



California ISO

# Interconnection Process Enhancements 2021

Final Proposal  
Phase 1: Near Term Enhancements

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## **1 Introduction**

The Interconnection Process Enhancements (IPE) Initiative is the ISO's ongoing commitment to improve its Generator Interconnection and Deliverability Allocation Procedures (GIDAP) and make process enhancements as resource interconnection needs evolve.

The 2021 IPE initiative is being conducted at a particularly critical inflection point in resource development in California, and in the ISO footprint in particular, as current circumstances have led to a confluence of issues that are needing consideration in the ISO's interconnection processes, related transmission and resource planning occurring at the ISO and state agencies, the procurement activities of load serving entities, and state policy development. Meeting the challenges facing timely, effective, reliable and economic resource and transmission development over the next decade and beyond will require enhancements and improved coordination across all fronts, and progress on each front must be considered in the context of improvements occurring in other parallel paths as well.

The impact of the drive towards higher levels of year over year resource development cannot be overstated. The ISO's 2021-2022 transmission planning currently underway is based on resource portfolios developed through CPUC processes that are more than double the previous plan's forecast for additions. The draft forecast requirements to be used in the 2022-2023 cycle indicate potentially a four-fold increase in new resource requirements over the forecast relied upon in the approved 2020-2021 plan<sup>1</sup>. At the same time, the CPUC authorized 11,500 MW more midterm procurement in its June 24, 2021 Integrated Resource Plan decision that last year's 10 year plan was based on, and which was the largest single procurement authorization by the CPUC. Responding to these signals and previously approved authorizations, the resource development industry responded with a record-setting number of new interconnections requests in April, 2021, with 373 new interconnection requests being received in the ISO's Cluster 14 open window, layered on top of an already heavily populated interconnection queue.<sup>2</sup> The 605 projects totaling 236,225 MW, 164,153 net MW at the Point of Interconnection (POI), currently in the queue exceeds mid-term requirements by an order of magnitude. This level of hyper competition actually creates distractions and commandeers precious planning, engineering and project management resources from the ISO and Participating TOs. Developing interconnection proposals for 10 to 15 times the volume of resources needed in that time frame, challenges the procurement

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<sup>1</sup> Page 11, Day 2 Presentation, September 27-28, 2021 Stakeholder Meeting, <http://www.caiso.com/InitiativeDocuments/Day2Presentation-2021-2022TransmissionPlanningProcess-Sep27-28-2021.pdf>

<sup>2</sup> ISO Board of Governors July 7, 2021 Briefing on renewable and energy storage in the generator interconnection queue, <http://www.caiso.com/Documents/Briefing-Renewables-Generator-Interconnection-Queue-Memo-July-2021.pdf>

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activities being smoothly aligned with transmission planning and state policy needs (including for resource diversity) when procurement responsibility is spread over more than 40 load serving entities.

The ISO's interconnection queue and transmission planning process (TPP) has to this point been very successful in meeting emerging needs and challenges as it evolved over the last ten to fifteen years. The ISO's current processes in fact already incorporate many of the reforms set out for discussion in the recent Advance Notice of Proposed Rulemaking released by the Federal Energy Regulatory Commission<sup>3</sup>. However, the volume of requirements, pace of development and intensity of competition clearly call for additional reforms to current processes designed around more measured pace of planning, procurement and resource development. A broader spectrum of reform considerations is needed than adjustments to any one process in isolation, and reforms and enhancements must be considered holistically. To aid the ISO in its own considerations, the ISO commissioned a review of other practices in the US, looking not only at other ISOs and RTOs but also other FERC-jurisdictional and non-jurisdictional organizations to explore other practices that may prove helpful. This review, conducted by Grid Strategies LLC<sup>4</sup>, was posted to the ISO website on December 13, 2021.

Progress must be made on a number of fronts including the generation interconnection process; the 2021 IPE initiative is therefore focused on the interconnection process and enhancements specifically, and other tracks of process improvement will proceed through other efforts.

Accordingly, the 2021 IPE initiative will discuss and address interconnection-related issues the ISO and stakeholders have identified given current circumstances, and will seek to resolve concerns that have surfaced since the last IPE initiative in 2018.<sup>5</sup> The ISO seeks to consider potential changes to address the rapidly accelerating pace of new resources needing connection to the grid to meet system reliability needs and exponentially increasing levels of competition among developers resulting in excessive levels of new interconnection requests being received.

This Final Proposal is intended to present a final proposed solution to the Transmission Plan Deliverability (TPD) Allocation process revisions topic based on comments received from stakeholders from the Draft Final Proposal for Phase 1: Near-Term

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<sup>3</sup> Comments of the California Independent System Operator Corporation on Advance Notice of Proposed Rulemaking, Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generation, Docket No. RM21-17-000: <http://www.caiso.com/Documents/Oct12-2021-Comments-AdvanceNoticeOfProposedRulemaking-BuildingTransmissionSystemoftheFuture-RM21-17.pdf>

<sup>4</sup> "Resolving Interconnection Queue Logjams - Lessons for CAISO from the US and Abroad" October 2021, Rob Gramlich, Michael Goggin, Jay Caspary, Jesse Schneider.

<http://www.caiso.com/InitiativeDocuments/ResolvingInterconnectionQueueLogjamsFinalReport.pdf>

<sup>5</sup> For more information on the 2018 IPE initiative please refer to the initiative webpage at: [California CAISO - Interconnection process enhancements \(caiso.com\)](http://www.caiso.com/InterconnectionProcessEnhancements).

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Enhancements. The remaining proposals for topics discussed in the Final Proposal for Phase 1: Near-Term Enhancements received majority stakeholder support and will remain unchanged.

## **2 2021 IPE Process Development**

During the initial planning for the 2021 IPE initiative, the ISO identified certain issues to address related to the broader need for reforms, both in the short term and longer term, and also a number of relatively minor enhancements needed since the previous 2018 IPE initiative that also warranted attention.

This initiative will have two distinct, but simultaneously run, phases. Phase 1 will focus on near-term enhancements to the existing interconnection processes that the ISO can resolve for Cluster 14 and before the summer of 2022. Phase 2 will focus on resolving longer term modifications and broader reforms to align interconnection processes with procurement activities. The ISO will conduct both phases simultaneously with phase 1 targeting the ISO Board of Governors in May 2022, and phase 2 targeting November 2022.

During the Cluster 14 open window, the ISO received 373 interconnection requests, which resulted in the Supercluster Interconnection Procedures initiative that started on June 14, 2021<sup>6</sup>. The supercluster initiative focused specifically on addressing the immediate timing issues associated with the unprecedented number of interconnection applications to ensure parties were well informed of the timing impacts and that an effective plan could be put in place to deal with the situation. In the supercluster initiative, the ISO committed to continue to discuss topics that were not resolved in the time available within that initiative that could affect the Cluster 14 supercluster Phase II processes<sup>7</sup>. Topics that would impact Cluster 14 Phase II will be handled in the phase 1 portion of this initiative as described above. Another impact of the Cluster 14 supercluster is that the current GIDAP may need to be modified to be more adept at dealing with the current significant generation expansion and to better accommodate interconnecting significant amounts of new generation expeditiously to meet near-term reliability challenges. These potential changes will need more time to discuss and come to consensus with stakeholders and will be handled in the phase 2 portion of this initiative as described above.

The issues being addressed in this initiative fall into one of three categories; topics that would aid in moving resources more efficiently and effectively through the queue, topics

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<sup>6</sup> For more information on the Supercluster Interconnection Procedures initiative please refer to the initiative webpage at: [FinalProposal-SuperclusterInterconnectionProcedures.pdf \(caiso.com\)](https://www.caiso.com/~/media/CAISO/2021/06/14/FinalProposal-SuperclusterInterconnectionProcedures.pdf)

<sup>7</sup> The supercluster initiative needed to produce a filing to FERC quickly to receive a FERC order in a time frame that would allowed Cluster 14 to move forward as expeditiously as possible under a revised schedule.

that would aid in managing the overheated interconnection queue, and topics addressing other residual issues warranting attention at this time.

