CEC to reflect this new load in CEC's demand forecast before CEC finalizes its forecast in the December timeframe each year. While the aim is for load forecasts incorporated into CAISO's TPP to include all anticipated load, there are instances where new load seeks to interconnect after development of the demand forecast and CPUC resource portfolios that the CAISO incorporates into its TPP. Currently, to address these instances, the PTOs may submit proposals for the CAISO's concurrence in the transmission plan. The concurrence for load interconnections only considers the transmission component of the load interconnection (*i.e.*, the network upgrades). The CAISO reviews and provides concurrence that the load interconnection and potential network upgrades to interconnect the load meet the transmission reliability requirements and are consistent with the long-term transmission plans in the area.

To address FERC's Order, the CAISO proposes to clarify within its tariff how the concurrence process addresses local network needs associated with large load interconnections. The concurrence process provides important validation of the assumptions used in planning and confirms that proposed load interconnections and associated network upgrades do not create adverse reliability impacts to the regional system. The concurrence process also helps ensure that new infrastructure is appropriately sized, timed, and initiated based on credible and coordinated planning to meet forecasted load growth. The CAISO's planning framework identifies and mitigates area-wide impacts driven by significant new load growth. In parallel, the PTOs continue to advance the local and interconnection-driven network upgrades needed to reliably serve retail customers and safely integrate new large loads under the PTOs' obligation

²⁷ *Id.* at P 54.

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to serve them. This coordinated approach, whereby the CAISO addresses area-wide impacts through the Transmission Planning Process and PTOs advance local network reinforcements associated with load interconnections through the load interconnection process, is essential to facilitating the timely integration of new loads and minimizing reliance on operational workarounds. Thus, the CAISO proposes to clarify in its tariff the purpose and approach of the concurrence process in context of large loads. The CAISO proposes to specify in its tariff the conditions under which load interconnection requests would be considered for concurrence to ensure reliability and consistency with long-term plans.

As discussed in Section A.2, (Large Load Application Process), the CAISO requests that the PTOs clarify in their tariffs the responsibilities of non-load serving PTOs' facilities receiving load interconnection applications from the load-serving entity, and which party will lead the study process.

Regarding FERC's concerns regarding speculative or duplicative large load interconnection requests, the CAISO agrees that its tariff does not deter such requests *per se* but suggests that the responsibility to do so is more appropriately held by the PTOs and therefore should be addressed through revisions to the PTOs' tariffs. For CAISO planning purposes, the CAISO notes that the CEC's Integrated Energy Policy Report (IEPR) long-term demand forecast includes information on applications for service submitted to utilities and applies adjustments to requested capacity based on utilization factors, confidence levels, and ramping assumptions.⁹ Confidence levels are determined based on the status of project applications. If projects have signed agreements with the utility for electric service, they are included in the highest confidence group. The CEC demand forecast projects capacity and energy needs of new loads; and these new loads have been incorporated into the statewide planning processes for the past several years. The state's integrated resource planning and the CAISO's TPP incorporate this information. This is one mechanism to guard against speculative or duplicative large load interconnection requests forming the basis of infrastructure planning in the CAISO. Additional mechanisms may be appropriate in the PTOs' tariffs.

4. Operational Requirements

The Commission preliminarily found in the Order that the CAISO's and PTOs' tariffs appear to be unjust and unreasonable because they lack provisions addressing ongoing operational requirements for Eligible Customers taking transmission service on behalf of large loads.²⁸ The Commission enumerated specific examples, including the lack of

²⁸ Order to Show Cause at P 63.

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provisions governing hourly forecasts, telemetry data, equipment to enable the CAISO to monitor large loads; requiring the transmission customer to enable the CAISO to remotely disconnect large loads when necessary to maintain reliability; ramp rate or ride-through requirements; and control technologies and/or protection systems that may be necessary to limit eligible customer's withdrawals from the transmission system.²⁹

Proposal

The CAISO agrees that the operational requirements the Commission identifies in the Order are necessary. The CAISO has been exploring these issues through discussions with PTO representatives in the LLTRWG, which the CAISO formed in 2025, and through engagement with NERC. The LLTRWG was established by the CAISO and utilities interconnecting large loads to develop consistent technical requirements for the reliable interconnection and operation of large data center loads connected to the CAISO-controlled grid. The resulting Large Load Technical Requirements Straw Proposal, released on June 15, 2026, focuses on the technical characteristics needed to maintain system reliability as large data center loads, including AI-training data centers, continue to grow within the CAISO footprint.³⁰ The Large Loads Technical Requirements Straw Proposal complements broader stakeholder efforts addressing planning, transmission service, market, and operational considerations, and is intended to remain aligned with evolving NERC Reliability Standards and industry practices.

The Large Loads Technical Requirements Straw Proposal proposes technical requirements in the following areas, which the CAISO intends to continue to further develop through ongoing discussions with the LLTRWG and based on stakeholder comments to this Large Loads Stakeholder Initiative:

- Frequency ride-through
- Voltage ride-through
- Ramp-rate limitations
- Monitoring and telemetry
- Post-fault active power recovery
- Modeling data requirements
- Commissioning, including data verification and model validation

The Large Loads Technical Requirements Straw Proposal is intended to establish technical reliability requirements for the reliable interconnection and operation of large

²⁹ *Id.*

³⁰ See Large Load Technical Requirements - Straw Proposal at <https://stakeholdercenter.caiso.com/InitiativeDocuments/Large-Load-Technical-Requirements-Straw-Proposal-Jun-15-2026.pdf>

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loads. Many of the proposed requirements address the technical operational concerns the Commission identifies in the Order. The Large Loads Technical Requirements Straw Proposal also identifies areas for which the LLTRWG is currently developing technical requirements that the Commission does not mention in the Order, including low- and high-frequency cycling, constant power operation, power quality, dynamic reactive power support, phase-angle jump ride-through, protection requirements, and other emerging technical considerations.

The following table summarizes the relationship between the Large Loads Technical Requirements Straw Proposal and the operational requirements noted in the Commission's Order.

