




# 2023 Interconnection Process Enhancements: Track 3 Consolidated Revised Straw Proposal

November 15, 2024

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- This collaborative meeting are intended to stimulate open dialogue and engage different perspectives.
- Please keep comments professional and respectful.
- Please try and be brief and refrain from repeating what has already been said so that we can manage the time efficiently.
- If you need technical assistance during the meeting, please send a chat to the event producer

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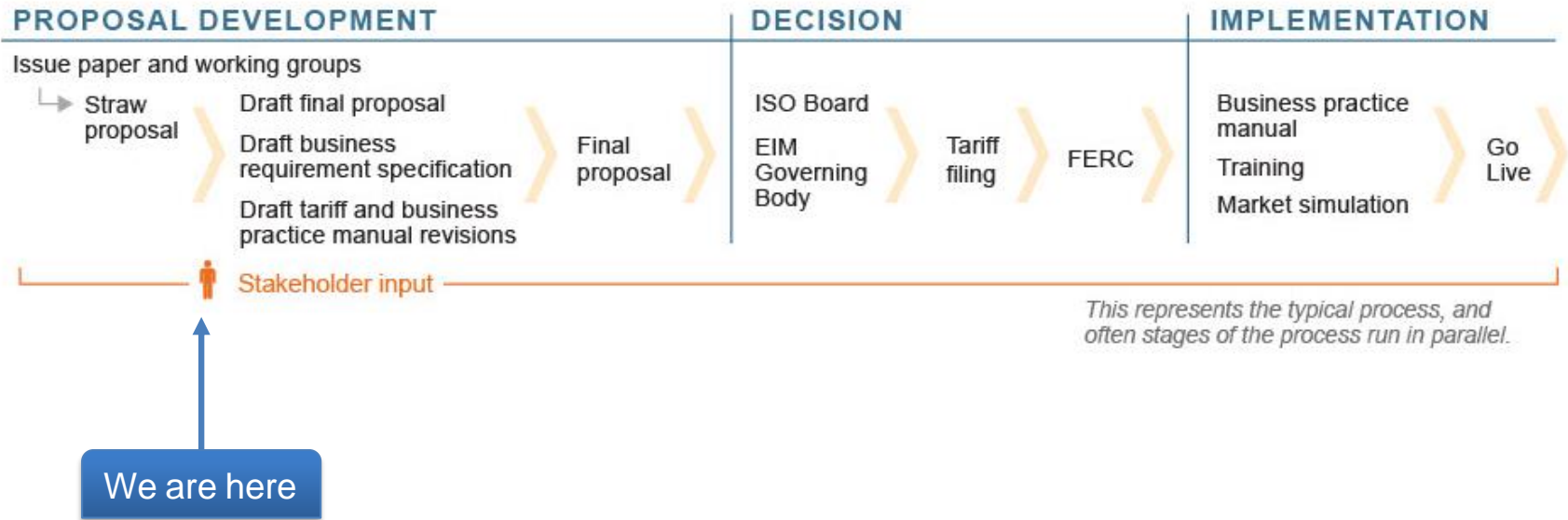
# Agenda

Time	Topic	Presenter
9:00 – 9:15	Welcome & introductions	Yelena Kopylov-Alford Danielle Mills
9:15-10:45	Modifications to TPD Allocations	Bob Emmert
10:45-12:00	Long Lead-Time Generation Resources	Danielle Mills
12:00-1:00	Lunch	
1:00-1:45	Intra-cluster prioritization & Interim deliverability	Robert Sparks
1:45 – 2:00	Next steps	Danielle Mills

## Meeting objectives

- Answer questions and respond to stakeholder feedback on the revised straw proposal (2<sup>nd</sup>) for modifications to the TPD allocation process.
- Consider possible exceptions or extensions for certain long lead-time, location-constrained resources.
- Discuss the revised straw proposal for intra-cluster prioritization and modifications to priority for interim deliverability.

# CAISO Policy Initiative Stakeholder Process



# MODIFICATIONS TO TPD ALLOCATION PROCESS

## Proposed changes to pre-cluster 15 projects

- The 2025 TPD allocation cycle maintains the current groups A, B, C and D.
  - The 2025 allocation cycle will be the last opportunity for Energy Only (EO) projects in the queue to seek an allocation through either the PPA or Shortlist allocations groups.
- The new allocation process begins with the allocation cycle following the 2025 cycle (expected to be in 2027).
- Cluster 14 will be able to seek an allocation in group D in 2025 and any projects receiving a group D allocation can only retain it with a PPA in the next allocation cycle.
  - Projects that selected group D would continue to be subject to the group D restrictions.



