

180 FERC ¶ 61,143
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Richard Glick, Chairman;
James P. Danly, Allison Clements,
Mark C. Christie, and Willie L. Phillips.

California Independent System Operator Corporation Docket No. ER22-2018-000

ORDER ON TARIFF REVISIONS

(Issued August 31, 2022))

1. On June 2, 2022, the California Independent System Operator Corporation (CAISO) filed, pursuant to section 205 of the Federal Power Act (FPA),¹ amendments to its Open Access Transmission Tariff (Tariff) addressing its generator interconnection process. In this filing, CAISO proposes 12 independent sets of Tariff amendments. In this order, we accept CAISO's proposed Tariff amendments, effective September 1, 2022, as requested.

I. Background

2. CAISO has engaged in interconnection process enhancement initiatives since 2013, making numerous revisions to its Tariff to allow it to more efficiently and equitably administer the interconnection queue.² Recently, in 2021, CAISO expedited a stakeholder initiative to develop procedures for interconnection queue study group 14 (Cluster 14), which CAISO stated it could not study under the normal interconnection procedures and timelines due to the size of the study group. CAISO submitted Tariff revisions, which the Commission accepted, to allow CAISO additional time to study Cluster 14 and provide interconnection customers greater flexibility while in the interconnection queue.³ CAISO subsequently began a new interconnection process

¹ 16 U.S.C. § 824d.

² See, e.g., *Cal. Indep. Sys. Operator Corp.*, 162 FERC ¶ 61,207 (2018); *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,242 (2015); *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,231 (2014).

³ *Cal. Indep. Sys. Operator Corp.*, 176 FERC ¶ 61,207 (2021).

enhancements initiative in 2021 to implement further reforms for Cluster 14 and subsequent clusters.

3. Additionally, in 2021, CAISO sought waiver of its interconnection procedures to immediately study and interconnect two emergency generating units in response to California Governor Newsom's emergency proclamation authorizing measures to reduce strain on California's energy grid. The Commission subsequently granted CAISO's request for waiver (2021 Waiver).⁴ In granting the waiver request, the Commission suggested CAISO make every effort so that it would not have to seek a similar waiver in the future.⁵

II. Filing

4. CAISO proposes 12 sets of revisions to the generator interconnection process under its Tariff and explains that these proposed revisions are the result of the first phase of the current interconnection process enhancements initiative. CAISO states that the revisions are independent of each other but are filed together because they were part of the same stakeholder process. CAISO requests an effective date of September 1, 2022, which it states will allow the revisions to become effective before Cluster 14 proceeds in the interconnection study process.⁶

A. Aligning Transmission Plan Deliverability Allocation Process with Procurement

5. First, CAISO proposes to revise the transmission plan deliverability allocation process in its Tariff.⁷ CAISO proposes to consolidate the current seven interconnection customer deliverability allocation groups into four groups. CAISO states that the new groupings will be easier for it to track and will provide clearer criteria for developers and offtakers. Additionally, the new groups are reordered to emphasize success in the bilateral capacity markets and deemphasize a project's queue status and history. CAISO

⁴ *Cal. Indep. Sys. Operator Corp.*, 176 FERC ¶ 61,159 (2021).

⁵ *Id.* PP 21 n.23, 26.

⁶ Transmittal at 1–2.

⁷ CAISO, CAISO eTariff, app. DD, § 8 Phase II Interconnect Study & TP Delivery Allocation Process (14.0.0), § 8.9.2.

states that this ordering better aligns deliverability allocations, simplifies administrative procedures, and prevents unused deliverability from remaining in the queue.⁸

6. Additionally, CAISO proposes to remove all deliverability retention requirements except for two, which CAISO states have been the most important in demonstrating interconnection customers' viability and potential to benefit ratepayers. In order to retain a deliverability allocation, CAISO proposes that an interconnection customer who receives deliverability on the basis of either negotiating or being shortlisted for a power purchase agreement must execute the agreement by the following year. CAISO states that the requirements it proposes to remove have not been meaningful and have created undue administrative burden for interconnection customers and CAISO.⁹

B. Requiring Projects to Demonstrate Site Exclusivity and Increasing the Site Exclusivity Deposits

7. Under CAISO's interconnection process, customers can demonstrate site exclusivity through options, leases, or purchases for private land, and the applicable permits for public areas. CAISO proposes several revisions to the site exclusivity provisions of its Tariff to confirm that projects in the queue intend to meet the site exclusivity requirements.¹⁰ First, CAISO proposes to increase the existing deposit in lieu of demonstrating site exclusivity (in lieu of deposit) from \$100,000 for small generators (20 MW and below) and \$250,000 for large generators (greater than 20 MW) to \$250,000 for small generators and \$500,000 for large generators, beginning with Cluster 15 in 2023. Further, CAISO proposes to make 50% of the in lieu of deposit non-refundable, starting 30 days after the initial scoping meeting, should the customer withdraw before demonstrating site exclusivity. Regardless of the time at which it occurs, any interconnection customer with a deposit will continue to receive a full refund, including interest, upon demonstrating actual site exclusivity.