Operational Requirement Identified in FERC Order to Show Cause (P63)	Current Technical Requirements Straw Proposal Status	Comments
Establish ramp-rate requirements for large loads.	Addressed	The Large Loads Technical Requirements Straw Proposal includes ramp-rate limitations as one of the proposed technical requirements to reduce reliability impacts associated with rapid changes in large load demand.
Establish ride-through requirements for large loads.	Addressed	The Large Loads Technical Requirements Straw Proposal includes both frequency ride-through and voltage ride-through requirements intended to improve system reliability during disturbances.
Specify control technologies and/or protection systems necessary to limit large load withdrawals from the transmission system when appropriate.	Addressed	The Large Loads Technical Requirements Straw Proposal identifies that protective systems may include automated schemes designed to reduce or disconnect portions of the large load during abnormal system conditions.

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Operational Requirement Identified in FERC Order to Show Cause (P63)	Current Technical Requirements Straw Proposal Status	Comments
Require installation of phasor measurement units (PMUs) or similar high-speed monitoring equipment, with associated costs assigned to the transmission customer.	Partially Addressed	The Large Loads Technical Requirements Straw Proposal includes monitoring and telemetry requirements, including PMUs and Digital Fault Recorders (DFRs), but does not specify cost allocation.
Require hourly forecasts, telemetry, and other operational data to provide CAISO sufficient operational visibility.	Not Addressed	The Large Loads Technical Requirements Straw Proposal includes monitoring and telemetry requirements to improve operational visibility. However, it does not establish hourly forecasting requirements or define data exchange requirements and communication protocols.
Enable CAISO to remotely disconnect large loads when necessary to maintain transmission system reliability.	Not Addressed	The Large Loads Technical Requirements Straw Proposal does not enable CAISO to remotely disconnect large loads.
Establish requirements for maintaining communication channels between CAISO and transmission customers serving large loads.	Not Addressed	The Large Loads Technical Requirements Straw Proposal does not address the operational communication requirements.

From the table above, the CAISO identifies four operational requirements the Order includes that have not been fully addressed by the Large Loads Technical Requirements Straw Proposal. The CAISO proposes adoption of these requirements to address these gaps:

- Installation of phasor measurement units (PMUs) or similar high-speed monitoring equipment, with associated costs assigned to the transmission customer;

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- Hourly forecasts, telemetry, and other operational data to provide the CAISO sufficient operational visibility;
- Enable the CAISO to remotely disconnect large loads when necessary to maintain transmission system reliability; and
- Establish requirements for maintaining communication channels between the CAISO and transmission customers serving large loads.

The LLTRWG continues to refine the technical requirements based on stakeholder feedback, additional system studies, operating experience, and the ongoing development of NERC Reliability Standards for computational loads. As the work progresses, the CAISO and participating utilities will determine the appropriate implementation mechanisms. Depending on the nature of each requirement, implementation may occur via changes to the CAISO tariff, PTOs' tariffs, utility interconnection handbooks, Business Practices Manuals, and/or future NERC Reliability Standards, providing a coordinated framework for reliable integration of large loads within the CAISO-controlled grid.

For example, depending on the results of large load interconnection studies, the relevant PTO may require additional monitoring, control, or protective systems beyond those required by the CAISO to maintain reliability. Such systems may include automated schemes designed to reduce or disconnect portions of the large load during abnormal system conditions. The CAISO notes that it does not have direct control of switches, so the PTOs would need to make sure they have control at the right level. In other words, these requirements would be implemented at the PTO rather than at the CAISO level.

To ensure the ongoing visibility and operational control necessary to provide reliable transmission service, the CAISO also proposes tariff provisions enabling data exchanges with the PTOs and load-serving entities to ensure access to the following large load interconnection information. Static information about the large loads will come from the PTOs near the end of the interconnection process (similar to the new resource implementation process for generators). Day-ahead and real-time information will come from the load-serving entity scheduling coordinator responsible for the large load's demand.³¹

³¹ The CAISO does *not* propose that the large load be required to have its own scheduling coordinator, nor that large loads be considered as their own load-serving entities. Rather, large load demand would be scheduled by their load-serving entity similar to non-large load demand, and that same load-serving entity would report any material data for the large load. If the large load participates in a CAISO demand response program, then it would be a demand response provider and scheduling coordinator to represent it in the CAISO markets.

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For each large load, the CAISO proposes to require the following information from the PTOs during, or at the end of, the interconnection process:

- Information on whether the eligible customer is enrolled in a flexible interconnection program, described below in Section D of this straw proposal
- Load type
- Variable or flat load designation
- Expected hourly operating profile
- Location of service
- Point of delivery
- Connected capacity
- Minimum operating level
- Maximum operating level
- Utility program information
- Any market participation status or expected participation in demand response programs
- Maximum operating demand
- Minimum operating demand
- Curtailment capability
- Expected hourly flexibility capability
- Ramp-up capability
- Ramp-down capability
- Expected operating information sufficient to characterize expected load behavior
- For co-located generation that is *not* exporting or CAISO-participating, all generation characteristics

The PTO will be expected to inform the CAISO of any material changes after energization. Any co-located participating generators will still go through the CAISO interconnection and new resource implementation process.

Additionally, the CAISO proposes that the large load's load-serving entity's scheduling coordinator will provide the CAISO with the following data specific to each large load:

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- Forecast submission requirements,³² which will be incorporated into applicable balancing authority area demand forecasts and operational studies:
 - Hourly forecasts of expected load consumption for the Operating Day and a rolling 7-day period following the Operating Day
 - Day Ahead Forecasts to be submitted no later than 0700 prevailing Pacific time on the day prior to the Operating Day
 - Forecasts at the individual large load identifier level
- Real-time forecast updates: Updated forecasts whenever expected consumption of the large load materially deviates from previously submitted day-ahead forecasts, including:
 - Expected energization activities
 - Material changes in operations
 - Curtailments
 - Facility outages
 - Co-located generation impacts on the load forecast
 - Other known events affecting expected consumption
- Telemetry data:
 - Operational status
 - Real-time consumption
- Expected outages:
 - Planned outages
 - Forced outages
 - De-rates
 - Other operating conditions that materially affect expected consumption

As described above, the CAISO generally proposes to obtain large load data from the PTOs during the interconnection process and the load-serving entities representing the large load's demand in market timeframes. At this time the CAISO does not propose to require large loads to have their own scheduling coordinator or other direct relationship with the CAISO; however, this framework may need to change to remain consistent with ultimate NERC requirements for computational loads.

