January 9, 2018

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: California Independent System Operator Corporation
Docket No. ER18- ___-000

Tariff Amendment to Implement 2018 Expedited Interconnection Process Enhancements

Dear Secretary Bose:

The California Independent System Operator Corporation ("CAISO") submits this tariff amendment to improve its generator interconnection process.[1] This amendment represents the first set of tariff revisions resulting from the CAISO's most recent Interconnection Process Enhancements ("IPE") stakeholder initiative. The CAISO's proposed amendment comprises two distinct sets of revisions:

A. Extending the current "parking" period from one year to two years for interconnection requests still seeking a power purchase agreement ("PPA") before committing to Full Capacity Deliverability Status; and

B. Shortening the CAISO's interconnection request window by two weeks and lengthening the time for correction and validation. Instead of the entire month of April to submit an interconnection request, the CAISO proposes to open the interconnection request window on April 1 and then close the window on April 15, and give the CAISO, transmission owners, and interconnection customers an additional two weeks for validation and correction.

Each revision is discussed in Section II, below. The CAISO notes that each set of revisions is separate and not dependent on the other, from both a substantive and an implementation perspective. The CAISO has filed them together because they were part of the same stakeholder process, because they both represent enhancements to the generator interconnection process, and because a single filing promotes

[1] The CAISO submits this filing pursuant to section 205 of the Federal Power Act, 16 U.S.C. § 824d. Capitalized terms not otherwise defined herein have the meanings set forth in the CAISO tariff, and references to specific sections, articles, and appendices are references to sections, articles, and appendices in the current CAISO tariff and revised or proposed in this filing, unless otherwise indicated.

administrative efficiency.

I. The Interconnection Process Enhancement Initiative History

California's renewable portfolio standard[2] and the associated changes in the generation development marketplace have made it increasingly important over the past several years for the CAISO to identify ways to administer its generator interconnection queue more efficiently.[3] The CAISO's overriding goal has been to tailor its procedures to be grounded in efficiency, cost-causation, and non-discrimination. Because of the rapid evolution of generation development in California, achieving these goals has required the CAISO to engage in a process of continuous review and enhancement of its generator interconnection procedures.[4] After implementing significant generator interconnection reforms in 2008,[5] 2010,[6] and 2012,[7] the CAISO launched its first IPE initiative in 2013.[8] The 2013 IPE initiative resulted in interconnection enhancements to the CAISO tariff, business practice manuals ("BPMs"), and procedures in 2013 and 2014.[9] The CAISO conducted another IPE initiative in 2015 that resulted in two more sets of enhancements.[10]

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[2] *See* California P.U.C., "California Renewables Portfolio Standard," *available at* http://www.cpuc.ca.gov/PUC/energy/Renewables/.

[3] There were over 260 projects in the interconnection queue as of September 21, 2015. *See* http://www.caiso.com/planning/Pages/GeneratorInterconnection/Default.aspx (CAISO website page listing projects in the queue).

[4] The generator interconnection process and related provisions are set forth primarily in Section 25 of the CAISO tariff. The interconnection procedures and *pro forma* generator interconnection agreements ("GIAs") are contained in appendices S through FF to the CAISO tariff.

[5] *Cal. Indep. Sys Operator Corp.*, 124 FERC ¶ 61,292 (2008) (approving revisions to move from a serial to a cluster process, and to establish project viability and developer commitment as soon as interconnection customers have an estimate of the costs of their projects).

[6] *Cal. Indep. Sys Operator Corp.*, 133 FERC ¶ 61,223 (2010) (approving revisions to harmonize the CAISO's LGIP with its SGIP by establishing integrated cluster study processes for small and large generators, and to expedite study processes for independent or otherwise adroit generators by implementing new independent study and fast track processes).

[7] *Cal. Indep. Sys Operator Corp.*, 140 FERC ¶ 61,070 (2012) (approving revisions to integrate the transmission planning and generator interconnection processes).

[8] Further background information on the IPE initiative is provided in the CAISO's September 30, 2013 tariff amendment filing in Docket No. ER13-2484 to implement the first set of tariff revisions to come from that initiative.

[9] *See, e.g., Cal. Indep. Sys Operator Corp.*, 149 FERC ¶ 61,231 (2014); 148 FERC ¶ 61,077 (2014); 145 FERC ¶ 61,172 (2013). The CAISO notes that this filing reconciles the eTariff record with Commission-approved language that was inadvertently omitted in the CAISO's October 17, 2014, IPE filing. *See Cal. Indep. Sys. Corp.*, 149 FERC ¶ 61,100 (2014) (order approving omitted language from the eTariff record).

[10] *Cal. Indep. Sys Operator Corp.*, 153 FERC ¶ 61,242 (2015); 154 FERC ¶ 61,169 (2016).

After the success of the previous IPE initiatives, in 2017 the CAISO re-launched the IPE Initiative. In doing so, the CAISO and stakeholders identified two issues that warranted attention and Commission action before the remaining issues: (1) how long an interconnection customer may "park" to receive a Transmission Plan Deliverability ("TP Deliverability") allocation; and (2) how long interconnection customers have to submit, correct, and re-submit new interconnection requests within the CAISO's validation timeframe. The CAISO conducted an expedited stakeholder initiative to develop the instant tariff revisions to address these issues before the other IPE 2018 topics.

II. Proposed Tariff Revisions

A. One Additional Year for Parking

1. Deliverability Designations

An interconnection request includes many components: the point of interconnection, sufficient transmission capacity to deliver power reliably, construction of necessary network upgrades by the transmission owner, etc. Among these components, interconnection customers request a deliverability designation: Full Capacity Deliverability Status ("FCDS"), Partial Capacity Deliverability Status[11] ("PCDS"), or Energy Only. Being designated FCDS represents that the generator can deliver its maximum capacity to the grid under peak load conditions.[12] An Energy Only designation represents that the generator's full output can be delivered only subject to grid conditions.[13] These designations play a key role in providing Resource Adequacy Capacity in California. An FCDS designation qualifies the generator's output to count toward a load-serving entity's monthly Resource Adequacy requirement.[14] Only FCDS

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[11] Partial Capacity Deliverability Status entitles a generating facility to a Net Qualifying Capacity amount that cannot be larger than a specified fraction of its Qualifying Capacity, and may be less pursuant to the assessment of its Net Qualifying Capacity by the CAISO. An Interconnection Customer requesting Partial Capacity Deliverability Status must specify the fraction of Full Capacity Deliverability Status it is seeking in its Interconnection Request.

[12] *Cal. Indep. Sys. Operator Corp.*, 124 FERC ¶ 61,292 at PP 94-112 (2008) ("For generators selecting full capacity deliverability, the maximum output of each facility can be delivered under peak conditions. Deliverability assessment(s) will be performed to determine the need for delivery network upgrades. The costs for delivery network upgrades will be assigned based on the flow impact of each generating facility on the ISO controlled grid. In addition, an analysis for reliability impacts will be done to determine the need for reliability network upgrades"). Deliverability designations are slightly different for wind resources because their "maximum capacity" is not necessarily commensurate with their nameplate capacity (minus auxiliary load), like it is for most generators.

[13] *Id*. at P 95.

[14] Importantly, an FCDS designation does not entitle a generator to "firm capacity." All generators are subject to congestion management, the CAISO's security-constrained economic dispatch, and potential curtailment conditions.

generators will be assigned the financing costs for Delivery Network Upgrades, which are upgrades designed to relieve transmission constraints so that the resource can physically deliver its entire output.[15] An Energy Only designation means that the interconnection customer will not be responsible for the costs of such upgrades, but it will not be eligible to be a Resource Adequacy Resource under current rules.[16]

An interconnection customer's ability to receive an FCDS designation depends on the CAISO's TP Deliverability studies. TP Deliverability is "the capability, measured in MW, of the CAISO Controlled Grid as modified by transmission upgrades and additions modeled or identified in the annual Transmission Plan to support the interconnection with Full Capacity Deliverability Status or Partial Capacity Deliverability Status of additional Generating Facilities in a specified geographic or electrical area of the CAISO Controlled Grid."[17]

The CAISO transmission planning process identifies network upgrades based on the location and the amount of new resources ultimately developed in discrete geographic areas. These network upgrades will add a certain amount of transmission capacity to the grid, which will then be available to meet the network upgrade requirements of proposed new generating facilities in those geographic areas.[18] The CAISO then determines the volume of new generation in each area whose deliverability can be met by the additional grid capacity the network upgrades will provide. The CAISO then allocates the resulting MW volumes of TP Deliverability to those proposed generating facilities in each area determined to be most viable based on a set of specified project development milestones.[19]

Under current tariff provisions, an interconnection customer requesting TP Deliverability must meet the following minimum milestones:

- applied for the necessary government permits for construction; and either
- secured financing or represents to the CAISO that either it has a regulator-approved PPA; or

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15 *See* Appendix A to the CAISO tariff. Delivery Network Upgrades are different than Reliability Network Upgrades, which are the transmission facilities a generator needs to interconnect safely and reliably to the grid, regardless of its deliverability designation.

16 Appendix A to the CAISO tariff. A Resource Adequacy Resource is "A resource that is designated in a Supply Plan to provide Resource Adequacy Capacity. The criteria for determining the types of resources that are eligible to provide Qualifying Capacity may be established by the CPUC or other applicable Local Regulatory Authority and provided to the CAISO."

17 Appendix A to the CAISO tariff.

18 *See Cal. Indep. Sys. Operator Corp.*, Tariff Amendment to Integrate Transmission Planning and Generator Interconnection Procedures, Docket No. ER12-1855-000 (May 25, 2012) at p. 4.

19 *Id*.

- included on an active short list or other commercially recognized method of preferential ranking of power providers by a prospective purchasing load-serving entity.[20]

If there is sufficient TP Deliverability, the CAISO will allocate it to the interconnection customers in the current queue cluster that meet the minimum criteria. If there are more qualifying interconnection customers than TP Deliverability available, the CAISO will allocate the TP Deliverability by ranking interconnection customers based upon which TP Deliverability milestones they have met. Interconnection customers that receive TP Deliverability must submit an annual affidavit stating that they continue to meet TP Deliverability milestones.[21] Interconnection customers that do not receive an allocation of TP Deliverability and do not choose to finance their Delivery Network Upgrades on a merchant basis have the option to "park" the project for one year, convert their projects to Energy Only, or withdraw their interconnection requests.

2. Parking

Currently, interconnection customers can "park" their interconnection requests for one year to participate in the following year's TP Deliverability allocation.[22] Interconnection customers who park their requests are then included in the next year's TP Deliverability allocation process on the same footing as those participating for the first time, based on their project's eligibility and criteria scoring at the time.[23] The CAISO developed the parking option in 2012 in response to many stakeholders' concerns that the length of the allocation window following the completion of the Phase II study may not be sufficient for some viable projects to achieve the project development milestones needed to obtain a TP Deliverability allocation.[24] The CAISO believed that allowing such projects (known as "Option A" projects) to park for one additional year was a reasonable accommodation because these projects have declared that they would not be viable absent a TP Deliverability allocation and would otherwise be required to withdraw from the queue or, at a minimum, downgrade their project to Energy Only status. These projects could not compete in load-serving entities' procurement processes, and fewer interconnection customers would compete to provide cost-effective capacity.

As the table below demonstrates, interconnection customers now are both proceeding to Phase II studies and parking their requests in higher numbers and as a

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[20] Section 8.9.2 of Appendix DD to the CAISO tariff.

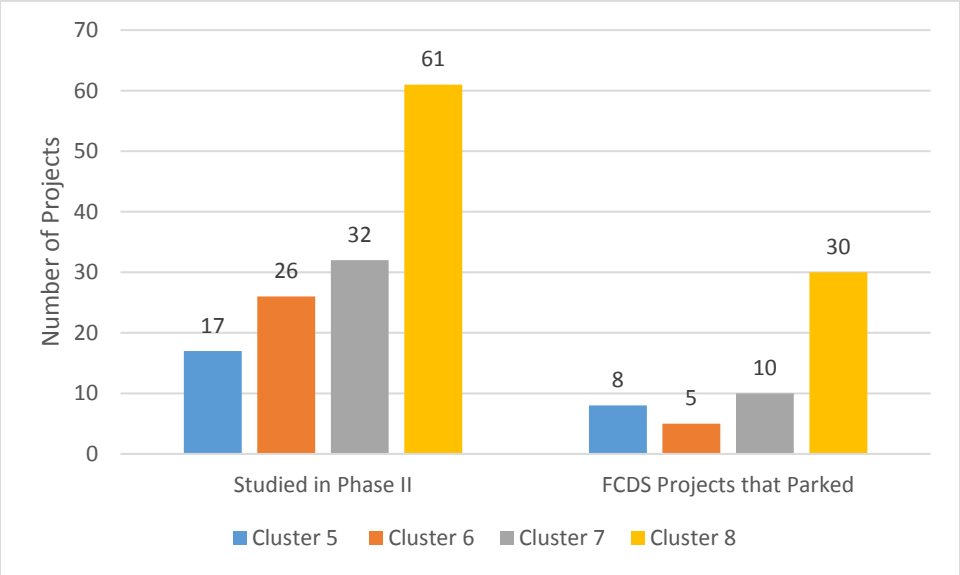
[21] Section 8.9.3 of Appendix DD to the CAISO tariff.

[22] Section 8.9.4 of Appendix DD to the CAISO tariff.

[23] Section 6.2.9.4 of generator interconnection deliverability and allocation procedures ("GIDAP") BPM.

[24] *See Cal. Indep. Sys. Operator Corp.*, Tariff Amendment to Integrate Transmission Planning and Generator Interconnection Procedures, Docket No. ER12-1855-000 (May 25, 2012) at p. 35.

larger percentage of the overall queue.



The 61 active Cluster 8 projects comprise 9,547 MW, and the 30 parked projects comprise 5,116 MW of potential new capacity.[25] The entire CAISO interconnection queue represents 46,744 MW of potential new capacity, so the 30 parked projects comprise 10.9% of the total queue.