### **3 Moving resources through the interconnection queue more efficiently and potentially more quickly**

#### **3.1 Removing downsizing window and simplifying downsizing request requirements**

- **Background**

The March 17, 2022 Draft Final Proposal, Section 3.1, maintained the ISO's original proposal to transition from an annual month-long open window for receiving downsizing requests and allow them to be submitted at any time. The downsizing requests would treat them through the modification process to decrease the capacity of the project and then be held by the ISO for the next reassessment study where the impact of the upgrades associated with the downsized resource would be determined. The proposal also allows for streamlining the approval process for projects with network upgrades requesting to downsize whose impacts can be evaluated without a study. The ISO also intends to simplify the downsizing request process where appropriate.

- **Stakeholder Feedback**

The ISO received stakeholder comments from 13 stakeholders on this topic, all of which were in support of the initiative, including three that supported with clarifications.

LSA supports and recommended that downsizing requests be processed in the MMA process, and that the final proposal clarify that projects with Network Upgrades that could have the impact of their downsizing assessed without a study be allowed. During stakeholder meetings, this possibility was confirmed. MRP reiterated their support, and respectfully urged the ISO to devote sufficient resources for this effort.

Finally, SCE reiterated its support of using the existing MMA process to review downsizing requests, and the existing policy that if a Network Upgrade is still needed, the cost responsibility remains with the downsizing project. Impact to the MMA process is expected to be minimal at most based on historical data of a few to no downsizing requests over the last five year.

SCE's comment regarding cost responsibility for still needed Network Upgrades remains with the downsizing project is correct and consistent with current MMA practices.

- Final Proposal

The ISO does not propose to change the Draft Final proposal, however, is adjusting the language below to more accurately reflect the downsize request process proposed. The ISO proposes to simplify the downsizing process, which currently encompasses six pages of Appendix DD. The ISO proposes to remove the downsizing application window, the unique downsizing deposit, and the downsizing agreement (Appendix HH), among other simplifications. Instead, the downsizing process will be modified to allow downsizing requests to be submitted at any time and be processed through a Material Modification Assessment (MMA) request. Once the downsizing request MMA is received by the ISO, the project would be deemed downsized to the requested capacity. Note that a downsizing MMA request, including the deposit, must be received by the CAISO no later than November 30<sup>th</sup> each year to ensure inclusion in the Annual Reassessment process. The MMA request process will evaluate the technical data and parameters to be included in the planning models and reassessment study processes as applicable. The MMA results, absent the cost impact, will be provided to the customer within the MMA timeline. If a project has one or more network upgrades, the project would generally need to be included in the annual reassessment to determine if the project's network upgrades are still required along with any potential cost allocation adjustments. Impacts of projects with network upgrades whose impacts can be assessed without a study may be approved without having to participate in the reassessment study. Tariff rules that prevent interconnection customers from downsizing merely to reduce their cost allocations and non-refundable interconnection financial security before withdrawal will remain in place. Once the MMA and reassessment study are complete, the GIA for the project will be amended. The ISO believes the simplification of the downsizing process will enable interconnection customers to right-size their projects more easily and with less administrative burden for all parties.

### **3.2 Should Transmission Plan Deliverability (TPD) Allocation process revisions be considered?**

- Background

In the March 17, 2022 Draft Final Proposal, Section 3.2, the ISO proposed reducing the current seven allocation groups to three (now referred to as groups A, B and C), including eliminating current group 3 – proceeding without a PPA, and adding a new allocation group (now referred to as group D). Additionally, the ISO proposed simplifying the allocation retention requirements and further clarify the requirement related to a PPA requiring deliverability, allowing projects having a PPA that is with an entity who does not have an RA obligation, but it can be demonstrated that the

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RA attributes of the project are under contract with an entity with a RA obligation to be eligible for a TPD allocation. In addition, the ISO proposed to revise the tariff to clarify that a PPA must be with an off-taker to fulfill its own RA obligation and the PPA must procure the deliverable capacity for a minimum of five years to be eligible for an allocation in allocation groups A and B and for retaining an allocation through group D.

- Stakeholder Feedback

The ISO received stakeholder comments from 18 stakeholders. All supported or did not comment on the simplification of the allocation groups the creation of the new allocation group D. However, a significant number suggested modifications to allocation group D, most requested that projects be allowed to convert to Energy Only versus having to withdraw after exhausting their opportunities to obtain an allocation under group D. In addition, a number of stakeholders were concerned with the treatment and restriction for a project that might receive a small percentage partial allocation.

LSA stated that allocation group D could exhaust the already-limited supply of TPD in many areas, thus leaving little or nothing for Cluster 14 or any new technologies (e.g., offshore wind). Those that commented on the PPA eligibility topic supported the ISO's proposal that a project 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 would be eligible for an allocation. However, most of these did not support the priority for allocating TPD to projects with such contracts until after allocations are made to eligible projects who's PPAs are with an entity with an RA obligation. In addition, AEE & AEBG and Amazon raised concerns that making the demonstration of the sale of the RA attributes within the timeline of the TPD allocation process would be difficult and that some time should be given to demonstrate the sale of the RA attributes. Finally, a number of stakeholders had concerns with the minimum contract term for a PPA requiring deliverability be for five years or more.

Golden State Clean Energy, continues to support the proposal for Groups A-C, but urged the ISO to make projects that have provided their notice to proceed to construction eligible for Group C. The remainder of the comments were primarily seeking clarity on various scenarios related to allocation group D.

- ISO response to Stakeholder comments

The ISO has modified its proposal based on stakeholder suggestions and concerns. A summary of the changes are listed here with the detail associated with these changes provided in the final proposal below.



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- After a project has exhausted its opportunities to seek an allocation under group D (because it is ineligible to park another year) it will be converted to Energy Only (versus having to withdraw as proposed in the Draft Final Proposal).
- The ISO has clarified in its proposal that any allocation to a project of an amount less than the amount the project requested may be rejected and the project will then be treated in the same manner as if it had not received an allocation, having the same options as a project that did not receive an allocation.
- 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.
- The minimum contract term for a PPA requiring deliverability will be reduced from five years to three years.

Regarding LSA's concern that allocation group D could exhaust the already-limited supply of TPD in many areas, thus leaving little or nothing for Cluster 14 or any new technologies, the ISO reiterates that the allocations provided to projects under group D must demonstrate an executed PPA, being shortlisted or actively negotiating a PPA by the next cycle to retain the allocation. Those projects that cannot make this demonstration lose their allocations and their TPD is made available to be reallocated. For example, group D allocations made in the 2022-2023 TPD allocation cycle to projects that cannot retain their allocations in the 2023-2024 TPD allocation/retention cycle will lose their allocations and the lost TPD will become available to those seeking an allocation in the 2023-2024 TPD allocation cycle, which is when Cluster 14 first becomes eligible to use allocation group D. The ISO believes this first come, first served process, while not allowing projects to retain an allocation long-term without a demonstrated need, is the fairest process for all projects.

Regarding Golden State Clean Energy's request to make projects that have provided their notice to proceed to construction eligible for group C, the ISO is concerned that tracking could be an issue and the intent of allocation group C is to provide deliverability to projects that can immediately utilize the TPD. Some projects take years between notice to proceed and COD, which does not align with the purpose of allocation group C.

Regarding the concerns with the timeline for the requirement to demonstrate the sale of the RA attributes for PPAs with an entity that does not have an RA obligation, the ISO is not proposing any changes. The suggestions posed by a small number of

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stakeholders would create a complicated tracking and validation process where the ISO is proposing to simplify the TPD allocation retention process. The intent of the TPD allocation process is to provide allocations to projects that are able to demonstrate a contractual need and utilization for the allocation. Group D does provide allocations to projects without a PPA, but they will be required to demonstrate a contractual need in a short period of time. This ensures these projects do not tie-up valuable TPD without demonstrating its use by an RA obligated entity. It would not be appropriate to give one class of PPA extra time without giving all projects, such as those who obtain an allocation using group D, an extended period of time to retain their allocations.