The CAISO also notes that it will require the PTO, load-serving entity, and large load to work with the CAISO to provide all available data on any reliability event. Similar to participating generator requirements, this requirement will ensure the CAISO, utilities, regulators, NERC, and WECC have sufficient data to conduct meaningful post-event analyses.

³² The CAISO tariff will establish conditions under which an interconnecting transmission operator must obtain a schedule/forecast from the eligible customer to provide to the CAISO.

The CAISO also notes that to the extent that software changes are necessary, the CAISO may need additional time beyond 2026 to select a vendor, and to develop and implement the product; however, the CAISO would seek to implement any software changes in 2027.

5. Large Load Service Agreements

The Commission preliminarily found in the Order that the CAISO and PTO tariffs lack *pro forma* provisions in a transmission service agreement, or other applicable agreement, to memorialize the technical and operational terms the Order describes.³³

Proposal

The CAISO agrees with the Commission's preliminary finding and expects the PTOs to develop a consistent *pro forma* agreement. At this time, it is not clear whether the CAISO should always be a signatory to a three-party agreement for large load interconnections. For example, the CAISO likely would not have any roles or responsibilities for the financing and construction of simple network upgrades needed for large loads receiving firm interconnection service. Such arrangements could be effectuated through a two-party interconnection agreement between the PTO and the large load developer, as performed today. On the other hand, for a large load requesting non-firm interconnection service, the PTO may need the CAISO to help memorialize and sign on to the operational procedures necessary to provide that service through new *pro forma* non-firm service agreements or utilizing the PTO's two-party interconnection agreement. For co-located large loads with exporting generation, the CAISO will need to be a party to a *pro forma* agreement that bridges the *pro forma* Large Generator Interconnection Agreement (LGIA) with the *pro forma* large load interconnection agreement or negotiate a non-conforming LGIA to account for certain details of the co-located large load interconnection on an individual basis. The developer also would be expected to execute a CAISO *pro forma* Participating Generator Agreement for the generator, but not a Participating Load Agreement for the large load.³⁴

³³ Order to Show Cause at P 64.

³⁴ The Participating Load Agreement is for loads receiving wholesale service, which are not relevant to this initiative at this time.

B. Cost Shifting Among Transmission Customers

1. Roles and Responsibilities

The Commission laid out key objectives regarding cost allocation of network upgrades associated with Eligible Customers taking transmission service on behalf of large loads: improved transparency regarding the assignment of network upgrades and their associated costs; and development of a *pro forma* cost recovery agreement between the CAISO, the relevant PTO, and the eligible customer taking transmission service on behalf of large loads. The Commission states that improved transparency will provide important information to state public utility commissions and other state regulators, enabling them to identify which transmission costs are caused by which transmission customers in order to appropriately sub-allocate costs at the retail level. According to the Commission, a *pro forma* cost recovery agreement would ensure that Eligible Customers bear the risk and are ultimately responsible for the costs incurred to provide transmission service, including the cost of network upgrades.

Proposal

The CAISO agrees that the objectives the Order outlines are foundational to preventing cost shifting among transmission customers and to ensuring that large loads bear equitable risk and responsibility for costs incurred to interconnect, including the cost of network upgrades. The CAISO shares these objectives and understands the importance of maintaining affordability while addressing large load integration.

The CAISO sees value in development of a *pro forma* cost recovery agreement and is working closely with the PTOs, which are leading the development of this agreement, and cost allocation rules generally.³⁵ The CAISO believes it is prudent for cost allocation rules to be set forth in the PTO tariffs rather than the CAISO tariff. As discussed herein, the PTOs will continue to manage large load interconnections through their tariffs. The PTOs also have a direct relationship with their retail ratepayers and the regulators of those ultimate rates, including the CPUC. Additionally, the PTOs have worked on these cost allocation issues and have more expertise in cost allocation than the CAISO, including on large loads. Finally, it is the PTOs that will construct and own the network upgrades. As such, the CAISO does not propose to issue a “top-down” cost allocation solution through its own tariff. The CAISO proposes some metering and settlement changes in Section C of the tariff to account for co-located large loads and generation.

³⁵ The cost recovery agreement could be part of the *pro forma* load interconnection agreement. They are discussed separately here because the Order to Show Cause discusses them as separate issues.

Large Loads Considerations Straw Proposal

The CAISO recognizes the primary role of the PTOs in establishing just and reasonable provisions in their tariffs applicable to the eligible customer taking transmission service on behalf of the end-use customer in order to prevent cost shifting among customers. The CAISO appreciates the concern that while each PTO's tariff is applicable to the Eligible Customers taking service from that PTO, including a separate mechanism in each PTO tariff does not directly avoid cost shifting between different PTOs depending on the relative number of large loads served and the specific PTO tariffs ultimately developed. This is, according to those expressing such concern, because the CAISO recovers high-voltage transmission costs through a single regional transmission access charge based on the individual PTOs' transmission revenue requirements, which may include the cost of network upgrades triggered by new large loads.

The CAISO notes that at this time, the inputs into the total revenue requirement recovered through the regional transmission access charge are directly influenced by construction contributions that offset the transmission rate base upon which a PTO's transmission revenue requirement is based. In other words, to the extent that a PTO requires a large load developer to contribute to the costs of constructing network upgrades on an upfront basis, those contributions offset costs that would otherwise have been added to the PTO's rate base and included in the regional transmission access charge. In this way, a PTO mechanism to require upfront payments would protect against any concerns in the Commission's Order about cost shifting. There are also adjustment account mechanisms that can apply certain transmission revenues annually directly against the PTOs' revenue requirements that are incorporated into the overall regional transmission access charge calculation. This could include financial security, minimum demand charges, exit fees, and similar mechanisms the Order mentions. The CAISO believes that sufficient flexibility exists in those mechanisms for the PTOs. The CAISO does not believe changing the transmission access charge is necessary at this time to effectuate the PTOs' proposals to address the Commission's cost shifting concerns for large loads.