This dramatic spike in parking is largely because the California investor-owned utilities have essentially procured all of the renewable capacity needed to meet California's 33 percent Renewables Portfolio Standard 2020 mandate. This is reflected in their procurement plans. Most if not all of the incremental capacity needed is in the CAISO queue has completed the study process, and is expected to reach commercial operation by 2020 (if it has not already).

This is not to say that there is no longer a need for additional generation, or that such a need will not materialize imminently. California Senate Bill 350 (de León, Chapter 547, 2015) increases California's renewable portfolio standard to 50 percent by 2030, with incremental targets between 2020 and 2030. SB 350 also requires the California Public Utilities Commission to focus energy procurement decisions on reducing greenhouse gas emissions by 40 percent by 2030, doubling energy efficiency, and promoting transportation electrification. SB 350 requirements related to integrated resource planning require the implementation of an integrated resource planning process that will ensure load-serving entities meet targets that allow the electricity sector to contribute to California's greenhouse gas reduction goals.[26] It remains to be

[25] This information can be retrieved from the CAISO's website at: https://rimspub.caiso.com/rims5/logon.do.

[26] Calif. Public Utilities Code §§ 454.51 and 454.52.

determined whether additional transmission capacity should be built to make the additional renewable capacity needed to meet 50 percent renewable portfolio standard fully deliverable, which impacts whether load-serving entities should procure incremental renewable capacity as FCDS or Energy Only.

Incremental procurement has not stopped, but it has stalled while load-serving entities await a clear regulatory signal on these issues. Additional renewable capacity will be procured soon, which is causing more projects to park. Under current tariff provisions, many projects will have little to no opportunity to compete for PPAs agreements (especially for projects that can provide resource adequacy) because they have to convert to Energy Only or withdraw from the queue if they are not able to receive an allocation of TP Deliverability after one year of parking. Thus, load-serving entities may miss entire generations of potential generators competing to provide future capacity when robust procurement proceeds.[27]

3. Generator Interconnection Agreements

Section 14.2.2 of Appendix DD to the CAISO tariff requires that if an interconnection customer with an executed generator interconnection agreement ("GIA") finances a network upgrade to be built by a transmission owner,[28] then later terminates its GIA and withdraws, the financing obligation can revert to the transmission owner if another interconnection customer in queue still needs the upgrade.[29] This ensures that financing responsibility does not fall to later-queued customers that also require the upgrade. However, if none of the earlier-queued interconnection customers assigned to finance a particular upgrade execute a GIA, the financing responsibility would fall to later-queued interconnection customers (rather than reverting to the transmission owner) if the upgrade is needed.

In a simplified example, if a Cluster 9 project triggered an upgrade and was assigned cost responsibility for the upgrade in its Phase II study report, and a project in Cluster 10 requires that upgrade, once the Cluster 9 project executes its GIA, there is no risk of Cluster 10 "inheriting" any cost responsibility for that upgrade. If the project terminates its GIA and withdraws, the PTO inherits the cost responsibility. However, if the Cluster 9 project withdraws *without* ever executing a GIA and the Cluster 10 project's Phase II study report lists that upgrade as a required upgrade, then the Cluster

[27] Interconnection requests can, of course, be re-submitted in following clusters, but they must start over with new interconnection deposits and new study timelines. As such, withdrawing and resubmitting incurs significant cost and delay.

[28] Area Delivery Network Upgrades for option (B) interconnection customers are an exception for merchant development.

[29] The financing obligation is the obligation to fund the cost of construction of network upgrades. For a complete explanation of the refund of costs for completed network upgrades, refer to Appendix DD to the CAISO tariff, Section 14.3.2 Repayment of Amounts Advanced for Network Upgrades and Refund of Interconnection Financial Security.

10 project inherits the cost responsibility for that upgrade (instead of the transmission owner). As such, there would be uncertainty for the Cluster 10 project until the Cluster 9 project proceeds.

Requiring GIA execution before the transmission owner must backstop financing is purposeful. The CAISO's procedures help to ensure that transmission owners and ratepayers only incur costs for prudent network upgrades. Interconnection customers will proceed with new generation projects by signing GIAs and posting interconnection financial security where their financing obligations for new network upgrades are cost-competitive and proportional to their capacity. On the other hand, if an interconnection customer (or group of customers) triggers the need for a disproportionately expensive network upgrade, it will likely withdraw its interconnection request rather than sign a GIA and post interconnection financial security it would lose if it later withdraws its project.

Transmission owners' backstopping the financing of these network upgrades allows the CAISO to provide later-queued interconnection customers with meaningful cost caps and project certainty. Without it, the withdrawal of any earlier-queued customer could financially impact later-queued customers.

4. Proposed Revisions

To address the practical reality that interconnection customers are challenged to obtain PPAs within the single year of parking, the CAISO proposes to allow interconnection customers to elect to remain parked a second year if they meet qualifying criteria.[30] The CAISO believes that giving interconnection customers an additional year to park option is just and reasonable because it will allow more projects to compete for PPAs and become viable. Moreover, it will allow load-serving entities to consider more projects for those PPAs, increasing competition for the best projects that meet the future needs of load-serving entities and the CAISO.

The CAISO also proposes reasonable limitations on which projects can park for an additional year.[31] First, a project will only be allowed to park for a second year when TP Deliverability still is available in the project's area.[32] This criterion is sensible

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[30] Proposed Section 8.9.4.1 of Appendix DD to the CAISO tariff. As a longer-term remedy, the CAISO will re-examine the TP Deliverability qualification criteria comprehensively in the 2018 IPE initiative. This bifurcated approach will allow the CAISO to provide immediate relief to the many projects currently parked, and it will allow the CAISO and stakeholders to further vet issues in the IPE 2018 initiative.

[31] In other words, these criteria will only apply to the election to remain parked a second year. They will not apply to customers electing to park initially for one year. The CAISO proposes that the GIA restriction discussed below, on the other hand, would apply to all parked projects.

[32] *Id.* Proposed Section 8.9.4.1 of Appendix DD to the CAISO tariff.

because there is no need to remain parked if all TP Deliverability is allocated.[33] Second, if a project has a network upgrade assigned to it,[34] which is needed by another project, parking for a second year will not be allowed.[35] It is not prudent for the second-year parking option to prolong the uncertainty associated with the real risk that either later clustered projects or the transmission owner become required to finance an upgrade because of the parked project's delay. However, the CAISO proposes that a project with shared network upgrades may park if all the projects that share the network upgrade are in the same cluster and they all elect to remain parked. Because all projects sharing the upgrade remain parked over the same time, there would be no risk or uncertainty over financing the upgrade.

The criteria may affect each cluster differently depending on their projects, TP Deliverability, and later-queued projects, but the CAISO's preliminary analysis of the criteria applied to the 30 Cluster 8 projects parked estimates that 20 projects would meet both criteria and be able to park an additional year to attempt to receive a TP Deliverability allocation.[36]

The CAISO also proposes that all parked projects must come out of parking and elect a final capacity designation before they are tendered a draft generator interconnection agreement for execution.[37] This requirement is just and reasonable for two reasons. First, CAISO and transmission owner staff should not be forced to expend time and resources drafting and negotiating a generator interconnection agreement with construction and financing milestones that may change dramatically one year later (if the interconnection customer switches to Energy Only, obviating its need for delivery network upgrades). Second, as discussed above, if an interconnection customer with an executed GIA finances a network upgrade to be built by a transmission owner,[38] and later terminates its GIA and withdraws, the financing obligation reverts to the

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[33] Although it is theoretically possible that new TP Deliverability could become available from a reliability or economic network upgrade proposed in the CAISO annual transmission planning process, the CAISO has observed this actually happening in so few instances that allowing additional parking for such a speculative outcome is unreasonable. Moreover, the CAISO does not anticipate new delivery network upgrades until California regulators decide whether new capacity will be deliverable. There is therefore little to no reason to expect the creation of more than the currently available TP Deliverability in the imminent future.

[34] Excepting Area Deliverability Network Upgrades.

[35] *Id.*

[36] *See* http://www.caiso.com/Documents/DraftFinalProposal-2017ExpeditedGIDAPEnhancements.pdf (These data have been slightly corrected since publication.)

[37] Proposed revisions to Sections 8.9.4 and 13.1.1 of Appendix DD to the CAISO tariff.

[38] Area Delivery Network Upgrades for option (B) interconnection customers are an exception for merchant development.

transmission owner if the upgrade is still needed.[39] An interconnection customer should not be able to execute a GIA for an FCDS project—which requires the transmission owner to backstop the delivery network upgrades—when the interconnection customer could then switch to Energy Only. Accordingly, the CAISO proposes that an interconnection customer can come out of parking at any time and request an Energy Only GIA, but it must finalize its status and come out of parking before being tendered a GIA.

To the extent these revisions diverge from the generator interconnection procedures in Order No. 2003, the CAISO believes that they represent a needed improvement of the CAISO's current tariff. Because of the huge influx in new generation precipitated by California's rising renewable portfolio standards, the CAISO's generator interconnection procedures—including the existing parking period—have evolved to a point where the CAISO is studying and processing hundreds of new generator projects each year. The procurement circumstances described above necessitate these revisions now to continue to ensure robust competition for new capacity in the CAISO footprint.

5. Examples

The CAISO provides three examples below to illustrate how the proposed criteria will apply to interconnection customers seeking to remain parked for a second year to seek a final TP Deliverability allocation.

Example 1: Meeting All Criteria

Assume interconnection customer X is a Cluster 8 project not shortlisted for a PPA and could not qualify for its first TP Deliverability allocation. In lieu of converting to Energy Only or withdrawing, interconnection customer X elected to park its project for one year. It then receives no TP Deliverability allocation because it still does not qualify. Interconnection customer X can now elect to convert to Energy Only, withdraw, or remain parked, but it only may remain parked if it meets the CAISO's proposed criteria. Assume that TP Deliverability is still available in interconnection customer X's area, and that no other projects in Clusters 8, 9, or 10 share or depend on constructing interconnection customer X's assigned network upgrades. Interconnection customer X meets the CAISO's proposed criteria and may park one additional year for one additional TP Deliverability allocation cycle. After its final cycle, interconnection customer X must choose an FCDS (if it qualifies) or Energy Only designation, execute a corresponding GIA, and proceed with financing and construction; or interconnection customer X can withdraw its project from the interconnection queue.

[39] The financing obligation is the obligation to fund the cost of construction of network upgrades. For a complete explanation of the refund of costs for completed network upgrades, refer to Appendix DD to the CAISO tariff, Section 14.3.2 Repayment of Amounts Advanced for Network Upgrades and Refund of Interconnection Financial Security.

Example 2: Meeting Criterion 1 and Failing Criterion 2

Assume interconnection customer X is a Cluster 8 project not shortlisted for a PPA and could not qualify for its first TP Deliverability allocation, although there is TP Deliverability available where it proposes to interconnect. In lieu of converting to Energy Only or withdrawing, interconnection customer X elected to park its project for one year. It then receives no TP Deliverability allocation again because it still does not qualify. Interconnection customer X can now elect to convert to Energy Only, withdraw, or remain parked, but it only may remain parked if it meets the CAISO's proposed criteria. Assume there is TP Deliverability still available where interconnection customer X proposes to interconnect, so it meets criterion 1. However, assume that interconnection customer X has been assigned three network upgrades in its Phase II study, upgrades A, B, and C. Although no other project shares or relies upon upgrades A and B, upgrade C provides a new substation bay where one Cluster 9 project, interconnection customer Y, will now interconnect. Upgrade C is thus identified as a contingent upgrade in interconnection customer Y's Phase II study report. Because interconnection customer Y depends on upgrade C—assigned to interconnection customer X—interconnection customer X may not remain parked for an additional year. Because it received no TP Deliverability allocation in the previous cycle, interconnection customer X now must convert to Energy Only or withdraw its project from the interconnection queue. If interconnection customer X withdraws its project, the financing responsibility for upgrade C will fall to interconnection customer Y in the next reassessment study because it had been identified as a contingent upgrade in its Phase II study, and interconnection customer X never executed a GIA.

Example 3: Meeting the Exception for Potentially Failing Criterion 2

Assume interconnection customers X, Y, and Z are Cluster 8 projects not shortlisted for a PPA and could not qualify for a first TP Deliverability allocation. They all propose to interconnect in the same area, and all of them have been assigned shared financial responsibility for a new network upgrade—substation—they require to interconnect. In lieu of converting to Energy Only or withdrawing, all three elect to park for one year. The three interconnection customers receive no TP Deliverability allocation again because they still do not qualify. Each interconnection customer can now elect to convert to Energy Only, withdraw, or remain parked, but each electing to remain parked may only do so if it meets the CAISO's proposed criteria. Assume there is TP Deliverability still available where they propose to interconnect, so all three meet criterion 1. Interconnection customer Z elects to withdraw from the queue, but interconnection customers X and Y elect to remain parked for one final year and TP Deliverability allocation cycle. Besides interconnection customers X and Y, assume no other interconnection customers in Clusters 8, 9, or 10 require substation A to interconnect. In other words, the only two active interconnection customers whose interconnection studies identify substation A as a necessary upgrade are interconnection customers X and Y, and both have elected to remain parked. Both

interconnection customers X and Y may park one additional year for one additional TP Deliverability allocation cycle. After their final cycle, each must choose an FCDS (if it qualifies) or Energy Only designation, execute a corresponding GIA, and proceed with financing and construction; or each can withdraw its project from the interconnection queue.

6. Stakeholder Comments

The majority of stakeholders generally supported the CAISO's proposed revisions to parking interconnection requests. Some stakeholders from the generator development community advocated for an open-ended parking period or the ability to park for an additional year with no qualifying criteria or restrictions on executing GIAs (and then amending them if they convert to Energy Only or terminating them if they withdraw). On the other hand, some CAISO transmission owners believed that no change was required, and the CAISO should retain its one-year parking period. The CAISO believes that its proposal strikes an appropriate balance between these two positions.