- **Final Proposal**

The ISO continues to propose reducing the current seven allocation groups, folding groups 1 and 4 projects into group A, folding groups 2 and 5 projects into group B, and folding groups 6 and 7 projects into group C. The ISO further proposes to create a new group D, eliminating the current group 3 proceeding without a PPA stipulation, and expanding on the current group 3 requirements. The table below, and the notes that follow, provide a summary of the four proposed allocation groups.

Proposed Allocation Groups

Allocation Group	Status of Project	Allocation Requirement	Can Build DNUs for Allocation?	Allocation Rank
A	Any project (active IR or achieved commercial operation)	Executed PPA requiring FCDS or interconnection customer is a LSE serving its own load	<ul style="list-style-type: none"> <li>• FCDS &amp; PCDS projects (see Note 1)</li> <li>• EO projects (see Note 2)</li> </ul>	Allocated 1 <sup>st</sup>
B	Any project (active IR or achieved commercial operation)	Shortlisted for PPA or actively negotiating a PPA	<ul style="list-style-type: none"> <li>• FCDS &amp; PCDS projects (see Note 1)</li> <li>• EO projects (see Note 2)</li> </ul>	Allocated 2 <sup>nd</sup>
C	Any project that achieved commercial operation	Commercial operation achieved	<ul style="list-style-type: none"> <li>• FCDS &amp; PCDS projects (see Note 1)</li> <li>• EO projects (see Note 2)</li> </ul>	Allocated 3 <sup>rd</sup>
D	Any Active project that meets the allocation group D criteria	See proposed criteria below	<p>For the 2022-2023 <u>allocation cycle</u></p> <ul style="list-style-type: none"> <li>• FCDS &amp; PCDS projects (see Note 1)</li> <li>• EO projects (see Note 2)</li> </ul> <p>Beginning with the 2023-2024 <u>allocation cycle</u></p> <ul style="list-style-type: none"> <li>• FCDS &amp; PCDS projects (see Note 1)</li> </ul>	Allocated 4 <sup>th</sup>

**Note 1:** Full Capacity Deliverability Status (FCDS) and Partial Capacity Deliverability Status (PCDS) projects can fund the construction of DNUs assigned to them in their study reports to give them their current level of requested deliverability.

**Note 2:** Energy Only projects can only utilize any remaining capacity from existing and yet to be constructed DNUs that is not assigned to a FCDS or PCDS project.<sup>8</sup>

<sup>8</sup> Summarizing the ISO Tariff Appendix DD, Section 8.9.2, only FCDS and PCDS projects may trigger the construction of Delivery Network Upgrades pursuant to ISO Tariff Appendix DD, Section 6.3.2. After the

## Additional Criteria

- Projects must have completed all studies to be eligible for all allocation groups, including deliverability studies for ISP projects.
- TPD will only be allocated up to the amount of deliverable MW capacity procured by the PPA.
- Any allocation to a project of an amount less than the amount the project requested may be rejected and the project will then be treated in the same manner as if it had not receive an allocation (having the same options as a project that did not receive an allocation).

### Energy Only projects:

Projects with Energy Only deliverability status requesting deliverability, including Partial Capacity Deliverability Status projects that elected to convert any non-allocated portion of their project to Energy Only, must be studied to ensure the project does not trigger a DNU to accommodate an allocation and must submit to the ISO a \$60,000 study deposit for each Generating Facility seeking TP Deliverability.

### Allocation group D:

#### For the 2022-2023 TPD allocation cycle:

Any active project that does not have an allocation of TPD may apply for an allocation. Energy Only projects that apply in the 2022-2023 TPD allocation cycle cannot reapply for an allocation in the 2023-2024 TPD allocation cycle. Projects that already have a partial allocation or that added generation through an MMA will be eligible to seek an allocation for the remaining portion of the project not yet allocated in this allocation cycle only.

#### Beginning with the 2023-2024 TPD allocation cycle and beyond:

Only Full Capacity Deliverability Status and Partial Capacity Deliverability Status projects that have just completed their Phase II study<sup>9</sup> or are parked (including any parked portions of a project) will be eligible to seek an allocation through group D. Partial Capacity Deliverability Status projects can only seek an allocation up to the amount of the deliverability studied. No Energy Only projects will be eligible to seek an allocation through group D after the 2022-2023 allocation cycle. Projects that added generation through an MMA will not be eligible to seek an allocation for the

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CAISO has allocated TP Deliverability to FCDS and PCDS projects, the CAISO will allocate any remaining TP Deliverability to Energy Only Interconnection Customers requesting Deliverability based on any remaining deliverability available.

<sup>9</sup> Projects typically receiving their Phase II study report in November and are eligible to seek an allocation by submitting a TPD seeking affidavit in December of the same year.

portion of the project added through an MMA through group D (any project or portion of a project can always seek an allocation using allocation groups A, B and C).

**Requirements and restrictions for projects seeking an allocation through group D.**

(Regardless of receiving a full, partial or no allocation.)

These requirements and restrictions shall apply to all projects and the entirety of each project (including any Energy Only portions of a project) seeking an allocation through group D, regardless of the result of the allocation process.

- However, if a project receives a partial allocation in allocation groups A or B, the portion of the project that received an allocation in groups A or B would not be under group D's requirements and restrictions.
- If an Interconnection Customer receives TPD in group D that equals the requested amount, it must accept the allocation of TP Deliverability and forego parking that capacity, or convert the entire Interconnection Request (IR) to Energy Only. Any allocations of an amount less than the requested amount may be rejected and the project may proceed as if it had not received an allocation (having the same options as a project that did not receive an allocation).
- If a project seeking an allocation in group D does not receive an allocation for the full amount requested, it may park, if eligible, and apply under group D again until it can no longer park.
- There are no changes to the parking procedures. All parking procedures remain as stated in the current ISO Tariff Appendix DD<sup>10</sup>.
- Once a project's parking opportunities have been exhausted it is converted to Energy Only and is no longer eligible to seek an allocation under group D.
  - Refer to Final Proposal Attachment 1 for a list of examples of the various paths projects could experience using allocation group D.
- May not request suspension under its GIA.
- May not delay providing its notice to proceed as specified in its GIA.
- May not modify its Commercial Operation Date (COD), except to accelerate its COD to a date earlier than the date established in its IR when it requests TPD.
  - COD extensions due to Participating TO construction delays will extend these deadlines equally.

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<sup>10</sup> [Appendix DD - Generator Interconnection Deliverability Allocation Procedures as of Mar 27, 2022](#)

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- Where the Interconnection Customer has executed a PPA, it may request to align its construction timeline and COD for the deliverable MW capacity procured by the power purchase agreement consistent with ISO Tariff Appendix DD, Section 6.7.5. This change in milestones cannot impact the timing of shared Interconnection Facilities or Network Upgrades.<sup>11</sup>
  - Any portion of the project that is not associated with an executed PPA will continue to be subject to the COD associated with that portion of the project when the project initially requested an allocation using group D.
- Interconnection Customers that fail to proceed toward their COD under these requirements and as specified in their GIA will be withdrawn.

**Revisions to the TPD retention process:**

For allocation groups A, B and C, the ISO proposes to eliminate all TPD retention criteria except that those projects that received an allocation in Group to B (as currently shortlisted or negotiating a PPA), must submit an executed PPA by the retention affidavit due date in the allocation/retention cycle following the year the allocation was received.<sup>12</sup>

Retention requirements for allocation group D:

If a project receives an allocation it must demonstrate that it has obtained a PPA or is shortlisted by the next allocation/retention cycle following the year the allocation was received. If it cannot, it will lose its allocation.

- Projects that demonstrate an executed PPA by the next allocation/retention cycle have no further retention criteria to meet.
- Projects that demonstrate they are shortlisted or actively negotiating a PPA by the next allocation/retention cycle have an additional retention requirement where they must demonstrate an executed PPA by the following allocation/retention cycle.
- Projects that received an allocation in the cycle immediately following their Phase II study and are unable to retain it can seek a new allocation in the next allocation cycle.

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<sup>11</sup> ISO Tariff Appendix DD, Section 8.9.2.2.

<sup>12</sup> ISO Tariff Appendix DD, Section 8.9.3 (3): If the Generating Facility received TP Deliverability on the basis of negotiating or being shortlisted for a power purchase agreement, it must have executed the agreement by November 30 of the year it received TP Deliverability.