## Proposal: Reduce the allocation groups to three

- 1<sup>st</sup> priority group: PPA group (formerly group A).
  - Projects with PPA meeting existing PPA eligibility requirements.
- 2<sup>nd</sup> priority group: Commercial Operation group (formerly group C).
  - For eligible Energy Only projects that go into commercial operation.
- 3<sup>rd</sup> priority group: Conditional group (new group).
  - All projects without a PPA would by default be included in the Conditional allocation process with a scoring process determining the order projects receive available TPD.
  - Conditional allocations must be retained in the following TPD allocation cycle with an executed eligible PPA.
  - If not retained, projects can re-seek an allocation as long as the project's cluster is eligible to seek an allocation.
  - Conditional TPD allocated will reduce the available TPD used to determine amount of capacity studied in next cluster.

# What does this proposal accomplish?

- Simplifies a complicated process for developers, LSEs and ISO.
  - A simplified 2-step TPD track for all projects.
  - All eligible projects without a PPA would automatically be processed for an allocation through the Conditional group.
  - Eliminates the prolonged two step retention process.
  - Simplifies a complex project allocation tracking process.
  - Ends the tracking of Conditional group's project CODs and other restrictions.
- Maximizes the capacity able to compete for a PPA in each cluster to meet accelerated procurement targets without risk to developer.
- Puts the bilateral procurement process in the driver's seat for determining the value and viability of projects competing for a PPA.
  - Creates a level playing field in procurement with most projects having a Conditional TPD allocation.
  - Allows procurement to focus on other high value project attributes.

# TPD Allocation Process Modifications (continued)

- Project parking will be discontinued.
  - Projects must make any required increases to their commercial readiness deposit following completion of the cluster studies on the dates required in the ISO's FERC Order No. 2023 compliance filing.
- Projects will have three consecutive opportunities to seek an allocation.
  - 1<sup>st</sup> opportunity: In the request window following the cluster's Facility Study report being issued.
  - The vast majority of projects will need their Facility Study report's cost information to definitively market their project for a PPA.
  - ISO seeks stakeholder input on a potential option to provide an opportunity to projects that have a PPA by the request window during the Facility Study.
- Projects with a Conditional allocation at their last retention opportunity that do not have a PPA will be withdrawn.
  - Projects that do not get a Conditional allocation in their last opportunity for a Conditional allocation will be withdrawn at that time.

# TPD Allocation Process Modifications *(continued)*

- Any technology additions (via MMA or Post-COD mod) will be added as EO and may only seek TPD through the Commercial Operation group.
  - Only projects eligible to seek an allocation (studied as FCDS or Merchant) have this option.
    - EO projects are ineligible for seeking an allocation, even for Technology additions.
  - Will commence after the 2025 TPD allocation cycle request window closes.
  - EO projects in clusters prior to cluster 15 will have one additional opportunity during the 2025 TPD allocation cycle to seek an allocation through the existing GIDAP allocation groups A - C.
    - Allocation group A (PPA)
    - Allocation group B (Shortlist)
    - Allocation group C (Commercial Operation)

# Modifications to the TPD scoring criteria

The BPM scoring methodology, used to prioritize projects seeking a TPD allocation, has been modified for the 2025 allocation cycle. Prioritization determines the order that projects are considered for receiving TPD within each allocation group.

Points (select one per category)	Permitting (existing process)	Power Purchase Agreement Status (PPA group only)	GIA Status
10	Has Final government permit to construct or Has authorization to construct with a qualifying exemption		The Interconnection Customer has provided payment and security to the Participating TO
7			The Participating TO has received written authorization to proceed with construction from the Interconnection Customer
5	Draft Environmental Report w/no significant impact that cannot be mitigated	Off-taker is procuring the capacity to meet its own RA obligation	
3	Data adequate		Has provided to the ISO the required GIA Deposit
1	Applied		
0 (Min. Req.)		Has an executed PPA	

## Modifications to the TPD scoring criteria *(continued)*

- The prioritization of allocations for the Commercial Operation group is proposed to be in the following order:
  1. Projects that demonstrate having a RA contract.
  2. Distribution Factors (DFAX) – Lower DFAX receive higher priority.

## Modifications to the TPD scoring criteria *(continued)*

- Multi-fuel projects seeking an allocation under the PPA group will request a specific MW capacity for each fuel type for which it seeks an allocation, and provide the desired ranking order for each fuel type to be considered.
- Any EO project (other than eligible technology additions) that provides a PPA to modify its COD, must provide a PPA that specifies an EO product. EO projects cannot remain in the queue based on a PPA that is contingent on receiving or that requires TPD.