8. Additionally, CAISO proposes to require interconnection customers to demonstrate actual site exclusivity to be eligible to continue with the Phase II Interconnection Studies (Phase II studies). CAISO states that addressing site exclusivity sooner is beneficial because failed site exclusivity always leads to a failed project. Currently, interconnection customers can submit in lieu of deposits rather than demonstrating site control for the entire interconnection process until the beginning of

⁸ Transmittal at 9–13.

⁹ *Id.* at 15.

¹⁰ CAISO, CAISO eTariff, app. DD, § 3 Interconnection Requests (15.0.0), §§ 3.5.1.2, 3.5.1.3.

generating facility construction. Furthermore, CAISO proposes to use in lieu of deposits retained by CAISO upon a project's withdrawal to offset the annual reassessment study costs for customers remaining in the queue on a prorated basis using the existing Tariff procedures to disburse retained fees.¹¹

9. Finally, CAISO proposes revisions to the Tariff's definition of site exclusivity to: (1) remove reference to the Bureau of Land Management because other agencies may be involved in permitting or licensing in the future; and (2) remove language regarding the final, non-appealable nature of a permit because such permitting processes may vary.¹²

C. Enabling Interconnection Studies of New Generation Under an Emergency State Mandate

10. CAISO proposes to implement an emergency interconnection study process to allow for expedited studies where nine criteria are satisfied.¹³ CAISO explains that it modeled these proposed criteria after those used in its 2021 Waiver to ensure the process is only used in narrow circumstances where it is necessary to preserve system reliability and that emergency interconnection customers do not negatively impact other customers in the queue. Specifically, CAISO proposes to conduct expedited studies to approve emergency interconnections subject to the following conditions and requirements:

- (a) The State of California Governor declared an emergency that requires capacity on an expedited basis;
- (b) The California Public Utilities Commission (CPUC), the California Energy Commission (CEC), or a California agency specifically identified the interconnection as needed to respond to the State of California Governor's emergency declaration;
- (c) The interconnection would not have a negative impact on the cost or timing of any existing interconnection request unless the impacted interconnection request belongs to the same developer and the developer consents to the impact;
- (d) The interconnection does not require network upgrades above \$1 million. CAISO will publish an annual inflation factor and adjusted amount for this figure with the per unit cost publication on CAISO's website pursuant to

¹¹ Transmittal at 19–20.

¹² *Id.* at 20–21.

¹³ CAISO, CAISO eTariff, app. DD, § 3 Interconnection Requests (15.0.0), § 3.10.

section 6.4 of CAISO's Generator Interconnection and Deliverability Allocation Procedures (GIDAP),¹⁴

- (e) The reliability network upgrades required will be constructed in fewer than six months;
- (f) The generator interconnection agreement (GIA) or amendment for the emergency interconnection will expressly terminate the interconnection for the emergency capacity within three years of the commercial operation date of the emergency capacity. The interconnection customer may obtain standard interconnection service for the emergency capacity by submitting a subsequent interconnection request pursuant to sections 3.5 or 5.1 of CAISO's GIDAP and supplanting the emergency GIA or amendment;
- (g) The emergency interconnection will be ineligible for delivery network upgrades or transmission plan deliverability except interim deliverability consistent with section 4.6 of the GIDAP, or until it can obtain transmission plan deliverability by submitting a subsequent Interconnection Request pursuant to sections 3.5 or 5.1 of the GIDAP;¹⁵
- (h) The emergency interconnection will not impact affected systems; and
- (i) The expedited studies confirm the interconnection may mitigate the emergency.

D. Simplifying the Downsizing Process

11. CAISO proposes to reduce its existing downsizing rules and procedures to help interconnection customers downsize more efficiently.¹⁶ CAISO states that it currently studies downsizing requests (along with withdrawals, schedule changes, etc.) in its annual

¹⁴ CAISO, CAISO eTariff, app. DD, § 6 Initial Activities & Phase I Study Request for Queue Cluster (18.0.0), § 6.4.

¹⁵ "Deliverability" refers to a generator's ability to deliver its energy to load during different system conditions. A generator seeking TP Deliverability (i.e., seeking Full Capacity Deliverability Status or Partial Capacity Deliverability Status, rather than Energy Only Deliverability Status) is assigned the financing costs for delivery network upgrades, which relieve transmission constraints so the resource can physically deliver its designated output and therefore be eligible to provide resource adequacy capacity. Transmittal at 4–5.

