



California ISO

# 2021 Interconnection Process Enhancements (IPE) Preliminary Issue Paper – Stakeholder Workshop

October 19, 2021

# 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

# Agenda

Time	Topic
10:00 – 10:05	Welcome and stakeholder process
10:05 – 10:20	Introduction/Background
10:20 – 11:10	Phase 1: Near-Term Enhancements – Issues Overview
11:10 – 11:50	Phase 2: Long-Term Enhancements – Issues Overview
11:50 – 12:00	Next Steps
12:00 – 1:00	Lunch Break
<b>1:00 – 2:30</b>	<b>Stakeholder Presentations</b>
1:00 – 1:30	SCE
1:30 – 2:00	Gridwell Consulting
2:00 – 2:30	LSA and SEIA
2:30 – 3:00	Q&A

# INTRODUCTION/BACKGROUND

## The 2021 IPE will address a number of issues related to enhancing the Generator Interconnection and Deliverability Allocation Procedures (GIDAP)

- Accelerated pace of resource procurement and development needed over next 5 and 10 years may not align with current interconnection processes
- Current issues the CAISO is aware of and need to be enhanced or adjusted since IPE 2018
- Considering further adjustments to the Cluster 14 “supercluster” process
- Input from stakeholders for additional topics

## Given current supply conditions and unprecedented procurement orders for the next 5 years, a phased approach is needed

- Enhancements to incrementally improve the efficacy of the existing processes, which inform (but do not drive) procurement activities
- Particular focus on current queue overload compounded by Cluster 14
- Broader process reform considerations focusing on aligning the procurement processes with the interconnection process to achieve:
  - Greater efficiencies
  - Use of valuable planning and engineering expertise
  - Reduce uncertainty in development processes

# PHASE 1: NEAR-TERM ENHANCEMENTS FOR SUMMER 2022

# Necessary enhancements or adjustments the CAISO has become aware of since the 2018 IPE initiative that need to be addressed in Phase 1 (1 of 3)

1. Removing downsizing window and simplifying downsizing request requirements
  - Transition window from an annual month-long open window and allow downsizing requests to be submitted at any time
  - The requests would be held by the CAISO for the next reassessment study where the impact of the upgrades associated with the downsized resource would be determined
  
2. Process for changes to network upgrade requirements after the second Interconnection Financial Security (IFS) posting
  - Address who the cost responsibility falls to when an error or omission is discovered after the initial and the second postings have been made



# Necessary enhancements or adjustments the CAISO has become aware of since the 2018 IPE initiative that need to be addressed in Phase 1 (2 of 3)

3. Withdrawal option for projects impacted by new costs and/or delayed in-service date (ISD) after initial or second posting
  - Project would be given the option to either accept and move forward with the changes or withdraw and receive a full refund for its Interconnection Financial Security (IFS) posting and a refund of any unused study deposit
  
4. Clarify definition of Reliability Network Upgrade (RNU)
  - Any remedial action scheme (RAS) or other RNU that is identified in a deliverability study is categorized as an RNU and will impact the total RNU cost calculation for the RNU cost cap

# Necessary enhancements or adjustments the CAISO has become aware of since the 2018 IPE initiative that need to be addressed in Phase 1 (3 of 3)

5. Transferring Participating Transmission Owner (PTO) Wholesale Distribution Access Tariff (WDAT) Projects into ISO Queue
  - Intention to explore how to transfer IRs between the WDAT and CAISO queues during the IR submittal and validation process
  
6. Changing Sites and POIs During IR Validation
  - Specific tariff criteria needs to be developed for changing proposed generating facility locations and their POIs during the cluster IR validation period

## Further adjustments to the Cluster 14 “supercluster” process for Cluster 14 and earlier clusters (1 of 2)

1. Should site exclusivity documentation be required to proceed into the Phase II study process?
2. Should equipment requirements be introduced?
  - Should the project supplier demonstrate that the developer has a commitment for various key equipment required for the project to timely move forward, either at the IR stage or to enter Phase II?
3. Should an accelerated process for "Ready" projects be considered?
  - This process would need to consider:
    - Criteria to verify readiness
    - The study process for ready projects
    - Any consequences for delays after declaring being ready

## Further adjustments to the Cluster 14 “supercluster” process for Cluster 14 and earlier clusters (2 of 2)

4. Would different requirements for different technologies to advance in the interconnection process be appropriate? Between location-specific resources versus more location-flexible?
  - Technologies that could be considered for different treatment based on meeting specific system and location-flexibility needs are:
    - Battery energy storage systems (BESS)
    - Off-shore wind
    - Geothermal systems

## Broader issues that warrant discussion given existing supply conditions and the need to accelerate and sustain the pace of resource procurement and interconnection

- Should a one-time framework be adopted to allow resources such as storage to be added to existing sites on an expedited basis, despite potential impacts on earlier-queued projects, to meet pressing reliability needs?

# PHASE 2: LONG-TERM ENHANCEMENTS BY APRIL 2023

# Necessary enhancements or adjustments the CAISO has become aware of since the 2018 IPE initiative that need to be addressed in Phase 2 (1 of 3)

1. Should higher fees, deposits, or other criteria be required for submitting an IR?
  - Should the bar for entry into the interconnection process be raised to discourage numerous IR submissions by a single developer?
  