Southern California Edison Company ("SCE") stated that it did not support the CAISO's proposal because it could lead to

> non-viable projects remaining in the interconnection queue and increasing uncertainty with respect to network upgrades and costs responsibility. The extended parking proposal would allow non-viable projects to linger (rather than withdraw) in the interconnection queue for one additional year, compounding the uncertainty in the cluster study process.[40]

The CAISO understands the concern, but disagrees that it will manifest. Although the CAISO shares the concern that non-viable and speculative projects can cause issues in in the queue, the CAISO does not believe that parked projects should be considered "non-viable." The currently parked projects entered the CAISO interconnection queue in May 2015, and received their final Phase II interconnection studies in November 2016, which most load-serving entities require to be considered for procurement. Thus, these projects have only had a little more than one year to compete for PPAs before being forced to convert to Energy Only or withdraw. This constitutes insufficient time to automatically deem that such projects are non-viable.

Second, the CAISO does not believe its proposed revisions will cause more projects or increased uncertainty. The second-year parking option is only a one-year expansion of an existing parking option. Moreover, the CAISO created its qualifying criteria and GIA restrictions to ensure that a second year of parking does not disrupt

[40] SCE's comments are available on the CAISO's website at: http://www.caiso.com/Documents/SCEComments-2017ExpeditedGIDAPEnhancements-RevisedStrawProposal.pdf.

interconnection studies' *status quo*. Pacific Gas & Electric Company ("PG&E"), for example, did not support the second year of parking until the CAISO refined its qualifying criteria. With the qualifying criteria proposed herein, PG&E now supports the second year of parking.[41] The CAISO sees no scenario where projects that meet the qualifying criteria to park for a second year will *increase* uncertainty. SCE is correct that it will temporarily delay the decision to withdraw, convert to Energy Only, or proceed as FCDS, but the purpose of the CAISO's proposed revisions is to allow such delay to provide a reasonable time period for project to compete for PPAs. The CAISO and other stakeholders believe that preserving this potential new capacity for an additional year rather than rushing interconnection customers out the door before they have a meaningful opportunity to pursue procurement opportunities will benefit the grid and ratepayers by maintaining robust competition.

Third, the CAISO disagrees that one additional year of parking will lead to inappropriate "lingering" in queue. Any interconnection customer that parks an additional year will still face the mandatory decision to accept a TP Deliverability allocation, convert to Energy Only, or withdraw at the end of that year. Additionally, they will face mandatory GIA negotiation and execution timelines based on their construction schedules, and will have to post substantial interconnection financial security they lose if they later withdraw.[42] The interconnection customers that can appropriately be described as "lingering" in queue predated these requirements and were subject to less stringent interconnection procedures. The CAISO's previous IPE initiative implemented revisions specifically designed to curb and prevent unnecessary lingering in queue, and the CAISO will seek to do the same in IPE 2018.[43] The CAISO will always strive to curb and prevent non-viable and speculative projects lingering in queue, but the CAISO does not believe that currently parked projects can be accused of lingering where they will still face imminent decision timelines. The CAISO believes that its proposed revisions are just and reasonable because they will provide cost savings to ratepayers through increased competition, and without creating uncertainty or risk to transmission owners or other interconnection customers because of the CAISO's proposed qualifying criteria.

B. Additional Time for Validation and Correction

1. Background

Each year the CAISO accepts new generator cluster interconnection requests from April 1 to April 30 (or the next business day if the 30th is not a business day).[44]

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41 PG&E's comments are available on the CAISO website at: http://www.caiso.com/Documents/PG-EComments-2017ExpeditedGIDAPEnhancements-DraftFinalProposal.pdf.

42 *See* Section 11.4 of Appendix DD to the CAISO tariff.

43 *Cal. Indep. Sys. Operator Corp*., 153 FERC ¶ 61,242 (2015); 154 FERC ¶ 61,169 (2016).

44 Section 3.3.1 of Appendix DD to the CAISO tariff.

Although the interconnection request window is open for the entire month of April, in 2017 the CAISO received 94% of interconnection requests during the last week of the window, and nearly all of those on the final day. This practice has been consistent over the last several years.

For an interconnection request to be valid under Section 3.5.2 of the GIDAP, the interconnection customer must submit an interconnection study deposit; documents demonstrating site exclusivity or a site exclusivity deposit; and a completed interconnection application in Appendix 1 to the GIDAP. The interconnection application includes proposed one-line diagrams and technical data including PSLF files (dynamic model, epc power flow data file).[45] The CAISO will not validate an interconnection request until the CAISO and the transmission owner determine that the information is complete and sound.

If an interconnection request does not meet the requirements to be validated, the CAISO will notify the interconnection customer and explain the basis for its determination. The interconnection customer must then provide additional information needed for a valid request. Once the requested information is provided by the interconnection customer, the CAISO must notify the interconnection customer within five business days whether the interconnection request is now valid. If not, the process repeats itself until the interconnection request is valid. This can take numerous cycles. If an interconnection request has not met the validation requirements within 20 business days after the close of the application window or 10 business days after the CAISO first provided notice that the interconnection request was not valid, whichever is later, the CAISO will deem the interconnection request invalid, and it cannot be included in interconnection study cycle.[46]

Recently the CAISO has been receiving more technically diverse and increasingly complex interconnection requests. As the interconnection queue demonstrates, many interconnection requests are now hybrid renewable and energy storage projects.[47] This complexity makes analysis and validation more challenging for the CAISO and transmission owners, and it makes correcting data more challenging for the interconnection customers themselves. Further exacerbating these challenges, more interconnection customers attempt to make last-minute changes that can be difficult to accommodate within the current validation and scoping meeting timelines. If these challenges continue, they could jeopardize the CAISO and transmission owners' responsibility to keep the Phase I studies on schedule. Further, these challenges threaten the CAISO and transmission owners' goal to work with interconnection customers as much as possible to assure their projects are given every opportunity to be validated and ready for the Phase I studies.

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45 Section 3.5.1 of Appendix DD to the CAISO tariff.

46 Section 3.5.2.2 of Appendix DD to the CAISO tariff.

47 This information is available on the CAISO website at: https://rimspub.caiso.com/rims5/logon.do.

Given these circumstances, it has become apparent to the CAISO, the transmission owners, and many interconnection customers that additional time is needed for the validation process. Failure to provide this extra time could cause an increase in the number of projects deemed invalid or delays to the study process.

2. Proposed Revisions

To address this issue before the next cluster application window, the CAISO proposes simply to shorten the actual interconnection request window, and lengthen the time for correction and validation.[48] Specifically, instead of having the entire month of April to submit an interconnection request, the CAISO proposes to open the interconnection request window on April 1 and then close the window on April 15 (or the next business day if the 15th is not a business day). The April 15 window closure will provide the CAISO, transmission owners, and interconnection customers an additional 15 days for validation and correction without impacting the remaining study schedule. The CAISO believes these minor changes will help all parties and prevent potential delays to the Phase I study process.[49]

The following table identifies the proposed, date-certain timeline for the Interconnection Request/Application Window. It also identifies the Appendix DD Tariff Sections affected by the change.

	Current Timeline	**Proposed Timeline**[50]	**Appendix DD Tariff Section**
Interconnection Request Application Window Opens	April 1	April 1	3.3.1
Interconnection Request Application Window Closes	April 30	April 15	3.3.1
Validation	Within 20 business days after close of application window	By May 31	3.5.2.2
Pro-forma Study Agreement to Interconnection Customer	Within 30 days after close of application window	By May 31[51]	6.1.1
Scoping Meeting	Within 60 days after close of application window	By June 30	6.1.2

48 Proposed Section 3.3.1 of Appendix DD to the CAISO tariff.

49 Proposed Section 3.5.2 of Appendix DD to the CAISO tariff.

50 Where a deadline does not fall on a business day, the deadline will be the next business day.

51 Stakeholders supported merging the previously separate validation and study agreement timelines (which generally ended on or near the same days) for administrative efficiency.

All stakeholders who commented on this issue support the CAISO's proposal. To the extent these revisions diverge from the generator interconnection procedures in Order No. 2003, the CAISO believes that they represent a critical regional improvement to the CAISO tariff. Data strongly indicate that generation developers do not require an entire month simply to submit interconnection requests. Instead, they require more time to work with the CAISO and transmission owners to make corrections to their interconnection requests to prepare for cluster studies.

III. Stakeholder Process

The stakeholder process that resulted in this filing included:

- Three issue papers issued by the CAISO;
- Developing draft tariff provisions;
- Five stakeholder meetings and conference calls to discuss the CAISO papers and the draft tariff provisions; and
- Four opportunities to submit written comments on the CAISO papers and the draft tariff provisions.[52]

The proposals were presented to the CAISO Governing Board during its public meetings on December 14, 2017. The Board voted unanimously to authorize this filing.[53]

IV. Effective Date

The CAISO requests an effective date of March 11, 2018, 61 days from this filing.

[52] Materials regarding the IPE stakeholder process are available on the CAISO website at http://www.caiso.com/informed/Pages/StakeholderProcesses/2017ExpeditedGIDAPEnhancements.aspx.aspx. A list of key dates in the stakeholder process that are relevant to this tariff amendment is provided in attachment E to this filing.

[53] Materials related to the Board's authorization to prepare and submit this filing are available on the CAISO website at http://www.caiso.com/informed/Pages/BoardCommittees/BoardGovernorsMeetings.aspx.

V. Communications

Correspondence and other communications regarding this filing should be directed to:[54]

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VI. Service

The CAISO has served copies of this filing on the California Public Utilities Commission, the California Energy Commission, and all parties with scheduling coordinator agreements under the CAISO tariff. In addition, the CAISO has posted a copy of this filing on the CAISO website.

VII. Contents of Filing

In addition to this transmittal letter, this filing includes the following attachments:

Attachment A	Clean CAISO tariff sheets incorporating this tariff amendment;
Attachment B	Red-lined document showing the revisions in this tariff amendment;[55]
Attachment C	Draft final proposal;
Attachment D	Board memoranda; and

[54] 18 C.F.R. § 385.203(b)(3).

[55] In addition to the proposed tariff revisions described in this transmittal letter, the CAISO also is including clean-up revisions to the table of contents of Appendix DD to the CAISO tariff. The revisions to the table of contents are non-substantive.

Attachment E List of key dates in the stakeholder process.

VIII. Conclusion

For the reasons set forth in this filing, the CAISO respectfully requests that the Commission accept the tariff revisions proposed in the filing.

Respectfully submitted,

/s/ William H. Weaver
Roger E. Collanton
General Counsel
Sidney L. Mannheim
Assistant General Counsel
William H. Weaver
Senior Counsel

Counsel for the California Independent System Operator Corporation

Attachment A – Clean Tariff Records

2018 Expedited Interconnection Procedures Enhancements

California Independent System Operator Corporation

Appendix DD

Generator Interconnection and Deliverability Allocation Procedures (GIDAP)

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14.2 Construction Sequencing

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14.4 Special Provisions for Affected Systems, Other Affected PTOs

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Appendix 6 Independent Study Process Study Agreement

Appendix 7 Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10kW ("10 kW Inverter Process")

Appendix 8 [Intentionally Omitted]

* * * *

Section 3 Interconnection Requests

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3.3 Timing for Submitting Interconnection Requests

3.3.1 Timing for Submitting Interconnection Requests for a Queue Cluster

Except for Interconnection Customers requesting processing under the Independent Study Process or Fast Track Process, Interconnection Requests must be submitted during a Cluster Application Window. The Cluster Application Window will open on April 1 and close on April 15 of each year. If any date set forth in this section is not a Business

Day, then the applicable date shall be the next Business Day.

*** * * ***

3.5.2 Validation of Interconnection Request.

3.5.2.1 Acknowledgment of Interconnection Request.

The CAISO shall notify the Interconnection Customer within ten (10) Business Days of receipt of the Interconnection Request, which notice shall state whether the Interconnection Request is deemed complete, valid, and ready to be studied.

3.5.2.2 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until the CAISO determines that the information contained in the Interconnection Request is complete and the Interconnection Customer has provided all items in satisfaction of Section 3.5.1. If an Interconnection Request fails to meet the requirements set forth in Section 3.5.1, the CAISO shall include in its notification to the Interconnection Customer under Section 3.5.2.1 the reasons for such failure and that the Interconnection Request does not constitute a valid request. The Interconnection Customer shall provide the CAISO the additional requested information needed to constitute a valid request. Whenever additional requested information is provided by the Interconnection Customer, the CAISO shall notify the Interconnection Customer within five (5) Business Days of receipt of the additional requested information whether the Interconnection Request is valid. If the Interconnection Request continues to fail to meet the requirements set forth in Section 3.5.1, the CAISO shall include in its notification to the Interconnection Customer the reasons for such failure. If an Interconnection Request has not been deemed valid, the Interconnection Customer must submit all information necessary to meet the requirements of Section 3.5.1 no later than May 31 or the next Business Day if May 31 is not a Business Day. Interconnection Requests that have not met the requirements of Section 3.5.1 by that date will be deemed invalid and will not be included in Interconnection Study Cycle or otherwise studied.

Interconnection Requests deemed invalid under this Section 3.5.2.2 are not subject to Section 3.8. Interconnection Customers with invalid Interconnection Request under this Section 3.5.2.2 may seek relief under Section 15.5 by so notifying the CAISO within two (2) Business Days of the notice of invalidity.