¹⁶ CAISO, CAISO eTariff, app. DD, § 6 Initial Activities & Phase I Study Request for Queue Cluster (18.0.0), § 6.7.2.7.

reassessment. However, CAISO explains that downsizing requests are also subject to several unique Tariff provisions requiring, among other items, an agreement and study deposit. CAISO states that this process was seldom used after it was created in 2014 and that the additional Tariff provisions and processes required for downsizing requests are disproportionate to the actual number of downsizing requests received. CAISO therefore proposes to remove the requirements for the downsizing study, study agreement, and study deposit. Instead, CAISO proposes that interconnection customers seeking to downsize simply submit a material modification assessment request and meet the associated requirements. CAISO explains that under its proposal, interconnection customers may submit downsizing requests at any time; however, all downsizing will still be subject to the annual reassessment study (along with other types of requests) unless CAISO can determine its impact prior to the reassessment.¹⁷

E. Enhancing the Errors and Omissions Process

12. CAISO states that currently its errors and omissions process allows an interconnection customer whose initial interconnection studies contain substantial errors or omissions not caused by the customer sufficient time¹⁸ to consider the impacts to its project's viability and decide if it should post its interconnection financial security. A substantial error or omission is currently defined as: (1) a cost change of more than five percent or \$1 million, whichever is greater; or (2) a commercial operation date or deliverability status delay of one year or more. CAISO explains that errors and omissions that do not meet either criterion are recorded as changes to study results.¹⁹

13. First, CAISO proposes to broaden what constitutes a substantial error or omission. CAISO's proposal retains the same thresholds as the current Tariff, a cost change of more than five percent or \$1 million, whichever is greater, but now identifies that the cost limits apply not only to the interconnection customer's cost responsibility for the relevant Participating Transmission Owner's interconnection facilities, but also to the interconnection customer's maximum cost responsibility or its maximum cost exposure

¹⁷ Transmittal at 26–29.

¹⁸ If CAISO revises a final Phase I Interconnection Study report, the first financial posting will be due by the later of 90 calendar days after issuance of the original report (also the standard deadline) or 40 calendar days after issuance of the revised report. If CAISO revises a final Phase II Interconnection Study report, the second financial posting will be due by the later of 180 days after the issuance of the original report (60 days beyond the standard deadline) or 60 days after the issuance of the revised report. *See* CAISO, CAISO eTariff, app. DD, §§ 11.2.2, 11.3.1.2.

¹⁹ Transmittal at 29–30.

identified in a study report.²⁰ Second, CAISO proposes to expand what constitutes a substantial error or omission to include any error or omission that causes an interconnection customer's offtaker to terminate its power purchase agreement. Third, CAISO proposes to provide the option to interconnection customers that have substantial errors or omissions to withdraw and receive a full refund of all unspent interconnection financial security and study deposits. This proposed option must be exercised within 60 days of a revised study. Fourth, CAISO proposes to include express language stating that errors and omissions after an interconnection customer's second posting do not impact the interconnection customer's cost caps. CAISO also proposes language to clarify that changes to interconnection studies resulting from any interconnection customer requests are not considered errors and omissions.²¹

F. Clarifying Remedial Action Scheme Classification

14. CAISO explains that Remedial Action Schemes are automatic protection systems intended to maintain reliability by taking corrective action under certain pre-defined conditions. CAISO explains that its generator interconnection process often identifies Remedial Action Schemes as necessary for new interconnection customers as a more cost-effective upgrade than other alternatives such as line expansions or reconductoring.²²

15. CAISO proposes to clarify that Remedial Action Schemes are reliability network upgrades, regardless of when they are initially identified in the interconnection study process.²³ CAISO explains that this proposal will eliminate confusion if such upgrades are first identified in a deliverability study versus the initial reliability study. CAISO avers that this proposal is consistent with CAISO's current approach under its Tariff, which treats Remedial Action Schemes as reliability network upgrades. CAISO does not propose to change the cost allocation for Remedial Action Schemes, and they are still subject to the existing Tariff provision, which allocates Remedial Action Schemes costs to the interconnection customers who are in the electrical group responsible for triggering the need for the specific Remedial Action Schemes.²⁴

²⁰ CAISO, CAISO eTariff, app. DD, § 6 Initial Activities & Phase I Study Request for Queue Cluster (18.0.0), §§ 6.8.1, 6.8.4.

²¹ Transmittal at 31–32.

²² *Id.* at 32–33.

