Interconnection Process Enhancements Track 2 Initiative

Stakeholder comments to the final proposal

May 2024

General Comments	
Stakeholder Comment Themes	**ISO Response**
Some stakeholders have requested the need for more time to resolve questions on items that appeared for the first time in the Final Proposal.	The ISO posted an addendum to the final proposal on May 9th, 2024, making clarifications to the zonal approach, scoring criteria and process, and treatment of energy only projects. In addition, a workshop is scheduled for May 16, 2024 to discuss key interconnection reforms, with a specific focus on the topics in the addendum.
There is agreement among most stakeholder that a workshop is needed to discuss the implementation of the new interconnection process.	A workshop is scheduled for May 16, 2024 to discuss key interconnection reforms and respond to stakeholder questions.
Stakeholders have expressed the concern that the existing planning process does not include the need for unique projects (hydro) and ask that the ISO works to ensure they are not eliminated in the process.	The existing resource and transmission planning process is built upon the Memorandum of Understanding (MOU) signed by the ISO, California Public Utilities Commission (CPUC), and California Energy Commission (CEC) in December 2022. The ISO also incorporates resource planning input from Local Regulatory Authorities. To the extent that specific resource technologies will be selected in load serving entity (LSE) integrated resource planning processes, or the CPUC resource portfolios, those inputs should be reflected in transmission planning processes, procurement, and interconnection.
Zonal Approach	
Stakeholder Comment Theme	**ISO Response**
CAISO has emphasized that the proposed changes to the interconnection request intake process are aligned with transmission zones consistent with the MOU between the CAISO, CPUC and CEC. There is broad consensus among stakeholders that CAISO must be more precise in its language in future documentation regarding the use of the terms "zonal" and "constraint". CAISO should move away	The ISO posted an addendum to the final proposal on May 9th and scheduled a stakeholder workshop on May 16, 2024 for additional clarification on the zonal approach. The ISO is committed to identifying zones in order to differentiate between TPD and Merchant zones, so it is not moving away from the zonal approach.

from the “zonal” language and be clear it is adopting a constraint approach that should be applied consistently.	
Some stakeholders ask that the ISO provide more clarity on the methodology to calculate the transmission capacity in each zone.	The ISO posted an addendum to the final proposal on May 9th with further clarifications to the zonal approach and scheduled a stakeholder workshop on May 16, 2024 for additional discussion.
There is broad consensus from stakeholders that the ISO should provide a clearer definition of Transmission Plan Deliverability (TPD) zones vs Merchant zones, particularly on whether the 50 MW threshold applies to the individual constraint, or if 50 MW is the threshold for the total available capacity in a zone.	The ISO posted an addendum to the final proposal on May 9th with further clarifications to the zonal approach and scheduled a stakeholder workshop on May 16, 2024 for additional discussion. Any zone where each individual POI has available capacity of 50 MW or less will be designated a Merchant zone. The TPD zones are zones where one or more studied POI have at least 50 MW of available capacity or are not behind any known area constraint based on an assessment of the known constraints within the zone.
A stakeholder expressed concern that in the case where an applicant whose Point of Interconnection (POI) has at least one constraint with zero TPD availability (or not enough availability for the applicant to be studied), those applicants will not be considered in the TPD scoring process	The ISO posted an addendum to the final proposal on May 9th with further clarifications to the zonal approach and scheduled a stakeholder workshop on May 16, 2024 for additional discussion. Projects at a POI that are affected by a constraint with no available or planned transmission capacity will not be included in the study for that TPD option zone. Projects in a TPD zone and at a POI that has not been previously studied will be evaluated using engineering judgement or based on its effectiveness to the known constraints.
Some stakeholders have questioned the reliance on CPUC portfolios that that have a variety of planning-level assumptions are concerned that this will create uncertainty and a lack of accuracy.	In the final proposal, the ISO is proposing not to use portfolio megawatts as guide in designating a zone as TPD or Merchant zone.
Many stakeholders are concerned that the 150% sub zonal limit does not support the state needs and capacity should be continually monitored to meet demand. Failure to do so can create a resource gap. The limit should either be eliminated or increased.	In response to similar comments on earlier drafts of the proposal, the ISO conducted a test of Cluster 15 and found the 150% level to be reasonable. Given the amount of active resources currently in the queue and based on the cluster 15 intake test, the 150% sub-zonal (constraint) limit seems appropriate. However, the ISO will continue to monitor the impact of these reforms and adjust in future cycles as necessary.
A stakeholder requests flexibility in project eligibility where a project can move their POI when a specific zone has no capacity.	Between October 1, 2024 and December 1, 2024, interconnection customers may modify their interconnection requests in accordance with ISO Tariff Appendix DD Section 17.1(b). Interconnection