*** * * ***

Section 6 Initial Activities and Phase I of the Interconnection Study Process for Queue Clusters

6.1 Initial Activities Following the Close of the Cluster Application Window

6.1.1 Generator Interconnection Study Process Agreement

By May 31 or the next Business Day if May 31 is not a Business Day, the CAISO shall provide to each Interconnection Customer with a validated Interconnection Request received during the Cluster Application Window a pro forma Generator Interconnection Study Process Agreement in the form set forth in Appendix 3. The pro forma Generator Interconnection Study Process Agreement shall specify that the Interconnection Customer is responsible for the actual cost of the Interconnection Studies, including reasonable administrative costs, and all requirements of this GIDAP. Within three (3) Business Days following the Scoping Meeting, the Interconnection Customer shall specify for inclusion in the attachment to the Generator Interconnection Study Process Agreement the Point of Interconnection for the Phase I Interconnection Study. Within ten (10) Business Days following the CAISO's receipt of such designation, the CAISO, in coordination with the applicable Participating TOs, shall provide to the Interconnection Customer a signed Generator Interconnection Study Process Agreement. The Interconnection Customer shall execute and deliver to the CAISO the Generator Interconnection Study Process Agreement no later than thirty (30) calendar days after the Scoping Meeting.

6.1.2 Scoping Meeting

Within five (5) Business Days after the CAISO notifies the Interconnection Customer of an Interconnection Request that is complete, valid, and ready for study, the CAISO shall establish a date agreeable to the Interconnection Customer and the applicable Participating TO(s) for the Scoping Meeting. All Scoping Meetings shall occur no later than June 30, unless otherwise mutually agreed upon by the Parties. The CAISO shall evaluate whether the Interconnection Request is at or near the boundary of an affected Participating TO(s) service territory or of any other Affected System(s) so as to potentially affect such third parties, and, in such case, the CAISO shall invite the affected Participating TO(s), and/or Affected System Operator(s) in accordance with Section 3.7, to the Scoping Meeting by informing such third parties of the time and place of the scheduled Scoping Meeting as soon as practicable.

The purpose of the Scoping Meeting shall be to discuss reasonable Commercial Operation Dates and alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection and eliminate alternatives given resources and available information. The applicable Participating TO(s) and the CAISO will bring to the meeting, as reasonably necessary to accomplish its purpose, the following: (a) such already available technical data, including, but not limited to, (i) general facility loadings, (ii) general instability issues, (iii) general short circuit issues, (iv) general voltage issues, and (v) general reliability issues, and (b) general information regarding the number, location, and capacity of other Interconnection Requests in the Interconnection Study Cycle that may potentially form a Group Study with the Interconnection Customer's Interconnection Request.

The Interconnection Customer will bring to the Scoping Meeting, in addition to the technical data in Attachment A to Appendix 1, any system studies previously performed. The applicable Participating TO(s), the CAISO and the Interconnection Customer will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, the Interconnection Customer shall designate its Point of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

The CAISO shall prepare minutes from the meeting, and provide the Interconnection Customer and the other attendees an opportunity to confirm the accuracy thereof, that will include, at a minimum, discussions among the applicable Participating TO(s) and the CAISO of the expected results and a good faith estimate of the costs for the Phase I Interconnection Study.

*** * * ***

Section 8 Phase II Interconnection Study and TP Deliverability Allocation Processes

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8.9.2 Second Component: Allocating TP Deliverability to the Current Queue Cluster

If the CAISO determines, under Section 8.9.1 above, that no TP Deliverability exists for allocation to the current Queue Cluster, then no allocation of TP Deliverability shall be made to the current Queue Cluster. If TP Deliverability is available for allocation, then the CAISO will allocate such capacity to eligible Generating Facilities.

The CAISO shall allocate any TP Deliverability available after taking into account the commitments described in the prior section to eligible Generating Facilities in the current Interconnection Study Cycle and eligible parked Generating Facilities.

*** * * ***

8.9.4 Parking for Option (A) Generating Facilities

For an Option (A) Generating Facility in the current Interconnection Study Cycle that either was allocated less TP Deliverability than requested or does not desire to accept the amount allocated the Interconnection Customer shall select one of the following options:

(1) Withdraw its Interconnection Request

(2) Enter into a GIA, in which case the Interconnection Request shall automatically convert to Energy Only Deliverability Status. In such circumstances, upon execution of the GIA, any Interconnection Financial Security shall be adjusted to remove the obligation for Interconnection Financial Security pertaining to LDNUs

(3) Park the Interconnection Request; in which case the Interconnection Request may remain in the Interconnection queue until the next allocation of TP Deliverability in which it may participate in accordance with the requirements of Section 8.9.2. Parking an Interconnection Request does not confer a preference with respect to any other Interconnection Request with respect to allocation of TP Deliverability.

An Interconnection Customer that selects option (2) or (3) above may, at the time it selects the option, elect to reduce the generating capacity of its Generating Facility. An Interconnection Customer that has elected to park its Interconnection Request (option (3)) will not be tendered a GIA until it concludes its parking by accepting a TP Deliverability allocation or converting to Energy Only Deliverability Status and has made its second Interconnection Financial Security posting pursuant to Section 11.3.

8.9.4.1 Extended Parking for Option (A) Generating Facilities

An Option (A) Generating Facility that parked its Interconnection Request and participated in a second allocation of TP Deliverability may remain parked for one final (third) allocation of TP Deliverability where: (a) the most recent TP Deliverability allocation shows that TP Deliverability will still be available to the Generating Facility; and (b) the Generating Facility has not been assigned Network Upgrades identified as needed by other Interconnection Customers in the Generating Facility's cluster study group or later cluster study groups. Criterion (b) will not apply where the Generating Facility has been assigned Network Upgrades identified as needed only by other Interconnection Customers in the Generating Facility's own cluster study group and all of those active Interconnection Customers also elect to remain parked.

*** * * ***

8.9.6 Declining TP Deliverability Allocation

An Interconnection Customer having an Option (A) Generating Facility and allocated the entire amount of requested TP Deliverability may decline all or a portion of the TP Deliverability allocation and park the Generating Facility Request as described in Section 8.9.4(3). An Interconnection Customer that selects this option may, at the time it selects the option, elect to reduce the generating capacity of its Generating Facility.

*** * * ***

8.9.8 Updates to Phase II Interconnection Study Results

Upon completion of the allocation of TP Deliverability in accordance with Section 8.9.2, the ISO will provide the allocation results to the Interconnection Customers for eligible Generating Facilities in the current Queue Cluster and eligible parked Generating Facilities. Each of these Interconnection Customers will then have seven (7) calendar days to inform the ISO of its decisions in accordance with Sections 8.9.4, 8.9.5, and 8.9.6. Following the ISO's receipt of this information from all affected Interconnection Customers, the ISO will provide updates where needed to the Phase II Interconnection Study reports for all Generating Facilities whose Network Upgrades have been affected.

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Section 11 Interconnection Financial Security

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11.3 Interconnection Financial Security-Second and Third Postings for Queue Cluster Customers and Initial and Second Postings for Independent Study Process Customers

11.3.1 Second Posting for Queue Cluster Customers; Initial Posting for Independent Study Process Customers

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11.3.1.3 Posting Requirements and Timing for Parked Option (A) Generating Facilities

For an Interconnection Customer choosing Option (A) whose Generating Facility was not allocated TP Deliverability in either the first TP Deliverability allocation following its receipt of the final Phase II Interconnection Study or the TP Deliverability allocation after parking, and who chooses to park the Interconnection Request, the posting due date will be extended by 12 months consistent with each parking election after the initial allocation process.

For an Interconnection Customer choosing Option (A) whose Generating Facility was allocated TP Deliverability for less than the full amount of its Interconnection Request, and who chooses to seek additional TP Deliverability for the remainder of the requested Deliverability of the Interconnection Request in the next allocation cycle, the postings for RNU, Participating TO Interconnection Facilities and for LDNUs corresponding to the initial allocation of TP Deliverability will be due in accordance with the dates specified above. The posting due date for the LDNUs corresponding to the remainder of the requested Deliverability will be extended by 12 months consistent with each parking election after the initial allocation process.

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Section 13 Generator Interconnection Agreement (GIA)

13.1 Tender

13.1.1 The applicable Participating TO will tender a draft GIA, together with draft appendices, to the CAISO and the Interconnection Customer no later than the sum of (i) one hundred eighty (180) calendar days and (ii) the estimated time to construct the Interconnection Facilities and Network Upgrades indicated in the applicable study report needed by this or any other dependent project, prior to the In-Service Date. The applicable Participating TO may tender the draft GIA any time after the Phase II Study report is issued and before the determined tender date on its own accord or at the request of either the CAISO or the Interconnection Customer. Notwithstanding the foregoing, an Option (A) Generating Facility will not be tendered a GIA until it concludes its parking by accepting a TP Deliverability allocation or converting to Energy Only Deliverability Status pursuant to

Section 8.9.2 and has made its second Interconnection Financial Security posting pursuant to Section 11.3. The CAISO and Participating TO will suspend negotiations for an Option (A) Generating Facility that has been tendered a GIA and subsequently elects to park its Interconnection Request. The draft GIA will be in the form of the FERC-approved GIA set forth in CAISO Tariff Appendix EE or Appendix FF, as applicable.

Attachment B – Marked Tariff Records

2018 Expedited Interconnection Procedures Enhancements

California Independent System Operator Corporation

Appendix DD

Generator Interconnection and Deliverability Allocation Procedures (GIDAP)

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Appendix 7 Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10kW ("~~"~~10 kW Inverter Process")
Appendix 8 [Intentionally Omitted~~Not Used~~]

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Section 3 Interconnection Requests

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3.3 Timing for Submitting Interconnection Requests

3.3.1 Timing for Submitting Interconnection Requests for a Queue Cluster

Except for Interconnection Customers requesting processing under the Independent Study Process or Fast Track Process, Interconnection Requests must be submitted during a Cluster Application Window. The ~~Cluster Application Windows for Queue Cluster 5 were open from October 15, 2011 to November 15, 2011 and March 1, 2012 to~~

~~March 31, 2012. Starting with Queue Cluster 6, a single~~ Cluster Application Window will open on April 1 and close on April 15~~30~~ of each year. If any date set forth in this section is not a Business Day, then the applicable date shall be the next Business Day.

* * * *

3.5.2 Validation of Interconnection Request.

3.5.2.1 Acknowledgment of Interconnection Request.

The CAISO shall notify the Interconnection Customer within ten (10) Business Days of receipt of the Interconnection Request, which notice shall state whether the Interconnection Request is deemed complete, valid, and ready to be studied.

3.5.2.2 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until the CAISO determines that the information contained in the Interconnection Request is complete and the Interconnection Customer has provided all items in satisfaction of Section 3.5.1. If an Interconnection Request fails to meet the requirements set forth in Section 3.5.1, the CAISO shall include in its notification to the Interconnection Customer under Section 3.5.2.1 the reasons for such failure and that the Interconnection Request does not constitute a valid request. The Interconnection Customer shall provide the CAISO the additional requested information needed to constitute a valid request. Whenever additional requested information is provided by the Interconnection Customer, the CAISO shall notify the Interconnection Customer within five (5) Business Days of receipt of the additional requested information whether the Interconnection Request is valid. If the Interconnection Request continues to fail to meet the requirements set forth in Section 3.5.1, the CAISO shall include in its notification to the Interconnection Customer the reasons for such failure. If an Interconnection Request has not been deemed valid, the Interconnection Customer must submit all information necessary to meet the requirements of Section 3.5.1 no later than ~~twenty (20) Business Days after the close of the applicable Cluster Application Window~~ May 31 or the next Business Day if May 31 is not a Business Day~~or ten (10) Business Days after the CAISO first provided notice that the Interconnection Request was not valid, whichever is later~~. Interconnection Requests that have not met the requirements of Section 3.5.1 ~~within twenty (20) Business Days after the close of the applicable Cluster Application Window~~ by that date~~or ten (10) Business Days after the CAISO first provided notice that the Interconnection Request was not valid, whichever is later,~~ will be deemed invalid and will not be included in Interconnection Study Cycle or otherwise studied.

Interconnection Requests deemed invalid under this Section 3.5.2.2 are not subject to Section 3.8. Interconnection Customers with invalid Interconnection Request under this Section 3.5.2.2 may seek relief under Section 15.5 by so notifying the CAISO within two (2) Business Days of the notice of invalidity.

* * * *

Section 6 Initial Activities and Phase I of the Interconnection Study Process for Queue Clusters

6.1 Initial Activities Following the Close of the Cluster Application Window

6.1.1 Generator Interconnection Study Process Agreement

~~Within thirty (30) calendar days of the close of a Cluster Application Window~~By May 31 or the next Business Day if May 31 is not a Business Day, the CAISO shall provide to each Interconnection Customer with a validated Interconnection Request received during the Cluster Application Window a pro forma Generator Interconnection Study Process Agreement in the form set forth in Appendix 3. The pro forma Generator Interconnection Study Process Agreement shall specify that the Interconnection Customer is responsible for the actual cost of the Interconnection Studies, including reasonable administrative costs, and all requirements of this GIDAP. Within three (3) Business Days following the Scoping Meeting, the Interconnection Customer shall specify for inclusion in the attachment to the Generator Interconnection Study Process Agreement the Point of Interconnection for the Phase I Interconnection Study. Within ten (10) Business Days following the CAISO's receipt of such designation, the CAISO, in coordination with the applicable Participating TOs, shall provide to the Interconnection Customer a signed Generator Interconnection Study Process Agreement. The Interconnection Customer shall execute and deliver to the CAISO the Generator Interconnection Study Process Agreement no later than thirty (30) calendar days after the Scoping Meeting.

6.1.2 Scoping Meeting

Within five (5) Business Days after the CAISO notifies the Interconnection Customer of an Interconnection Request that is complete, valid, and ready for study, the CAISO shall establish a date agreeable to the Interconnection Customer and the applicable Participating TO(s) for the Scoping Meeting. All Scoping Meetings shall occur no later than ~~sixty (60) calendar days after the close of a Cluster Application Window~~June 30, unless otherwise mutually agreed upon by the Parties. The CAISO shall evaluate whether the Interconnection Request is at or near the boundary of an affected Participating TO(s) service territory or of any other Affected System(s) so as to potentially affect such third parties, and, in such case, the CAISO shall invite the affected Participating TO(s), and/or Affected System Operator(s) in accordance with Section 3.7, to the Scoping Meeting by informing such third parties of the time and place of the scheduled Scoping Meeting as soon as practicable.