2. Data Transparency

In the Order, the Commission highlighted the need for "the provision of data on CAISO's website in a single location, and in an easily accessible format that is searchable and allows users to filter the data, on transmission service provided to Eligible Customers on behalf of large loads, for network upgrades evaluated in the local transmission planning process that are needed to accommodate transmission service to Eligible Customers on behalf of those large loads, and the costs for those network upgrades."³⁶

³⁶ Order to Show Cause at P 46.

Proposal

The CAISO agrees that cost data should be transparent and can be provided on the CAISO website in a searchable format. This is important both to aid large load developers in making efficient siting decisions as well as to provide information critical for state regulators to ensure fair cost allocation at the retail level.

For large load developers, the CAISO notes that for the generator interconnection study process, the CAISO already provides each PTO's per unit cost guide for all network upgrade cost components.³⁷ These guides are updated and shared with stakeholders annually based on the latest industry cost estimates. The CAISO proposes to use the per unit cost guides or enhance them as needed to ensure large load developers can easily obtain cost data.

For state regulators and stakeholders, per the Commission's direction,³⁸ the CAISO also proposes to clarify in the TPP where network upgrades were needed to accommodate both general load growth and large load interconnection specifically. Large load growth has already been incorporated into the CEC, CPUC, and CAISO forecasting and planning processes, as detailed in the CAISO's Informational Report on Resource Sufficiency already submitted to the Commission.³⁹ The CAISO also proposes to publicly post:

1. Aggregate amounts of proposed large load additions in the CAISO operating area, including the aggregate amounts in each transmission pricing zone;
2. Planned network upgrades needed to accommodate Eligible Customers taking transmission service on behalf of large loads, identified by type of equipment and network upgrade (e.g., new substation, reconductoring, a new high-voltage transmission line) for each transmission service request; and
3. Cost estimates for each planned network upgrade identified as needed for large loads, as described in (2).⁴⁰

The CAISO proposes to memorialize these transparency requirements in its tariff. The CAISO also encourages the PTOs to memorialize tariff requirements to adopt large load queue spreadsheets as it does for wholesale generator interconnection customers. The

³⁷ See CAISO Current cost guides at <https://www.caiso.com/library/current-cost-guides>.

³⁸ Order to Show Cause at P 72.

³⁹ See CAISO Informational Report - Large Loads and Co-located Loads at <https://www.caiso.com/documents/jul-20-2026-informational-report-large-loads-and-co-located-loads-el26-71.pdf>.

⁴⁰ Order to Show Cause at P 75.

CAISO likewise proposes to include in its queue report whether the interconnection customer proposes to include a large load, and its capacity.⁴¹

C. Co-Location Arrangements and Load with Behind the Meter Generation

1. Terminology

For purposes of the Order, the Commission defined “co-located load” as “end-use customer load that is physically connected to the facilities of an existing or planned generating facility on the generator interconnection customer’s side of the point of interconnection to the RTO/ISO’s transmission system.”⁴² FERC further defined “Behind the Meter Generation” as “a generating facility that delivers energy to load without using the transmission system or any distribution facilities.”⁴³ The Commission did not explicitly suggest that the CAISO or PTO tariffs were unjust and unreasonable because they lack definitions of co-located loads or behind-the-meter generation.

Proposal

The CAISO generally agrees with both definitions; however, the CAISO would exclude from discussion station power load and the generation that exclusively serves station power load. The CAISO believes the Commission is focused on typical end-user loads and not loads facilitating wholesale power.⁴⁴ The CAISO does not believe it is necessary to create formal tariff definitions for co-located load or behind-the-meter generation and is not proposing to do so. Both terms already have plain meanings, and behind-the-meter is already used frequently throughout the CAISO tariff, including for different configurations based on whether the meter is a CAISO meter or a retail end-user meter. Thus, providing a definition may have inadvertent consequences to the extent it differs in any meaningful respect from the use of these terms currently. The CAISO may provide clarifications if needed in its business practice manuals.

2. Serving Co-Located Loads

The Commission stated in the Order that the CAISO’s tariff does not contain provisions addressing with sufficient clarity and consistency the rates, terms, and conditions of

⁴¹ See CAISO Generator interconnection at <https://www.caiso.com/generation-transmission/generation/generator-interconnection>.

⁴² Order to Show Cause at P 88.

⁴³ *Id.* at P 89.

⁴⁴ The CAISO will continue to expect station power load to be metered separately from other loads and generation, consistent with local regulatory authority requirements.

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service that apply to interconnection customers serving co-located load.⁴⁵ The Commission included, “the scope of the analyses CAISO performs as part of its existing study process to evaluate the impacts of co-location arrangements, which may need to account for any potential dynamic impacts of co-located load and any potential impacts of requests to modify an existing generating facility’s interconnection service level to serve co-located load on transmission system reliability.”⁴⁶ The Commission noted that in one of its recent orders on co-located load in the PJM Interconnection (PJM), it found that it was necessary to clarify that interconnection customers seeking to use new generating facilities to serve co-located load may: (1) request interconnection service at a level below the generating facility’s maximum facility output; (2) use existing procedures to accelerate interconnection requests that satisfy certain tariff criteria; and (3) request provisional interconnection service and surplus interconnection service.⁴⁷ The Commission additionally noted that interconnection customers should have a means of knowing the appropriate mechanism for setting forth the terms and conditions of co-location arrangements. The Commission also expressed concern that “without an eligible customer designated to take transmission service on behalf of a co-located load, there is no mechanism for CAISO to address situations in which a co-located load withdraws energy from the transmission system.”⁴⁸

Proposal

The CAISO proposes to clarify how co-located large loads and generation may interconnect to and operate within the CAISO-controlled grid. Such clarifications will require discussion and agreement with the PTOs. The CAISO reiterates that the PTOs will continue to govern and study all load interconnection requests pursuant to their tariffs. The CAISO, likewise, will continue to govern and study wholesale generation interconnection requests. Despite the Commission’s concerns, large loads and co-located configurations have materialized in California under the current tariffs.

Nevertheless, the CAISO proposes to clarify in its tariff co-location arrangements that would not require a CAISO resource interconnection request and could be accommodated through applicable PTO or CPUC-jurisdictional retail interconnection

⁴⁵ Order to Show Cause at P 93. The Order to Show Cause has similar discussions of co-located loads in Section E, Interconnection Customers Serving Electrically Proximate Large Load and Co-Located Load; however, the CAISO includes all co-location-related proposals here for concision.