	customers should use available data to make sure to not pick a POI with no available capacity.
Data Transparency	
Stakeholder Comment Theme	**ISO Response**
A Stakeholder asks that a preliminary interconnection report or study be provided with more granularity and clear objectives including cost and timeline for interconnection. They suggest it can be derived from existing study work.	Interconnection Area Reports from each Cluster Study are currently made publicly available on the ISO's market participant portal. This provides details of the Cluster Study and the associated network upgrades that have been identified. The ISO also plans to post the individual interconnection reports on the ISO market participant portal in Appendix A of interconnection reports in redacted form to remove confidential information. From these reports, the interconnection customer can extract required cost and timeline references.
A stakeholder requests that non-CPUC jurisdictional IRPs be reflected in transmission plan studies and that the ISO provide details on how any coordination will take place.	The ISO requests that non-CPUC jurisdictional LSEs submit their approved IRP in comments on the Draft Transmission Study Plan each year.
Some stakeholders request that interconnection applicants and parent company information is collected during the interconnection request process, as this data is available at a later date.	The ISO considered additional disclosures of this information early in the stakeholder process, but did not hear strong stakeholder support for the concept. Instead, the ISO will post redacted individual interconnection reports.
A stakeholder suggested that the public queue report should reflect the actual MW that are online.	The ISO is working on improvements to its interconnection platform outside of the Interconnection Process Enhancements policy initiative.
Interconnection Timelines	
Stakeholder Comment Themes	**ISO Response**
Stakeholders expressed concerns around a misalignment on the timing between the data accessibility document and the actual TPD capacity after the TPD allocation cycle. There is a request to increase the time between the heatmap update and opening the cluster window, even if this means delaying the opening of Cluster 16. For Cluster 16 and beyond, stakeholders are concerned about the short time between the TPD allocation study results and the updated heatmap before the request window opens.	The reduced study timeline required by FERC Order No. 2023 limits flexibility in developing an overall process timeline. The Order's compressed schedule and required annual opening of a cluster application window and the need to align the process with the Transmission Planning schedule have resulted in time limitations across the proposed schedule. The ISO has proposed a timeline that considers these new requirements as well as the need to improve transparency and accuracy of data prior to the interconnection request application window.
Some stakeholders request that IPE Track 2 be delayed to refine the scoring rubric and other pending issues.	Any further delays to this policy initiative would further delay Cluster 15. It is necessary to move forward and if necessary, make

	adjustments to the process after experience is gained during the scoring process for Cluster 15.
Site Control	
Stakeholder Comment Theme	**ISO Response**
A stakeholder requests that the new site control requirements be extended to Cluster 14 projects for consistent treatment.	Projects in Cluster 14 already have specific site requirements greater than previous clusters. Any remaining site exclusivity deposits in Cluster 14 are non-refundable.
Interconnection Request Intake Process	
Stakeholder Comment Theme	**ISO Response**
Some stakeholders do not support the zonal-level scoping meetings and ask for the ISO to offer a supplemental process (meetings, written responses to questions) where confidential project details can be addressed.	The ISO's proposal for zonal scoping meetings is built upon a requirement for consolidated scoping meetings in FERC Order No. 2023. The ISO intends to comply with this requirement in order to process interconnection requests and complete studies within the required timeframe.
Scoring Criteria for Prioritization to the Study Process	
Stakeholder Comment Themes	**ISO Response**
Stakeholder opinions differed on whether or not the restriction on "LSE-owned projects" to the greater of three projects per cluster or 25% of their MW allocation sufficiently preserves competition.	As noted in the final proposal and the addendum, the ISO's intent with the proposed limitation of three projects or 25% of an LSE's allocation per cluster was to ensure continued, healthy levels of competition and to maintain historical trends regarding LSE-owned projects in the queue. The ISO's intent is neither to create new incentives for LSE-ownership, nor disrupt utility ownership.
Various stakeholders are concerned that the reforms favor utility developers over non-utility developers, particularly in the LSE point allocation scoring criteria.	As noted in the final proposal and the addendum, the ISO's intent with the proposed limitation of three projects or 25% of an LSE's allocation per cluster was to ensure continued, healthy levels of competition and to maintain historical trends regarding LSE-owned projects in the queue. The ISO's intent is neither to create new incentives for LSE-ownership, nor disrupt utility ownership.
Stakeholder opinions differed on non-LSE offtakers' ability to allocate points during the intake process. Some stakeholders expressed concern that the definition of "non-LSE offtaker" was not defined clearly enough, while others felt the affidavits requirement unnecessary given the distribution factor and auction tie-breakers.	Given that non-LSEs are not required to provide Resource Adequacy but are actively procuring resources in the ISO system, and the unbounded number of potential non-LSEs that could express interest in a project, the ISO proposed pathway for non-LSEs to express commercial interest, but balanced it with a lower maximum point value for projects that can demonstrate interest from non-LSEs compared to LSEs.