²³ CAISO, CAISO eTariff, app. A, Remedial Action Schemes (2.0.0).

²⁴ Transmittal at 33–34.

16. Finally, CAISO proposes clarifying edits to remove Special Protection System as a defined term from its Tariff and instead refer to the defined term Remedial Action Scheme. CAISO also proposes to change Special Protection System to Remedial Action Schemes, or to strike out Special Protection System where Remedial Action Schemes is already mentioned throughout its Tariff.²⁵ CAISO explains that Special Protection System and Remedial Action Schemes refer to the same systems and removing Special Protection System as a defined term from its Tariff and instead utilizing Remedial Action Schemes throughout the Tariff is in line with the North American Electric Reliability Corporation (NERC) Glossary.²⁶

G. Clarifying Interconnection Request Transfers from Participating Transmission Owners' Wholesale Distribution Access Tariff Queues

17. CAISO explains that occasionally, project developers errantly submit an interconnection request to a utility distribution company, under that utility's wholesale distribution access tariff, instead of to CAISO. As a result, CAISO proposes to accept interconnection request transfers from a utility distribution company's queue to the CAISO queue if those interconnection requests can be included in the Phase I interconnection study without delaying that queue cluster.²⁷ CAISO proposes to accept those interconnection requests after the cluster application window but before the commencement of the Phase I interconnection study.²⁸

H. Clarifying Site and Point of Interconnection Change Process

18. CAISO explains that interconnection customers may request a change in a proposed site or point of interconnection (POI) during the interconnection request validation process, typically after the scoping meeting. CAISO proposes to clarify the

²⁵ *Id.*

²⁶ *Id.* (citing *Revisions to Emergency Operations Reliability Standards; Revisions to Undervoltage Load Shedding Reliability Standards; Revisions to the Definition of "Remedial Action Scheme" & Related Reliability Standards*, Order No. 818, 153 FERC ¶ 61,228 (2015) (approving a revised definition of Remedial Action Scheme in the NERC Glossary, as well as modified Reliability Standards that incorporate the new Remedial Action Scheme definition and eliminate use of the term Special Protection System)).

²⁷ CAISO, CAISO eTariff, app. DD, § 3 Interconnection Requests (15.0.0), § 3.3.3.

²⁸ Transmittal at 35.

scope of permissible changes by explicitly requiring that any change in POI must be within the same transmission study area as the one indicated in an interconnection customer's original interconnection request.²⁹ CAISO states that if an interconnection customer meets this criterion and changes its POI, it may also change its requested site location. CAISO avers that current Tariff language requiring that each interconnection customer designate its POI after the Scoping Meeting will remain unchanged.³⁰

I. Allowing Interconnection Customers to Make Certain Modifications to Parked Projects

19. CAISO explains that if an interconnection customer does not receive the deliverability allocation that it requested, it may either: (1) delay study of its project through the CAISO Tariff's "parking" mechanism³¹ and seek the same allocation in the following year; (2) convert its interconnection request to a request for energy only interconnection service; or (3) withdraw from the interconnection queue. CAISO explains that interconnection customers that select option: (1) and park their projects frequently submit modification requests while their projects are parked. CAISO states that these requests create an administrative burden, and thus should be limited to changes that are likely to help a project obtain deliverability and capacity contracts. To address these concerns, CAISO proposes to clarify that a parked project may only request the following types of modifications: downsizing, fuel-type or technology changes (e.g., solar to wind), changes to the POI, or permissible technological advancements.³² CAISO also proposes to require that any interconnection customer seeking to modify a parked project must post its second interconnection financial security before doing so. CAISO argues that any project that elects to make modifications while parked should meet the same requirements for progressing in the queue as other interconnection customers.³³

²⁹ CAISO, CAISO eTariff, app. DD, § 6 Initial Activities & Phase I Study Request for Queue Cluster (18.0.0), § 6.1.2.

³⁰ Transmittal 35–36.

³¹ "Parking" a project allows an interconnection request to remain in the queue until the next allocation of TP deliverability in which it will be subject to the TP deliverability allocation process again. See CAISO, CAISO eTariff, app. DD, § 8.9.4 Parking for Option (A) Generating Facilities (15.0.0).

³² CAISO, CAISO eTariff, App. DD, § 8 Phase II Interconnect Study & TP Delivery Allocation Process (15.0.0), § 8.9.4.

³³ Transmittal at 37–38.

