



California ISO
Your Link to Power

News Release

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Lower fees for builders of new, green power plants

Change will ease financial burden for California ISO cluster interconnection studies

FOLSOM, Calif. – The California Independent System Operator Corporation (the ISO) Board of Governors approved lowering the financial requirements needed in the ISO interconnection study process during its regular business meeting September 11 (see chart below).

During the Generator Interconnection Process Reform last year, the ISO and stakeholders agreed to a process that increased financial security requirements to help demonstrate developers' earnestness and identify viable projects. At that time, the queue held 361 study requests representing 105,000 MW, of which 68,000 MW were from renewable resources.

The transition cluster, the first cluster study under the reform, comprises 108 projects worth 39,000 MW with nearly 32,000 MW from renewables, although it is unlikely developers will build all the projects considering the all-time ISO peak is 52,270 MW. Because of changing economic conditions, many developers felt the financial commitments required to stay in the ISO interconnection cluster study queue would place a greater burden on them than anticipated.

“The changes strike a balance between testing project viability and what serious developers can bear, which is particularly helpful to smaller developers struggling to finance much need renewable resources,” said Stephen Ruty, ISO manager of grid assets. “We would like to thank the stakeholder community for their extraordinary efforts in providing valuable input on these matters in a very short timeframe.”

The changes still need approval from the Federal Energy Regulatory Commission. The ISO hopes to receive the approval before current deposits are due around December 1.

Find the interconnection changes at <http://www.caiso.com/1f42/1f42c00d28c30.html>.

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Amount of Financial Security Postings		
Postings and Timeframes	Current	New
Initial financial security posting (90 days after Phase I studies are complete)	20% of network upgrades (min \$500,000) and 20% of PTO interconnection facilities.	Lesser of three options: 15% of network upgrades as identified in the Phase I study, or \$20,000/MW, or minimum \$500,000 to a cap of \$7.5 million; and 20% of the cost of PTO interconnection facilities.
Second posting (180 days after Phase II studies are complete)	100% of the cost of network upgrades (min \$500,000) and 100% of PTO interconnection facilities.	Lesser of 30% of network upgrades (min \$500,000) as identified in either the Phase I or Phase II studies; and 30% of PTO interconnection facilities.
Third posting at start of construction	none	Remaining costs equal to 100% of project cost.

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The California ISO operates the state's wholesale transmission grid, providing open and non-discriminatory access supported by a competitive energy market and comprehensive planning efforts. Partnering with more than 90 client organizations, the ISO is dedicated to the continual development and reliable operation of a modern grid that operates at the least cost to the benefit of consumers. The ISO bulk power market allocates space on transmission lines, maintains operating reserves and matches supply with demand. Recognizing the importance of global climate change, the ISO welcomes new, advanced technologies that will help meet the energy needs of 30 million Californians efficiently and cleanly. The ISO is a non-profit public benefit corporation.