⁴⁶ *Id.* at P 96.

⁴⁷ *PJM Interconnection, L.L.C.*, 193 FERC ¶ 61,217 at PP 231-235 (2025) (PJM Co-Location Order). PJM’s compliance filing proposing revisions in response to these directives was accepted in part on April 16, 2026. *PJM Interconnection, L.L.C.*, 195 FERC ¶ 61,030 (2026).

⁴⁸ Order to Show Cause at P 96.

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tariffs, such as Rule 21.⁴⁹ These would include large loads with back-up generation only to be used during outages or islanding, and large loads with non-exporting behind-the-meter generation.⁵⁰ The CAISO notes that both categories would require sufficient control technologies to ensure they do not impact the transmission grid.

The CAISO proposes that new or existing large loads proposing to co-locate with new generation that may export energy to the transmission grid⁵¹ will require a CAISO interconnection study under the CAISO's Resource Interconnection Standards, Appendix KK to the CAISO tariff. This means that such resource interconnection requests would be screened and compete for capacity in the next cluster study based on the CAISO's scoring criteria.⁵² However, all scoring, financial requirements, and study results would be based on the requested capacity figures the developer provides, so the developer may significantly limit the generation potentially to be exported based on how much generation will serve the large load. The CAISO tariff will require it to work with the PTOs to produce study results that reflect the combined impact of the co-located large load and generation, as requested by the developer. This is a simple extension of current rules that allow interconnection customers to be studied for a specific interconnection capacity even if their generating capacity is higher. Interconnection requests with co-located large loads may avail themselves of all rights under the Resource Interconnection Standards, including surplus interconnection service, grid enhancing technologies, phasing, etc.

Despite the ubiquity of co-located resources in California, to date, the CAISO has not received any interconnection requests for co-located load with exporting or participating generation, nor has any developer asked for such an option. The CAISO may be in a different situation than other regions that needed to impose bring-your-own generation requirements to address capacity issues. Because the CAISO does not have a bring-your-own generation requirement and load-serving entities are not required to procure new capacity to interconnect new loads, developers have been less interested in co-locating load and participating generation. Additionally, to the extent large loads have brought generation to serve onsite load, they have elected to do so through tariffs for net energy metering, obviating the need for a CAISO interconnection request.

⁴⁹ See CPUC's Electric Rule 21: Generating Facility Interconnections for more information on each CPUC jurisdictional load-serving entities' Rule 21 tariff at <https://www.cpuc.ca.gov/Rule21/>.

⁵⁰ The sequencing likewise would not impact whether a CAISO interconnection study would be required.

⁵¹ Frequently, constantly, or even rarely, such as in the event the Large Load is offline.

⁵² As Energy Only or Deliverable. Energy Only interconnection customers not seeking reimbursement for network upgrades are not screened and proceed directly to the cluster study.

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In addition to the information required in the CAISO resource interconnection request process, and the large load operational requirements discussed in Section A.4, the CAISO may require the following operational information for co-located resources, if applicable:

- Expected presence of co-located load
- Range of energy consumption characteristics of the load
- Minimum and maximum generator operating capabilities
- Generator operating characteristics when the load is at its minimum level
- Market participation status, if any
- Any load services requested when the generator is off-line

For co-located large loads and wholesale energy storage, the CAISO notes that the storage and large loads would need to be separate operationally, and all study results would reflect the same. Energy storage resources are fully dispatchable and have separate wholesale meters and settlement. Their energy could not be commingled with the large load such that the large load could take power effectively at a wholesale rate. The large load could otherwise net its withdrawals against behind-the-meter/non-participating generation and storage.⁵³

All network upgrade commercial readiness deposit and generator interconnection agreement deposit requirements would treat all network upgrades and interconnection facilities as if they were required for the generation only. However, the PTO also may apply any unique deposit or financing requirements for the network upgrades and facilities required for large loads, as discussed in Section B.1 regarding cost allocation.

The CAISO also proposes to require co-located load and exporting generation studies to proceed through the cluster study process without removing the large load assumptions. In other words, after the commencement of the cluster study, the interconnection customer may not remove the large load as a modification. Likewise, interconnection customers already in the queue would not be allowed to add large loads as modifications. Both types of modifications would require complete re-studies and could not be accommodated during the study process. This is not to say that the CAISO proposes to prohibit the addition of large loads to existing generation or in-progress interconnection requests; only that the interconnection customer would need to do so through the PTO tariff, and the generation interconnection study results would not be able to reflect the combined configuration.

⁵³ In other words, the CAISO does not propose any change to the *status quo* for separating wholesale generation/storage and retail load or net energy metering generation/storage.

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If an online CAISO generator seeks to add a large load to its site, the developer would submit the large load interconnection request to the PTO pursuant to its tariff. When ready to reflect the large load, the interconnection customer could request a post-commercial operation date (COD) modification⁵⁴ or use the Master File change process as needed to assess and capture changes currently allowed under these processes.⁵⁵ The CAISO, PTO, and interconnection customer could likewise amend the generator interconnection agreement to reflect the large load and any configuration changes.

The CAISO reiterates its policy recently approved by the CAISO Board of Governors in the Interconnection Service Capacity and Deliverability Retention for Non-Operating Generating Facilities stakeholder initiative.⁵⁶

The ISO considers any generation that is subject to a [Participating Generator Agreement] and intends to terminate participation in the ISO wholesale market but continues generating to serve load through applicable retail programs, to also be subject to the retirement process as a generator that is permanently retiring (Retirement Scenario 3). This would include, for example, distribution-connected or transmission-connected participating resources that wish to exit from the ISO markets to serve onsite load. Although such generators will continue to produce electricity, their exit from the wholesale markets will be treated as a retirement, including triggering a reliability-must-run review.

