



California ISO


2023 Interconnection Process Enhancements Track 2: Scoring Criteria Working Group

October 24, 2023

Housekeeping reminders

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- These collaborative working groups 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.

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- If you need technical assistance during the meeting, please send a chat to the event producer.
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Agenda

Time	Topic
9:00am – 9:15am	Introduction <ul style="list-style-type: none">• Objectives of scoring criteria• Working group expectations
9:15am – 11:15am	Discuss Proposed Scoring Rubric <ul style="list-style-type: none">• Overall feedback• Stakeholder proposals• Specific indicators and verification
11:15am – 11:45am	Discuss Proposed Interconnection Caps <ul style="list-style-type: none">• Stakeholder feedback and proposals• Discussion
11:45am – 12:00pm	Next Steps <ul style="list-style-type: none">• Topics for future working group meetings

CAISO Policy Initiative Stakeholder Process

PROPOSAL DEVELOPMENT

Issue paper and working groups

↳ Straw proposal

Draft final proposal

Draft business requirement specification

Draft tariff and business practice manual revisions

Final proposal

DECISION

ISO Board

EIM Governing Body

Tariff filing

FERC

IMPLEMENTATION

Business practice manual

Training

Market simulation

Go Live



Stakeholder input

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

We are here

October 24, 2023 - Work Group Objectives

- Refine scoring criteria for accurate and objective indicators of project readiness
- Discuss stakeholder feedback on proposed interconnection caps
- Determine next steps for working group process

SCORING RUBRIC

Southern California Edison Scoring Criteria Proposal

Loïc Gaillac, Principal Manager, Contract Management, *Energy Procurement & Management*

Gene Lee, Senior Advisor, Origination, *Energy Procurement & Management*

Virginia Grosz, Senior Advisor, Origination, *Energy Procurement & Management*

October 24, 2023

Energy for What's AheadSM

CAISO IPE 23 Straw Proposal Process Chart



- Prior to Interconnection Request (IR) window, CAISO publishes capacity available for IRs in each zone.
- 25 % limit on total IR MW a developer can request across the ISO footprint for a given cluster.

- CAISO has proposed a 6 category criteria point system to select projects that will be studied (up to 150% of available or planned capacity in each preferred zone).
- CAISO emphasized that the criteria need to be reasonable for projects at the interconnection request stage and easily validated.

- Generators submit sealed bids on a \$/MW basis as part of their IR.
- Posting is only required if an auction is required, and they win the auction.

- Single study phase replaces Phase I and Phase II studies.

- TPD allocation proposal to be discussed after scoring criteria and study process are finalized.

Projects Scoring Criteria for Prioritization: CAISO vs. SCE

CAISO Proposal

- (A) **Interest from off-taker** [20]: Letter of interest from a CA LSE or eligible commercial off-taker (20)
- (B) **Commercial readiness** [Select One, Max=50]: Shortlisted (20), Preferred resource in an LRA-approved LSE's resource plan (30), Executed term sheet for a PPA (30), and Executed PPA 5yr + (50)
- (C) **Permitting Status** [50]: Indication of community support (5), Application of land use permit (10), Initiation of CEQA review or application for AB 205 expedited environmental review of eligible projects filed (15), CUP granted (or demonstration of alternative permitting) (20)
- (D) **Project Attributes** [40]: Ability to provide Local RA in an LCRA with an ISO demonstrated need for additional capacity in that local area (20), Meets the requirements of a current CPUC procurement order or non-jurisdictional LSE's RFP (20)
- (E) **Project Location** [30]: Energy community per IRA (10), in load pockets not needing ADNUs (20)
- (F) **Expansion of an Operational Facility** [Select One, Max=50]: Expansion of an existing facility (40), Expansion of an existing facility where the existing gen-tie already has sufficient surplus capability to accommodate the additional resource (50)

SCE Proposal

- (A) **Interest from off-taker** [Select One, Max=50]:
 1. **LSE's Selection** [up to 50 points]
LSEs are allocated a limited number of points based on load share
 - OR
 2. **Contracting Status** Shortlisted (20), Preferred resource in an LRA-approved LSE's resource plan (30), Executed term sheet for a PPA (30), and Executed PPA 5yr + (**meeting specific criteria**) (50) [*Specific criteria for each category to be added*]
- (A) **Commercial Readiness** [20]: long lead items procurement [*specific items to be discussed during subgroups*]
- (B) **Permitting Status** [50]: Indication of community support (5), Application of land use permit (10), Initiation of CEQA review or application for AB 205 expedited environmental review of eligible projects filed (15), CUP granted (or demonstration of alternative permitting) (20)
- (D) **Project Attributes** [40]: Ability to provide Local RA in an LCRA with an ISO demonstrated need for additional capacity in that local area (20), Meets the requirements of a current CPUC procurement order or non-jurisdictional LSE's RFP **including online dates** (20)
- (E) **Project Location** [30]: Energy community per IRA (10), in load pockets not needing ADNUs (20)
- (F) **Expansion of an Operational Facility** [50]: Expansion of an existing facility (25), Expansion of an existing facility where the existing gen-tie already has sufficient surplus capability to accommodate the additional resource (50)
- (G) **NEW: Developer Viability** [40] – one project of similar technology and capacity in construction [20], one project of similar technology and capacity completed [40]

