

186 FERC ¶ 61,241
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Willie L. Phillips, Chairman;
Allison Clements and Mark C. Christie.

California Independent System Operator Corporation Docket No. ER24-1213-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued March 29, 2024)

1. On February 8, 2024, the California Independent System Operator Corporation (CAISO) submitted, pursuant to section 205 of the Federal Power Act,¹ a proposed revision to its Open Access Transmission Tariff (Tariff) to forgo a new interconnection request window in 2024. In this order, we accept CAISO's proposed Tariff revision, effective March 31, 2024, as requested.

I. Background

2. In April of each year, CAISO opens an interconnection request application window and begins a new two-year interconnection cluster study process to identify the interconnection facilities and network upgrades that are needed to interconnect new generation resources to CAISO's transmission system, estimate the costs of those upgrades, and allocate those costs among interconnection customers sharing the upgrades. The cluster study methodology layers the new cluster of generation upon all existing generation and previous interconnection requests and network upgrades approved through CAISO's transmission planning process.² CAISO's interconnection cluster study consists of Phase I and Phase II interconnection studies,³ with annual reassessments to account for changes in the interconnection queue.⁴ The Phase II study

¹ 16 U.S.C. § 824d.

² CAISO Transmittal at 2.

³ Phase I Interconnection Study and Phase II Interconnection Study are defined in Tariff app. A, Definitions. CAISO, CAISO eTariff, app. A (Phase I Interconnection Study) (1.0.0); *id.*, Phase II Interconnection Study (0.0.0).

⁴ CAISO Transmittal at 3 (citing CAISO, CAISO eTariff, app. DD, § 2 (Scope and Application) (7.0.0), § 2.4.3).

refines the cost estimates provided in Phase I based upon changes in queue and deliverability allocation results.⁵ After the interconnection customer receives its Phase II study, it negotiates and executes (or requests unexecuted filing of) a generator interconnection agreement (GIA) with CAISO and the relevant transmission owner.⁶

3. CAISO states that it received an unprecedented increase in the number of new interconnection requests in Clusters 14 and 15, combined with a much lower percentage of Cluster 14 interconnection customers withdrawing after Phase I. To address this challenge, CAISO proposed, and the Commission accepted, Tariff revisions to modify the schedule and procedures for these clusters.⁷ Specifically, CAISO extended interconnection study deadlines for Cluster 14 and paused Cluster 15 while it finished the Cluster 14 interconnection studies.⁸ CAISO notes that Cluster 14 interconnection customers received their Phase II study reports on schedule in January and will now have time to review the study results before deciding to proceed toward negotiating GIAs. CAISO states that it will conduct its annual reassessment to reflect any withdrawals or modifications to the queue after the second interconnection financial security deadline.⁹

II. CAISO Proposal

4. CAISO states that, shortly after the Cluster 15 interconnection request window, it launched the Interconnection Process Enhancements stakeholder initiative, which is considering reforms to enable meaningful study of Cluster 15. In order to permit CAISO and its stakeholders to focus their efforts on that initiative, CAISO proposes a single Tariff revision in section 17 of Appendix DD stating “Notwithstanding Section 3.3.1, the CAISO will not open a Queue Cluster Application Window in 2024.”¹⁰ CAISO asserts that the Commission should find the proposed revision to be just and reasonable because

⁵ *Id.*

⁶ *Id.* at 3-4 (citing CAISO, CAISO eTariff, app. DD, § 13 (GIA) (4.0.0)).

⁷ *Cal. Indep. Sys. Operator Corp.*, 176 FERC ¶ 61,207 (2021); *Cal. Indep. Sys. Operator Corp.*, 184 FERC ¶ 61,069 (2023) (2023 Interconnection Order).

⁸ 2023 Interconnection Order, 184 FERC ¶ 61,069 at P 20.

⁹ CAISO Transmittal at 4-7.