- Projects that receive an allocation after having been parked and cannot retain it will be converted to Energy Only.<sup>13</sup>

### **Ranking of projects within an allocation group:**

The GIDAP BPM Section 6.2.9.4 defines the process where points are allotted to projects based on the project's maturity in areas such as their PPA, permitting and land acquisition. The points are used to rank the projects for determining the order that they are considered for allocating any available TPD. The ISO proposes that during the process of updating the BPM following the FERC approved tariff changes, the ISO will propose adjustments to the scoring process and weights within GIDAP BPM Section 6.2.9.4. The intent is to ensure that the more ready projects are considered for an allocation first and to provide more differentiation between projects to reduce the likelihood of ties. The proposed changes will be discussed with stakeholders in the BPM change management process. The ISO is not prepared to make any proposal on those changes at this time and will ensure that stakeholders have adequate input into the changes.

### **Clarifying the requirement related to a PPA requiring deliverability:**

The intent of constructing delivery network upgrades and allocating deliverability is to allow the facility to participate in the Resource Adequacy program (RA). Although the tariff requires the PPA to require deliverability, it is ambiguous the deliverability required by a PPA is ultimately utilized by, or offered to, an entity with an RA obligation. The ISO proposes that projects having a PPA that is with an entity who does not have an RA obligation, but it can be demonstrated that the RA attributes of the project are procured by an entity with a RA obligation for a term of three years<sup>14</sup> or more, would be eligible for an allocation. Projects with these arrangements will not be given a different priority than projects who have a PPA with an entity with an RA obligation. Financial incentives, the intent to sell capacity, or being shortlisted with an entity with an RA obligation are insufficient to meet this requirement. These are proposed to ensure that the TPD capacity built at transmission ratepayer expense to provide sufficient transmission capacity for the RA requirements and CPUC policy are fully and effectively utilized to the greatest extent possible.

Stakeholders are concerned that projects may be currently in active negotiations for a PPA with terms for the deliverable capacity of less than three years. The ISO proposes that the three year term requirement will begin with the 2023-24 allocation cycle. The three year term requirement will apply to all allocation groups for all projects demonstrating a PPA, being shortlisted or actively negotiating a PPA and

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<sup>13</sup> After having parked for a year and then having an allocation for a year there are no more parking opportunities.

<sup>14</sup> The term has been reduced from the five year term proposed in the Draft Final Proposal to three years.

for retention of those allocations and retention of the allocations provided through allocation group D. For the 2022-23 TPD allocation cycle, projects that are seeking an allocation under new allocation Groups A and B, and later, those projects that are seeking to retain their allocations from the 2021-22 TPD allocation cycle, will not be required to meet the three year minimum contract term to receive or retain an allocation or retain an allocation received in the 2022-23 TPD or earlier allocation cycles. Such projects will be allowed to continue using PPAs with less than three year terms as long as the project retains the PPA used to receive the allocation.

### **3.3 Should the ISO develop an emergency generation interconnection process?**

- Background

Based on stakeholder comments requesting more details, in the March 17, 2021 Draft Final Proposal<sup>15</sup>, Section 3.5, the ISO proposed the following specific details for the emergency generation process:

1. The ISO will accept emergency generation study requests only pursuant to:
  - (i) A specific emergency state mandate, and
  - (ii) Only for interconnections and additions specifically **designated by a state agency**, not including counties, municipalities, or CCAs.
2. The ISO also must agree the interconnection is warranted to potentially maintain reliability, and that the interconnection will mitigate reliability risks<sup>16</sup>.
3. The interconnection customer will submit an emergency generation study request, a \$50,000 study deposit, and all necessary technical information to assess the new generation.
4. Because the ISO anticipates these studies and interconnections will be rapid, the ISO does not propose to include any study timelines in the tariff.
5. The interconnection cannot negatively impact the cost or timing of any queued project unless the impacted project belongs to the same developer and the developer consents to the impact.
6. The interconnection cannot require network upgrades above \$1 million or that cannot be constructed in fewer than six months.
7. The installed generation will have interconnection service for no more than three years. For interconnection service beyond that period, the developer must obtain service through another tariff process, such as a new interconnection request.

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<sup>15</sup> <http://www.caiso.com/InitiativeDocuments/DraftFinalProposal-InterconnectionProcessEnhancements2021.pdf>

<sup>16</sup> The intent of (1) and (2) is to prevent anyone from abusing this process to interconnect generation outside of its specific purpose.



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8. During the three-year period, the generation will be ineligible for any deliverability except Interim Deliverability, consistent with ISO Tariff Appendix DD, Section 4.6.

The ISO believes the above proposal addresses stakeholder concerns regarding queue jumping, will only be used under an emergency authorization, and provides interim deliverability if available, but only for the duration of the emergency order.

- Stakeholder Feedback

The ISO received stakeholder comments from 11 stakeholders on the topic of developing an emergency generation interconnection process of which six stakeholders supported the proposal and 5 stakeholders support the proposal but have some lingering concerns.

LSA, PG&E, REV Renewables, SCE, SEIA, and Upstream support the Draft Final Proposal. CESA generally supports the proposal but wants to see a faster queue process and recommends that the ISO more expansively consider whether and how operational solutions could support incremental capacity coming online sooner. CalWEA is concerned the process could be misused by the Participating TOs via the CPUC upsetting a well-functioning competitive market. EDR-Renewable commented that the ISO needs to explicitly define when the emergency interconnection process would be followed. Specifically, if the CPUC, as a state agency, could prompt the ISO to implement the process. While Middle River Power strongly supports the proposal, they are inherently suspicious that creating an emergency interconnection process may create the potential for a self-fulfilling prophecy that encourages “queue-jumping” and is concerned about how the emergency procedures will be applied transparently and ensuring that interim deliverability is allocated fairly across all projects. Strata Clean Energy also generally supports the proposal but opposes an accelerated interconnection process that is not transparent and could be counterproductive because it inhibits projects in the queue from being selected through the existing process.

- Final Proposal

CESA’s concern of faster queue process and more expansively whether and how operational solutions could support incremental capacity coming online sooner is better suited to the IPE Phase 2 discussion of how can the interconnection process and procurement activity align with transmission system capabilities and renewable generation portfolios developed for planning purposes. With respect to EDF-R’s comment, only the governor of California can issue an emergency state mandate and the ISO will include that clarification in the Final Proposal.

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Middle River Power's concern of ensuring the interim deliverability is allocated fairly across all projects. The ISO notes that requirement 5 states that the interconnection cannot negatively impact the cost or timing of any queued project and disproportionately allocating interim deliverability would impact the timing of a queued project because that project would not have the ability to timely meet their resource adequacy requirement. Strata Clean Energy's concern that the accelerated interconnection process needs to be transparent and if not transparent, the process could inhibit projects in the queue from being selected through the existing process. The declaration of a state of emergency and the state agency designating the projects to be studied is out of the ISO's control. The ISO's responsibility in this instance is to study the project requested and determine if the project can be reliably connect to the grid within six months with very little upgrades required.

The ISO is not proposing to change the Draft Final Proposal, but clarify the state mandate, and proposes to put in the tariff the following requirements for the emergency generation process:

1. The ISO will accept emergency generation study requests only pursuant to:
  - (i) A specific emergency state mandate by the governor of California, and
  - (ii) Only for interconnections and additions specifically designated by a state agency, not including counties, municipalities, or CCAs.
2. The ISO also must agree the interconnection is warranted to potentially maintain reliability, and that the interconnection will mitigate reliability risks<sup>17</sup>.
3. The interconnection customer will submit an emergency generation study request, a \$50,000 study deposit, and all necessary technical information to assess the new generation.
4. Because the ISO anticipates these studies and interconnections will be rapid, the ISO does not propose to include any study timelines in the tariff.
5. The interconnection cannot negatively impact the cost or timing of any queued project unless the impacted project belongs to the same developer and the developer consents to the impact.
6. The interconnection cannot require network upgrades above \$1 million or that cannot be constructed in fewer than six months.
7. The installed generation will have interconnection service for no more than three years. For interconnection service beyond that period, the developer must obtain service through another tariff process, such as a new interconnection request.

