



Submit comment on Draft tariff language

Initiative: Interconnection process enhancements 2021

1. Please provide a summary of your organization's comments on the Interconnection Process Enhancements 2021 - Phase 1 draft tariff language: *

Amazon Energy, LLC (“Amazon”) has filed multiple comments relating to the CAISO’s proposed changes to the deliverability allocation process.¹ These comments relate only to the deliverability allocation section of the draft tariff (Section 8.9.2). As requested by the CAISO, Amazon is submitting a version of Section 8.9.2 which shows the CAISO’s proposed tariff and Amazon’s proposed revisions.

Amazon appreciates the opportunity to comment on the CAISO’s proposed revision of the tariff as well as the revisions the CAISO has made in the course of the Interconnection Process Enhancement initiative. As previously noted, Amazon does not believe it is necessary or appropriate to use the identity of the interconnection customer’s offtaker to determine whether its project will be given a priority in the allocation of deliverability. Amazon supports the comments of Advanced Energy Economy (“AEE”) and the Advanced Energy Buyers Group (“AEBG”).

Any proposal which disadvantages non-LSE Interconnection Customers will discourage corporate offtakers like Amazon from investing in the types of projects the CAISO should be advancing – those which have requested full capacity deliverability status.

It is sufficient to accomplish the CAISO’s objectives that the interconnection customer has a PPA that requires deliverability. As a matter of economics, any resulting Transmission Process Deliverability (“TPD”) allocation will undoubtedly land in a LSE’s portfolio in order ensure that the value of the RA capacity is realized. An offtaker without a RA obligation is not going to hold an asset that it cannot make use of itself. It will inevitably sell it or otherwise engage in a transaction that ensures that the value of the RA capacity will be realized. For these reasons, it is not necessary to treat interconnection customers differently while achieving California’s goal of cost effectively decarbonizing the power grid while maintaining system reliability.

¹ See Amazon comments submitted January 5, 2022, February 15, 2022, and March 31, 2022, which are available at CAISO’s website at

<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Interconnection-process-enhancements-2021#phase1>

That said, Amazon appreciates the ways in which the CAISO’s “Interconnection Process Enhancements 2021 - Final Proposal Phase I Enhancements” (“Final Proposal”) makes improvements on previous proposals. The Final Proposal appears to indicate the CAISO no longer intends to disadvantage Interconnection Customers who have PPAs with counterparties that are not LSEs so long as the non-LSE offtaker can demonstrate that the RA attributes are under contract with an entity with an RA obligation. In particular, Amazon is encouraged that the CAISO Final Proposal says:

The priority for allocating TPD to projects having a PPA with an entity that does not have an RA obligation, but can demonstrate that the RA attributes of the project are under contract with an entity with a RA obligation will be no different than for any other eligible PPA.

Final Proposal at 9. It also reduces the length of the commitment to three years (from five years), providing additional flexibility to non-LSE, corporate offtakers. While these changes improve upon prior proposals, they do not fully resolve Amazon’s concerns. As such, Amazon proposes certain additional modifications to the tariff to achieve greater equity for non-LSE, corporate offtakers.

1. Need for Equivalent Treatment

The tariff language should make it clear that equivalent TPD allocation treatment will be accorded regardless of whether the Interconnection Customer has a PPA with either an LSE or with another counterparty which demonstrates that the capacity would be sold or otherwise transferred to one or more LSEs. To that end, Amazon proposes a modification to the first sentence of the third to last paragraph of Section 8.9.2 so that it reads as follows:

All power purchase agreements referred to in this GIDAP must be with a either Load Serving Entity procuring the capacity to meet its Resource Adequacy obligation pursuant to a regulatory requirement or with a counterparty which demonstrates that the capacity would be sold or otherwise transferred to one or more Load Serving Entities to meet the Load Serving Entity’s Resource Adequacy obligation pursuant to a regulatory requirement.

In the third to last paragraph of tariff section 8.9.2, the CAISO adds a sentence that sets up an internal contradiction. The new language, shown with underscoring, says the following:

For all TP Deliverability allocations based upon having, negotiating, or being shortlisted for power purchase agreements, the CAISO will allocate TP Deliverability up to the amount of deliverable MW capacity procured by the power purchase agreement to provide Resource Adequacy Capacity to the counterparty Load Serving Entity to meet its Resource Adequacy obligation pursuant to a regulatory requirement.

Amazon proposes that the draft tariff language be revised to delete the underscored language above to avoid this internal inconsistency that would suggest that only when an interconnection customer's counterparty is a LSE is a TPD allocation available.

2. Revisions to Avoid Making the Tariff too Prescriptive

The language in the proposed draft tariff is currently too prescriptive, allowing the interconnection customer that has contracted with a corporate offtaker to obtain equal TPD allocation treatment only if the offtaker “can demonstrate the same capacity is under contract with a Load Serving Entity procuring the capacity to meet its Resource Adequacy obligation for a term of three (3) years or more and pursuant to a regulatory requirement.”

Corporate offtakers could sell some of its RA capacity to LSEs in the traditional manner contemplated by the proposed tariff, but they may also accomplish the same outcome by alternative agreements, such as transfers of RA capacity right to LSEs in exchange for a credit against energy prices charged by the LSE. The draft tariff does not account for these variations or the fact that a corporate offtaker could choose to allocate the capacity from a single project across multiple LSEs.

Amazon suggests that the penultimate paragraph in Section 8.9.2 be revised as follows:

Interconnection Customers with power purchase agreements with counterparties that are not Load Serving Entities procuring the capacity to meet their Resource Adequacy obligations may attest to having a power purchase agreement only if the counterparty can demonstrate the same capacity is subject to contractual arrangements with one or more Load Serving Entities~~under contract with a Load Serving Entity procuring the capacity~~ to meet the Load Serving Entity's~~its~~ Resource Adequacy obligation for a term of three (3) years or more and pursuant to a regulatory requirement.

These changes will mitigate the prescriptive nature of the proposed tariff and square with the reality of a corporate offtaker's effort to acquire and then transfer its RA capacity to the LSEs serving its load.

3. Deletion of Certain Language

Finally, Amazon suggests the removal of certain language from the proposed tariff that would be disadvantageous to corporate offtakers. In the same penultimate paragraph of Section 8.9.2 discussed above, the paragraph ends with the following sentence which should be deleted:

Without limitation, financial incentives, the intent to sell Resource Adequacy Capacity later, or being shortlisted with a Load Serving Entity to provide Resource Adequacy Capacity do not meet this requirement.

This sentence was a response to number of comments submitted by parties opposing the CAISO's previous proposals. It is not appropriate that interconnection customer that has been shortlisted with an LSE will be given priority whereas one that is shortlisted with a non-LSE will

not. CAISO has not demonstrated a basis is for such unfair treatment and, therefore, it should be omitted.

2. Please upload redlined tariff language using the “attachments” field below. *

[To be included later]