




# 2023 Interconnection Process Enhancements: Track 3 Draft Final Proposal

Stakeholder Workshop  
January 15, 2025

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- This collaborative meeting is 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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- If you are connected to audio through your computer or used the “call me” option, select the raise hand icon  located on the bottom of your screen.
  - **Note:** \*3 only works if you dialed into the meeting.
  - Please remember to state your name and affiliation before making your comment.
- You may also send your question via chat to Yelena Kopylov-Alford or to all panelists.

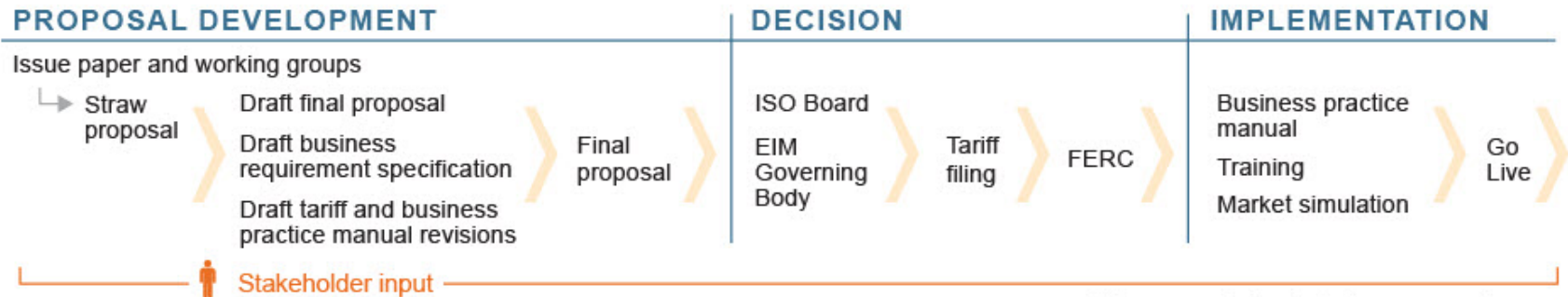
# Agenda

Time	Topic	Presenter
9:00 – 9:15	Welcome & introductions	Yelena Kopylov-Alford Danielle Mills
9:15-10:30	Intra-cluster prioritization & Interim deliverability	Robert Sparks
10:30-11:45	Modifications to TPD Allocations	Bob Emmert
11:45-12:00	2nd Financial Security Posting for Cluster 14 Parked Projects	Bob Emmert
12:00-1:00	Lunch	
1:00-1:45	Long Lead-Time Resources	Danielle Mills
1:45 – 2:00	Next steps	Danielle Mills

# Meeting objectives

- Answer questions and respond to stakeholder feedback on the draft final proposal.

# CAISO Policy Initiative Stakeholder Process



*This represents the typical process, and often stages of the process run in parallel.*

We are here

# **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 four years,
  - and delaying the in-service date of multiple generation projects by more than two 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 forms with similar information as those submitted for the TPD allocation process
- The ISO would 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 reliability margin is less than 3% (e.g. short circuit current exceeds 97%), then a limited operations study would still be required

# Scoring Proposal

This table shows the same scoring data that are proposed for the TPD allocation process.

An additional column has been added to include scoring data based on TPD allocation status and associated deliverability network upgrade status.

For the intra-cluster priority, the highest sum of the scores from each of four columns would establish the priority.

Points (select one per category)	Permitting	Power Purchase Agreement Status	GIA Status	Deliverability Upgrade Status
10	Has Final government permit to construct or Has authorization to construct with a qualifying exemption	Off-taker is procuring the capacity to meet its own RA obligation or the Interconnection Customer is a Load Serving Entity serving its own Load	The Interconnection Customer has provided payment and security to the Participating TO	<b>FCDSA project not waiting for any transmission upgrades needed for deliverability or EODS project</b>
7		Has an executed PPA	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			
3	Data adequate		Has provided to the ISO the required GIA Deposit	<b>FCDSA project waiting for a transmission upgrade needed for deliverability</b>
1	Applied			
0				<b>FCDSR project</b>

# 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 some stakeholders supported the ISO's proposal,
  - most 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

# MODIFICATIONS TO TPD ALLOCATION PROCESS

# TPD allocation groups beginning in 2027 allocation cycle

- **PPA group** – 1<sup>st</sup> priority (formerly group A)
  - Projects with PPA meeting existing PPA eligibility requirements.
- **Commercial Operation group** – 2<sup>nd</sup> priority (formerly group C).
  - Only for pre-cluster 15 eligible Energy Only projects that go into commercial operation.
- **Conditional group** – 3<sup>rd</sup> priority
  - Similar to group D, but without group D restrictions.
  - All projects w/o a PPA will 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.

# Beginning in 2027 all projects have three opportunities to obtain TPD

- Each cluster will have three consecutive opportunities to seek an allocation (plus one during the cluster's Facility Study).
  - Opportunity during Facility Study for projects able to obtain a PPA prior to receiving their final & capped costs to interconnect.
    - Provides opportunity for rare cases where projects have minimal costs to interconnect.
  - Cluster's 1st opportunity to obtain allocations in all three groups begins with the allocation cycle 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.
- Projects not able to obtain a PPA within their three opportunities will be withdrawn.