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<sup>17</sup> The intent of (1) and (2) is to prevent anyone from abusing this process to interconnect generation outside of its specific purpose.

8. During the three-year period, the generation will be ineligible for any deliverability except Interim Deliverability, consistent with ISO Tariff Appendix DD, Section 4.6.

## **4 Managing the overheated queue**

### **4.1 Should site exclusivity be required to progress into the Phase II study process?**

- Background

In the March 17, 2022 Draft Final Proposal, Section 4.1, the ISO proposed: (1) for Cluster 14, on a one-time basis, an IR may proceed into the Phase II studies using a Deposit in lieu of Site Exclusivity, but the entire amount of its site exclusivity deposit is non-refundable if it withdraws after having made its initial IFS posting; (2) beginning with Cluster 15 and beyond, increase the Deposit in lieu of Site Exclusivity requirements to \$250k for small generators (20 MW and below) and \$500k for large generators (greater than 20 MW); (3) If an IR is withdrawn on or before thirty (30) calendar days following the Scoping Meeting, the CAISO shall refund to the Interconnection Customer the entire amount of its site exclusivity deposit; and (4) if an IR is withdrawn more than thirty (30) calendar days following the Scoping Meeting without having provided a demonstration of site exclusivity, 50% of the site exclusivity deposit is non-refundable.

- Stakeholder Feedback

The ISO received stakeholder comments from 17 stakeholders. Ten fully support the proposal, three support but suggest more stringent criteria, and four support but suggest some level of easing of the criteria.

One stakeholder requested clarification and others made suggestions on criteria for demonstrating site exclusivity. Specific criteria for demonstrating site exclusivity will be proposed in the GIDAP BPM and the ISO will ensure that stakeholders have adequate input into the changes. Based on these comments the ISO is proposing to not make any changes to the proposal.

- Final Proposal

Other than one clarification, the Final Proposal is not making any changes to what was proposed in the Draft Final Proposal.

For Cluster 14 IRs:

- (1) For Cluster 14, on a one-time basis, an IR may proceed into the Phase II studies using a Deposit in lieu of Site Exclusivity, but the entire amount of its site exclusivity deposit is non-refundable if it withdraws after having made its initial IFS posting.

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- (2) If an IC demonstrates site exclusivity for a Cluster 14 IR at any time while the project is active, the IC will receive a full refund of its site exclusivity deposit.
- (3) Since site exclusivity is not required for Cluster 14 projects to proceed into the Phase II studies, the site exclusivity deposit will be governed by ISO Tariff Appendix DD, Section 3.5.1.3 Use of Site Exclusivity Deposit, and GIDAP BPM, Section 5.4.3.4 Use of Site Exclusivity Deposit.

For Cluster 15 IRs and beyond:

- (1) Beginning with Cluster 15 and beyond, increase the Deposit in lieu of Site Exclusivity requirements to \$250k for small generators (20 MW and below) and \$500k for large generators (greater than 20 MW).
- (2) If an IR is withdrawn on or before thirty (30) calendar days following the Scoping Meeting, the CAISO shall refund to the Interconnection Customer the entire amount of its site exclusivity deposit.
- (3) If an IR is withdrawn more than thirty (30) calendar days following the Scoping Meeting without having provided a demonstration of site exclusivity, 50% of the site exclusivity deposit is non-refundable.
- (4) If an IC demonstrates site exclusivity for an IR at any time while the project is active, the IC will receive a full refund of its site exclusivity deposit.
- (5) Site exclusivity will be required to move into the Phase II study process and the site exclusivity documents will be due 10 business days prior to the initial IFS posting due date for each project.
- (6) If the site exclusivity requirement is not met, the IR is withdrawn and 50 percent of the ICs site exclusivity deposit is non-refundable.

The ISO proposes that any non-refundable site exclusivity deposits will be used to offset the cost of the reassessment studies. Each year's non-refundable site exclusivity deposits will be used to offset a portion of the cost to each IC that incurs costs from the ensuing reassessment study on a prorated basis, up to its full cost for the reassessment. If the non-refundable site exclusivity deposit amount for any given year exceeds the total cost of that year's reassessment, the surplus will be distributed in accordance with ISO Tariff Appendix DD, Section 7.6 – Application of Non-Refundable Amounts.

The ISO's current Appendix A definition of "Site Exclusivity" provides how interconnection customers can demonstrate site exclusivity on public land; however, this language is specific to BLM applications, which had been the predominant use-case. Because the ISO will begin to see offshore wind applications as well, the ISO proposes to remove case-specific language in the tariff. The ISO believes this is prudent because it has little experience with offshore wind applications, public land licensing processes can change, and flexible tariff language would align the ISO

tariff with other ISO/RTO tariffs. The ISO would instead include a broad provision that the interconnection customer must demonstrate it holds a duly executed written contract or option to purchase, acquire an easement, a license or a leasehold interest in the real property for which new interconnection is sought; or that the interconnection customer has filed applications for required permits to site on federal or state property. The ISO would also specify in the tariff that it will include current, known requirements for certain use cases in the business practice manual. This approach will provide the ISO and interconnection customers with flexibility to meet public land requirements without the risk of needing to change the tariff frequently to match public land requirements.

## **5 Other Issues**

### **5.1 Expanded errors and omissions process to provide criteria and options when changes to network upgrade requirements occur after Financial Security (IFS) postings have been made**

- Background

In the March 17, 2022 Draft Final Proposal, Section 5.1, the ISO proposed that any cost responsibility increases associated with an error or omission discovered after a project makes its second IFS posting should be the responsibility of the party that made the error or omission. Specifically, the MCR and MCE cannot be increased due to an error or omission discovered after the second IFS posting due date has passed.

The ISO further proposed that when an error or omission is discovered after a project has made either its first or second IFS posting that increases the aggregate of all costs for the project to interconnect, regardless of whether the cost is refundable, pushes back its earliest achievable ISD or the in service date for any DNU required by the project to achieve its requested deliverability status, or the interconnection customer has a PPA that was terminated due to the impacts of the error or omission, the project would be given the option to either accept and move forward with the changes or withdraw and receive a full refund for its IFS and a refund of any unused study deposit. The ISO proposed a cost increase threshold of five percent or one million dollars, and delay of more than one year in the earliest achievable ISD or the in service date for any DNU required by the project.

- Stakeholder Feedback

The ISO received 13 comments from stakeholders on this topic, of which 11 stakeholders supported the ISO's proposal, one supported but suggested lowering the threshold criteria for a substantial error or omission, and one opposed.

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SCE reiterates its disagreement with the CAISO placing the cost responsibility on the PTO for a substantial error or omission after the IFS posting have been made. Based on these comments the ISO is proposing to not make any changes to the proposal.

- Final Proposal

The Final Proposal is not making any changes to what was proposed in the Draft Final Proposal. The ISO proposes that any cost responsibility increases associated with an error or omission on the part of the Participating TO that is discovered after a project's due date for its second IFS posting would be the responsibility of the Participating TO. The MCR and MCE cannot be increased due to an error or omission discovered after the second IFS posting due date has passed. Any changes or modifications to the project by the interconnection customer that increase the cost responsibility for the project would be the responsibility of the interconnection customer.

The ISO further proposes that when an error or omission on the part of the Participating TO is discovered after an active project's<sup>18</sup> due date for either its first or second IFS posting that meets any of the conditions below, the project may be eligible for a refund of its IFS and any unused study deposit.

- a. The aggregate of all costs for the project to interconnect increases, regardless of whether the cost is refundable.
- b. The project's earliest achievable ISD or the in service date for any DNU required by the project to achieve its requested deliverability status is pushed back.
- c. A PPA that the project has executed is adversely impacted, resulting in the termination of the PPA.

Changes or modifications to the project by the interconnection customer would not be a cause for the interconnection customer to receive this proposed refund.

If a project meets one of the three criteria above, the project would have to meet the relevant threshold criteria provided below. If it does, the project would be given the option to either accept and move forward with the changes or withdraw and receive a full refund of its IFS and a refund of any unused study deposit.