Some Stakeholders sought to ensure transparency in the LSE point allocation process given the weighting of commercial interest in the scoring criteria.	The ISO understands this concern. The addendum to the final proposal provides a number of guidelines and recommendations to LSEs and interconnection customers to ensure transparency in the LSE point allocation processs.
Stakeholder opinions differ on the weighting allotted to the commercial interest scoring criteria.	The ISO has been clear with stakeholders around the need to incorporate LSE procurement interest earlier in the process in order to both assess viability and, importantly, to ensure alignment with the resource and transmission planning. While these expressions of interest are non-binding, they provide some helpful granularity to the scoring process to avoid ties and auctions. The ISO has also proposed a weighting that is designed to enable projects to move through the scoring process without LSE allocations.
Stakeholder suggested that the scoring process be eliminated from the proposal and not applied to Cluster 15 projects	As stated in the addendum to the final proposal, the ISO has reviewed stakeholder comment suggesting that the ISO not apply the scoring criteria to Cluster 15 and instead either study all of the projects with available transmission capacity or proceed directly to an auction. This would be a significant departure from the final proposal. Moreover, it is critical that the ISO use the scoring criteria—including the results of the LSE allocation process—to identify the most ready projects in the queue, fulfilling the commitment in the Memorandum of Understanding to tighten the linkages between planning, procurement, and interconnection. The ISO intends to make severable a number of the elements of this final proposal to enable the FERC to rule on the various elements of the filing without delaying other impactful reforms.
Some stakeholders request clarity on how LSEs will allocate points to projects and for the ISO to reevaluate the short turn-around for the LSEs submittal of scores.	The ISO proposes to require LSEs to provide the ISO with their elections no later than ten calendar days after the close of the interconnection request window. For Cluster 15, however, the ISO will extend this window to 21 calendar days. To achieve these timelines, the ISO provided guidelines to LSEs and interconnection customers to ensure fair, transparent, and competitive processes in the addendum to the final proposal.
A few stakeholders ask for clarification on the allocation of points to Long-Lead Time resources in areas where there is	The ISO clarified in the addendum that that long lead-time projects in zones with existing transmission capacity will be eligible for

existing capability and not only in areas where there is newly approved transmission capacity.	points, in addition to long lead-time projects in zones with approved transmission.
Some stakeholders do not support the point structure for engineering design, expressing concern that designs at that time would not reflect final designs used to build the project and request further clarity on "percent complete" status markers.	The ISO proposed this item based on stakeholder feedback in an effort to achieve more granularity in the point system with an item that can improve the overall readiness of a project. The ISO reiterates that this reform effort focuses on prioritizing the most ready projects. Complete engineering design plans are not expected; the ISO will award points for projects with a professional engineer's stamp confiming the percentage of completeness of the design, up to 50%.
Some stakeholders opposed the removal of the 'site control of the gen-tie' scoring criteria, asking for points awarded within a certain radius of their POI.	The ISO considered this criterion, along with stakeholder opinion on the indicator, and removed it from the final proposal because the path of the gen-tie is highly uncertain prior to completion of interconnection studies. In addition, it would be time-consuming and imprecise for the ISO to validate the level of site control secured for a gen-tie.
Stakeholders request a list of procurement leads at each LSE to facilitate pre-procurement activities for the Commercial Interest criteria.	As stated in the addendum, the ISO is developing a list of LSEs for interconnection customers seeking information on individual LSE processes. The ISO must confirm that LSEs and their individual staff are willing to be contacted before posting the list. The ISO will provide this list as soon as possible, at least two months prior to the interconnection request window.
Merchant Deliverability Option	
Stakeholder Comment Themes	**ISO Response**
Some stakeholders request clarity around the zonal and constraint based elements in classifying projects based on Merchant or TPD Zones, and additional detail in arriving at the 50 MW threshold.	Additional clarity is provided in the addendum to the final proposal and in the stakeholder call on May 16. The 50 MW threshold is based on the fact that the overwhelming majority of generation projects requesting to interconnect to the ISO transmission system are greater than 50 MW.
Some stakeholders request that a project within a TPD zone, but behind a constraint without available deliverability be allowed to elect the merchant deliverability option.	The scoring criteria are designed to limit the number of projects studied in zones with available capacity. Allowing Merchant option projects in TPD zones defeats that purpose by studying more capacity in these areas than the CPUC portfolio had determined the system needs. Studying too many projects will result in inaccurate study results, which runs counter to the foundational principles agreed to at the beginning of the IPE initiative and would open the