# **SPECIAL CONSIDERATIONS FOR LONG LEAD-TIME, LOCATION- CONSTRAINED RESOURCES**



# Special considerations for long-lead time generation resources

- Certain location-constrained, policy-driven resources take longer to develop generation and transmission, and have more distant procurement timelines.
- The ISO seeks to address three issues:
  1. Uncertainty around the optimal time to enter the queue (and associated timelines for posting securities and seeking TPD).
  2. Alignment between the amount of capacity specified in portfolios and the amount of TPD sought by interconnection customers
  3. More distant commercial milestones

## Current treatment of long lead-time, location-constrained, policy-driven resources

- Give certain long lead-time resources points in the interconnection request scoring process
- Reserve TPD for certain long lead-time generation resources (Appendix KK, Section 8.9.1)

# Proposed treatment of long lead-time, location-constrained generation with policy-driven transmission

- Eligibility

- To be updated each cluster, based on coordination with the CPUC and LRAs to ensure alignment with current policy and procurement needs.
- Satisfy some or all of the following criteria:
  - long lead-time resource technology (e.g. offshore wind, out-of-state renewable resources on interregional transmission, long-duration energy storage, advanced geothermal resource), as defined in coordination with LRAs;
  - location-constrained;
  - dependent on policy-approved transmission with explicit guidance to treat the resource as a long lead-time resource from the CPUC or local regulatory authority;

## Proposed requirement for treatment of long lead-time, location-constrained generation with policy-driven transmission

- These particular interconnection requests must enter the queue requesting amounts of capacity appropriate for the amounts specified for their resource in the LRA's resource portfolio.
- Interconnection customers opting to use this pathway may not request more TPD than specified in the resource portfolios from the relevant LRA.

# Proposed treatment of long lead-time, location-constrained generation with policy-driven transmission

- Eligible interconnection projects enter the queue requesting an amount of capacity called for in the resource portfolio (not more).
  - Allow interconnection customers to extend amount of time to seek TPD until they are closer to meeting critical milestones.
    - Establish a deadline for seeking TPD that aligns with the timeframe for the resource coming online in portfolios (e.g. 2034)
    - Develop conditions or a trigger mechanism for releasing reserved TPD if generation or transmission does not materialize.

# Additional considerations for long lead-time resources

- Such a process could contemplate:
  - A separate interconnection request process specifically for long lead-time resources;
  - A unique long lead-time resource study process, which would have to align with the new Order No. 2023 requirements; and/or
  - Extensions for commercial readiness deposits and the Generator Interconnection Agreement deposit, which would also need to align with Order No, 2023 requirements.

# **INTRA-CLUSTER PRIORITIZATION OF USE OF EXISTING SCD/RNU HEADROOM**

# Background

- The Cluster 14 Phase II reports identified several long lead-time short-circuit mitigation projects
- The need for some of these mitigation projects is expected to be eliminated as projects withdraw from the queue
- The in-service dates for the generation projects currently reflect the time it will take to complete the short circuit mitigation
- Some of the generation projects could probably interconnect without triggering the need for the short-circuit mitigation



# Proposal

- The ISO proposes an allocation process to allow generators to interconnect up to an amount that would not trigger the need for the long lead-time short-circuit or other reliability network upgrades
- The process could be similar to the TPD allocation process
- The process would be ongoing and would be available to all Cluster groups in the queue

# Proposal

- All RNUs could be considered in this process
  - estimated time to construct of more than five years,
  - and delaying the in-service date of multiple generation projects by more than three years.
- The RNUs to be considered would be identified by the ISO and PTOs and posted on the ISO website

# Proposal

- Affected generation projects could then submit affidavits with similar information as those submitted for the TPD allocation process
- The ISO could rank those projects, similar to the TPD allocation process, and provide those rankings to the PTOs
- PTOs could perform an assessment to allow the highest ranking projects to come online prior to completion of the upgrade
- If the projected short circuit current exceeds 97%, then a limited operations study would still be required

# Proposal

- Remaining projects would have to wait for the assigned RNUs to be completed and placed in service
- Cost responsibility for the upgrades would not be affected by this process

# **MODIFICATIONS TO THE PRIORITY FOR AWARDING INTERIM DELIVERABILITY**

# Background

- When multiple generation projects behind a common transmission constraint become operational before all required delivery network upgrades are in service, available deliverability is allocated on an interim basis for the following operational year
- Currently, earlier queued projects have a higher priority than later queued projects
- An issue arises when, for example, a battery facility is added to an existing queue position through the MMA process and inherits the queue priority of the original project, thereby jumping ahead of a later queued project already established in the interconnection process for years before the battery facility was added

# Stakeholder feedback

- Although several stakeholders supported the ISO's proposal,
  - many stakeholders expressed concern with changing the current priority because they have already made business decisions based on the current priority order.
  - It was suggested that they could support the ISO proposal as long as all current projects were grandfathered under the existing priority.