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<sup>18</sup> This means that only after a project has completed its required interconnection financial security posting and the due date for the posting has passed, would a project be considered for eligibility for a refund.

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For the threshold criteria the ISO proposes to modify the definition of a substantial error or omission from ISO Tariff Appendix DD, Section 6.8.1 in a manner similar to the following.

A substantial error or omission shall mean an error or omission that results in one or more of the following:

- (i) understatement of the Interconnection Customer's total cost responsibility for Network Upgrades and Participating TO Interconnection Facilities by more than five (5) percent or one million dollars (\$1,000,000), whichever is greater; ~~or~~
- (ii) results in a delay to the schedule by which the Interconnection Customer can achieve Commercial Operation by more than one year, based on most recent COD as documented in the final Phase II Interconnection Study report, the latest reassessment study report, or the GIA, as applicable; or
- (iii) the Interconnection Customer has a PPA that was terminated due to the impacts of the error or omission. The termination of the PPA shall be documented in a manner that demonstrates the grounds for terminating the PPA was solely due to the IC being unable to meet its performance obligations pursuant to the terms and conditions in the PPA specifically due to the impacts of the error or omission, or because of financial penalties imposed on the seller solely due to the impacts of the error or omission.

## **5.2 Clarify definition of Reliability Network Upgrade (RNU)**

- Background

The March 17, 2022 Draft Final Proposal maintained the ISO's proposal to clarify its existing policy that a RAS is always considered an RNU, regardless of the study that identified the need for the RNU.

- Stakeholder Feedback

The ISO received four comments from stakeholders, two in support, one in support with comment, and one opposing the ISO's proposal.

CalWEA believes that the achievable earliest COD of a resource should not be impacted by a RAS when congestion management is feasible in lieu of the deliverability study triggered RAS. RASs are not triggered as a mitigation for Deliverability. The feasibility of interim congestion management in lieu of an identified RNU needs to be determined by operations via the limited operations

study.

LSA continues to oppose this initiative. Their position remains that if these upgrades are needed for project operation and “reliability” should not change the fact that they are related to DNUs and only exist because of DNUs, and the cost treatment should thus be consistent with that applied to DNUs. In response to LSA’s concerns the IRs responsible for each RAS are grouped together pursuant to ISO Tariff Appendix DD, Section 6.1.3. The cost responsibility for the RAS as an RNU is allocated to the corresponding electrical group.

- Final Proposal

The only RNUs the ISO’s deliverability studies may identify are RASs. This is not to say that the RAS is required for deliverability. It means that the assumptions the ISO uses in the deliverability studies are different than the initial reliability studies. Rather than requiring the Participating TOs to re-run the reliability studies based on the outcome of the deliverability studies, RASs are RNUs are merely included as deliverability study results. If a RAS is determined to be needed in any study, the RAS is required for all projects in the study area, including Energy Only projects. Unlike a DNU, a RAS may be required for a project to synchronize to the grid and a limited operations study is needed to determination if the project can synchronize prior to the RAS being in service.

Because there has been confusion on this issue, the ISO proposes to clarify its existing policy that a RAS is always considered an RNU, regardless of the study that identified the need for the RNU. Because RASs are RNUs, they are included, and will continue to be included, in the RNU reimbursement calculation.

### **5.3 Transferring Participating Transmission Owner (TO) Wholesale Distribution Access Tariff (WDAT) Projects into ISO Queue**

- Background

The ISO’s March 17, 2022 Draft Final Proposal Section 5.5 retained its proposal to move forward with developing tariff language allowing the ISO to accept interconnection request transfers from a Participating TO’s WDAT queue to the ISO queue.

- Stakeholder Feedback

The ISO received stakeholder comments from nine stakeholders on this proposal, six in support and three in support with additional comments. LSA and SEIAE support with the additional request for information regarding substation/line operational control be made public for facilities over 50 kV on the PG&E and SDG&E



systems that are under PTO control, and facilities that are under 200 kV on the SCE system that are under CAISO control. MRP supports provided that it prevents WDAT projects from jumping ahead of projects in the ISO's interconnection queue. PG&E commented that they will work on reciprocal tariff changes to PG&E's WDT to receive transfers from the CAISO.

- ISO response to Stakeholder comments

To address LSA and SEIA a Data Transparency Workgroup is exploring what information can be made public regarding operational control of substations/lines. Additionally, the ISO clarifies that when a project submitted to a Participating TO during a cluster window is found to have requested a transmission level POI, the project will be accepted by the ISO into its queue for study in the same cluster, it would not have advantage over any other project in the queue cluster.

- Final Proposal

The ISO proposes to move forward with developing tariff language for allowing the ISO to accept interconnection request transfers from the Participating TO's WDAT queue to the ISO queue. The ISO will work with the Participating TO's to develop any criteria necessary to ensure that the transfer occurs within an appropriate window of time. Once the ISO has amended its tariff, the Participating TOs could revise their WDATs to include reciprocal language about receiving IRs initially submitted to the ISO. Each Participating TO have a unique window for accepting WDAT IRs. The ISO proposes to work directly with the Participating TOs to develop the specific criteria for this process that accommodates the various differences between the Participating TOs and put forth a more detailed proposal in the next IPE paper.

## **5.4 Changing Sites and POIs during IR Validation**

- Background

In the March 17, 2022 Draft Final Proposal, Section 5.6, the ISO kept its proposal that the timing of the process for changing POIs remain consistent with current ISO practice that the interconnection customer must confirm its POI within five business days of the project's scoping meeting and any change in POI will be limited to within the same transmission study area as the POI originally requested in its Interconnection Request. If an interconnection customer requests a change of its POI consistent with this criteria, it may change its site as well. Site changes will only be permitted in conjunction with a permissible change in POI.

- Stakeholder Feedback

The ISO received nine comments on this initiative, eight in support and one in support with comments. Avangrid Renewables, CalWEA Hydrostor Inc., LSA supports subject to the ISO’s commitment to provide the definition of “Same Transmission Area” and “Transmission Study Area” with a publicly available map clearly showing the boundaries made available.

The ISO will work with the PTOs to seek an appropriate for defining “Same Transmission Area” and “Transmission Study Area.” The ability to request a site change later via the MMA process is unchanged.

- Final Proposal

The ISO proposes the timing of the process for changing POIs remain consistent with current ISO practice that the interconnection customer must confirm its POI within five business days of the project’s scoping meeting and any change in POI will be limited to within the same transmission study area<sup>19</sup> as the POI originally requested in its Interconnection Request. If an interconnection customer requests a change of its POI consistent with this criteria, it may change its site as well. Site changes will only be permitted in conjunction with a permissible change in POI.

## **5.5 Should parked projects be allowed to submit MMAs while parked?**

- Background

Based on the feedback in the March 17, 2022 Draft Final Proposal, the ISO’s final proposal is to allow parked projects to only request modifications for downsizing, fuel-type, technology type (e.g. wind to storage, solar to storage, solar to wind, etc.) and POI changes, but the Interconnection Customer must make the second IFS posting when submitting the MMA.

- Stakeholder Feedback

The ISO received stakeholder comments from nine stakeholders on the topic of developing an emergency generation interconnection process of which six stakeholders supported the proposal and three stakeholders support the proposal but want to revise the types of modifications that can be made while the project is parked.

CESA, CalWEA, EDF-R, Hydrostor, Strata Clean Energy supports the Draft Final Proposal. SCE supports the Draft Final Proposal provided the modifications are

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<sup>19</sup> Study areas change infrequently, but are established annually in the ISO’s transmission planning process. See, e.g. the ISO’s proposed TPP study plan for 2020-21 at p. 9, available at [http://www.caiso.com/Documents/FinalStudyPlan\\_2020-2021TPP\\_Revised.pdf](http://www.caiso.com/Documents/FinalStudyPlan_2020-2021TPP_Revised.pdf).

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limited to downsizing, fuel-type, technology-type and POI changes and the second IFS posting has been made prior to the MMA being submitted.