J. Clarifying the Deadline for Appendix B Data

20. CAISO explains that its interconnection process includes multiple points at which the interconnection customer must submit new or verify existing data to ensure accurate modeling and studies as the process moves forward. According to CAISO, the GIDAP Appendix B, “Data Form to Be Provided by the interconnection customer Prior to Commencement of the Phase II Interconnection Study,” is a document that interconnection customers must submit to CAISO after the Phase I study results meeting. CAISO states that the GIDAP Appendix B form contains information on changes that an interconnection customer may make before the beginning of the Phase II study process, including technical data and other information the Phase II studies are run on. CAISO explains that currently, the Appendix B form must be submitted by the interconnection customer within 10 business days of the Phase I Interconnection Study Results Meeting; however, the Tariff does not specify when CAISO and the participating transmission owner must notify the interconnection customer of any deficiencies or the time period allowed to cure such deficiencies.³⁴

21. CAISO proposes to add a deadline for validating Appendix B forms; they must be deemed valid by 70 days after the date of the Phase I study, and to require CAISO and the participating transmission owner to notify the interconnection customer within 10 business days of the interconnection customer’s submission whether the Appendix B form is valid or deficient. If an Appendix B form is deemed deficient, the interconnection customer will have five days to cure after being notified of the deficiency and this may happen more than once if on resubmittal the Appendix B form is still deficient.³⁵ CAISO states that this will allow multiple iterations between the parties before the 70-day deadline and will ensure that the Phase II study is not delayed.³⁶

K. Expanding Deliverability Transfer Opportunities

22. CAISO explains that an interconnection customer must obtain deliverability in order to supply resource adequacy capacity; otherwise, it can opt for energy only service. Currently, interconnection customers that receive deliverability may transfer it only among their co-located generating units. CAISO explains that such transfers are usually made to accommodate power purchase agreements. For example, an interconnection customer may transfer unused deliverability from a solar unit to a co-located storage unit

³⁴ *Id.* at 38–39.

³⁵ CAISO, CAISO eTariff, App. DD, § 6 Initial Activities & Phase I Study Request for Queue Cluster (18.0.0), § 6.8.

³⁶ Transmittal at 39–40.

for the sake of an offtaker that needs to procure additional generation from a storage unit. CAISO adds that because such units are co-located, there is no impact to network topology or delivery network upgrades. Since deliverability cannot be sold, purchased, or traded among developers, CAISO currently permits deliverability transfers only within the same generating facility at the same POI. However, CAISO believes this approach may be overly restrictive, because it is increasingly common for developers to build many generating facilities at the same site in phases and because new expansions may not technically consist of a single generating facility or share a single POI.³⁷ To preserve the intent of the current restrictions but allow for optimal deliverability transfers, CAISO proposes to clarify that interconnection customers may transfer deliverability among their generating units at the same POI *and* to other interconnection customers interconnected at the same voltage level and substation.³⁸

L. Clarifying Requirements to Use Third-Party Interconnection Facilities

23. CAISO explains that the Tariff currently contains no provisions related to the use of third-party interconnection facilities. According to CAISO, this has caused uncertainty regarding the viability of a project, as CAISO has dealt with a number of projects that intended to use a third-party owned gen-tie line, but for which the interconnection customer delayed obtaining permission from the interconnection facility owner. CAISO states that it expects interconnection requests using third-party owned interconnection facilities to increase in line with the declining number of open positions for interconnecting new generators. In particular, CAISO states that projects intending to use third-party gen-tie lines have seen delays.³⁹

24. To address these concerns, CAISO proposes to require an interconnection customer proposing to use a third-party's interconnection facilities to provide documentation that it has secured rights to use those interconnection facilities or is in the process of negotiating for them prior to joining the cluster study.⁴⁰ CAISO proposes that,

³⁷ CAISO explains that “[t]he point of interconnection is not necessarily the precise location where the generating unit reaches the transmission grid. Co-located units frequently require unique points of interconnection for metering purposes, inverter engineering, or to lower costs.” *Id.* at 41.

³⁸ Transmittal at 40–41; CAISO, CAISO eTariff, App. DD, § 8 Phase II Interconnect Study & TP Delivery Allocation Process (15.0.0), § 8.9.9.

³⁹ Transmittal at 41–42.

⁴⁰ CAISO, CAISO eTariff, App. DD, § 3 Interconnection Requests (15.0.0), § 3.5.1.

on or before an interconnection customer's initial interconnection financial security posting, the interconnection customer must demonstrate that it has secured rights on those interconnection facilities through the commercial operation date of the project.⁴¹

25. CAISO additionally proposes a transition period for Cluster 14 projects already in queue. For such projects, CAISO proposes to require a letter of intent between the interconnection customer and the third-party interconnection facilities owner at the first interconnection financial security posting, rather than fully solidified rights. CAISO then proposes to require documentation that those rights have been secured following the Phase II studies and at the time the second interconnection financial security posting is due for Cluster 14. CAISO states that this will give Cluster 14 customers essentially a later window to demonstrate the right to construct their project.⁴²