# Proposal

- The ISO is no longer proposing to modify the priority for allocating interim deliverability.
  - The number of battery facility additions through the MMA process is expected be substantially fewer than in the past
  - There are not expected to be any batch MMA processes or other events that will trigger a large number of such battery additions through the MMA process
  - Grandfathering different priorities would create undue complexity in the interim deliverability allocation process, given its temporary nature



# **INSTRUCTIONS FOR CLUSTER 15 PROJECTS ON – REQUIREMENTS FOR DEPOSITS AND FEE**

# Cluster 15 Deposits and Fees

Deposits and Fees to ISO	Deposits to PTOs
<p><b><u>Required</u></b></p> <p><b>Application Fee:</b> \$5,000</p> <p><b>Study Deposit:</b></p> <ul style="list-style-type: none"><li>• &lt; 80 MW: \$35,000 + \$1,000/MW</li><li>• 80 MW &lt; 200 MW: \$150,000</li><li>• 200 MW: \$250,000</li><li>• (trued-up against the original \$150,000 study deposit)</li></ul> <p><b><u>Only if qualified under regulatory limitation</u></b></p> <p><b>Site Control Deposit:</b> \$10,000 per MW, subject to a minimum of \$500,000 and a maximum of \$2,000,000</p>	<p><b><u>Required</u></b></p> <p><b>Commercial Readiness Deposit:</b> (to be submitted to the PTO) 2x Study Deposit</p> <p><b><u>Required if selecting the Merchant option</u></b></p> <p><b>Merchant Option Deposit:</b> Required Merchant Option deposit of \$10,000/MW of all requested deliverable Generating Facility capacity, but not less than \$500,000 or more than \$5,000,000.</p>

# Cluster 15 Deposits and Fees to the ISO

- Deposits and fees are due at time of IR submission.
- All payments must be separate wire transactions, by project and deposit type.
  - One wire for the Application Fee for each project.
  - One wire for the Study Deposit for each project.
    - The study deposit amount is a true-up based on the original \$150,000 study deposit made in 2023.
      - Projects less than 80 MW: refund in the amount of initial \$150k study deposit less the new C15 Study Deposit amount.
      - Projects 80 MW to 200MW: no refund or true up needed.
      - Projects 200 MW and above: additional \$100k required.
- Customers submitting one wire transactions for multiple projects will be rejected.
- Each wire must:
  - Contain: the project name.
  - Contain: the project number from the cluster 15 project list on the ISO website.
  - Specify: whether it is for the Application Fee, Study Deposit, or Site Control Deposit (must qualify for the regulatory limitation).

# Cluster 15 Commercial Readiness Deposit, and if applicable, Merchant Option Deposit, to the PTO

## December 2, 2024 Deadline

- Upload a draft of the actual commercial readiness deposit financial instrument. The draft document must be reviewed and approved by the PTO and be uploaded to the GRIP platform no later than December 2, 2024. The ISO will verify with the PTO that the interconnection customer is working with the PTO in good faith and that a pending agreement is in progress. There will be no cure period beyond the December 2 date.
- If a Merchant deposit is required, follow the same procedures and upload a draft of the PTO approved financial instrument by the same December 2, 2024 deadline.
- Emails of intent will not be accepted.

# Cluster 15 Commercial Readiness Deposit, and if applicable, Merchant Option Deposit, to the PTO

## May 1, 2025 Deadline

- Post an executed Commercial Readiness Deposit with the PTO. All interconnection requests must have an executed Commercial Readiness Deposit by May 1, 2025 in order to be eligible to move forward in the study process. There will be no cure period beyond the May 1 date.
- Post the Merchant Deposit with the PTO if applicable. When a Merchant Deposit is required, the financial instrument must be executed by May 1, 2025 in order for that project to be eligible to move forward. There will be no cure period beyond the May 1 date.

Questions? – email [IRinfo@caiso.com](mailto:IRinfo@caiso.com)

# NEXT STEPS

# IPE 2023 Track 3 Schedule

<b>Date</b>	<b>Milestone</b>
<b>November 15, 2024</b>	Stakeholder call on revised straw proposal
<b>December 2, 2024</b>	Comments due on revised straw proposal
<b>January 7, 2025</b>	Draft final proposal posting
<b>January 14, 2025</b>	Stakeholder call on draft final proposal
<b>January 28, 2025</b>	Comments due on draft final proposal
<b>February 18, 2025</b>	Final proposal posting
<b>February 25, 2025</b>	Stakeholder call on final proposal
<b>March 4, 2025</b>	Comments due on final proposal
<b>March 2025</b>	Board of Governors Meeting

## Additional information

- Please submit comments on the Consolidated revised straw proposal and meeting discussion using the commenting tool linked on the initiative webpage
  - Comments are due by end of day **Dec 2, 2024**
- Visit initiative webpage for more information and comments template:  
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/interconnection-process-enhancements-2023>
- If you have any questions, please contact [isostakeholderaffairs@caiso.com](mailto:isostakeholderaffairs@caiso.com)



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