The purpose of the Scoping Meeting shall be to discuss reasonable Commercial Operation Dates and alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection and eliminate alternatives given resources and available information. The applicable Participating TO(s) and the CAISO will bring to the meeting, as reasonably necessary to accomplish its purpose, the following: (a) such already available technical data, including, but not limited to, (i) general facility loadings, (ii) general instability issues, (iii) general short circuit issues, (iv) general voltage issues, and (v) general reliability issues, and (b) general information regarding the number,

location, and capacity of other Interconnection Requests in the Interconnection Study Cycle that may potentially form a Group Study with the Interconnection Customer's Interconnection Request.

The Interconnection Customer will bring to the Scoping Meeting, in addition to the technical data in Attachment A to Appendix 1, any system studies previously performed. The applicable Participating TO(s), the CAISO and the Interconnection Customer will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, the Interconnection Customer shall designate its Point of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

The CAISO shall prepare minutes from the meeting, and provide the Interconnection Customer and the other attendees an opportunity to confirm the accuracy thereof, that will include, at a minimum, discussions among the applicable Participating TO(s) and the CAISO of the expected results and a good faith estimate of the costs for the Phase I Interconnection Study.

* * * *

Section 8 Phase II Interconnection Study and TP Deliverability Allocation Processes

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8.9.2 Second Component: Allocating TP Deliverability to the Current Queue Cluster

If the CAISO determines, under Section 8.9.1 above, that no TP Deliverability exists for allocation to the current Queue Cluster, then no allocation of TP Deliverability shall be made to the current Queue Cluster. If TP Deliverability is available for allocation, then the CAISO will allocate such capacity to eligible Generating Facilities.

The CAISO shall allocate any TP Deliverability available after taking into account the commitments described in the prior section to eligible Generating Facilities in the current Interconnection Study Cycle and eligible parked Generating Facilities ~~from the previous Interconnection Study Cycle~~.

* * * *

8.9.4 Parking for Option (A) Generating Facilities

For an Option (A) Generating Facility in the current Interconnection Study Cycle ~~which~~ that either was allocated less TP Deliverability than requested or does not desire to accept the amount allocated the Interconnection Customer shall select one of the following options:

(1) Withdraw its Interconnection Request

(2) Enter into a GIA, in which case the Interconnection Request shall automatically convert to Energy Only Deliverability Status. In such circumstances, upon execution of the GIA, any Interconnection Financial Security shall be adjusted to remove the obligation for Interconnection Financial Security pertaining to LDNUs

(3) Park the Interconnection Request; in which case the Interconnection Request may remain in the Interconnection queue until the next allocation of TP Deliverability in which it may participate in accordance with the requirements of Section 8.9.2. Parking an Interconnection Request does not confer a preference with respect to any other Interconnection Request with respect to allocation of TP Deliverability.

An Interconnection Customer that selects option (2) or (3) above may, at the time it selects the option, elect to reduce the generating capacity of its Generating Facility. An Interconnection Customer that has elected to park its Interconnection Request (option (3)) will not be tendered a GIA until it concludes its parking by accepting a TP Deliverability allocation or converting to Energy Only Deliverability Status and has made its second Interconnection Financial Security posting pursuant to Section 11.3.

8.9.4.1 Extended Parking for Option (A) Generating Facilities

An Option (A) Generating Facility that parked its Interconnection Request and participated in a second allocation of TP Deliverability may remain parked for one final (third) allocation of TP Deliverability where: (a) the most recent TP Deliverability allocation shows that TP Deliverability will still be available to the Generating Facility; and (b) the Generating Facility has not been assigned Network Upgrades identified as needed by other Interconnection Customers in the Generating Facility's cluster study group or later cluster study groups. Criterion (b) will not apply where the Generating Facility has been assigned Network Upgrades identified as needed only by other Interconnection Customers in the Generating Facility's own cluster study group and all of those active Interconnection Customers also elect to remain parked.

* * * *

8.9.6 Declining TP Deliverability Allocation

An Interconnection Customer having an Option (A) Generating Facility ~~that has not previously parked~~ and ~~is~~ allocated the entire amount of requested TP Deliverability may decline all or a portion of the TP Deliverability allocation and park the Generating Facility Request as described in Section 8.9.4(3). An Interconnection Customer that selects this option may, at the time it selects the option, elect to reduce the generating capacity of its Generating Facility.

* * * *

8.9.8 Updates to Phase II Interconnection Study Results

Upon completion of the allocation of TP Deliverability in accordance with Section 8.9.2, the ISO will provide the allocation results to the Interconnection Customers for eligible Generating Facilities in the current Queue Cluster and eligible parked Generating Facilities ~~in the prior Queue Cluster~~. Each of these Interconnection Customers will then have seven (7) calendar days to inform the ISO of its decisions in accordance with Sections 8.9.4, 8.9.5, and 8.9.6. Following the ISO's receipt of this information from all affected Interconnection Customers, the ISO will provide updates where needed to the Phase II Interconnection Study reports for all Generating Facilities whose Network Upgrades have been affected.

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Section 11 Interconnection Financial Security

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11.3 Interconnection Financial Security-Second and Third Postings for Queue Cluster Customers and Initial and Second Postings for Independent Study Process Customers

11.3.1 Second Posting for Queue Cluster Customers; Initial Posting for Independent Study Process Customers

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11.3.1.3 Posting Requirements and Timing for Parked Option (A) Generating Facilities

For an Interconnection Customer choosing Option (A) whose Generating Facility was not allocated TP Deliverability in either the first TP Deliverability allocation following its receipt of the final Phase II Interconnection Study or the TP Deliverability allocation after parking, and who chooses to park the Interconnection Request, the posting due date will be extended by 12 months consistent with each parking election after the initial allocation process.

For an Interconnection Customer choosing Option (A) whose Generating Facility was allocated TP Deliverability for less than the full amount of its Interconnection Request, and who chooses to seek additional TP Deliverability for the remainder of the requested Deliverability of the Interconnection Request in the next allocation cycle, the postings for RNU, Participating TO Interconnection Facilities and for LDNUs corresponding to the initial allocation of TP Deliverability will be due in accordance with the dates specified above. The posting due date for the LDNUs corresponding to the remainder of the requested Deliverability will be extended by 12 months consistent with each parking election after the initial allocation process.

* * * *

Section 13 Generator Interconnection Agreement (GIA)

13.1 Tender

13.1.1 The applicable Participating TO will tender a draft GIA, together with draft appendices, to the CAISO and the Interconnection Customer no later than the sum of (i) one hundred eighty (180) calendar days and (ii) the estimated time to construct the Interconnection Facilities and Network Upgrades indicated in the applicable study report needed by this or any other dependent project, prior to the In-Service Date. The applicable Participating TO may tender the draft GIA any time after the Phase II Study report is issued and before the determined tender date on its own accord or at the request of either the CAISO or the Interconnection Customer. Notwithstanding the foregoing, an Option (A) Generating Facility will not be tendered a GIA until it concludes its parking by accepting a TP Deliverability allocation or converting to Energy Only Deliverability Status pursuant to Section 8.9.2 and has made its second Interconnection Financial Security posting pursuant to Section 11.3. The CAISO and Participating TO will suspend negotiations for an Option (A) Generating Facility that has been tendered a GIA and subsequently elects to park its Interconnection Request. The draft GIA will be in the form of the FERC-approved GIA set forth in CAISO Tariff Appendix EE or Appendix FF, as applicable.

Attachment C – Draft Final Proposal

2018 Expedited Interconnection Procedures Enhancements

California Independent System Operator Corporation

2017 Expedited GIDAP Enhancements

Draft Final Proposal

October 10, 2017

Table of Contents

2017 Expedited GIDAP Enhancements

1. Introduction

The ISO plans to launch its next iteration of the Interconnection Process Enhancements ("IPE") initiative in 2018. The ISO anticipates that the 2018 IPE initiative will cover a broad array of interconnection-related topics proposed by the ISO and its stakeholders. However, the ISO believes that two issues merit immediate attention and expedited resolution in order to provide parties relief while possible. These issues are (1) how long an interconnection customer may "park" for purposes of receiving a Transmission Plan Deliverability ("TP Deliverability") allocation; and (2) how long interconnection customers have to submit, correct, and re-submit new interconnection requests within the ISO's validation timeframe.

Deliverability Parking

Interconnection customers generally must receive a TP Deliverability allocation as part of the ISO's study process in order to be eligible to provide Resource Adequacy ("RA") capacity. Their ability to receive an allocation depends on, *inter alia*, the availability of TP Deliverability to allocate and whether they qualify for an allocation by obtaining a Power Purchase Agreement ("PPA") or being shortlisted for a PPA. If they do not qualify, they may "park" their project for one year and be re-reviewed in the next year's allocation process. If they do not receive an allocation after parking, they must convert to Energy Only (and be ineligible to provide RA) or withdraw from the queue.

Many Load-serving entities ("LSEs") now require a completed Phase II study report to be in a Request for Offer ("RFO") process, and as a result, there is a short window for projects to be considered in RFOs and get shortlisted so that they can receive a TP Deliverability allocation, which occurs four months after the Phase II study reports are delivered. Only having this short window and the single year to park and continue participating in RFOs means that many projects have only two years before they are no longer eligible for an allocation of TP Deliverability. Most projects withdraw from the queue at this point rather than proceed as Energy Only. This was the original intent of the shortlist requirement and one-year parking option, which worked well until the current slowdown in procurement led to a dramatic increase in projects being unable to receive a TP Deliverability allocation.

As an initial remedy, the ISO proposes to extend the parking period for one additional year. As a longer-term remedy, the ISO commits to examine the TP Deliverability qualification criteria comprehensively in a 2018 IPE initiative. This bifurcated approach will allow the ISO to provide immediate relief to the many projects currently parked, and it will allow the ISO and stakeholders to further vet issues in the IPE 2018 initiative.

As explained below, the ISO proposes that interconnection customers be allowed to park for a second year where (1) there is TP Deliverability capacity available in their area; and (2) where the interconnection customer has not been assigned a network upgrade needed by later-queued interconnection customers.

Validating Interconnection Requests

Second, in recent years interconnection requests have become increasingly varied and complex, and interconnection customers have increasingly sought to make more changes before the Phase I studies begin. The ISO and Participating Transmission Owners ("PTOs") seek to accommodate these complexities, but doing so has become challenging within the tariff-mandated validation window for new interconnection customers to make corrections to complete valid interconnection requests. These challenges are exacerbated by the fact that nearly all interconnection requests are received during the final few days of the interconnection request window, meaning that the full-month interconnection request window is underutilized, and ISO and PTO staff must process everything at once at the end.

To remedy this issue before the next cluster application window, the ISO proposes simply to shorten the actual interconnection request window, and lengthen the time for correction and validation. Specifically, instead of having the entire month of April to submit an initial interconnection request, the ISO proposes to open the interconnection request window on April 1 and then close the window on April 15 (or the next business day if the 15th is not a business day). In turn, the ISO, PTOs, and interconnection customers will have an additional 15 days for validation and correction. The ISO believes that these minor changes will help all parties and prevent potential delays to the Phase I study process.

2. Stakeholder process

Timely resolution of this stakeholder process is important to have any potential tariff changes in place for the 2018 deliverability allocation process and the 2018 Cluster 11 application window. Therefore, the ISO has set out the following accelerated stakeholder process schedule and appreciates stakeholder participation in this effort.

Stakeholder process schedule		
Step	**Date**	**Activity**
Draft Issue Paper/Straw Proposal	July 25, 2017	Post Issue Paper/Straw Proposal
	August 4, 2017	Stakeholder web conference
	August 11, 2017	Stakeholder comments due
Revised Straw Proposal	August 30, 2017	Post Revised Straw Proposal
	September 6, 2017	Stakeholder web conference
	September 13, 2017	Stakeholder comments due
Draft Final Proposal	October 10, 2017	Post Draft Final Proposal
	October 16, 2017	Stakeholder web conference
	October 23, 2017	Stakeholder comments due
Board approval	Dec 13 or 14, 2017	ISO Board of Governors meeting

3. Extended Parking

3.1. Background

An interconnection request consists of dozens of components: the point of interconnection, sufficient transmission capacity to deliver power reliably, construction of necessary network upgrades by the PTO, etc. Among these components, interconnection customers request a deliverability designation: Full Capacity Deliverability Status ("FCDS"), Partial Capacity Deliverability Status[1] ("PCDS"), or Energy Only. Being designated FCDS represents that the generator can deliver its maximum capacity to the grid under peak load and contingency conditions.[2] An Energy

[1] Partial Capacity Deliverability Status entitles a generating facility to a Net Qualifying Capacity amount that cannot be larger than a specified fraction of its Qualifying Capacity, and may be less pursuant to the assessment of its Net Qualifying Capacity by the ISO. An Interconnection Customer requesting Partial Capacity Deliverability Status must specify the fraction of Full Capacity Deliverability Status it is seeking in its Interconnection Request.

[2] *California Independent System Operator Corp.*, 124 FERC ¶ 61,292 at PP 94-112 ("For generators selecting full capacity deliverability, the maximum output of each facility can be delivered under peak conditions. Deliverability assessment(s) will be performed to determine the need for delivery network upgrades. The costs for delivery network upgrades will be assigned based on the flow impact of each generating facility on the ISO controlled grid. In addition, an analysis for reliability impacts will be done to determine the need for reliability network upgrades"). Deliverability designations are slightly different for wind resources because their

Only designation represents that the generator's output can be delivered only subject to grid conditions.[3]

These designations play a key role in providing Resource Adequacy Capacity under the California Public Utilities Commission RA program. An FCDS designation entitles a generating facility to a Net Qualifying Capacity ("NQC") amount that qualifies the generator's output to count toward an LSE monthly RA requirement.