III. Notice and Responsive Pleadings

26. Notice of CAISO's filing was published in the *Federal Register*, 87 Fed. Reg. 34,871 (June 1, 2022), with interventions and protests due on or before June 23, 2022. Calpine Corporation; Pacific Gas and Electric Company; DCR Transmission, LLC; Solar Energy Industries Association; Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California; Modesto Irrigation District; Golden State Clean Energy; American Clean Power Association; California Department of Water Resources State Water Project; Northern California Power Agency; and CXA La Paloma, LLC filed timely motions to intervene. City of Santa Clara, California and California Community Choice Association filed motions to intervene out-of-time. Vistra Corporation and Dynegy Marketing and Trade, LLC (collectively, Vistra) and Southern California Edison Company filed timely motions to intervene and comments. CAISO filed an answer to Vistra's comments.

A. Comments

27. Vistra supports CAISO's Tariff-based approach to processing emergency generator interconnection requests as an improvement over the use of *ad hoc* Tariff waivers. However, Vistra argues that CAISO's filing does not provide sufficient detail for the Commission to determine that the proposed process would not be unduly discriminatory or preferential. Furthermore, Vistra disagrees with CAISO's characterization of the emergency generator interconnection process as a backstop that

⁴¹ Transmittal at 42.

⁴² *Id.*

may never be used, pointing to California Governor Newsom's proposed \$5.2 billion budget to deploy 5,000 MW of emergency generation in the state.⁴³

28. First, Vistra argues that the proposed Tariff revisions lack transparency regarding the exact studies and thresholds CAISO would use to determine whether an emergency interconnection request would negatively impact existing interconnection requests and affected systems, and to what extent an emergency interconnection request would mitigate the emergency it is planned to address. Vistra argues that the proposed Tariff language pointing to "expedited" and "necessary" studies contrasts with CAISO's otherwise detailed existing interconnection study Tariff provisions, and falls short of an earlier Commission ruling that high-level descriptions of interconnection studies, models, and constraints be included in the Tariff.⁴⁴ Vistra asserts that without this information, the Commission is unable to evaluate the full impacts of the proposed emergency interconnection process on other interconnection customers, and requests that the Commission require CAISO to clarify how it will study emergency interconnection requests.⁴⁵

29. Second, Vistra argues that CAISO's proposed deliverability allocation provisions could be interpreted to give preference to resources interconnected through the emergency interconnection process. Vistra notes that CAISO's proposal assigns a higher priority deliverability allocation category to projects with a commercial operation date over projects without a commercial operation date, unless the project has secured a power purchase agreement. Vistra argues that this prioritization could constitute queue-jumping, giving emergency resources a competitive advantage over resources that have gone through the standard interconnection process. While Vistra believes this is not CAISO's intent, it requests that CAISO clarify how it will assign deliverability allocation categories to resources interconnecting through the emergency interconnection process.⁴⁶

30. Southern California Edison Company filed comments in support of CAISO's proposal.

⁴³ Vistra Comments at 3–4.

⁴⁴ *Id.* at 7–8 (citing *TranSource, LLC*, 168 FERC ¶ 61,119, at PP 82-84 (2019)).

⁴⁵ *Id.* at 8.

⁴⁶ *Id.* at 10–11.

B. CAISO Answer

31. In its answer, CAISO first asserts that all of the Tariff revisions have sufficient detail and are consistent with the Commission’s rule of reason, which states that practices that significantly affect rates, terms, and conditions of service must be on file with the Commission. Further, CAISO asserts that the proposed language requiring that an emergency interconnection not negatively impact Affected Systems is comparable to existing Tariff language and parallels the *pro forma* LGIP in specificity.⁴⁷ As to Vistra’s argument that CAISO should specifically list the studies to be performed that will confirm mitigation of the emergency, CAISO states that it cannot reasonably know what studies will need to be performed to show this because it will be contingent on the specific emergency and request; therefore, CAISO contends, the proposed revisions should not require further Tariff details. CAISO states that any additional detail should be reserved for the business practice manual and that the language in the proposal is similar in specificity to existing Tariff provisions.⁴⁸

32. Second, CAISO confirms that it will apply the same studies regular interconnection requests are subject to to emergency interconnections. CAISO clarifies that Vistra is correct that emergency interconnection requests will be subject to the same internet posting requirements that are already in the Tariff, as the Tariff currently states all interconnection requests are subject to posting requirements.⁴⁹

33. Third, CAISO disputes Vistra’s claim that the provision may lead to an inundation of emergency interconnection requests. CAISO believes that Vistra’s concerns are speculative, that Vistra has misinterpreted the nature of “emergency capacity” in California Governor Newsom’s recent budget proposal, and that emergency interconnection will be a much smaller part of meeting needed emergency capacity.⁵⁰

34. Finally, CAISO affirms that it will not provide any unduly preferential access to deliverability to resources that interconnect under the proposed emergency interconnection procedures. CAISO explains that the only deliverability a resource interconnecting through the emergency procedure will receive is interim deliverability

⁴⁷ CAISO Answer at 5.