Category A: Interest from Off-Taker

SCE proposes that “Interest from Off Takers” be measured by either

- (1) The commercial readiness scoring criteria proposed by the CAISO, **OR**
- (2) LSE’s Interest based on a load share weighted LSE bonus point scoring system (“LSE Bonus”)

CAISO Proposal	SCE Proposal
<p>(A) Interest from off-taker [20]: Letter of interest from a CA LSE or eligible commercial off-taker (20)</p> <p>(B) Commercial readiness [Select One, Max=50]: Shortlisted (20), Preferred resource in an LRA-approved LSE’s resource plan [30], Executed term sheet for a PPA [30], and Executed PPA 5yr + [50]</p>	<p>(A) Interest from off-taker [Select One, Max=50]:</p> <ol style="list-style-type: none"> 1. LSE’s Selection [up to 50] <u>LSEs are allocated a limited number of points based on load share</u> OR 2. Contracting Status [Select One, Max=50]: Shortlisted (20), Preferred resource in an LRA-approved LSE’s resource plan [30], Executed term sheet for a PPA [30], and Executed PPA 5yr+ (meeting specific criteria) [50] <i>[specific criteria for each category to be added]</i>

How are LSE’s Selection points awarded to Projects by the CAISO? :

- (1) For each preferred zone, LSE’s are given a certain number of “bonus points” based on their load share (LSE Bonus). *[How points are allocated by the CAISO should be discussed during subgroup stakeholder meetings]*
- (2) LSEs allocates their “bonus points” for projects that they would want to enter the study process, based on:
 - a) General interest of project characteristics (size, location, technology type, CPUC requirement, etc.)
 - b) Specific offtake conversations that have been occurring with those projects

Executed PPA Specific Criteria

- (1) SCE still strongly advocates to remove this requirement.
- (2) As an alternative SCE proposes that the executed PPA points can only be awarded to PPAs with a provision that require developers to post a minimum of \$40/kW. This Development Security must be posted to the off-taker prior to submitting the IR application and must remain posted for the duration of the interconnection process. Project with executed PPAs who have not met this requirement get 0 points.

Contract Status Criteria

- (1) SCE seeks clarification on CAISO’s plan to automatically including projects that a non-CPUC jurisdictional LSE demonstrates is a preferred resource in its resource plan that has been approved by its Local Regulatory Authority.
- (2) These projects could fall under the Contract Status category.

Category A: Interest from Off-Taker – LSE Selection

How SCE's LSE's Bonus Point Proposal Improves the IR Intake Process:

- IR Intake & Procurement Mandate Alignment: LSEs are given more control to identify projects that serve their mandated needs.
- Resource Diversity: as proposed, CAISO scoring system could allocate most capacity to one technology type. LSE's input could influence the ratio of projects entering the queue to align with LSE's procurement requirements.
- Project Viability: in depth review of off-taker's selected projects that enhances the likelihood of viable projects entering the queue.

Additional details that need be considered:

- 1) Partial or full offtake of project
- 2) Data required from CAISO to make selections
- 3) Resource mix mirrors CPUC requirements
- 4) Workload considerations on both the LSE and CAISO

Category B, F & G, & H: Commercial Readiness, Project Attributes, Expansion of an Operational Facility, and Developer Viability

CAISO Proposal

- B. Commercial readiness** [Select One, Max=50]: Shortlisted (20), Preferred resource in an LRA-approved LSE's resource plan (30), Executed term sheet for a PPA [30], and Executed PPA 5yr + (50)
- F. Expansion of an Operational Facility** [Select One, Max=50]: Expansion of an existing facility (40), Expansion of an existing facility where the existing gen-tie already has sufficient surplus capability to accommodate the additional resource (50)
- G. NA**

SCE Proposal

- B. Commercial Readiness [20]: long lead items procurement** *[specific items to be discussed during subgroups]*
- F. Project Attributes [40]:** Ability to provide Local RA in an LCRA with an ISO demonstrated need for additional capacity in that local area (20), Meets the requirements of a current CPUC procurement order or non-jurisdictional LSE's RFP **including online dates (20)**
- G. Expansion of an Operational Facility [50]:** Expansion of an existing facility (25), Expansion of an existing facility where the existing gen-tie already has sufficient surplus capability to accommodate the additional resource (50)
- H. NEW: Developer Viability [40] – one project of similar technology and capacity in construction [20], one project of similar technology and capacity completed [40]**

How SCE's Updated Scoring Criteria Improves the IR Intake Process:

Category B: Commercial Readiness

- Long lead items procurement in the books are a strong indicator of commercial readiness and project viability.