LSA supports the proposal with clarifications and additional modifications. LSA wants to continue to allow modifications that are approved without a MMA<sup>20</sup>, addition or subtraction of energy storage, without increasing the POI should qualify as “technology changes”. Middle River Power also believes that inverter changes should be allowed during parking because they could reduce short circuit current and potentially obviate the need for an upgrade. MRP is concerned that the CAISO could end up in a situation where a project that is parked has achieved synchronization without being able to update its inverters due to design changes. For these reasons, MRP respectfully requests the CAISO reconsider its proposal to not allow MMAs for inverter changes for parked projects. SDG&E supports the proposal provided a change in POI is not included because any change of POI would require a re-study or at a minimum re-scoping by the Participating TO to determine the new POI feasibility. The tariff and GIDAP BPM already state: “Any change to the Point of Interconnection, except for that specified by the CAISO in an Interconnection Study or otherwise allowed under ISO Tariff Appendix DD, Section 6.7.2 and GIDAP BPM 7.2, shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request to accommodate such modification.” SEIA supports this proposal but would like confirmation from the CAISO that the proposal to allow parked projects to request fuel and technology type changes would not contradict the FERC Order 845 and Order 845-A definition of “permissible technological advancement” which explicitly precludes changes in generation technology or fuel type.

- **Final Proposal**

The ISO’s intention of this issue in the IPE initiative was to limit the types of modifications a project can request while parked to reduce the burden of studies for projects likely to re-modify their projects or withdraw based on TPD results. To clarify for LSA, the only modifications allowed while a project is parked are downsizing, fuel-type, technology type (e.g. wind to storage, solar to storage, solar to wind, etc.) and POI changes, but the Interconnection Customer must make the second IFS posting when submitting the MMA. In addition, the ISO will allow Permissible Technological Advancements. The ISO’s proposal is that Section 6.2.1 of the BPM for Generator Management modifications would not be allowed while a project is parked.

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<sup>20</sup> BPM for Generator Management, Section 6.2.1

As previously stated, the ISO does not believe that inverter changes need to be added because they can be done once the project exits parking and will likely change several times over the construction period due to changes in technology and availability. SDG&E's concern about the ability to change POI would be changes consistent with the modifications allowed in ISO Tariff Appendix DD, Section 6.7.2 and GIDAP BPM Section 7.2 and there have been POI changes that did not require a restudy and therefore should be allowed when the project is parked. With respect to SEIA's concern regarding contradicting FERC Order No. 845, the ISO will permit Permissible Technological Advancements during parking, and in any case, Order No. 845 does not speak to parking, which is a unique feature of the ISO's procedures.

The ISO's final proposal is to allow parked projects to only request modifications for downsizing, fuel-type, technology type (e.g. wind to storage, solar to storage, solar to wind, etc.), POI changes, and Permissible Technological Advancements as defined in the BPM for Generator Management Section 6.6, but the Interconnection Customer must make the second IFS posting when submitting the MMA.

## **6 Other Stakeholder Suggested Proposals**

### **6.1 Adding due dates for curing deficiencies in Appendix B, to avoid delays in starting Phase II studies**

- Background

The March 17, 2022 Draft Final Proposal, Section 6.1, maintained the ISO proposal to add a deadline for the validation of Appendix B's, where all Appendix B's and any associated technical data must be deemed valid by 70 calendar days after the date of the Phase I study report. Those not valid would be withdrawn with five business days to cure.

- Stakeholder Feedback

The ISO received nine comments from stakeholders on this topic, two in support, four in support with comments, and three in opposition with comment. CalWEA agrees with the ISO proposal, but asked that Appendix B be reviewed to remove unnecessary data requirements. Hydrostor Inc. supports greater clarity on timelines as long as it is presented in a transparent manner to all parties.

CalWEA suggested, and Hydrostor agreed, that the Appendix B needs to be updated. Suggested items for removal were the requirement for a 7.5-minute quadrangle of the site is outdated as it is redundant to the kmz file of the site, physical dimensions, bus length, tower numbers, number of third-party easements,

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alternate source of auxiliary power, and PLC protocol are only known at the time of project implementation and are not needed for the Phase II study (or the Facility Study for ISP applications). Hanwah Q Cells USA approved of the initiative, but map provide comments following their review of the proposed tariff language. SEIA expressed concern regarding the timing for projects with results meetings later in the meeting schedule. They suggested standardizing communication processes between the ISO, PTO and Interconnection Customer to support resolution of deficiencies in a timely manner, and allowing Interconnection Customers a second five (5) Business Day cure period if the initial deficiency response is still deficient. LSA, Middle River Power, and RWE oppose due to the proposal not allowing all projects having the same amount of time to cure deficiencies, but could support by tying the validation period to the results meeting rather than the issuance of the Phase I report.

The ISO thanks CalWEA's list of suggested data points for possible removal from the Appendix B. The form is provided by FERC. The ISO can review the form and see if any modifications can be made based on CalWEA's input.

In response to SEIA's concerns, the ISO will continue to keep communications among itself, the PTOs, and Interconnection Customer as streamlined as possible. Having a second cure period is not in line with the current Appendix DD 3.8. While the Interconnection Customer does not have control over when their meeting will be held, they do have control over when they submit their Appendix B, giving them control over the remaining 40 CD left for validation. If an IC had a results meeting on the very last day allowed by the Tariff and did not submit their Appendix B as required, and if the ISO took the full five (5) BD allowed in Appendix DD 3.8 to send a deemed withdrawn notification with five (5) Business Days to cure, and if the IC took the full allotted time of five (5) BD to submit, there would still be 12 CD left for any back and forth needed to validate the submittal. It is highly unlikely that the ISO would not act promptly when the due date passed without a submittal, and the engineering team is conscientious of the required timeline to get the forms reviewed.

To LSA's, MRP's, and RWE's request to adding a validation date based on the results meeting for each project is not only an administrative burden, but also has the potential to overburden technical resources at both the ISO and the PTO due to the timeline to complete results meetings within 30 CD from the issuance of the Phase I study results.

- Final Proposal

ISO Tariff Appendix DD, Section 7 states "Within ten (10) Business Days following the Phase I Interconnection Study Results Meeting, the Interconnection Customer shall submit to the ISO the completed form of Appendix B". The ISO proposes to

add a deadline for the validation of Appendix B's, where all Appendix B's and any associated technical data must be deemed valid by 70 calendar days after the date of the Phase I study report. Those not valid would be withdrawn with five business days to cure.

## **6.2 Modification to Commercial Viability Criteria**

- Background

The March 17, 2022 Draft Final Proposal proposed that the commercial viability criteria should be assessed only if the Interconnection Customer submits the modification request to delay beyond the seven years and not when the Participating TO triggers a delay. With respect to the definition of delay, it should be based on the party that caused the delay. A few examples:

- If the Participating TO cannot get the equipment needed for the project until after the originally anticipated date and it will delay the In-Service Date, then it is a Participating TO delay.
- If the IC does not meet a document submittal deadline to the Participating TO, then it is an IC delay.

- Stakeholder Feedback

The ISO received stakeholder comments from 10 stakeholders on the proposal to only assess commercial viability criteria if the Interconnection Customer submits the modification request to delay beyond the seven years and not when the Participating TO triggers a delay. CESA, LSA/SEIA, Middle River Power, PG&E, SCE, and SDG&E. support this proposal.

CalWEA, Strata Clean Energy and Hydrostor support this proposal with suggests for improvement. CalWEA notes the proposal does not resolve concerns regarding project interconnection before all RNUs are in service. Particularly, they explain the timing of the Limited Operation Study (LOS), which occurs 5 months before the ISD, does not provide enough time for project development. They explain that a mechanism should be in place for developers to understand whether a project can interconnect within two years and a non-binding LOS should evaluate if the projects with executed GIAs can interconnect as requested by relying on market operation instead of reliability upgrades. Hydrostor and Strata Clean Energy echo CalWEA's concern that there is not enough time for project development with the current LOS study timeline and reevaluating this timeline would be helpful for projects seeking to assist in meeting the state's Mid-Term Reliability needs. As the ISO stated in the March 17, 2022 Draft Final Proposal, a 24 month LOS, is not practical as discussed in the December 6<sup>th</sup> Issue Paper and Straw Proposal. At two years prior to

synchronization, the assumptions would be that all transmission is built, unless there is a known delay, and all projects are coming online therefore no information could be garnered from that type of a study and it would take resources away from other valuable work.