# No proposed changes to pre-cluster 15 projects until 2027

- The new allocation process begins in 2027 (no TPD cycle in 2026).
- The TPD allocation process for 2025 is unchanged.
  - Maintains the current groups A (PPA), B (shortlist), C (commercial operation), and D (conditional) for all projects.
  - The 2025 allocation cycle will be the last opportunity for Energy Only projects to seek an allocation through either the PPA or Shortlist allocation groups.
  - After 2025, pre-cluster 15 Energy Only projects can only seek an allocation in the commercial operation group.
- Any cluster 14 project that receives a group D allocation in 2025 must have a PPA in 2027 to retain the allocation.
  - All projects that have sought an allocation through group D will continue to be subject to the group D restrictions.

# Modifications to the TPD scoring criteria begin in 2027

The scoring methodology is used to prioritize projects seeking TPD allocations – determining the order that projects receive TPD within each allocation group.

Points (select one per category)	Permitting (unchanged from 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 <sup>20</sup>		The Interconnection Customer has provided payment and security to the Participating TO <sup>21</sup>
7			The Participating TO has received written authorization to proceed with construction from the Interconnection Customer <sup>22</sup>
5	Draft Environmental Report w/no significant impact that cannot be mitigated	Off-taker is procuring the capacity to meet its own RA obligation or the Interconnection Customer is a Load Serving Entity serving its own load	
3	Data adequate		Has provided to the ISO the required GIA Deposit <sup>23</sup>
1	Applied		
0 (Min. Req.)		Has an executed PPA	

The proposed order for prioritizing Commercial Operation group allocations:

1. Projects that demonstrate having a RA contract.
2. Distribution Factors (DFAX) – Lower DFAX receive higher priority.

## TPD Allocation Process Modifications (*continued*)

- Any technology additions (via MMA or Post-COD mod) will be added as Energy Only 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.
  - Current tariff makes Energy Only interconnection requests ineligible to seek an allocation, even for technology additions.
  - Will commence after the 2025 TPD allocation cycle request window closes.

## TPD Allocation Process Modifications (*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.
- EO projects cannot remain in the queue based on a PPA that is contingent on receiving or that requires TPD.



# ADJUSTED 2<sup>ND</sup> INTERCONNECTION FINANCIAL SECURITY POSTING FOR CLUSTER 14 PARKED PROJECTS

## Background & proposal

- When a project parks following the TPD allocation process, its Interconnection Financial Security (IFS) posting due date is extended by 12 months.
  - The current the due date for cluster 14 parked projects is July 1, 2025.
- An adjustment to the second IFS posting due date for cluster 14 parked projects is proposed due to the change in the 2025 - 2027 TPD allocation cycle schedules, which were made to accommodate cluster 15's study work.
- The ISO proposes to adjust the second IFS posting due date for cluster 14 projects that opted to park to May 29, 2026.
  - Roughly sixty calendar days after the TPD allocation results are published on March 31, 2026.
  - This is consistent with past schedules where the due date for the second IFS posting is approximately sixty days after the TPD results are provided.

# **SPECIAL CONSIDERATIONS FOR LONG LEAD-TIME GENERATION AND STORAGE RESOURCES**

# Special considerations for qualifying long-lead time resources

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 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)

# Process for determining qualifying long lead-time resources

1. The ISO will provide a legal standard using the Transmission Planning Process (TPP), specifying what types of resources will qualify (e.g. technology, fuel, capacity, and Transmission Zone).
2. LRAs will review the standards and provide the ISO with a more explicit list of qualifying resources that can be subject to stakeholder comment in the TPP.
  - The CPUC will convey specifics in annual decision adopting scenarios for the TPP.
  - LRAs will need clear guidance of what information the ISO needs and by when, in order to incorporate into the transmission plan.
3. The ISO Board-approved transmission plan will then include a description of the qualifying LLT resources for each LLT policy upgrade.

# Proposed TPD treatment of long lead-time resources

- Allow long lead-time interconnection customers to defer their first attempt to seek TPD until they are closer to meeting critical milestones.
  - Sunset on extension: ICs must first attempt to seek deliverability no less than three years prior to the resource coming online in portfolios.
- Trigger mechanism for releasing reserved TPD if generation or transmission does not materialize:
  - Transmission cancelation.
  - Notification from relevant LRA(s) that procurement of the resource will not move forward.

## Proposed TPD requirements for qualifying long lead-time resources

- The ISO will only reserve transmission capacity consistent with, and not to exceed, what is included in the LRA's resource portfolio.
- To the extent that a resource seeks additional deliverability beyond what is in the portfolio, they will have to compete for non-reserved available capacity.
  - Use COD as a tie-breaker for allocating capacity to resources that produce PPAs at the same time and receive equal TPD scores in the process.

# Additional considerations for long lead-time resources

- Application of this treatment to non-LLT generation resources with long lead-time reliability network upgrades (RNUs).
  - The timeline associated with long lead-time RNUs will be factored in to the project's GIA milestones.
  - PTO delays are already accounted for in contract and queue management procedures.
- Distinction between scoring criterion, reservations, and TPD deferral treatment.
  - No distinction is necessary for scoring in the IR Intake process and the ability to defer TPD allocations, however resources will have to compete for TPD in the TPD scoring process for the reserved TPD.
- Financial security postings.
  - No changes proposed at this time.



# NEXT STEPS

# IPE 2023 Track 3 Schedule

<b>Date</b>	<b>Milestone</b>
<b>January 9, 2025</b>	Draft final proposal posting
<b>January 15, 2025</b>	Stakeholder call on draft final proposal
<b>January 29, 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 **January 29, 2025**
- 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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