Category F: Project Attributes

- Better alignment with LSEs' procurement activities timeline.

Category G: Expansion of an Operational Facility

- expansion of an existing facility with an existing gene-tie able to accommodate the extension lower risks of project delays.

Category H: Developer Viability

- Developer Viability criteria based on developers that have experience developing the projects LSE are looking for at scale is also a strong indicator of project viability.

Questions?

Thank You

Please contact the SCE team for more information or questions:

- Virginia Grosz: virginia.grosz@sce.com
- Gene Lee: Gene.Lee@sce.com
- Loïc Gaillac: Loic.Gaillac@sce.com

Energy for What's AheadSM



INTERCONNECTION CAPS



Developer Cap Discussion

October 24, 2023

Bridget Sparks, PhD, AES Clean Energy
Jasmie Guan, AES Clean Energy





The following presentation was developed and endorsed by:

- AES
- NextEra Resources, LLC
- REV Renewables
- Clearway Energy Group
- ENGIE North America

Developer Cap Straw Proposal

- The CAISO proposes each developer to be limited to only submitting 25% of available transmission across the CAISO footprint.
- This is applied at the parent-company.
- On the 9/28 stakeholder meeting:
 - The CAISO stated that the developer cap will prevent market power by limiting the potential for small group of developers to overtake the queue.
 - The CAISO is concerned that a small group of developers would be the only ones negotiating RA contracts and thus increase RA pricing.

Concern 1: No Indication of Market Power

- The CAISO has not defined the definition of market power within the interconnection queue.
 - Does CAISO mean market power in terms of RA pricing?
 - The CAISO has not provided any data to support this concern, nor data to support that 25% cap is the right number.
- This may be a hypothetical issue that hasn't materialized.

Concern 2: Open Access and Preferential Treatment

- This proposal raises discriminatory treatment between independent power producers (IPPs) and utility-back generation.
- Non-CPUC jurisdictional LRAs are automatically accepted into the queue without capping and inclusive of the studied 150% of available transmission.
 - IPPs, who are subject to the developer cap and the scoring criteria within the studied 150% of available transmission, are treated differently than non-CPUC jurisdictional LRAs.
- MISO had explored a developer cap in addition to a queue cap.
 - MISO dropped the developer cap on the basis of discriminatory treatment. All LRAs were able to submit unlimited applications and not developers.

Concern 3: Administrative Burden

- The developer cap is proposed at the parent company level.
- The CAISO should be wary of the administrative burden to determine parent companies.
 - Companies may have different structure, such as a joint venture, that may create difficulties in determining the parent company cap.

Concern 4: Site Control Requirements

- Site control requirements in FERC Order 2023 (90% of generating facility at time of application) will already limit the number of applications entering the scoring process.

Recommendations

- The CAISO should remove the developer cap.
- The CAISO should address market power in a future stakeholder initiative if data supports.
- The CAISO should also allow Option B projects to interconnect in the priority zones as a mechanism to check potentially high resource adequacy prices through additional market supply.

NEXT STEPS

IPE 2023 Track 2 Work Group Schedule

Date	Track 2 Milestone
11/02/23	Working group meeting (Hybrid)
11/15/23	Working group meeting (Hybrid)
11/20/23*	Draft final proposal posting
11/27/23*	Stakeholder meeting
12/12/23*	Comments due on draft final proposal
01/08/24*	Final proposal and draft tariff language posting
01/15/24*	Stakeholder meeting
02/08/23*	Board of Governors meeting

To implement process changes ahead of Cluster 15 phase I studies, the ISO seeks to present Track 2 to the Board of Governors in February 2024.

Additional information

- Visit initiative webpage for more information:
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Interconnection-process-enhancements-2023>
- If you have any questions, please contact
isostakeholderaffairs@caiso.com



- *Energy Matters* blog provides timely insights into ISO grid and market operations as well as other industry-related news <http://www.caiso.com/about/Pages/Blog/default.aspx>.

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October 10, 2023
Leadership, Markets, Operations, Transmission

Working with stakeholders toward a “significantly reformed interconnection process”

By Danielle Osborn Mills Principal, Infrastructure Policy Development

Since working with stakeholders to identify the best ways to address overheated interconnection queues in 2022 and 2023, the California Independent System Operator (ISO) recently released its new Straw Proposal designed to greatly improve the overall efficiency ...

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