⁴⁸ *Id.* at 5–6.

⁴⁹ *Id.* at 7.

⁵⁰ *Id.* at 9.

until it submits a subsequent interconnection request through the standard non-emergency Tariff process.⁵¹

IV. Discussion

A. Procedural Matters

35. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2021), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

36. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d), we grant the City of Santa Clara, California and California Community Choice Association's late-filed motions to intervene given their interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

37. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2021), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept CAISO's answer because it has provided information that assisted us in our decision-making process.

B. Substantive Matters

38. We find that CAISO's proposed Tariff revisions are just and reasonable and not unduly discriminatory or preferential. Therefore, we accept them effective September 1, 2022, as requested. In particular, as discussed further below, we find that the revisions are just and reasonable measures that will facilitate management of CAISO's interconnection queue, clarify the Tariff, and establish a just and reasonable process for CAISO to study emergency interconnection requests on an expedited basis. CAISO's proposed deviations from the *pro forma* LGIP and LGIA meet the independent entity variation standard and we find that they would accomplish the purposes of Order No. 2003 by reducing interconnection congestion, encouraging needed investment in generator and transmission infrastructure, and protecting system reliability.⁵²

⁵¹ *Id.* at 11.

⁵² *Sw. Power Pool, Inc.*, 171 FERC ¶ 61,270, at P 13 (2020); *Standardization of Generator Interconnection Agreements & Proc.*, Order No. 2003, 104 FERC ¶ 61,103, at PP 12, 827 (2003), *order on reh'g*, Order No. 2003-A, 106 FERC ¶ 61,220, *order on reh'g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004), *order on reh'g*, Order No. 2003-C, 111 FERC ¶ 61,401 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v.*

39. First, we find that CAISO's proposed Tariff revisions will help CAISO to more efficiently administer its generator interconnection process. Specifically, we find that CAISO's proposed revisions to the transmission plan deliverability allocation process and to the downsizing rules simplify CAISO's administration of the interconnection queue and the process through which interconnection customers may request to downsize their interconnection requests, as well as help to reduce unused deliverability. The revisions to the site exclusivity provisions improve the likelihood that commercially feasible interconnection requests can move forward in the queue without encountering delays due to the withdrawal of interconnection requests that have not demonstrated site exclusivity and are thus less likely to reach commercial operation. Likewise, CAISO's proposal to require interconnection customers proposing to use a third-party's interconnection facilities to provide documentation that they have, or are engaged in negotiations to secure, rights to use those interconnection facilities will reduce the likelihood of delays and restudies. We further find that CAISO's Tariff revisions related to the types of modifications interconnection customers may request for parked interconnection requests reduces queue administration burdens and appropriately limits permissible modifications to those that are likely to help an interconnection request obtain deliverability and capacity contracts. In addition, CAISO's proposed Tariff timeline for processing Appendix B forms will allow multiple iterations between the parties and help to ensure that the Phase II studies are not delayed. CAISO's proposed changes related to errors and omissions provide clarifications that better protect interconnection customers against adverse financial outcomes due to interconnection study errors or omissions over which they have no control.

40. Next, we find that CAISO's proposed Tariff revisions also clarify CAISO's process for managing its interconnection queue and provide greater certainty for interconnection customers. For example, CAISO's clarification that Remedial Action Schemes are reliability network upgrades removes uncertainty around how they will be treated for cost allocation purposes and thus will help to prevent unnecessary disputes. Additionally, the clarifications regarding the timing for accepting interconnection request transfers from distribution company interconnection queues and the clarification about the scope of permissible changes to the POI provide added clarity and certainty to interconnection customers about these queue management practices.

41. Finally, we find that CAISO's proposed emergency interconnection process is just and reasonable and not unduly discriminatory or preferential. We find that CAISO has established in its proposal a reasonable and narrowly tailored emergency interconnection study process for emergency generation capacity that is necessary to preserve system reliability, which we find is differently situated than generation interconnecting through

FERC, 475 F.3d 1277 (D.C. Cir. 2007).

the regular generator interconnection process.⁵³ We also find that CAISO has developed adequate criteria to narrow the future use of the emergency interconnection process and limit the interconnection service available to the resources using that process, helping to ensure that it will only be used in emergency situations.