- Final Proposal

The ISO proposes to retain its existing proposal for commercial viability criteria, it should be assessed only if the Interconnection Customer submits the modification request to delay beyond the seven years and not when the Participating TO triggers a delay. With respect to the definition of delay, it should be based on the party that caused the delay. A few examples:

- If the Participating TO cannot get the equipment needed for the project until after the originally anticipated date and it will delay the In-Service Date, then it is a Participating TO delay.
- If the Interconnection Customer does not meet a document submittal deadline to the Participating TO, then it is an Interconnection Customer delay.

### **6.3 Expanding Deliverability Transfer Opportunities**

- Background

The March 17, 2022 Draft Final Proposal proposed ISO tariff language that expands ability to transfer deliverability to projects at the same substation and same voltage is the same level at which deliverability is allocated to the Interconnection Customers. The ISO proposed to revise ISO Tariff Appendix DD, Section 8.9.9 and the definition of Point of Interconnection to be at the substation and voltage level versus at a specific point in the substation. This will allow greater opportunity for projects to transfer deliverability.

- Stakeholder Feedback

A total of eight stakeholders provided comments supporting this topic, CalWEA, CESA EDF- Renewables, Hydrostor Inc, LSA/SEIA, Middle River Power, PG&E, and Strata Clean Energy all support the topic.

- Final Proposal

The ISO proposes to revise ISO Tariff Appendix DD, Section 8.9.9 but upon further consideration, not the definition of Point of Interconnection (POI). The change proposed for the definition of POI has potentially farther reaching impacts if reference to distribution connected generators are deleted from the definition and the ISO believes all issues regarding deliverability transfers can be incorporated into ISO Tariff Appendix DD, Section 8.9.9.

#### **6.4 Requirement that any IR that proposes to utilize a third party owned gen-tie must provide documentation as part of their IR that demonstrates that the gen-tie owner has agreed to the project using its gen-tie**

- Background

In the March 17, 2022 Draft Final Proposal, Section 6.4, the ISO proposed (1) for Cluster 14, that a letter of intent between the non-PTO owned or third party gen-tie or substation and the project seeking to share the gen-tie or substation will be required to enter into the Cluster 14 Phase II study, and (2) starting with Cluster 15, the IR submittal will require a letter of intent between the non-PTO owned or third party gen-tie or substation and the project seeking to share the gen-tie or substation, and require an executed gen-tie sharing agreement to proceed into the Phase II studies.

- Stakeholder Feedback

The ISO received comments from 8 stakeholders on this topic, of which six supported the ISO's proposal. CalWEA had concerns with the required due dates, and LSA opposed.

LSA is concerned that the ISO has offered no evidence that lack of early gen-tie sharing agreements has been a significant contributor of project failures. In response, while not providing specific data on the issue, the ISO is currently dealing with a number of projects that are creating issues of uncertainty in what network upgrades will ultimately be needed. In one case, the interconnection customer is resisting negotiating with the gen-tie owner speculating that the gen-tie owner will withdraw. Furthermore, with the declining number of open positions for interconnecting new generators, the ISO expects these type of IRs to increase and does not believe it is appropriate to wait until the issue become significantly greater.

Based on these comments the ISO is proposing to not make any changes to the proposal.

- Final Proposal

The Final Proposal is not making any changes to what was proposed in the Draft Final Proposal.

For Cluster 14:

The ISO proposes for Cluster 14, that a letter of intent between the non-PTO owned or third party gen-tie or substation and the project seeking to share the gen-tie or substation will be required to enter into the Cluster 14 Phase II study.

The letter of intent must document the intent of the parties to negotiate the terms



of the sharing agreement. The proposal is to further require an executed gen-tie sharing agreement following the Phase II studies. The executed agreement would be due at the time the second IFS posting is due.

For Cluster 15 and beyond:

The ISO proposes that starting with Cluster 15, the IR submittal will require a letter of intent between the non-PTO owned or third party gen-tie or substation and the project seeking to share the gen-tie or substation. The letter of intent must document the intent of the parties to negotiate the terms of the sharing agreement. The proposal is to further require an executed gen-tie sharing agreement to proceed into the Phase II studies. The executed agreement would be due at the time the initial IFS posting is due.

For a request for project modification:

If a gen-tie sharing arrangement is requested in conjunction with a request for project modification, the ISO would require an executed gen-tie sharing agreement to proceed with the MMA. The proposal related to MMAs is to be implemented upon FERC approval of the IPE tariff changes.

The ISO does not propose to include tariff requirements for the terms and conditions in the letter of intent or the subsequent gen-tie sharing agreement. If at a future date it is determined that requirements are needed, the ISO would propose such requirements in a modification to the GIDAP BPM.

## **6.5 Recommendation that after the IR validation, the ISO should be consistent in using RIMS for all documents, details, etc. related to projects**

- Background

The March 17, 2022 Draft Final Proposal was that all communication handled now exclusively via email, including deliverability allocation results, financial security posting requests, and MMA documentation (requests, data files and results), repowering and Limited Operation Study documents (request, study plan and study report) should be provided on RIMS in addition to being communicated via email and other written correspondence.

- Stakeholder Feedback

The ISO received comments from 14 stakeholders which all supported the proposal. CalWEA, Hydrostor Inc., LSA/SEIA, Middle River Power, SCE, SDG&E, and Strata Clean Energy support the ISO proposal with no changes.

- Final Proposal

**2021 Interconnection Process Enhancements**  
**Final Proposal – Phase 1: Near-Term Enhancements**

The ISO proposes to retain the existing proposal first stated in the Issue Paper and Straw Proposal to include in the RIMS documents deliverability allocation results, financial security posting requests, and MMA documentation (data files and results), repowering and Limited Operation Study documents (request, study plan and study report), and other final communication among the parties.

## 7 Stakeholder engagement

The schedule for stakeholder engagement is provided below. The ISO will present its proposal for phase 1 to the Board of Governors in May 2022, and phase 2 will be presented to the Board of Governors in November 2022.

<b>Date</b>	<b>Event</b>
09/30/21	Publish preliminary issue paper
10/08/21	Stakeholder suggestions due
10/19/21	Stakeholder workshop on preliminary issue paper
10/28/21	Stakeholder comments due on preliminary issue paper and workshop
12/06/21	Publish issue paper/straw proposal
12/13/21	Stakeholder conference call on issue paper/straw proposal
01/03/22	Stakeholder comments due on issue paper/straw proposal
01/25/22	Publish revised straw proposal
02/01/22	Stakeholder conference call on revised straw proposal
02/15/22	Stakeholder comments due on revised straw proposal
<b>Phase 1</b>	
03/17/22	Publish draft final proposal
03/24/22	Stakeholder conference call on draft final proposal
03/31/22	Stakeholder comments due on draft final proposal
04/21/22	Publish final proposal and draft tariff language
04/28/22	Stakeholder conference call on final proposal and draft tariff language *verbal comments on final proposal will be accepted during the conference call
5/5/22	Stakeholder comments due on draft tariff language
May 2022	Board of Governors Meeting
<b>Phase 2</b>	
06/07/22	Publish draft final proposal
06/14/22	Stakeholder conference call on draft final proposal
06/28/22	Stakeholder comments due on draft final proposal
07/26/22	Publish draft tariff language and final proposal
08/09/22	Stakeholder comments due on draft tariff language
08/16/22	Stakeholder conference call on final proposal
08/30/22	Stakeholder comments due on final proposal
October 2022	Board of Governors Meeting

**2021 Interconnection Process Enhancements**  
***Final Proposal – Phase 1: Near-Term Enhancements***

The ISO will hold a stakeholder meeting on April 28, 2022 to review the Final Proposal – Phase 1: Near-Term Enhancements. Stakeholders are encouraged to provide verbal comments on this Final Proposal during the stakeholder call on April 28, 2022.