The CAISO does not propose to change its current constructs under Order No. 888 for “Eligible Customers” to obtain transmission service. The CAISO does not have a forward capacity market, nor are load-serving entities required to procure capacity to obtain transmission service. Transmission service will thus continue to be assumed through an interconnection request, accounting for the large load’s ability to limit its energy withdrawals or injections.⁵⁷ The large load’s load-serving entity will schedule the large load’s demand with the rest of the load-serving entity’s demand through the CAISO markets, just as it does today. This will continue to enable large loads, co-located or not, to interconnect rapidly and without extra steps for transmission service. No large load developer to date has requested otherwise.

⁵⁴ Section 25.5 of the CAISO tariff.

⁵⁵ See CAISO Master File at <https://www.caiso.com/systems-applications/portals-applications/master-file>.

⁵⁶ See CAISO’s Interconnection service capacity and deliverability retention for non-operating generating facilities initiative at <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Interconnection-Service-Capacity-Deliverability-Retention-for-Non-Operating-Generating-Facilities>.

⁵⁷ Order to Show Cause at P 94.

The CAISO notes that both loads and generation associated with co-located loads can be eligible for resource adequacy or demand response programs pursuant to current program rules.⁵⁸ The CAISO does not propose changes to the eligibility criteria for participation in any of these programs. Participation in demand response programs remains a possibility for large loads. The CAISO is exploring such opportunities in the DDEMI initiative.

3. Cost Allocation for Co-Located Loads

a) Ancillary Service Charges

In the Order, the Commission stated that the CAISO tariff does not appear to include a mechanism to charge large loads, and co-located loads in particular, for ancillary services commensurate with their use of such services, particularly if such customers do not withdraw energy from the transmission system.⁵⁹ Specifically, the Commission noted that co-located loads may unjustly benefit from regulation and black start services.⁶⁰

Proposal

The CAISO agrees that assessing ancillary service costs on a net \$/MWh basis to load-serving entities' measured demand would enable a large load co-located with behind-the-meter generation to avoid an appropriate share of its costs for regulation and black start services.⁶¹ That said, the CAISO already has separate rates to assess regulation⁶² and black start services.⁶³ The issue thus becomes how to appropriately meter and assess those rates onto co-located large loads. The CAISO proposes to address this issue by requiring the PTOs to sub-meter each co-located large load independent of any onsite generation.⁶⁴ Scheduling coordinators for the load-serving entities serving those loads would then be required to report those meter values separately for the

⁵⁸ Section 40 of the CAISO tariff establishes rules about eligible capacity and uses criteria provided by the CPUC and other Local Regulatory Authorities determine what projects are RA-eligible.

⁵⁹ Order to Show Cause at PP 98-99 ("As noted in the PJM Co-Location Order, this introduces the risk that costs may be allocated entirely to other transmission customers and passed through to residential customers, among others").

⁶⁰ *Id.*

⁶¹ Likewise, if the rate were assessed on a net meter basis to co-located load and participating generation, the result would be the same.

⁶² Section 11.10.2.1 of the CAISO tariff.

⁶³ Section 11.4.2 of the CAISO tariff. The PTOs assess the costs of black start services through their PTO tariffs.

⁶⁴ The CAISO could have an exemption for co-located loads connected behind generators subject to the CAISO's Net Scheduled Participating Generator Agreement (PGA) or Qualifying Facility PGA.

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relevant charge codes. Each large load with co-located generation would thus pay on a gross load basis for regulation and black start services. This solution not only results in just and reasonable cost allocation, it is also relatively simple to implement because the CAISO and PTOs would not be required to calculate and assess new rates, nor would the CAISO need to create new settlement charge codes. Each large load with co-located generation would thus pay on a gross load basis for regulation and black start services. This solution not only results in just and reasonable cost allocation, it is also relatively simple to implement because the CAISO and PTOs would not be required to calculate and assess new rates, nor would the CAISO need to create new settlement charge codes.

b) Transmission Access Charges

The Commission preliminarily found in the Order that the CAISO tariff may be unjust and unreasonable because it allows load with behind-the-meter generation to net its generation against its load for purposes of calculating Regional Access Charges.⁶⁵ The Commission explained its thinking based on the PJM co-location proceeding:

In the PJM Co-Location Order, the Commission found that PJM's BTMG rules, which allowed load-serving entities that provide service to loads with qualifying BTMG to reduce their costs by netting output from BTMG in the calculation of their peak demand for the purpose of determining NITS charges, were unjust and unreasonable. The Commission concluded that PJM's BTMG rules were no longer consistent with cost causation principles because large loads configured in a BTMG arrangement with significant generation will raise cost shifting concerns compared to loads pursuing smaller amounts of netting. The Commission also found that such rules could lead to reliability and resource adequacy risks because PJM is obligated to serve transmission customers using BTMG but does not consider such customers in transmission and resource adequacy planning.⁶⁶

The Commission then noted that it is "similarly concerned that CAISO's Tariff allows Eligible Customers that provide service to loads with BTMG to reduce their network service charges because the definition of gross load,⁶⁷ which is used to calculate the

⁶⁵ Order to Show Cause at P 102.

⁶⁶ *Id.*

⁶⁷ Appendix A to the CAISO tariff defines Gross Load as "Demand (adjusted for distribution losses) of End-Use Customer Loads directly connected to the transmission facilities or directly connected to the Distribution System of a Utility Distribution Company or MSS Operator located in a PTO Service Territory, or End Use Customer Loads directly connected to the Distribution System or transmission facilities of an

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Regional Access Charge, excludes load of a retail customer served by its own onsite generating unit or energy storage device.” The Commission directed the CAISO to explain whether the tariff remains just and reasonable even though it allows netting of behind-the-meter generation from gross load for purposes of determining Regional Access Charges for loads with behind-the-meter generation, or to propose tariff revisions. The Commission also stated the CAISO may explain why it remains just and reasonable for customers that fall below a new megawatt materiality threshold for the amount of load at a particular electrical location that network customers may net using behind-the-meter generation.⁶⁸

Proposal

The CAISO does not propose to revise its current constructs for behind-the-meter generation, gross load, and the transmission access charges.⁶⁹ Behind-the-meter generation is far more abundant in California than in PJM, so the CAISO and California policymakers have considered this issue far more critically. For example, in 2020, FERC approved the CAISO’s proposal to amend its definition of Gross Load—the billing determinant for transmission access charges—to include load served excess behind-the-meter production, *i.e.*, behind-the-meter energy that exceeds the onsite load.⁷⁰ The CAISO amended this policy to ensure uniform settlement practices, and to ensure load-serving entities were allocated the correct costs of their use of the transmission system, which includes use by excess behind-the-meter generation.

