

May 13, 2024

Jan Schori
Chair, Board of Governors
California Independent System Operator
250 Outcropping Way
Folsom, CA 95630

RE: Final Track 2 Interconnection Process Enhancements Proposal – Concerns of CESA

Dear Chair Schori:

The California Energy Storage Alliance (“CESA”) has been an active participant in the Interconnection Process Enhancements (“IPE”) 2023 stakeholder initiative and appreciates the hard work of CAISO staff. CESA has two main concerns with the final IPE 2023 Track 2 proposal, specific to the design of the scoring criteria to select which projects will advance to the study process. The proposed scoring criteria would 1) preference load serving entity (“LSE”) self-build projects over those of third parties, thus unduly discriminating against non-utility developers; and 2) allow LSE commercial interest to be the determining factor on whether a project moves forward into the study process. CESA has communicated our concerns to CAISO staff, and presents them here for your consideration and in anticipation of the discussion that will occur on this topic at the May 22-23 Board of Governor’s meeting, with a vote scheduled for June 12th.

The final proposal splits scoring criteria into three buckets – commercial interest, project viability, and system need – and then uses distribution factors as a tie breaker. Commercial interest is the most likely determinant for project selection. For example, two similarly situated projects with the same score prior to LSE points being considered will have different scores purely due to those LSE points. The commercial interest bucket allows LSEs, including transmission-owning entities, to determine which interconnection requests, including those for their own self-build projects, are studied through a system of points. Outside of the commercial interest category, excluding projects that are long-lead time or enhancements to existing facilities, there are only two scoring categories remaining that a developer can influence to demonstrate a project is viable. Further, while the final proposal clearly outlines how the CAISO will distribute points to individual LSEs, it is silent on how the LSEs will award points to projects in a clear, transparent, and non-discriminatory manner.

In the interest of continuing to move forward with IPE reforms, CESA requests CAISO take the following actions, which are necessary for CESA to support the overall IPE effort.

- First, remove the scoring criteria section, Section 2.5.1, from the IPE 2023 Track 2 proposal to be taken to its May Board of Governors meeting. If the CAISO adopts this requested approach, the final IPE 2023 Track 2 package that would apply to Cluster 15 and beyond is robust and transformational by keeping the other intake screening mechanisms, including Federal Energy Regulatory Commission Order 2023 requirements, Point-of-Interconnection constraint analysis and cap (i.e., zonal approach), and constraint auctions (i.e., zonal auctions).
- Second, agree to file the zonal auction element of its proposal at FERC as severable given its novelty.
- Finally, commit to revisiting the scoring criteria if there is an identified need for an additional screening tool based on Cluster 15 results. This approach allows proposals with less opposition in the Interconnection Request Intake section and those broadly supported in the Contract and Queue Management section to move forward allowing Cluster 15 activities to commence without further delays.

Thank you for your consideration.

Sincerely,



Scott Murtishaw
Executive Director

cc: Members, CAISO Board of Governors