An Energy Only designation, on the other hand, means that the interconnection customer will not be responsible for the costs of Delivery Network Upgrades, but "will be deemed to have a NQC of zero, and, therefore, cannot be considered to be a Resource Adequacy Resource."[4]

Importantly, an FCDS designation does not entitle a generator to "firm capacity." All generators are subject to congestion management, the ISO's security-constrained economic dispatch, and potential curtailment conditions.

Receiving Capacity Designations

An interconnection customer's ability to receive an FCDS designation depends on the ISO's TP Deliverability studies. TP Deliverability is "the capability, measured in MW, of the ISO Controlled Grid as modified by transmission upgrades and additions modeled or identified in the annual Transmission Plan to support the interconnection with Full Capacity Deliverability Status or Partial Capacity Deliverability Status of additional Generating Facilities in a specified geographic or electrical area of the ISO Controlled Grid."[5]

The ISO transmission planning process identifies large-scale network upgrades based on the location and amount of new resources that will ultimately be developed in discrete geographic areas. These network upgrades will add a certain amount of transmission capacity to the grid, which will then be available to meet the major network

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"maximum capacity" is not necessarily commensurate with their nameplate capacity (minus auxiliary load), like it is for most generators.

[3] *Id*. at P 95.

[4] Appendix A to the ISO tariff. A Resource Adequacy Resource is "A resource that is designated in a Supply Plan to provide Resource Adequacy Capacity. The criteria for determining the types of resources that are eligible to provide Qualifying Capacity may be established by the CPUC or other applicable Local Regulatory Authority and provided to the ISO."

[5] Appendix A to the ISO tariff.

upgrade requirements of proposed new generating facilities in those geographic areas.[6] The ISO then determines the volume of new generation in each area whose deliverability can be met by the additional grid capacity that the network upgrades will provide. The ISO then allocates the resulting MW volumes of TP Deliverability to those proposed generating facilities in each area that are determined to be most viable based on a set of specified project development milestones.[7]

Under current tariff provisions, an interconnection customer requesting TP Deliverability must meet certain minimum milestones:

- Must have applied for the necessary government permits for construction; and either
- Has secured financing or represents to the ISO that either it has a regulator-approved power purchase agreement; or
- Is included on an active short list or other commercially recognized method of preferential ranking of power providers by a prospective purchasing LSE.[8]

If there is sufficient TP Deliverability, the ISO will allocate it to the interconnection customers in the current queue cluster that meet the minimum criteria. If there are more qualifying interconnection customers than TP Deliverability available, the ISO will allocate the TP Deliverability by ranking interconnection customers based upon which TP Deliverability milestones they have met. Interconnection customers that receive TP Deliverability must submit an annual affidavit stating that they continue to meet TP Deliverability milestones.[9] Interconnection customers that do not receive an allocation of TP Deliverability and do not chose to finance their Delivery Network Upgrades on a merchant basis have the option to "park" the project, convert their projects to Energy Only, or withdraw their interconnection requests.

Parking

"Option (A)" customers have the opportunity to "park" their interconnection requests, regardless of the allocation result for their project, for one year to participate in a second TP Deliverability allocation.[10] Interconnection customers who park are then included in the next year's TP Deliverability allocation process on the same footing as those

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[6] *See California Independent System Operator Corp.*, Tariff Amendment to Integrate Transmission Planning and Generator Interconnection Procedures, Docket No. ER12-1855-000 (May 25, 2012) at p. 4.

[7] *Id*.

[8] Section 8.9.2 of Appendix DD.

[9] Section 8.9.3 of Appendix DD.

[10] Section 8.9.4 of Appendix DD.

participating for the first time, based on their project's eligibility and criteria scoring at the time.[11] The ISO developed the parking option in 2012 in response to many stakeholders who were concerned that the length of the allocation window following the completion of the Phase II study may not be sufficient for some viable projects to achieve the project development milestones needed to obtain a TP Deliverability allocation.[12] The ISO believed that allowing Option (A) projects to park for one additional year was a reasonable accommodation because these projects have declared that they would not be viable absent a TP Deliverability allocation and would otherwise be required to withdraw from the queue or, at a minimum, downgrade their project to Energy Only status.

The ISO also considered some stakeholder requests to park for more than one cycle, but determined that a longer parking period could render the Phase II study results for the parked projects obsolete.[13] Moreover, refreshing the study results every year would maintain a potentially large volume of projects in the study process and would exacerbate the problems caused by excessive queue size. The ISO thus concluded that the ability to park for one allocation cycle struck an appropriate balance between allowing potentially viable Option (A) projects a second chance in the process for allocating TP Deliverability and preventing less viable projects from lingering in the queue and complicating the study process.

3.2. Historical Use of Parking and Current Issues

(Note that data in this section has been revised)

The annual deliverability allocation and post-allocation parking process began with cluster 5. Cluster 8 is the latest cluster able to participate with the parking option. Figure 1, which has been revised, is a graphical representation of the elections that cluster 5-8 projects have made following the allocation process, as a percentage of projects that participated in Phase II studies. The revision resulted from a miscalculation of the number of Cluster 8 projects that had parked. A total of 30 Cluster 8 projects parked (instead of the 21 that was shown previously). With this revision the trend of the number of projects that choose to park is greater than what was previously shown, further illustrating the trend of projects that believe they are viable but for not receiving an allocation of TP Deliverability.

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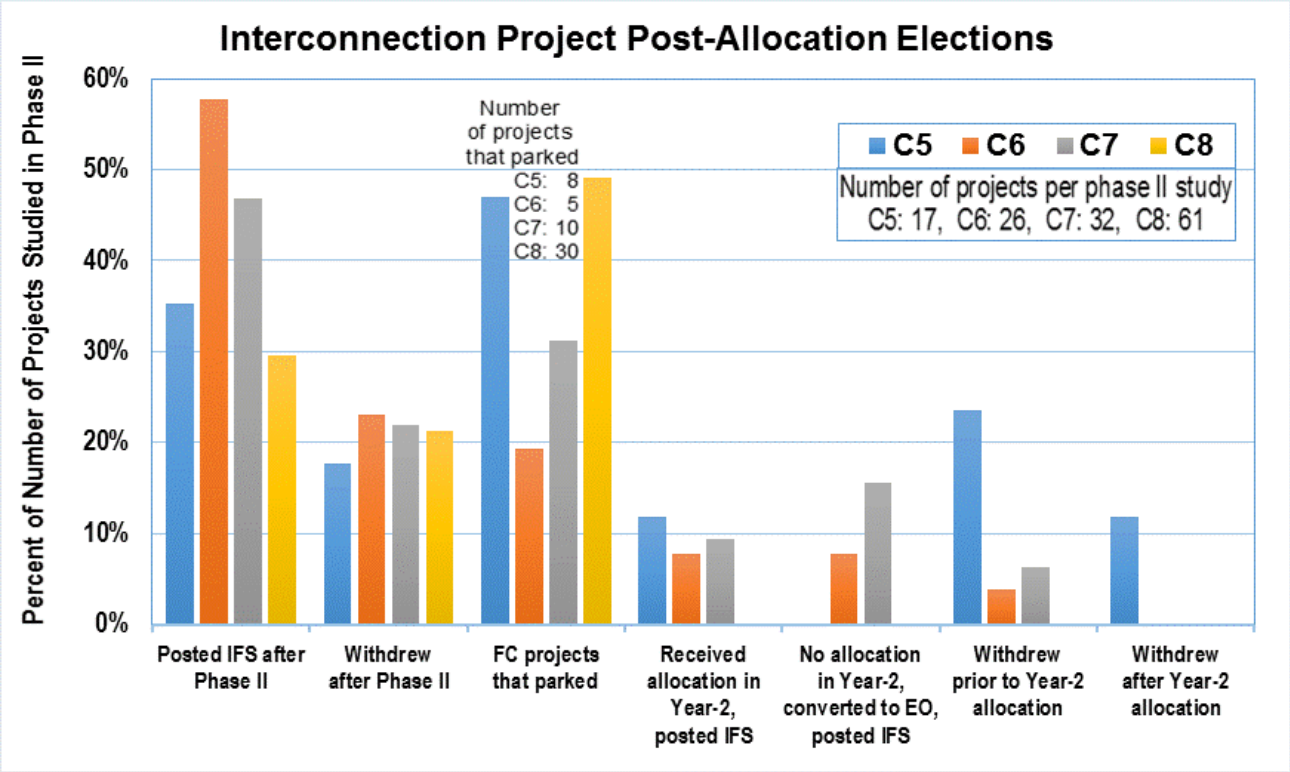
[11] Section 6.2.9.4 of GIDAP BPM.

[12] *See California Independent System Operator Corp.*, Tariff Amendment to Integrate Transmission Planning and Generator Interconnection Procedures, Docket No. ER12-1855-000 (May 25, 2012) at p. 35.

[13] *Id*.

Figure 1



The California investor-owned utilities' ("IOUs") recent appraisals of their procurement plans indicate that essentially all of the renewable capacity needed to meet California's 33% Renewables Portfolio Standard ("RPS") 2020 mandate has been procured. Most if not all of the incremental capacity needed is in the ISO queue, has completed the study process, and is expected to reach commercial operation by 2020. California Senate Bill 350 (de León, Chapter 547, 2015) increases the RPS to 50% by 2030, with incremental targets between 2020 and 2030. SB 350 also requires the California Public Utilities Commission to focus energy procurement decisions on reducing greenhouse gas ("GHG") emissions by 40 percent by 2030, doubling of energy efficiency, and promoting transportation electrification; and SB 350 requirements related to integrated resource planning[14] require the implementation of an integrated resource planning process that will ensure that LSEs meet targets that allow the electricity sector to contribute to California's GHG reduction goals. It remains to be determined whether additional transmission capacity should be built to make the additional renewable capacity needed to make 50% deliverable, which impacts whether incremental renewable capacity should be procured as FCDS or Energy Only. As such, California LSEs' incremental procurement has stalled while they await a clear regulatory signal on these issues.

[14] Calif. Public Utilities Code §§ 454.51 and 454.52.

There is no doubt that additional renewable capacity will be procured in the not too distant future and this is driving the desire to see the parking provision relaxed.

Small amounts of renewable and energy storage procurement have occurred recently. These RFOs generally have required projects to have received their Phase II studies. In an effort to be in the best position to respond to any near-term procurement processes (including for when SB 350 related procurement does materialize), developers continue to submit projects for study in the ISO's ongoing Generator Interconnection and Deliverability Allocation Procedures ("GIDAP") study processes. The GIDAP was designed to allocate TP Deliverability to projects that were at a minimum included on a procurement process short list or willing and able to move forward with self-financing. Short of these, a project would not qualify for a TP Deliverability allocation and could park. However, with the current uncertainty affecting current procurement, developers have raised two issues: (1) a one-year parking process is too short; and (2) the minimum eligible criteria to receive a TP Deliverability allocation are too high (perhaps because projects can only park for one year).

3.3. Issues Related to an Extending Parking Process

An extended parking period will result in more projects in the ISO interconnection queue that complete the Phase II studies and are eligible for a TP Deliverability allocation. This will be advantageous to the LSE procurement process by presenting more projects ready to provide offers when the procurement process ramps up as anticipated. More projects participating in a procurement request for offers process increases competition, which is good for the procurement process.

There are nevertheless concerns related to an extended parking period. One of the benefits of a one-year parking period is that projects that are not moving forward are more likely to withdraw. This limits uncertainty in the cluster study process by limiting the number of upgrades that are assigned to projects that are not moving forward, which increases the certainty of the study results and mitigates the risk of changes coming from the reassessment process.

Projects that are parked typically do not execute generator interconnection agreements, which can have a significant financial effect on later-queued interconnection customers. Section 14.2.2 of the GIDAP requires that if an interconnection customer with an executed GIA is responsible for financing a network upgrade to be built by a PTO (other than ADNUs for option (B) interconnection customers), then if that interconnection

customer later terminates its GIA and withdraws, the financing obligation[15] reverts to the PTO. This prevents financing responsibility from falling to later-queued customers that also require the upgrade. If none of the earlier-queued interconnection customers assigned to finance a particular upgrade execute a GIA, their financing responsibility would fall to later-queued interconnection customers (rather than reverting to the PTO).

For example, if a cluster 9 project triggered an upgrade and was assigned cost responsibility for the upgrade in its Phase II study report, and a project in cluster 10 requires that upgrade as well, once the cluster 9 project executes its GIA, there is no risk of cluster 10 "inheriting" any cost responsibility for that upgrade. If the project terminates its GIA and withdraws, the PTO inherits the cost responsibility.

However, if the cluster 9 project withdraws *without* ever executing a GIA and the cluster 10 project's Phase II study report lists that upgrade as a required upgrade, then the cluster 10 project inherits the cost responsibility for that upgrade (instead of the PTO). The concern is thus that projects parking for a longer interval will increase the number of interconnection customer in queue that have not executed GIAs, which increases the risk for clusters that require the upgrades originally triggered by an earlier cluster.

3.4. Extended Parking Revised Straw Proposal

Due to the procurement issues discussed above, as an initial remedy the ISO proposed to extend the parking period for one additional year. The ISO also committed to examining the TP Deliverability qualification criteria comprehensively in its 2018 IPE initiative. This bifurcated approach will allow the ISO to provide immediate relief to the many projects currently parked, and it will allow the ISO and stakeholders to raise other issues with a longer timeframe in IPE 2018. IPE 2018 will examine a variety of generation interconnection issues raised by stakeholders and the ISO, not TP Deliverability alone.

The ISO also proposed two new criteria on any project requesting to park for a second year:

Criterion 1:

A project will only be allowed to park for a second year when there is TP Deliverability still available in the project's area. This criterion is sensible because there is no need to remain parked if all TP Deliverability is allocated. The ISO recognizes that there is the possibility of projects in the current allocation cycle not being able to retain their

[15] The financing obligation is the obligation to fund the cost of construction of network upgrades. For a complete explanation of the refund of costs for completed network upgrades, refer to GIDAP Tariff Appendix DD, Section 14.3.2 Repayment of Amounts Advanced for Network Upgrades and Refund of Interconnection Financial Security.

allocation or withdrawing, which would release TP Deliverability to become available in next cycle. However, this result has occurred so infrequently in the past that the ISO does not believe that it is prudent to allow projects to remain parked on the hope that it could happen.

