California ISO

Stakeholder Comments Template

Generator Interconnection: Cluster 14 Revised Study Process and Timeline

This template has been created for submission of stakeholder comments on the Supercluster Interconnection Procedures issue paper and draft final proposal that was published on May 14, 2021. The proposal, stakeholder meeting presentation, and other information related to this initiative may be found on the miscellaneous stakeholder meetings webpage at: http://www.caiso.com/informed/Pages/MeetingsEvents/MiscellaneousStakeholderMeetings/Default.aspx

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **May 28, 2021**.

Submitted by	Organization	Date Submitted
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Please provide your organization's comments on the Supercluster Interconnection Procedures issue paper and draft final proposal, and May 21 stakeholder call discussion:

Summary

Southern California Edison Company (SCE) appreciates the unprecedented challenges created by the large number of Queue Cluster 14 (QC14) interconnection requests and, subject to the clarifying comments below, supports the CAISO's proposed three principal revisions – an additional year for studies, Phase II study results setting cost caps, and Interconnection Customers refund eligibility – *for QC14.* However, rather than proposing that these revisions be applicable for future larger clusters (150 or more interconnection requests), SCE recommends that the CAISO refrain from including tariff revisions that dictate how those future clusters should be handled. SCE recommends a comprehensive stakeholder process to consider additional reforms to the interconnection process. Additional comments are provided below for each section of the CAISO's issue paper and draft final proposal.

INTRODUCTION

A. Study Timeline

SCE supports the CAISO's proposed study timelines. Regarding the CAISO's proposal to provide an additional 30 Calendar Days for the tendering and negotiating of Interconnection Agreements, SCE offers the following comments.

As currently set forth in Appendix DD (GIDAP), PTOs have 180 Calendar Days after Phase II study reports are issued to tender a draft Large Generator Interconnection Agreement (LGIA), with the GIDAP acknowledging that the tendering period could contract if the Participating Transmission Owner (PTO) submits the LGIA earlier or could be extended by Interconnection Customers (ICs) that choose Option A and park for deliverability.

Following the draft submittal, the parties to the LGIA then have 120 Calendar Days to negotiate the LGIA. Historically, such negotiation time has often been extended with mutual agreement of the ICs and PTOs.

Although SCE initially believed that adding 30 Calendar Days (CDs) to the deadline for tendering a draft LGIA should be sufficient (30 added to the existing 180 CD), SCE's estimation of 30 CDs is built upon the assumption that most projects in QC14 will withdraw before a draft LGIA is required to be drafted. If historical trends hold true, SCE would expect 80-90 percent of projects to withdraw prior to the second Interconnection Financial Security (IFS) posting date (or be required to withdraw for not making the second IFS posting). In the case of QC14 (PTO and Affected System projects in SCE territory, which is currently 128 projects), that would leave between 13 and 26 projects that would require SCE to draft LGIAs following completion of QC 14 Phase II. SCE believes with the extra 30 CDs, such a volume of LGIA drafts is achievable with available resources.

There is a risk, however, that a smaller number of withdrawals could occur, which would result in putting these tariff timelines at high risk of not being achieved. For example, if more than 30% of the projects remain after Phase II and second IFS posting, SCE recommends adding a "relief valve," whereby up to 60 additional CDs would be added to the timeline to issue the draft LGIAs. Given that the amount of withdrawals cannot be known in advance, SCE believes this type of relief valve will be necessary in order meet the challenges posed by QC14.

Thus, SCE recommends that modifications be made to allow additional calendar days to be added to the drafting of LGIA timelines for QC14. Based on SCE's experience, SCE recommends the following GIDAP language: "at least 30 Calendar Days, subject to extension of up to an additional 60 Calendar Days should greater than 30 percent of projects remain in the queue in any PTO's territory following the Phase II study and second IFS posting".

B. PTO by PTO Basis for Study Results

SCE supports the CAISO's proposal to issue interconnection study results simultaneously for all of QC14 and agrees that doing so promotes fairness.

C. Phase I Study

SCE supports the CAISO's proposed modifications to the scope (and schedule) for the Phase I study. SCE encourages the CAISO to continue to have discussions with PTOs to ensure that study assumptions and scope are thoroughly documented before the start of Phase I studies.

D. Cost Caps and Initial Interconnection Financial Security

SCE supports the CAISO's proposal to only have Phase II study results set cost caps. SCE appreciates that with the changes to the Phase I study for QC14, the "lower of" method of determining the cost cap for ICs will be required to change. SCE also appreciates that eliminating Phase I study results from the cost cap calculation makes ICs nervous of substantial cost responsibility escalation in Phase II, and thus places much more significance on the Phase II study results. SCE therefore supports the CAISO proposal that allows ICs to be refunded 100% of the first IFS posting as proposed. This serves to allay ICs concerns over cost responsibility escalation, even if it removes forfeited IFS that could otherwise offset required upgrades that remain following said withdrawals.

However, SCE would like to add a timing constraint to the withdrawal and refund, such that "as long as the IC withdraws the IR following the first IFS posting and before the second IFS posting due date." This is something that was not clear in Principle 3 in the Issue Paper/Draft Final Proposal and should be added.

At present, it is unclear if the revisions to the Phase I study will result in a significant number of projects withdrawing from QC14 before the Phase II study results are issued. If fewer projects than expected withdraw, it could increase the relative importance of and the timeline required to complete, the Phase II study. This is another reason SCE believes that it is appropriate to consider broader reforms in a stakeholder process, rather than apply QC14 Supercluster rules for all future clusters with 150 or more interconnection requests (IRs).

Given the well-known lumpiness of transmission upgrades, it is still possible for withdrawals after Phase II to expose PTOs to "cost cap" risk of upfront financing required upgrades, particularly if, during reassessment, large dollar upgrades are found to still be required after some (but not all) IRs withdraw and the remaining IRs are reallocated cost responsibility for large dollar upgrades beyond the cost responsibility outlined in their Phase II study results. This is yet another reason to have a stakeholder process to consider broader reforms beyond QC14.

E. Superclusters in the Future

Rather than defining a Supercluster as 150 or more IRs as part of this filing, SCE recommends that the CAISO file tariff revisions with FERC to address its three principal revisions pertaining solely to QC14 – additional year for studies, Phase II study results setting cost caps, and Interconnection Customers' refund eligibility. CAISO should conduct a stakeholder process to consider more comprehensive reforms. If the CAISO does file with FERC to define a Supercluster based on a certain number of IRs going forward, SCE recommends that that threshold be 200, rather than 150 given that the CAISO has exceeded 150 IRs in QC12, QC13, and QC14, and has nevertheless effectively managed those clusters. SCE is also concerned that setting the threshold at 150 could further incentivize speculative projects to apply in a given cluster to avoid a two-year wait, which could have the unintended effect of encouraging that threshold to be met.

F. Other

SCE's Wholesale Distribution Access Tariff (WDAT) Generator Interconnection Procedures, whereby generators who desire to sell into the wholesale market but are connecting to SCE's distribution grid, is designed to work in close coordination with the CAISO's interconnection process. SCE is currently evaluating its WDAT to see what, if any, changes may be needed to align with proposed CAISO QC14 revisions. SCE would appreciate the opportunity to discuss alignment of WDAT Phase I and Phase II study timelines, along with ISP treatment during the extended study period of QC14 Phase I and Phase II, with the CAISO prior to the development of CAISO tariff language and perhaps another stakeholder call to discuss WDAT and particularly WDAT ISP timelines in relation to QC14.