



## Generator Interconnection: Cluster 14 Revised Study Process and Timeline

Submitted by	Organization	Date Submitted
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Vistra Corp. (“Vistra”) appreciates the opportunity to submit these comments on the CAISO’s Generator Interconnection: Cluster 14 Revised Study Process and Timeline Issue Paper and Draft Final Proposal posted on May 14, 2021 and discussed at a public stakeholder call on May 21, 2021.

As a storage developer and operator, Vistra is directly impacted by any changes to interconnection rules, processes and timelines. Vistra recently brought online 300 MW / 1,200 MWh of battery energy storage at its Moss Landing facility, with an additional 100 MW / 400 MWh to join it later in 2021. Vistra continues to explore energy storage opportunities. Vistra is developing an energy storage project at its Oakland site and is developing a 600 MW / 2,400 MWh energy storage project at its Morro Bay site.

We sympathize with the CAISO’s issue. Processing Cluster 14’s unprecedented size – 373 requests amounting to 150,000 MW in proposed generating capacity – is a daunting challenge. According to its Issue Paper, the interconnection queue now contains 246,000 MW with this additional 150,000 MW. This is in addition to existing capacity forecasted to be at most 50,010 MW during August<sup>1</sup>. The majority of these 246,000 MW are speculative and will never be built. This does not seem rational.

We agree that a change must be made to current processes and timelines to allow the CAISO to feasibly process Cluster 14 and future super clusters. In any changes, we think it is unreasonable to put viable projects needed to meet state procurement targets at risk by delaying these projects beyond 2023. It is rational and prudent that additional generating capacity be able to complete the interconnection queue timely to shore up resource sufficiency as soon as possible to bridge any potential resource sufficiency gap. The most recent Proposed Decision under the California Public Utility Commission’s Integrated Resource Planning process recommended 11,500 MW<sup>2</sup> of incremental capacity bringing expected incremental capacity with previous decisions to over 18,000 MW<sup>3</sup> by 2026. This is the amount that has a procurement path to be financed. It is imperative that viable projects to support compliance with the ~18,000 MW of expected procurement directives not be delayed.

Vistra proposes an alternative to the CAISO proposal that will balance the need to alter process to manage the cluster with prioritizing viable projects needed for reliability. Further, Vistra requests the CAISO not change its financial security refund policies since weakening incentives for discouraging speculative projects to drop out prior to Phase II is opposed to the desired outcome that Phase II studies be able to be evaluated without modifications to the total generating capacity. Finally, we request additional transparency on the modified approach and current queue conditions.

**Vistra proposes the CAISO seek Tariff authority to allow the CAISO to process Cluster 14 in two separate sub-clusters – a first-ready cluster and a common cluster.**

The CAISO should seek Tariff authority to allow it to separate super clusters into two sub-clusters where the first-ready cluster must meet project readiness criteria and the common cluster would contain

<sup>1</sup> 2021 Summer Loads and Resources Assessment, California ISO, May 12, 2021, Page 28, <https://www.aiso.com/Documents/2021-Summer-Loads-and-Resources-Assessment.pdf>.

<sup>2</sup> CPUC docket Rulemaking 20-05-003, Proposed Decision, May 21, 2021, <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M385/K026/385026493.PDF>.

<sup>3</sup> California Public Utility Commission, Press Release, Docket #: R.20-05-003, May 21, 2021, Page 2, <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M385/K382/385382555.PDF>.

the remaining more speculative projects. The CAISO should process the first-ready cluster first within the existing timelines to allow viable, non-speculative projects to successfully complete the queue process by 2023, because these projects are needed to provide replacement capacity for Diablo Canyon and Once-through-Cooling units needed by 2024. After completing the first-ready cluster, the CAISO should then process the common cluster's more speculative requests with the additional time it has proposed between August 1, 2023 and August 1, 2024.

By bifurcating Cluster 14, the CAISO can ensure there is not a delay to viable, non-speculative projects needed for reliability while also evaluating speculative projects for their potential viability. This bifurcation into two sub-clusters is necessary to allow viable projects at least a year after the Reassessment completes on August 1, 2023 to complete the final actions needed to achieve commercial operations. These include negotiating and executing Generator Interconnection Agreements, commencing construction activities, and completing the New Resource Implementation checklist. To be viable to support state procurement efforts for additional generating capacity in 2024, projects need to complete the timeline no later than the existing date of August 2023. This may allow achieving June 1, 2024 Commercial Operation Date required for compliance with the 2024 procurement targets. The CAISO should seek Tariff changes to allow it to prioritize viable projects under the current schedule to support the state's procurement efforts. This will best support mid-term reliability.

Vistra proposes that the CAISO should design the eligibility criteria for the first-ready cluster like other ISO/RTOs that use a "first-ready, first-served" approach. For example, FERC approved transition of SPP to a "first-ready, first-served" approach in Southwest Power Pool, Inc., 128 FERC ¶ 61,114 (2009), where this approach would allow projects closer to development to proceed on a priority basis while still providing less-developed (more speculative) projects to receive results to inform its feasibility. We propose the CAISO adopt a similar concept for super clusters to allow it to prioritize first-ready cluster projects closer to development. As a suggestion, the first-ready criteria should include site exclusivity.

**Vistra requests the CAISO not move forward with its initial Interconnection Facility Security proposal since it reduces incentives for speculative projects to exit the queue after Phase I.**

Vistra does not support the CAISO's proposed change to the refund policy for the initial Interconnection Facility Security ("IFS") posting if the CAISO does not bifurcate Cluster 14. We disagree there is merit to reducing the incentive for Interconnection Customers to exit the queue after Phase I, especially given the number of speculative requests. If the CAISO were to soften its incentives this will likely incentivize those speculative requests to choose to remain in the queue. Especially considering this super cluster, incentives for projects to exit the queue if less viable must be maintained. If the CAISO adopts our proposal, Vistra could live with this change being applied to the separate sub-clusters.

**Vistra requests greater transparency from the CAISO on its Phase I study modifications as well as additional data that can inform feasibility of projects.**

Vistra expects even with our proposal the CAISO may still need to adopt the proposed Phase I study modifications, especially for the common cluster. We request the CAISO prospectively identify what MW amount threshold would trigger the need for a modified approach. If the first-ready cluster MW amount exceeds that threshold then the modified approach would apply, otherwise the existing approach should apply. The same process should be applied to the common cluster. Our anticipation is when bifurcating the cluster, the first-ready cluster will not include an excessive amount of additional generating capacity where Phase I studies should be done with existing approaches. We anticipate the common cluster size will exceed any identified threshold where the modified approach will be needed. Vistra requests the CAISO specify in its Tariff the methodology for limiting the amount of total generation to be evaluated.

Additionally, Vistra requests the CAISO make available information to better evaluate whether a project is likely to be feasible. This will inform speculative developers on whether projects should exit the queue even prior to Phase I if the location is affected by transmission constraints.