

178 FERC ¶ 61,223
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 25, 2022

In Reply Refer To:
California Independent System
Operator Corporation
Docket No. ER22-878-000

California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attention: William H. Weaver

Dear Mr. Weaver:

1. On January 25, 2022, pursuant to section 205 of the Federal Power Act (FPA),¹ the California Independent System Operator Corporation (CAISO) submitted five distinct sets of revisions to the generator interconnection procedures and related *pro forma* agreements in its Open Access Transmission Tariff (Tariff) that resulted from CAISO's contract management enhancement initiative.² As discussed below, we accept the proposed Tariff revisions, effective March 27, 2022, as requested.

2. First, CAISO states that it currently does not have Tariff provisions addressing how to perform studies when it is an affected system. CAISO anticipates that the need to perform affected system studies will increase, and therefore proposes new provisions to define the process for conducting affected system studies.³ These provisions require an interconnection customer whose external generation project may affect the reliability of the CAISO grid to: (1) execute the proposed *pro forma* CAISO as an Affected System

¹ 16 U.S.C. § 824d.

² CAISO January 25, 2022 Filing at 1 (Transmittal).

³ CAISO, CAISO eTariff, Proposed app. DD, § 14.5 CAISO as an Affected System. Transmittal at 2.

Docket No. ER22-878-000

Study Agreement (CASSA),⁴ which generally is modeled on CAISO's existing study agreements; and (2) submit a \$75,000 study deposit.⁵ CAISO also proposes to include a provision stating that affected system studies will list separate cost estimates for facilities and network upgrades required in the CAISO balancing authority area, and that these separate sums may be adjusted over time based on actual costs incurred.⁶ If the study ultimately determines that reliability network upgrades are required to mitigate the generator's interconnection, the parties will negotiate and enter into a separate agreement that sets forth the provisions for the construction timeline and estimated costs for such reliability network upgrades.⁷

3. Second, CAISO proposes to revise section 25 of its Tariff to account for "repowering" as a separate study type. CAISO states that section 25 of its Tariff sets forth who must submit an interconnection request and when, and generally speaks to new generators and interconnection capacity expansions for online generators. According to CAISO, it often must also study "repowering" generators, which are online, mothballed, or retired generators that seek to modernize their equipment or replace fuel or generating technology altogether.⁸ CAISO explains that it performs these studies under its existing Tariff provisions for online generators.⁹ CAISO asserts that it does not propose to change the availability of repowering studies or study procedures, but proposes to expressly identify repowering as a study type, given the prominence repowering studies

⁴ CAISO, CAISO eTariff, Proposed app. B.23 CAISO as an Affected System Study Agreement (CASSA) (0.0.0).

⁵ CAISO, CAISO eTariff, Proposed app. DD, § 14.5 CAISO as an Affected System; CAISO, CAISO eTariff, Proposed app. B.23 CASSA art. 2.3 (0.0.0). CAISO states that any difference between the deposit and associated costs will be paid by or refunded to the interconnection customer, including applicable interest.

⁶ CAISO, CAISO eTariff, Proposed app. DD § 14.5.1 Cost Allocation and Interconnection Financial Security.

⁷ CAISO, CAISO eTariff, Proposed app. B.23 CASSA art. 2.6 (0.0.0). CAISO states that as an affected system, CAISO would only require mitigation for potential reliability impacts, and not deliverability impacts.

⁸ Transmittal at 3.

⁹ CAISO, CAISO eTariff, § 25.1.2 Affidavit Requirement (10.0.0).

Docket No. ER22-878-000

now enjoy.¹⁰ In addition, CAISO proposes to extend the timeline for issuing a draft study plan to the interconnection customer requesting repowering from 10 days of receipt of the affidavit requesting repowering to 30 days upon receipt of the affidavit, the complete technical data, and the deposit.¹¹ CAISO explains that reviewing and validating the technical data generally takes longer than 10 days due to their complexity,¹² and asserts that this proposed revision will provide the interconnection customer a realistic timeline for receiving its repowering study plans.

4. Third, CAISO proposes to revise section 8.9.2.2 of Appendix DD to its Tariff to clarify that an interconnection customer with an executed and approved power purchase agreement can extend its commercial operation date to align with its power purchase agreement delivery date. CAISO states that this resolves an ambiguity in the Tariff that appeared to prohibit an interconnection customer that initially received deliverability without a power purchase agreement from extending its commercial operation date to conform to the power purchase agreement once it received such an agreement. CAISO asserts that the power purchase agreement demonstrates that the interconnection customer is commercially viable and carries little risk of withdrawing from the queue or hoarding deliverability.¹³

5. Fourth, CAISO states that Appendix U to its Tariff provides the interconnection procedures applicable to the six serial projects that still remain in queue.¹⁴ CAISO explains that Appendix U has a unique process for requesting modifications prior to achieving commercial operation because Appendix U was predicated on the previous study process that has since been superseded.¹⁵ According to CAISO, although these provisions pertain to only a handful of interconnection projects, they are time-consuming

¹⁰ CAISO, CAISO eTariff, Proposed §§ 25.1, Applicability (8.0.0) and 25.1.2, Affidavit Requirement (11.0.0). Transmittal at 3.