The CAISO did *not* propose to assess transmission access charges based on gross load figures that included load served onsite by its own behind-the-meter generation. Neither the CAISO nor stakeholders in 2020 believed such loads use the transmission grid in proportion to those load figures. To the contrary, the point of rooftop solar, onsite storage, and other behind-the-meter generation is to reduce the use of the grid and the generation across it. The CAISO does not believe this rationale has changed in light of large loads.

EDAM Transmission Service Provider in an EDAM Entity Balancing Authority Area. Gross Load includes Load served by Excess Behind the Meter Production. Excess Behind the Meter Production shall not be netted against End-Use Customer Load in determining Gross Load.” The definition also provides a list of certain loads excluded, including “Load of an individual retail customer served by its own onsite Generating Unit or energy storage device, or as authorized by Section 218 of the California Public Utilities Code;” and “Onsite Load served by a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in the FERC’s regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978.”

⁶⁸ Order to Show Cause at P 102.

⁶⁹ Although the Commission focuses on the regional access charge, the same logic could apply to the local access charge as well.

⁷⁰ *Cal. Indep. Sys. Operator Corp.*, Docket No. ER21-190-000 (Dec. 23, 2020).

Perhaps more critically, the CAISO's transmission access charges are fundamentally different than the PJM transmission charges that concerned the Commission. PJM calculates and assesses its transmission charges based on certain peak demand figures. A large load with behind-the-meter generation thus could mask all of its transmission usage simply by producing generation equal to its demand during that peak period. In contrast, the CAISO assesses its transmission access charges 24/7 to each utility distribution company or metered subsystem based on their gross load, which consists of total end-user demand accounting for losses and excess behind-the-meter production. As such, the CAISO would allocate costs to each large load with behind-the-meter generation to the extent the large load used the transmission system, as reflected by its metered load. In other words, any energy withdrawal by the large would be reflected in the gross load. The load-serving entity can then easily pass down the costs of that use in the retail bill, just as every Californian with rooftop solar or home storage is billed today. Thus, the CAISO does not believe that changes to its tariff are needed to address concerns raised by FERC in the Order.

c) Transmission Service Charges

The Commission preliminarily found in the Order that the CAISO tariff lacks transmission services that would reflect the ability of Eligible Customers on behalf of large loads to take transmission services that align with their use of the transmission system, which may result in inefficient and costly transmission buildout and costs paid by transmission customers.⁷¹

Proposal

The CAISO agrees that enabling flexibility will offer cost savings by avoiding unnecessary network upgrades, both on an interim and permanent basis. The CAISO discusses its proposed new service options in Section D, below.

D. Extending New Transmission Services to Eligible Customers Taking Service on Behalf of Flexible Large Loads

In the Order, the Commission preliminarily found that the CAISO tariff may be unjust and unreasonable because it does not include transmission services that reflect Eligible Customers taking transmission service on behalf of flexible large loads that are willing and able to limit their use of the transmission system under certain conditions, suggesting that "firm use" is essentially the only type of transmission service available in CAISO. The Commission encouraged new transmission services be made available to

⁷¹ Order to Show Cause at P 102.

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reflect the operational reality that large loads may use the transmission system to differing extents and certain large loads are willing and able to limit their use of the transmission system under certain conditions.⁷² At the same time, the Commission stated, “In the alternative, CAISO may explain whether, given that CAISO does not offer the transmission services required by Order No. 888, CAISO’s existing transmission service framework addresses the concerns described herein, or explain what specific changes to its existing transmission service framework would effectively provide the same range of transmission service options for flexible large loads as in the PJM Co-Location Order.”⁷³ The Commission then explained that the customer “must have necessary control technologies and/or protection systems, which may include a special protection scheme, to limit its energy withdrawals to its approved level,” which are typical elements of interconnection service.⁷⁴

Proposal

The CAISO proposes to create new, flexible interconnection service options that will enable large loads and co-located loads to limit their energy withdrawals or injections to reduce their need for more network upgrades. The CAISO believes this will provide large load developers with the options they want while protecting ratepayers from the cost of network upgrades that could be avoided. Coordination with PTOs will be necessary to implement these interconnection service offerings. The CAISO does not propose to create new “transmission services” or create more responsibilities around Eligible Customers, which would require redesigning transmission and interconnection service entirely. The CAISO does not believe such a redesign is warranted, and the Commission expressly invites the CAISO to explain alternative service frameworks that may enable similar flexibility.⁷⁵

Moreover, in real time, load-serving entities can schedule demand as needed, including for customers limiting their use of the transmission system. With the operational data and process described in Section A.4, the CAISO can accommodate flexible loads without new separate classes of transmission service. This would also enable the PTOs to provide bespoke interconnection configurations for large loads, saving ratepayers from the costs of network upgrades that conform to specific “transmission services.” The CAISO and PTOs have already demonstrated the ability to manage load flexibility

⁷² *Id.* at P 104.

⁷³ *Id.* at P 103.

⁷⁴ *Id.*

⁷⁵ *Id.* at P 101.

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without new transmission service levels through other programs, such as the CPUC's Emergency Load Reduction Program⁷⁶ and other out-of-market load programs.

The CAISO believes this course of action is consistent with developers' desires to interconnect quickly and affordably. To date, no stakeholder has requested that the CAISO develop non-firm transmission services. To the contrary, developers consistently express that they are only interested in acquiring firm service and would only agree to be flexible temporarily to interconnect before completion of long-lead network upgrades. The CAISO believes it and the PTOs can accomplish the latter through new flexible interconnection services rather than impose transmission services on large loads and load-serving entities.