Criterion 2:

If a project has a network upgrade assigned to it,[16] which is needed by a later clustered project(s), parking for a second year will not be allowed. The ISO does not believe that it is prudent for the second-year parking option to prolong the uncertainty associated with the very real risk that either later clustered projects or the PTO become required to finance an upgrade as a result of the parked project's delay.

The ISO also proposed that parking a project excludes that project from the opportunity to negotiate a GIA. A project will have to come out of parking to be tendered a GIA.

3.5. Stakeholder Comments to Revised Straw Proposal

First Solar, Westlands Solar Park (WSP), SunPower Corporation, Terra Gen, the Large Scale Solar Association (LSA), the Modesto Irrigation District (MID), the Office of Ratepayer Advocates (ORA), Southern California Edison (SCE), and Pacific Gas & Electric (PGE) submitted comments on the revised straw proposal.

LSA, First Solar, WSP, and SunPower all support the extended parking concept but believe that criteria 1 and 2 should be removed or significantly modified (as described below).

3.5.1 Comments Beyond the Scope of this Initiative

Several stakeholders express concern that the existing TP Deliverability criteria, which allows balance-sheet financing in lieu of a PPA, allows non-viable projects to remain in the queue, which reduces the apparent deliverability available. The ISO understands this concern and believes that it should be included in the IPE 2018 process.

First Solar believes that the RA Deliverability condition fails to capture unresolved questions about the amount of available deliverability. They believe further that there is a lack of transparency in sharing information required to make business decisions.

LSA also raises the issue that the Electric Load Carrying Capacity (ELCC) methodology reduces solar deliverability. LSA submitted suggestions for the IPE 2018 process on whether these reduced values under the ELCC could result in freeing up already utilized or allocated deliverability so that more is available for future allocations, providing

[16] Excepting Area Deliverability Network Upgrades.

opportunity for projects to receive deliverability with already approved network upgrades. This is a valid topic for IPE 2018 as well.

SunPower agrees with LSA and notes that there is a large disconnect in most CAISO transmission planning areas between the amount of Full Capacity projects planned for in the TPP and the demand for Full Capacity by projects today or as projected under a 50%+ RPS. SunPower believes there is a gap in the transmission planning process and there is not enough time to market a project following the Phase II Study results. Thus, SunPower suggests projects should be allowed to stay in the queue and simultaneously be required to continue to demonstrate viability (PPAs, permits, etc.) and obtain Full Capacity Deliverability (a TPD allocation) when such capacity becomes available.

The ISO transmission planning process is the mechanism for determining the need for new Area Deliverability Network Upgrades (ADNUs) that would increase the level of deliverability on CAISO controlled grid. This process is largely driven by the California Public Utility Commission's (CPUC) renewable portfolios that designate the amount and location for renewable development that should be made deliverable through policy driven transmission upgrades. The renewable portfolios are developed and approved by the CPUC and determine the levels of deliverability on the ISO controlled grid. The decision by the CPUC to make the 50 percent renewable requirement deliverable has not yet been made.

3.5.2 Comments Opposing Proposal

ORA does not support the extended parking proposal. ORA believes the interconnection customers have other options that would result in lower costs to ratepayers, the current queue capacity exceeds the demand for current RPS targets, and the IPE 2018 process can provide a more comprehensive review of the issue. Further, ORA suggests the ISO establish two additional requirements to protect ratepayers: 1) require that parked projects are prohibited from entering into a GIA, and 2) require customers to post additional security towards their RNUs if they are shared with other generators in the same cluster. As part of this initiative, the ISO is proposing that developers would be prohibited from being tendered a GIA while parked. On the other hand, this expedited initiative is intended to provide a straightforward opportunity for projects to remain parked if they meet the additional criteria the ISO believes are prudent. The ISO thus believes that imposing additional security postings here is both beyond the scope of this initiative and may not mitigate the issues where ORA believes

there is a concern. In any case, if ORA believes that the ISO should investigate RNU postings in IPE 2018, ORA should submit that proposal for ISO consideration.[17]

SCE does not support the extended parking proposal. SCE does not believe there is a valid, urgent concern regarding the duration an interconnection customer is able to park. SCE reiterates its previous concerns regarding non-viable projects remaining in the interconnection queue while increasing uncertainty with respect to network upgrades and costs responsibility. SCE believes that Criterion 2 and the proposed requirement that a project will have to come out of parking to be tendered a GIA will mitigate some of the PTO upfront financing risk, extending parking another year still increases upfront funding risk for PTOs relative to the current parking rules.

3.5.3 Comments on Criteria

WSP suggests that a case-by-case analysis may show limited or no impact to later queued projects relying on the same network upgrades, such as the timing of commercial operation dates that could allow for a delay of the network upgrades if others have longer timelines. In an effort to make more informed business decisions, WSP requests clearer direction or revised affidavits in advance of the deadline. The ISO understand this concern and has completed a review of the Cluster 8 projects in Section 3.5.4 below. Based on this review and as explained below, the ISO believes any further evaluation would become cumbersome and subjective. Moreover, the issue related to timing impacts does not address the risk for a PTO or later queued cluster project having to assume the cost of a network upgrade if a parked project withdraws after a second year of parking, two years after the 2nd IFS posting due date for non-parked projects.

MID raises concern that while affected systems and projects can work to reduce the risks to all parties contractually, the extended parking proposal does not simplify the interconnection process, but instead may create more challenges for developers seeking certainty in order to obtain financing, and for affected systems seeking to ensure that their ratepayers are made whole for required mitigation activities. MID requests the ISO incorporate a coordination with affected systems clause into the Criterion 2 scope. Included in MID's comments are a number of suggestions on how to handle project upgrades from those parked for a second year. The ISO understands that affected systems seek to holistically manage the impacts that projects interconnecting to the ISO system have on theirs. However, each affected system has unique issues and processes that the ISO impacts at different times, making it

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17 http://www.caiso.com/Documents/UpcomingInitiativeInterconnectionProcessEnhancements2018Request-InitiativeScopeTopicSuggestions.html.

challenging to completely mitigate their risk through the ISO tariff. The ISO does not have visibility into affected system issues—many of which are addressed only after the interconnection customer signs a GIA with the ISO. Because affected system issues are resolved between interconnection customers and the impacted affected system, the ISO does not believe it is prudent to factor potential affected system mitigations into the parking process. The ISO further believes that prohibiting parked projects from executing GIAs should mitigate uncertainty and risk for the affected system.

SCE states that although criterion 2 mitigates some of the PTO upfront financing risk, extending parking another year increases upfront funding risk for PTOs relative to the current parking rules. The ISO believes that while this proposal does extend the uncertainty whether a project continues to move forward or withdraws, the risk of a PTO having to fund network upgrades is mitigated by criterion 2, and provides a balanced approach between the interests of project developers and PTOs.

PG&E is concerned that criterion 2 does not address the risk to non-parking projects where network upgrades are shared between two or more interconnection projects within the same cluster, that is, where one of the interconnection projects seeks to park for a second year and the other does not. PG&E also requests that the CAISO clarify the interaction of the parking proposal and Section 13 of Appendix DD of the CAISO Tariff, where Sections 13.1.1 and 13.2.1 make it clear that if a project delays the interconnection of other projects, they can be withdrawn by the CAISO. PG&E suggests precluding such a possibility by excluding interconnection projects with shared network upgrades (in a single given interconnection queue cluster) from being eligible to park for a second year. The ISO does not agree that Section 13 of Appendix DD is in conflict with the proposal to allow a second year of parking. However, the ISO agrees that there is a potential impact to projects that share network upgrades within the same cluster. The ISO has evaluated this risk for Cluster 8, discussed in the following section.

3.5.4 Assessment of Parking Criteria on Currently Parked Projects

The ISO performed an assessment of the 30 Cluster 8 projects currently parked to determine the impacts of the proposed parking criteria on those projects. The assessment is intended to serve as an example of what the results of the proposed parking criteria would be if the criteria were performed based on the conditions that exist as of the date of this Draft Final Proposal. The example results are prior to the 2018 TP Deliverability allocation process, which may impact the results related to Criterion 1 and do not include the yet to be completed Cluster 10 Phase I study results, which may impact the results related to Criterion 2. While the example results provide some insight into the impacts the parking criteria have on the Cluster 8 parked projects, it is important to understand that the actual results that the proposed parking criteria will have on

Cluster 8 parked projects will change if and when the criteria are put into practice based on the conditions that exist at that time.

The result of the assessment concluded that only two of the 30 Cluster 8 parked projects would not qualify for parking a second year under criterion 1 (for lack of deliverability), and only three would not qualify for parking a second year under criterion 2 (reliance on network upgrades). The aggregated result is that of the 30 Cluster 8 parked projects only five projects (17%) would not qualify for parking a second year. With 83% of the Cluster 8 projects being able to park for a second year the ISO believes the criteria, as clarified below, is appropriate and not overly restrictive.

The issue related to impacts that extending parking would have on projects sharing network upgrades within the same cluster group that was raised by PG&E was assessed as well. Only three of the 30 Cluster 8 parked projects share a network upgrade with another project within the project's cluster study group. The ISO agrees that the risk that criterion 2 is intended to mitigate for later queued projects is just as substantial for non-parking projects within a cluster study group. By extending the criterion 2 protection to the non-parking projects with a cluster group, the total number of Cluster 8 parked projects that would not qualify for parking a second year would increase to eight. In light of the similar risk to projects within a cluster to those across clusters, and the relatively low number of projects this issue relates to, the ISO proposes to include this issue within criterion 2.

To illustrate the proposed concept, assume there were three projects within the same cluster that share a network upgrade (and this upgrade is not identified as needed by later queued projects). If any of the three projects wanted to park for a second year then all three would have to park for the parking option to be allowed. If only one of the three wanting to park or if two of the three wanting to park then none of the three would qualify for a second year of parking. Only in the case where all three opt to remain parked would any of them be allowed to remain parked.

3.5.5 Comments Specific to Tendering an Interconnection Agreement

SCE commented that along with Criterion 2, the proposed requirement that a project will have to come out of parking to be tendered a GIA (or suspend negotiations if a GIA has already been tendered) mitigates some of the PTO's upfront financing risk.

ORA commented that to ensure that parked projects do not have financial impacts on later-queued interconnection customers or PTOs and their ratepayers, the ISO should prohibit projects from negotiating or entering into generator interconnection agreements while parked.

Terra Gen supports the ISO's proposal but is concerned with the prohibition on tendering GIAs to parked customers. Terra Gen believes there may be timing issues

with the ability to execute a GIA and proceed to construction before the imminent phase out of the Production Tax Credit (PTC) commencing in 2020. The ISO understands the importance of the PTC and Investment Tax Credits (ITC) to the renewable development community and the LSEs. Ultimately, it is up to the LSEs to procure additional renewable energy prior to end the PTC/ITC programs.

LSA commented that the ISO may be trying to use this current initiative to implement the Interconnection Financial Security (IFS) posting requirements proposed in the BPM Change Management process for Proposed Revision Request (PRR) 981. The ISO disagrees. The ISO is not proposing to implement the same proposal as PRR 981, which proposed to allow for tendering a GIA to a parked project once a parked project complete its second IFS posting. However, the ISO does have concerns with tendering a GIA to a project that is not expected to make its second IFS posting for another year and does not believe GIAs should be tendered for projects that have a significant likelihood of changing or withdrawing in the imminent future. Moreover, doing so would present significant cost shifting risks to the PTOs and later queued customers. While the ISO proposes to maintain the restriction in this Draft Final Proposal, the ISO believes the discussion of criteria that would allow for projects that request a GIA while parked is a topic that could be reviewed as part of the IPE 2018 process.

3.5.6 Additional Comments

WSP requested clarification on the options a project has that had previously been provided an allocation based on being shortlisted and ultimately was unable to secure a PPA. The ISO did consider allowing a project that previously receives an allocation and subsequently loses its shortlist or PPA position to participate in additional allocation processes and potentially park. However, as part of the above analysis, the complexities that were encountered related to performance issues within an executed GIA and how the second year's parking criteria would be applied made the issue too complicated to introduce at the draft final proposal stage of this process. This issue could possibly be considered within IPE 2018.

3.6. Draft Final Proposal for Extended Parking

As part of the latest review of stakeholder comments and assessment of parking criteria and currently parked projects, the ISO considered the impacts to all stakeholders related to the two criteria and tendering a GIA to parked projects. The ISO continues to believe that the previous proposal strikes the right balance between developer interests and risk to the PTOs and other projects that would be affected by projects parking for a second year. This proposal will allow for the vast majority of the currently-parked Cluster 8 projects an opportunity to park for a second year, which increases competition within LSE procurement processes as they procure additional resources to meet their RPS goals.

The timely resolution of this stakeholder process is important to have any potential tariff changes in place for the 2018 deliverability allocation process and the 2018 Cluster 11 application window. The ISO believes this is a prudent first step within the limited time available for this expedited initiative.

As discussed above, the ISO has only made slight variations to the revised straw proposal:

Criterion 1 – There is TP Deliverability still available in the project's area as identified in the TP Deliverability study results following a project's first year of parking.

Criterion 2 – A project cannot have a network upgrade assigned that is needed by or impacts a later cluster project(s).

Clarification:

As discussed in section 3.5.4, the ISO proposes to extend the criterion 2 protection to the non-parking projects with a cluster group. A project cannot park if it shares a network upgrade with another project within its cluster study group. However, if all projects that share a network upgrade opt to park then all of those projects may park for a second year.

Tendering an Interconnection Agreement

To mitigate the risk that a PTO that would become responsible for building a network upgrade due to a parked project that executed a GIA subsequently withdraws, parking a project excludes that project from the opportunity to be tendered a GIA. A project will have to come out of parking to be tendered a GIA, including the first year and second year of parking. Moreover, if a project has already been tendered a GIA, all negotiations will be suspended when it enters parking status.