	door to projects trying to bypass the scoring criteria. In addition, as described in detail in the Addendum Paper to the Proposal, it is not feasible to study merchant projects in the same zone as a non-merchant projects within the Order 2023 Cluster Study time frame.
Treatment of Energy Only Resources	
Stakeholder Comment Themes	**ISO Response**
Some stakeholder state that the proposed approach places too much weight on CPUC staff's busbar mapping of Energy Only resources in CPUC resource portfolios.	The proposal is aligned with the foundational framework improvements being coordinated between the CPUC, CEC, and the ISO to help meet California's energy policy objectives in a timely and efficient manner set forth in the joint MOU.
Some stakeholders request that all Energy Only projects be eligible for reimbursement of reliability network upgrades.	For the limited number of non-reimbursable zones, following the CPUC's direction on the locations where there is no justifiable need for Energy Only projects, and providing disincentive for Energy Only projects in these areas is just and reasonable.
Stakeholders sought clarification that the ISO will consider any need for Energy Only resources identified in non-CPUC jurisdictional LRA resource plans.	The ISO will consider any need for Energy Only resources identified in non-CPUC jurisdictional resource plans, and included that clarification in the addendum to the final proposal, as well.
Some stakeholders recommend dropping the scoring criteria requirement and simply allow Energy Only resources to be included in the study process without further constraints.	The scoring criteria for Energy Only projects is consistent with the scoring criteria for projects seeking full capacity delivery status and ensures the amount of Energy Only projects studied aligns with the need for energy only resources.
Some stakeholder state that Energy Only projects in non-reimbursement zones must meet a minimum threshold of commercial viability criteria to prevent speculative projects from impeding viable projects that align with the CPUC resource portfolio.	The ISO will monitor the number of Non-Reimbursable Energy Only interconnection requests to determine further eligibility criteria are needed.
Some stakeholder do not support the ability for an uncapped number of EO resources to be studied in the cluster process. The non-reimbursable pathway for EO projects should be removed.	Historically, there were zero Energy Only interconnection requests submitted in clusters 10 to 15 request windows. The ISO will monitor the number of Non-Reimbursable Energy Only interconnection requests to determine if a cap is needed.
Contract and Queue Management	
Stakeholder Comment Themes	**ISO Response**
A stakeholder suggested that the ISO give interconnection customers a cure period prior to withdrawing projects to allow the developers an opportunity to provide evidence to meet the commercial viability criteria (CVC).	Clusters 8-14 already have, at a minimum 18 months' notice of the date CVC is required so an additional cure period is not needed.