In addition to the CAISO's current generic firm service, the CAISO and PTOs propose to create two new flexible load interconnection services that will enable faster and more affordable interconnections:

1. Flexible Interim Load Interconnection (FILI): This interim flexible load interconnection offering would enable large loads to interconnect flexibly and receive service up to a certain level based on grid conditions and constraints until network upgrades are complete, at which time the large load would switch over to receiving firm service. This will likely be a tailored option for each large load based on its point of interconnection and the constraints it faces. For example, some FILIs may require little flexibility for a limited time because there are few, less probable contingencies. Others may require more flexibility because of transmission constraints that require network upgrades with longer timelines. The FILI option provides flexibility to the PTOs, CAISO, and developers to customize solutions. For this reason, CAISO declines to propose any kind of temporal or capacity cap on this interconnection service offering.
2. Flexible Load Interconnection - Permanent (FLIP): This permanent flexible load interconnection offering would enable large loads to interconnect and avoid the need to fund or wait for completion of those network upgrades that would be required for firm load service by accepting terms of flexible interconnection service in perpetuity. As with the FILI option, the PTO, CAISO, and developer could customize the solution to balance costs and flexibility while maintaining reliability on the system.

⁷⁶ See CPUC's Emergency Load Reduction Program at <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/demand-response-dr/emergency-load-reduction-program>

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The CAISO believes that these interconnection service options would provide developers with the choices they may desire in the future to interconnect large loads in California and likewise address the concerns that drove the Commission's preliminary findings in the Order. At the same time, the CAISO's goal is to prioritize those services developers actually plan to use. Stakeholders should comment on which services the CAISO should prioritize, including whether options such as FLIP are not worth pursuing at this time.

The CAISO does propose control technologies and/or protection systems associated with these new service offerings, which are discussed in Section A.4.

E. Interconnection Customers Serving Electrically Proximate Large Load and Co-Located Load

The Commission preliminarily found in the Order that the CAISO tariff appears to be unjust and unreasonable because it does not contain provisions allowing an interconnection customer to seek the generator interconnection service(s) that reflects the operational dynamics of serving either: (1) an electrically proximate large load; or (2) a co-located load, as defined in the Order, that has a high peak load (i.e., large co-located loads that are 50 MW or greater).⁷⁷ The Commission defined an "electrically proximate large load" as a large load "sufficiently electrically close to the interconnection customer's requested point of interconnection, such that the impact on the transmission system of the combination of the generating facility and the load, with the exception of the transmission facilities between the two, will be effectively the same as if they were located at the same substation (e.g., large load that is located no more than two substations from the generating facility)."⁷⁸

Proposal

As described above, the CAISO proposes to clarify its rules to enable co-located large loads and generation to be studied together regardless of the configuration between the onsite large load and generation.⁷⁹ This would include modifying the generator interconnection process, studies, and agreements to reflect co-location and the electrical configurations necessary to enforce those study results and maintain safety and reliability.⁸⁰

⁷⁷ Order to Show Cause at P 113.

⁷⁸ *Id.* at P 112.

⁷⁹ Exporting, non-exporting, participating generator, or non-participating generator.

⁸⁰ *Id.* at P 113.

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However, the CAISO does not propose to create provisions for interconnection customers to serve electrically proximate large loads. Although this option exists in the Southwest Power Pool, the CAISO is unaware of any interconnection customer that has elected to use it. Moreover, large load developers in California have expressed no interest in such an option. This is likely because the electrically proximate interconnection construct is designed to meet bring-your-own generation requirements the CAISO does not have, need, or propose. Unlike other regions, California is not facing a capacity constraint that would require new large loads to bring or procure their own generating capacity merely to interconnect. The CAISO also is concerned that facilitating these interconnections could complicate and slow more common stand-alone and co-located load and generator interconnections, creating challenges where none existed. Finally, the CAISO is concerned that electrically proximate interconnections would potentially implicate California state law, which only contemplates the provision of energy at the same site as the load without becoming an electrical corporation subject to myriad utility requirements.⁸¹

2. Initiative Timeline and Next Steps

The CAISO's Large Loads Stakeholder Initiative will become the primary vehicle for developing the CAISO tariff revisions necessary to comply with the Commission's Order. The CAISO will refocus the initiative on the issues the Commission has identified. Given the timeline described in the Order, the CAISO is expediting the stakeholder initiative with two proposals: this straw proposal and a draft final proposal in September. Then the CAISO will seek Board of Governors approval at the CAISO Board's October 28, 2026 meeting. While the stakeholder initiative will be expedited, the CAISO will host workshops and solicit stakeholder feedback on the proposals to better inform the policy outcomes.

Action	Tentative date
Post Straw Proposal	August 12, 2026
Stakeholder workshop	August 19, 2026
Comments due	September 2, 2026
Post Draft Final Proposal	September 21, 2026
Stakeholder workshop	September 28, 2026
Comments due	October 12, 2026
CAISO Board of Governors	October 28, 2026

⁸¹ See Cal. PUC Code § 218.

3. Decisional Classification

This initiative proposes certain tariff amendments to enhance the process for studying and approving interconnection requests. CAISO staff believe that these proposed tariff changes will go to the Board of Governors only and that the Western Energy Markets (WEM) Governing Body will have no role in the decision.

The WEM Governing Body has primary authority over any

proposal to change or establish a tariff rule applicable to the WEIM/EDAM Entity balancing authority areas, WEIM/EDAM Entities, or other market participants within the WEIM/EDAM Entity balancing authority areas, in their capacity as participants in WEIM/EDAM... The scope of this joint authority excludes, without limitation, any other proposals to change or establish tariff rule(s) applicable only to the CAISO balancing authority area or to the CAISO-controlled grid.⁸²

The tariff changes proposed here would not be “applicable to the WEIM/EDAM Entity balancing authority areas, WEIM/EDAM Entities, or other market participants within the WEIM/EDAM Entity balancing authority areas, in their capacity as participants in WEIM/EDAM.” Rather, they would be applicable “only to ... the CAISO-controlled grid.”

Accordingly, these proposed changes to implement these enhancements would fall outside the scope of the WEM Governing Body’s primary authority. The WEM Governing Body also has an advisory role that extends to any “proposals to change or establish tariff rules that would apply to the real-time and/or day-ahead market but are not within the scope of its primary authority.” This initiative, however, does not propose changes to the rules of the real-time or day-ahead markets. Stakeholders are encouraged to submit a response in their written comments to the proposed classification as described above, particularly if they have concerns or questions.

⁸² Charter for WEIM and EDAM Governance § 2.2.1.