4. Interconnection Request Window & Validation Timelines

4.1. Background and Issue

Each year the ISO accepts new generator cluster interconnection requests from April 1 to April 30 (or the next business day if the 30th is not a business day).[18] Although the

[18] Section 3.3.1 of Appendix DD.

interconnection request window is open for the entire month of April, in 2017 the ISO receives 94% of interconnection requests during the last week of the window.

For an interconnection request to be considered valid under Section 3.5.2 of the GIDAP, the interconnection customer must submit an interconnection study deposit; documents demonstrating site exclusivity or a site exclusivity deposit; and a completed interconnection application in the form of Appendix 1 to the GIDAP. The interconnection application includes proposed one-line diagrams and technical data including PSLF files (dynamic model, epc power flow data file).[19] An interconnection request will not be validated by the ISO until the ISO and the PTO determine that the information is complete and sound.

If an interconnection request does not meet the requirements to be validated, the ISO will notify the interconnection customer and explain the basis for its determination. The interconnection customer must then provide additional information needed for a valid request. Once the requested information is provided by the interconnection customer, the ISO must notify the interconnection customer within five business days whether the interconnection request is now valid. If not, the process repeats itself until the interconnection request can be validated. Generally, this can take numerous cycles. If an interconnection request has not met the validation requirements within 20 business days after the close of the application window or 10 business days after the ISO first provided notice that the interconnection request was not valid, whichever is later, the interconnection request will be deemed invalid and cannot be included in interconnection study cycle.[20]

Recently the ISO has been receiving more technically diverse and increasingly complex interconnection requests. This makes analysis and validation more challenging for the ISO and PTOs, and it makes correcting data more challenging for the interconnection customers themselves. Further exacerbating the challenge, more interconnection customers attempt to make last-minute changes that can be difficult to accommodate within the current validation and scoping meeting timelines. If these challenges continue, they could jeopardize the ISO and PTOs' responsibility to keep the Phase I studies on schedule. Moreover, they threaten ISO and PTOs' goal to work with interconnection customers as much as possible to assure their projects are given every opportunity to be validated and ready for the Phase I studies.

Given these circumstances, it has become apparent to the ISO, the PTOs, and many interconnection customers that additional time is needed for the validation process.

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[19] Section 3.5.1 of Appendix DD.

[20] Section 3.5.2.2 of Appendix DD.

Failure to provide this extra time could result in an increase in the number of projects deemed invalid or delays to the study process.

4.2. Stakeholder Comments to Revised Straw Proposal

First Solar, Westlands Solar Park, SunPower, Terra Gen, Large Scale Solar Association (LSA), Modesto Irrigation District (MID), Office of Ratepayer Advocates (ORA), and Southern California Edison (SCE) filed initial comments to the straw proposal.

In summary, all stakeholders are supportive of the Shortened Window proposal above, have no concerns, or did not comment to the topic.

Additionally, Terra Gen provided similar supporting documentation to different PTOs as part of the Cluster 10 Interconnection Request application process and had various experiences among the different parties. Terra Gen suggests a uniform process across the three major PTOs. The ISO and PTOs are aware of this concern and are in communication regarding coordination and consistency in our processes and customer experiences. Each PTO has unique system topology, procedures, and concerns. The ISO will nevertheless strive to provide a consistent process.

In summary, all stakeholders are supportive of the Shortened Window proposal below.

4.3. Draft Final Proposal for Shortened Interconnection Request Window

The ISO proposes to shorten the interconnection request window and lengthen the time for validation and correction. Instead of the entire month of April, the ISO proposes to open the interconnection request window on April 1 of and then close the window on April 15 (or the next business day if the 15th is not a business day). The following table identifies the proposed, date-certain timeline for the Interconnection Request/Application Window. It also identifies the GIDAP (Appendix DD) Tariff sections affected by the change.

	Current Timeline	Proposed Timeline	GIDAP Tariff Section
IR/Application Window Opens	April 1	April 1	3.3.1
IR/Application Window Closes	April 30	April 15	3.3.1
IR Validation	Within 20 BDs after close of application window	No later than May 31	3.5.2.2
Pro-forma Study Agreement to Interconnection Customer	Within 30 CDs after close of application window	No later than May 31	6.1.1

Scoping Meeting held	Within 60 CDs after close of application window	No later than June 30	6.1.2

*BD = Business Days. CD = Calendar Days. Deadlines falling on non-BDs move to next BD.

5. Next steps

As a next step, the ISO will conduct a second conference call to discuss stakeholder comments submitted and this revised issue paper and straw proposal on September 6th. The ISO then invites stakeholders to submit comments on the ISO's revised draft issue paper/straw proposal. Comments are due October 23rd and should be submitted to InitiativeComments@caiso.com.

Attachment D – Board Memoranda

2018 Expedited Interconnection Procedures Enhancements

California Independent System Operator Corporation

Memorandum

To: ISO Board of Governors

From: Keith Casey, Vice President, Market & Infrastructure Development

Date: December 6, 2017

Re: **Decision on 2017 expedited Generator Interconnection and Deliverability Allocation Procedure enhancements**

This memorandum requires Board action.

EXECUTIVE SUMMARY

Management seeks Board approval of two generation interconnection policy changes. The first change is to extend the time an interconnection customer may "park" for purposes of receiving transmission deliverability and is being proposed to align our interconnection process with the current slowdown in renewable energy procurement. The second change is to shorten the time frame interconnection customers have to submit, correct, and re-submit new interconnection requests within the ISO's validation timeframe. This change will provide additional time to validate and correct interconnection request submittals which should further streamline the efficiency of the overall interconnection study process.

Management proposes the following motion:

> ***Moved, that the ISO Board of Governors approves the proposal to modify the Generator Interconnection and Deliverability Allocation Procedures as described in this memorandum dated December 6, 2017; and***
>
> ***Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the enhancements to the Generator Interconnection and Deliverability Allocation Procedures described in this memorandum, including any filings that implement the overarching initiative policy but contain discrete revisions to incorporate Federal Energy Regulatory Commission guidance in any initial ruling on the proposed tariff amendment.***

DISCUSSION AND ANALYSIS

Deliverability Parking

Interconnection customers generally must receive a transmission planning deliverability (TP deliverability) allocation as part of the ISO's study process in order to be eligible to provide resource adequacy capacity. Their ability to receive an allocation depends on, *inter alia*, the availability of TP deliverability to allocate and whether they qualify for an allocation by obtaining a power purchase agreement or being shortlisted for a power purchase agreement. If they do not qualify, they may "park" their project for one year and be re-reviewed in the next year's allocation process. If they do not receive an allocation after parking, they must convert to energy only (and be ineligible to provide resource adequacy) or withdraw from the queue.

Many load serving entities now require, within their request for offer procurement process, that an interconnection customer has completed the Phase II interconnection study process and received a Phase II study report. Since the TP deliverability allocation occurs approximately four months after the Phase II reports are provided to the interconnection customer, there is a relatively short window for projects to be considered in request for offers and get shortlisted so that they can qualify for a TP deliverability allocation. Even with the current ability to park for a year, the interconnection customer has less than a year and a half to obtain a power purchase agreement or be shortlisted before they are no longer eligible for an allocation of TP deliverability. Most projects withdraw from the queue at this point rather than proceed as energy only. This was the original intent, which worked well until the current slowdown in renewable procurement led to a dramatic increase in projects being unable obtain a power purchase agreement or be shortlisted to receive a TP deliverability allocation.

As an initial remedy, the ISO proposes to extend the parking period for one additional year. As a longer-term remedy, the ISO commits to examine the TP deliverability qualification criteria comprehensively in the 2018 interconnection process enhancements initiative. This bifurcated approach will allow the ISO to provide immediate relief to the many projects currently parked, and it will allow the ISO and stakeholders to further vet issues in the interconnection process enhancements 2018 initiative.

The ISO proposes that interconnection customers be allowed to park for a second year where (1) there is TP deliverability capacity available in their area; and (2) where the interconnection customer has not been assigned a network upgrade needed by another interconnection customer. The ISO also proposes that parking a project excludes that project from the opportunity to negotiate a generator interconnection agreement. A project will have to come out of parking to be tendered an interconnection agreement.

Validating Interconnection Requests

In recent years, interconnection requests have become increasingly varied and complex, and interconnection customers have sought to make more changes before Phase I studies begin. The ISO and participating transmission owners seek to accommodate these complexities, but doing so has become challenging within the tariff-mandated validation window for interconnection customers to make corrections to their interconnection requests so the ISO can deem them valid. These challenges are exacerbated by the fact that nearly all interconnection requests are received during the final few days of the interconnection request window, meaning that the full-month interconnection request window is underutilized, and ISO and PTO staff must process everything at once at the end.

To remedy this issue before the next cluster application window, the ISO proposes simply to shorten the actual interconnection request window, and lengthen the time for correction and validation. Specifically, instead of having the entire month of April to submit an interconnection request, the ISO proposes to open the interconnection request window on April 1 and then close the window on April 15 (or the next business day if the 15th is not a business day). In turn, the ISO, PTOs, and interconnection customers will have an additional 15 days for validation and correction. The ISO believes that these minor changes will help all parties and prevent potential delays to the Phase I study process.

POSITIONS OF THE PARTIES

Deliverability Parking

All but two stakeholders support the proposal to allow extending the parking opportunity for a second year. Southern California Edison does not support the proposal and Terra Gen's support is conditional.

Southern California Edison does not believe there is a valid or urgent concern regarding the duration an interconnection customer is able to park that would require resolution of any parking-related issue on an expedited basis. Southern California Edison is concerned that non-viable projects remaining in the interconnection queue increases uncertainty with respect to network upgrades and costs responsibility. The extended parking proposal would allow non-viable projects to linger in (rather than withdraw from) the interconnection queue for one additional year, compounding the uncertainty in the cluster study process.

The ISO shares the concern that having non-viable projects remaining in the interconnection queue has the potential to create uncertainty. However, the ISO believes that with the addition of the criteria related to requiring TP deliverability capacity to be available and the limitations related to shared network upgrades significantly mitigates the concern with projects remaining in the queue. Moreover, the

eligibility to remain in the queue to seek TP deliverability is only extended for one year, and if renewable procurement does occur within that timeframe, the projects that are allowed to park for an additional year would be considered viable.

Terra Gen supports the proposal, subject to providing, under limited circumstances, a project the opportunity to enter into an interconnection agreement while electing to park the project. Terra Gen notes that wind developers face the phase out of the production tax credit commencing in 2020. Given the minimum timeline for construction of the PTO's interconnection facilities is typically no less than 24 months, Terra Gen states that wind projects cannot afford to delay the interconnection agreement execution and expect to meet the production tax credit phase out date. Terra Gen believes that the ISO should distinguish between projects with network upgrades required by future interconnection requests and those network upgrades that will be eliminated upon withdrawal of the projects.

The ISO believes that an extended parking provision should not increase the risk to other projects or the PTOs, hence the prohibition on tendering an interconnection agreement to a parked project. Without this prohibition, the risk to a PTO of having to backstop the cost of constructing a network upgrade increases significantly, as all PTOs noted in their comments. While Terra Gen states that the process should distinguish between projects with network upgrades required by future interconnection requests and those network upgrades that will be eliminated upon withdrawal of the projects, this does not always work in practice. New or expanded substations are often seen as opportunities for later clusters and are not always eliminated upon withdrawal of the first project that triggered the network upgrade. Moreover, the suggestion of including this distinction to allow for tendering an interconnection agreement was submitted after the draft final proposal, and as such was not vetted with stakeholders. Doing so would likely face warranted opposition from the PTOs, and would certainly delay the policy process and risk not obtaining a FERC order prior to the 2018 TP deliverability allocation opportunity next March.

Parties that are interested in procuring wind generation prior to the production tax credit expiration still have time to move forward with procurement and shortlist projects, which will make those projects eligible to obtain TP deliverability within the remaining window for the production tax credit. Projects can also accelerate the construction of network upgrades by entering into an engineering & procurement agreement with the PTO prior to being tendered an interconnection agreement, which mitigates the risk to the PTO if a project ultimately withdraws.

Validating Interconnection Requests

All stakeholders support the proposal to shorten the actual interconnection request window, and lengthen the time for correction and validation.

CONCLUSION

Management recommends that the Board approve the proposal described in this memorandum so that these improvements to the Generator Interconnection and Deliverability Allocation Procedures may be implemented by March 2018. This proposal is broadly supported by stakeholders and was refined where possible to address stakeholder comments and concerns. Management believes that its proposal will provide interconnection customers with the improved opportunity for receiving TP deliverability and will improve the effectiveness of the interconnection request window.

Attachment E – List of Key Dates in Stakeholder Process

2018 Expedited Interconnection Procedures Enhancements

California Independent System Operator Corporation

List of Key Dates in the Stakeholder Process for this Tariff Amendment[1]

Date	Event
July 21, 2017	CAISO publishes issue paper and straw proposal
August 4, 2017	CAISO hosts stakeholder conference call and web conference on issue paper and straw proposal
August 14, 2017	Stakeholders submit comments on issue paper and straw proposal
August 30, 2017	CAISO publishes revised straw proposal
September 6, 2017	CAISO hosts stakeholder conference call and web conference on revised straw proposal
September 18, 2017	Stakeholders submit comments on revised straw proposal
October 10, 2017	CAISO publishes draft final proposal
October 16, 2017	CAISO hosts stakeholder conference call and web conference on draft final proposal
October 24, 2017	Stakeholders submit comments on draft final proposal
November 30, 2017	CAISO publishes draft tariff language
December 14, 2017	Stakeholders submit comments on draft tariff language
December 14, 2017	CAISO Board of Governors approves proposal
December 20, 2017	CAISO hosts stakeholder conference call and web conference on draft tariff language

[1] *See* http://www.caiso.com/informed/Pages/StakeholderProcesses/2017ExpeditedGIDAPEnhancements.aspx for links to all documents.