



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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Upstream is a consulting company that provides project siting, interconnection, and development services to a broad range of project developers across a broad range of technologies. We have a unique view of the market, especially as it relates to the QC14 Supercluster and the potential consequences that QC14 will have on both Pre-QC14 projects¹ and Post-QC14 projects. We appreciate the effort undertaken by the CAISO and the PTOs to mitigate any impact that QC14 will have on the ability of projects to move toward commercial operation.

Over time, the queue cluster process has become increasingly speculative as evidenced by the number of projects that withdraw after receiving their Phase 1 Study. It's evident that project developers are doing little to no due diligence on the land and permitting viability of projects prior to submitting them into the queue. This "spray and pray" interconnection strategy combined with the identified need to bring new capacity resources online has led to the Supercluster issue that we now face, as evidenced by a large percentage of the projects in QC14 that are completely speculative.

The question shouldn't be how the ISO studies the Supercluster, it should be how the ISO "carrot and sticks" speculative projects out of the queue.

¹ The QC14 Supercluster will divert interconnection and engineering resources away from Pre-QC14 projects that are in a late stage study, negotiating generator interconnection agreements, or proceeding through design and construction. Staff at the PTOs are already working more than full time and this Supercluster has the potential to dramatically delay late-stage projects that are coming online within the next several years to provide much needed capacity.

The Draft Final Proposal Incentivizes Bad Behavior

In the Draft Final Proposal, the CAISO is proposing the eliminate QC15 and refund Initial Financial Security Deposits for RNU if Phase 2 costs go up by more than 25% or the estimated time to construct is extended by a year or more. Unfortunately, this proposal will have the perverse effect of keeping projects in the queue past Phase 1 and through Phase 2.

1. Why would an interconnection customer withdraw a speculative project if they know that they won't be able to enter the queue cluster again until 2023?
2. Why would an interconnection customer withdraw after the Phase 1 study if the CAISO plans to refund the Initial Financial Security Deposit if the costs go up? This will create a "last man standing" mentality where interconnection customers are incentivized to hang on in the queue as long as possible with little effort made toward proceeding toward commercial operation.

If the CAISO wants to proceed with the proposal to refund the Initial Financial Security Deposit, then the moral hazard could be mitigated by requiring interconnection customers to show site exclusivity (or some other commercial viability) to qualify for the refund. This may prevent speculative projects from remaining in the queue and negatively impacting past and future queue clusters.

Future Superclusters should be addressed in the Interconnection Process Enhancements Stakeholder Process

Addressing future Superclusters in this stakeholder proceeding introduces a complex issue into a stakeholder process that should be very narrow – how the ISO addresses QC14. Through a future Interconnection Process Enhancements Stakeholder Process, the CAISO and stakeholders could address how the CAISO prevents Superclusters rather than how the CAISO and PTOs study Superclusters. Potential tariff revisions that could be used to prevent future Superclusters could include;

1. Several utilities in WECC make portions of the Deposit in Lieu of Site Exclusivity non-refundable as the project proceeds through the interconnection process.
2. Schedule the Scoping Meetings immediately after the close of the Cluster window so the interconnection customer can immediately receive feedback from the PTOs on their interconnection request. This would save valuable engineering time at the CAISO and PTOs because GIRs that are not viable would be withdrawn and would not go through validation. It is wasted effort for an interconnection customer and the PTOs to validate an interconnection request at a POI that is not viable only to have to repeat the validation process for a second time after the Scoping Meeting when then interconnection customer moves the request to an alternative POI.

Require QC14 to Demonstrate Site Control by October 30, 2021

A potential remedy to the size of the QC14 Supercluster and the number of speculative projects would be to require all interconnection customers in QC14 to have site control by September 30, 2021 (or some other date tied to the CAISO filing at FERC). Projects that do not have site control by this date would be withdrawn from the queue and projects that do have site control would proceed through the Phase 1 Study.

Provide a Path for Pre-QC14 Independent Study Projects to Obtain Deliverability

The Independent Study Process (“ISP”) under the CAISO and WDAT Tariffs is a study process that is purposely designed to accelerate the interconnection timeline for highly viable projects. Under the CAISO Tariff, these projects have demonstrated site exclusivity and that they are electrically independent of other projects in the queue. Unlike most of the speculative projects submitted into QC14, projects proceeding under the Independent Study Process have a significant amount of time and capital invested in them and are in an advanced stage of development.

In the Draft Final Proposal, the CAISO has indicated that the QC14 study process would be delayed by a year which in turn would delay the QC14 TPD Allocation until March 2024. Pre-QC14 Independent Study Projects will be studied with QC14 for deliverability and this may delay the commercial operation date of these projects.

This directly contradicts with stated goals of CAISO and the California Public Utility Commission – to expeditiously study highly viable projects so they can achieve an earlier commercial operation date and add much needed capacity to a supply constrained market. As part of the QC14 Supercluster stakeholder process, the CAISO should develop a study methodology that will keep Pre-QC14 projects proceeding through the Independent Study Process on their original timeline.