42. We are not persuaded by Vistra's argument that the proposed Tariff language is opaque and find that CAISO's proposal provides sufficient transparency. Specifically, we disagree with Vistra's arguments that the proposed Tariff revisions lack sufficient transparency regarding the exact studies and thresholds CAISO will use to determine whether an emergency interconnection request would negatively affect existing interconnection requests and affected systems, and to what extent an emergency interconnection request would mitigate the emergency it is planned to address. We find persuasive CAISO's explanation that the studies that it will need to perform to confirm that the emergency interconnection request would mitigate the emergency will be contingent on the specific emergency and interconnection request and, thus, we find that no further detail in the Tariff is necessary.⁵⁴ CAISO further states that the proposed emergency Tariff provisions are contained within the GIDAP and therefore the logical reading of the term "studies" in the proposed Tariff language is as a reference to the studies in the GIDAP.⁵⁵ We are persuaded by CAISO's explanation that it will conduct the same studies it performs for regular interconnection requests, with the flexibility it needs in terms of study timing to address emergency conditions. We note that any necessary network upgrades for these requests must be completed in less than six months,

⁵³ Whether a rate or practice is unduly discriminatory depends on whether it provides different treatment to different classes of entities and turns on whether those classes of entities are similarly situated. *Calpine Corp. v. PJM Interconnection, L.L.C.*, 171 FERC ¶ 61,035, at P 318, *order on compliance*, 173 FERC ¶ 61,061 (2020). With respect to the statutory discrimination standard, "differential treatment does not necessarily amount to undue preference where the difference in treatment can be explained by some factor deemed acceptable by the regulators (and the courts)." *Town of Norwood v. FERC*, 202 F.3d 392, 402 (2000).

⁵⁴ See *Midcontinent Indep. Sys. Operator, Inc.*, 169 FERC ¶ 61,137, at P 252 (2019) ("Decisions regarding whether an item should be placed in a tariff or in a business practice manual are guided by the Commission's rule of reason policy, under which provisions that 'significantly affect rates, terms, and conditions' of service, are readily susceptible of specification, and are not generally understood in a contractual agreement must be included in a tariff, while items better classified as implementation details may be included only in the business practice manual.").

⁵⁵ CAISO Answer at 6.

which demonstrates the speed at which these projects are intended to be operational. We also note that the studies CAISO performs will “also help ensure emergency interconnections do not negatively impact any existing customer in queue.”⁵⁶

43. Moreover, we find that CAISO’s proposal adequately addresses Vistra’s concern that a project that receives emergency interconnection status could gain a competitive advantage over resources that have gone through the standard interconnection process. AISO is proposing to limit the interconnection service granted under the emergency procedures to a three-year term, and if any individual project owner chooses to continue operations beyond three years, it must go through CAISO’s standard interconnection process to remain interconnected to the CAISO system.⁵⁷ Furthermore, a resource that interconnects through the emergency procedures would only receive interim deliverability rights, not full or partial deliverability rights, which are necessary to provide, and be compensated for, resource adequacy. We find that these restrictions, on both the duration of the interconnection and the nature of the interconnection service, are consistent with the limited and discrete purpose of the emergency interconnection process, meaningfully limit the appeal of the emergency interconnection process compared to CAISO’s standard interconnection process, and will help ensure that emergency resources do not obtain a competitive advantage over other resources.

44. In addition, neither CAISO nor any specific interconnection customer is responsible for identifying the actual units to be deemed emergency interconnections; the Governor of California must first declare the emergency and then a state agency such as the CPUC or the CEC must specifically identify the emergency interconnection as needed. We find that the proposed Tariff provisions set out in adequate detail the requirements that must be met for emergency interconnection and establish a sufficiently high bar to qualify so as to prevent interconnection customers from abusing the emergency interconnection process, as only a limited number of projects would meet the requirements.

45. Accordingly, we find that CAISO has justified its proposal to treat resources interconnected through the emergency interconnection process differently than other resources. While we find that this proposal is just and reasonable and not unduly discriminatory or preferential, we nonetheless encourage CAISO to make all efforts to expedite non-emergency interconnection where possible.

The Commission orders:

⁵⁶ Transmittal at 22.

⁵⁷ *Id.* at 23–24 (“Criterion (f) helps ensure interconnection customers use the conventional interconnection procedures for indefinite interconnections and the emergency procedures only for emergencies.”).

CAISO's proposed Tariff revisions are hereby accepted for filing, to be effective September 1, 2022, as requested, as discussed in the body of this order.

By the Commission.

(S E A L)

Debbie-Anne A. Reese,
Deputy Secretary.