A stakeholder asked what level of engineering design an interconnection customer must demonstrate	The level of engineering design will be dependent upon the time in queue for the project, however the project needs to show continuous development in the following annual CVC demonstration.
A stakeholder requested that the ISO clarify the requirement for energy only projects to demonstrate CVC, particularly in the case of a hybrid or co-located project that includes an EO component.	If the project is only partially Energy Only, then it is considered PCDS and would be required to meet the PPA requirements of a PCDS project to retain its CVC. The portion of the project with deliverability would require a PPA that requires deliverability and the portion that is EO would require an EO PPA along with the other proposed criteria for CVC.
A stakeholder asked the ISO to clarify what happens in a scenario where the PPA is terminated later in project development (after GIA is executed, after construction for network upgrades or the generator itself is underway), noting that interconnection customers need certainty that a project that has previously demonstrated commercial viability and is very far into the development process can still obtain a new contract or finish the project and build merchant.	The project would need to maintain the CVC requirements annually. The ISO is not allowing conversion to a merchant build late in the project development process.
A stakeholder asked the ISO to clarify that the intent of requiring earlier financial security postings for projects with shared upgrades would also apply to projects that issue notice to proceed (NTP) and make the required security posting under an Engineering and Procurement Agreement (E&P).	The earlier intent of requiring financial postings for shared upgrades is for all the Participating Transmission Owners (PTOs) to have the full posting for that upgrade to start on the project. Currently, the PTOs do not start on the shared network upgrades until all projects have posted their financial security which results in a delay for some projects that are ready to construct.
A stakeholder asked the ISO to clarify how it would apply the proposed change to 16 samples per cycle for phase angle measuring unit data.	It would apply to all projects that have not executed the GIA or to projects that request a modification to their project that then requires an amendment to the GIA.
A stakeholder suggested that the commercial viability criteria and time-in-queue requirements apply to all projects in the ISO queue regardless of deliverability status.	The ISO agrees.
A stakeholder suggested that interconnection customers provide reports the current status of all permits and effective dates or completion dates for each, in addition to the list of all necessary permits and environmental assessments	The ISO will develop a CVC Demonstration form which will ask ICs to describe their current status and expected completion dates.
A stakeholder suggested consider allowing exceptions to the prohibition on project changes post COD for changes driven	To clarify, the final proposal provides only specific changes can be made once CVC has been achieved but prior to the projects COD.

by either a reassessment study, or unforeseen or changed field conditions.	If the project has achieved COD, the ISO does not have a prohibition on post COD changes, they are allowed under Article 5.19 of the GIA.
A stakeholder suggested CAISO not allow any MMAs during the final nine-month period prior to synchronization if an interconnection customer asking for amendment to be completed. Under current proposal, scenarios may exist that would create overlapping administrative requirements with a GIA amendment and an MMA in process at the same time.	This recommendation was not proposed during the stakeholder process and therefore cannot be introduced in the final proposal. However, the ISO did discuss this proposal and determined that it is not possible, as some projects truly have technical reasons to make late-stage changes; while this is not a favorable situation, the ISO needs to allow it to happen.
A stakeholder recommended development of language that identifies shared upgrades and their financial security and NTP requirements in the original GIA in such a way that allows for the financial security and NTP to be called from the customer when needed, and then prevent the need for additional administrative time and effort developing a GIA amendment or Engineering & Procurement Agreement for these situations.	The ISO clarifies that the need for two NTP and financial security posting is only in the event that 1) the project has a shared network upgrade, and 2) the project provides the NTP in advance of when the other projects would have provided the NTP and financial security. It is only in this later case where the other projects would be allowed to have two NTPs and the financial security would need to be split. This amendment would be critical to the customer as it establishes the financing requirements of the project and the ISO believes the parties would need to amend the GIA at that time.
A stakeholder requested clarification of whether the ISO is proposing 16 samples per cycle or 16 phasors per cycle.	The proposal is 16 samples per cycle for a Phase Angle Measuring Unit. Appendix H and Attachment 7 of the GIA do not address Phasor Measuring Units (“PMUs”).
Stakeholders noted that the effects of CVC reforms may not take effect for several years.	The timelines in the final proposal provide reasonable time project projects and the PTO and ISO to tender, negotiate, and execute agreements as well as reasonable time to meet the new CVC requirements after GIA execution.
A stakeholder suggested tighter timelines regarding the third interconnection financial security (IFS) posting.	IFS postings can be further defined in GIAs whereby the PTO and ISO can uphold the IC requirements and take action as applicable.
Track 3 Timeline	
Stakeholder Comment Theme	**ISO Response**
Stakeholders support the proposed timeline, but urged the CAISO to begin Track 3 immediately as they see changes to the TPD allocation process taking significant stakeholder discussion.	The ISO is currently defining the scope of Track 3, based on stakeholder feedback, and will provide more detail on the scope and next steps in June of 2024. The ISO plans to seek Board of Governors approval in the winter of 2024.