¹¹ CAISO, CAISO eTariff, Proposed § 25.1.2.3.

¹² Transmittal at 4.

¹³ Transmittal at 4.

¹⁴ CAISO notes that these six serial projects were received prior to 2008, and with the exception of one customer, all of the serial projects currently have commercial operation dates in the next two years.

¹⁵ An Interconnection Feasibility Study, an Interconnection System Impact Study, and an Interconnection Facilities Study, which are now combined into the Phase I and Phase II studies. Transmittal at 4-5.

Docket No. ER22-878-000

and redundant with CAISO's annual reassessment for all active interconnection customers.¹⁶ CAISO therefore proposes to align the remaining serial projects with its current practice by removing the existing modification rules for its serial customers in sections 6.4 and 7.6. In addition, CAISO proposes to remove section 4.4.4 in order to reconcile the provision with section 4.4.6, which specifies that CAISO will conduct a modification study within 45 days after interconnection customer's request, and is consistent with CAISO's current modification study processes for all other interconnection customers in its queue.¹⁷

6. Fifth, CAISO states that currently, the effective date for the generator interconnection study process agreement is the date that the interconnection customer submits that agreement to CAISO.¹⁸ CAISO, however, notes that the agreement is only one of the requirements needed to have a complete interconnection request. According to CAISO, not all interconnection requests become complete, and only interconnection customers with complete interconnection requests need generator interconnection study process agreements.¹⁹ CAISO therefore proposes to revise the effective date of the generator interconnection study process agreement to be the date that CAISO deems the interconnection customer's interconnection request package complete.²⁰

7. Notice of CAISO's filing was published in the *Federal Register*, 87 Fed. Reg. 4884 (Jan. 31, 2022), with interventions and protests due on or before February 15, 2022. Timely motions to intervene were filed by Calpine Corporation, Southern California Edison Company, Modesto Irrigation District, California Department of Water Resources State Water Project, Northern California Power Agency, and the City of Santa Clara, California. On March 11, 2022, CAISO filed supplemental comments, stating that

¹⁶ Transmittal at 5 (citing CAISO, CAISO eTariff, app. DD § 7.4 Activities in Preparation for Phase II (14.0.0)).

¹⁷ Transmittal at 5.

¹⁸ CAISO, CAISO eTariff, app. 3, Generator Interconnection Study Process Agreement for Queue art. 12 (4.0.0).

¹⁹ CAISO, CAISO eTariff, app. DD § 3.5.1 Initiating an Interconnection Request. If a developer does not submit a complete interconnection request, CAISO refunds its entire study deposit.

²⁰ CAISO, CAISO eTariff, Proposed app. 3, Generator Interconnection Study Process Agreement for Queue (5.0.0). CAISO also proposes to remove the rest of the article, which is redundant with CAISO, CAISO eTariff, app. DD § 3.5.1 Initiating an Interconnection Request. *See* Transmittal at 5.

Docket No. ER22-878-000

it reached out to each of the remaining interconnection customers impacted by the proposed revisions concerning Appendix U, and the interconnection customers supported those changes,²¹ and reiterating that sections 6.4 and 7.6 of Appendix U create anachronistic and unnecessary compliance obligations for both CAISO and the interconnection customers.

8. We accept CAISO's proposed Tariff revisions, effective March 27, 2022, as requested. We find that the proposed revisions appear to be just and reasonable, and have not been shown to be unjust, unreasonable, unduly discriminatory or preferential or otherwise unlawful. We also find that CAISO's proposed revisions, permitted under the independent entity variation standard, accomplish the purposes of Order No. 2003 by fostering increased development of economic generation by reducing interconnection costs and time and encouraging needed investment in generator and transmission infrastructure.²² Specifically, the Tariff changes update or clarify CAISO's existing generator interconnection process requirements, enhance the effectiveness of the interconnection and contract-related processes for interconnection customers, improve transparency for repowering generators, and provide additional flexibility to generating resources. These changes should result in an interconnection process that is more predictable for interconnection customers and less administratively burdensome for all parties. We also note that the proposed revisions are uncontested.

By direction of the Commission.

Debbie-Anne A. Reese,
Deputy Secretary.

²¹ CAISO March 11 Supplemental Comments at 1.

²² See *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 104 FERC ¶ 61,103, at P 12 (2003), *order on reh'g*, Order No. 2003-A, 106 FERC ¶ 61,220, *order on reh'g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004), *order on reh'g*, Order No. 2003-C, 111 FERC ¶ 61,401 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007). The Commission applies an independent entity standard to evaluate RTO/ISO proposals for revisions to the procedures outlined in Order No. 2003. See *id.* PP 822, 827; Order No. 2003-A, 106 FERC ¶ 61,220 at P 759.