2. Streamline interconnection studies due to increased scope and complexity
  - The CAISO will be developing a proposal for refining the Phase I, Phase II, and annual reassessment study timelines to allow sufficient time to complete the study work and enhance efficiency

# Necessary enhancements or adjustments the CAISO has become aware of since the 2018 IPE initiative that need to be addressed in Phase 2 (2 of 3)

3. Policy for CAISO as an Affected System – how is the base case determined and how are the required upgrades paid for?
  - Since projects can request the CAISO as an affected system study at any time, specific criteria are needed to determine the appropriate base case for the study
  - Should California’s ratepayers reimburse a generator for network upgrades on the CAISO grid if those upgrades are required for a generating facility interconnecting in another balancing authority area?



## Necessary enhancements or adjustments the CAISO has become aware of since the 2018 IPE initiative that need to be addressed in Phase 2 (3 of 3)

4. Should the CAISO re-consider an alternative cost allocation treatment for network upgrades to local (below 200 KV) systems where the associated generation benefits the CAISO system or another PTO more than the service area of the PTO owning the facilities?
  - There is ongoing concern that the current practice for local upgrades could unduly impact local ratepayers who are not the sole beneficiaries of the upgrades, but who solely bear their costs

# General interconnection issues to be addressed in Phase 2 (1 of 2)

1. Should there be incentives for load serving entities to procure generation projects at locations where transmission capacity has been built/approved based on the CPUC portfolios?
  - Current procurement practices appear to not give due consideration to transmission capacity planned to facilitate the CPUC portfolios
    - This exacerbates the time required for new generation that have a PPA to go into operation
    - Results in transmission capability not being fully utilized, which ultimately increases costs to ratepayers
  - The CAISO has limited visibility into the procurement activities of the LSEs
  - Are there methodologies for more closely aligning the generation procurement processes of the LSEs with the generation and transmission expansion processes of the CPUC/LRAs, and the CAISO respectively?

# General interconnection issues to be addressed in Phase 2 (2 of 2)

2. Should Transmission Plan Deliverability (TPD) Allocation process revisions be considered?
  - Should a TPD allocation process similar to the Distributed Generation Deliverability allocation process be considered where TPD is allocated to LSEs who have resource adequacy obligations and would assign TPD to specific projects they enter into a PPA with?
  - The CAISO is seeking stakeholder input on whether the current TPD allocation process should be revised and if so, what specific methodologies do stakeholders recommend

## Broader reform issues given existing supply conditions and the need to accelerate and sustain the pace of resource procurement and interconnection

1. How can the interconnection process and incoming applications better align with procurement interest?
2. How can the interconnection process and procurement activity align with transmission system capabilities and renewable generation portfolios developed for planning purposes?
3. Should interconnection application requirements differ for resources that are location constrained, versus resources like standalone batteries that can be located elsewhere on the grid?

## Broader reform issues given existing supply conditions and the need to accelerate and sustain the pace of resource procurement and interconnection

4. Should a solicitation model be considered for some key locations and constraints not addressed in portfolio development, where commercial interest is the primary driver?
5. While the tariff currently allows a project to achieve its COD within seven (7) years if a project cannot prove that it is actually moving forward to permitting and construction, should the CAISO have the ability to terminate the GIA earlier than the seven year period?

# NEXT STEPS

# Proposed Initiative Schedule

Date	Event
09/30/21	Publish preliminary issue paper
10/08/21	Stakeholder suggestions due
10/19/21	Stakeholder workshop on preliminary issue paper
10/28/21	Stakeholder comments due on preliminary issue paper and workshop
11/22/21	Publish issue paper/straw proposal
12/01/21	Stakeholder conference call on issue paper/straw proposal
12/15/21	Stakeholder comments due on issue paper/straw proposal
01/25/22	Publish revised straw proposal
02/01/22	Stakeholder conference call on revised straw proposal
02/15/22	Stakeholder comments due on revised straw proposal
<b>Phase 1</b>	
03/10/22	Publish draft final proposal
03/17/22	Stakeholder conference call on draft final proposal
03/31/22	Stakeholder comments due on draft final proposal
04/11/22	Publish draft tariff language
04/21/22	Publish final proposal
04/25/22	Stakeholder comments due on draft tariff language
04/28/22	Stakeholder conference call on final proposal
05/12/22	Stakeholder comments due on final proposal
May 2022	Board of Governors Meeting
<b>Phase 2</b>	
06/07/22	Publish draft final proposal
06/14/22	Stakeholder conference call on draft final proposal
06/28/22	Stakeholder comments due on draft final proposal
07/26/22	Publish draft tariff language and final proposal
08/09/22	Stakeholder comments due on draft tariff language
08/16/22	Stakeholder conference call on final proposal
08/30/22	Stakeholder comments due on final proposal
November 2022	Board of Governors Meeting

*\*Dates are tentative and subject to change.*

# Next Steps

- Please submit comments on the preliminary issue paper and meeting discussion using the commenting tool linked on the initiative webpage
  - Comments are due by end of day October 28, 2021
- Visit initiative webpage for more information: [California ISO - Interconnection process enhancements 2021 \(caiso.com\)](https://www.caiso.com/interconnection-process-enhancements-2021)
- If you have any questions, please contact [isostakeholderaffairs@caiso.com](mailto:isostakeholderaffairs@caiso.com)