¹⁰ Proposed section 17 of app. DD to the CAISO Tariff.

it will avoid compliance issues, the need for waiver, or exacerbating the queue's challenges before CAISO can comply with Order No. 2023¹¹ and implement needed reforms. Further, CAISO contends that forgoing the 2024 interconnection request window will allow sufficient time to study existing interconnection requests.¹²

5. CAISO requests an effective date of March 31, 2024, because the interconnection request window would otherwise open on April 1, 2024. CAISO therefore requests waiver of the Commission's prior notice requirement¹³ to permit the proposed Tariff revisions to go into effect less than 61 days after CAISO submitted its filing. CAISO asserts that granting waiver of the notice requirement is appropriate because it will prevent any confusion or non-compliance over the window opening.¹⁴

III. Notice of Filing and Responsive Pleadings

6. Notice of CAISO's filing was published in the *Federal Register*, 89 Fed. Reg. 11,271 (Feb. 14, 2024) with protests and interventions due on or before February 29, 2024. Public Citizen, Inc.; Calpine Corporation; Solar Energy Industries Association; the City of Santa Clara, California; and the California Department of Water Resources State Water Project filed timely motions to intervene. Northern California Power Agency (NCPA); NextEra Energy Resources, LLC (NextEra); and the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (Six Cities) filed timely motions to intervene and comments. On March 7, 2024, CAISO submitted an answer to the comments.

7. NCPA states that it understands the problem CAISO is facing with an overwhelming number of requests in the queue, and that it does not oppose CAISO's proposed Tariff revision. However, NCPA highlights that the queue backlog is particularly problematic for load serving entities that may struggle to acquire the necessary resources to meet procurement mandates without sufficient projects coming online in a timely manner. NCPA asserts that the cluster delay requested in this filing will not solve the underlying causes of CAISO's queue delays, but notes that CAISO and its stakeholders are collaborating on more systemic fixes to those underlying causes in the Interconnection Process Enhancements stakeholder initiative. NCPA contends that,

¹¹ *Improvements to Generator Interconnection Procedures and Agreements*, Order No. 2023, 184 FERC ¶ 61,054, *order on reh'g*, 185 FERC ¶ 61,063 (2023), *order on reh'g*, Order No. 2023-A, 186 FERC ¶ 61,199 (2024).

¹² CAISO Transmittal at 7-8.

¹³ 18 C.F.R. § 35.3(a)(1) (2023).

¹⁴ CAISO Transmittal at 8.

ultimately, CAISO must have the means to winnow the non-functional resource queue, ideally by studying the most viable projects that meet the requirements mandated by state and local law.¹⁵

8. Six Cities likewise acknowledge the unprecedented volume of pending interconnection requests and assert that the resulting backlog is interfering with the process of bringing needed new capacity to commercial operation. Six Cities highlight that they have experienced considerable challenges in procuring capacity to meet reliability requirements during the past two years. Six Cities acknowledge that CAISO has initiated and remains engaged in a broad stakeholder initiative to enhance its interconnection process, but note that there will necessarily be a gap before the needed reforms are implemented. In particular, Six Cities emphasize the importance of considering the needs of all local regulatory authorities (beyond the resource portfolios adopted by the California Public Utilities Commission) in CAISO's Transmission Planning Process. Six Cities contend that the elimination of the 2024 interconnection request window should not be permitted to prolong the gap in making these necessary changes to the process.¹⁶

9. NextEra states that it remains hopeful that CAISO's Interconnection Process Enhancements stakeholder initiative will have a positive effect on the interconnection queue process and the processing of Phase I and II interconnection studies. However, NextEra notes that it anticipates that these efforts will not reduce the number of interconnection requests that will be submitted in the next window. Thus, NextEra recommends that, if the Commission grants CAISO's request, it should seek assurance from CAISO that it will have the resources in place to timely process Phase I and Phase II studies in the future such that pauses in interconnection request windows do not become a regularly occurring event.¹⁷

10. In its answer, CAISO asserts that the Commission should disregard the comments submitted by NCPA, Six Cities, and NextEra because they are not germane to the issue of whether CAISO's proposal is just and reasonable. CAISO states that it has made meaningful progress towards addressing the underlying queue issues and highlights that it will be proposing significant reforms to its interconnection procedures next month when it submits its filing in compliance with Order No. 2023. CAISO again contends that forgoing the 2024 interconnection request window is a just and reasonable solution to the

¹⁵ NCPA Comments at 4-6.

¹⁶ Six Cities Comments at 2-4.

¹⁷ NextEra Comments at 2-3.

current challenges it is facing due to the high volume of pending interconnection requests.¹⁸

IV. Discussion

A. Procedural Matters

11. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2023), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

12. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2023), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept CAISO's answer because it has provided information that assisted us in our decision-making process.

B. Commission Determination

13. We find that, under the circumstances presented, CAISO's proposed revision to its Tariff to forgo a new interconnection request window in 2024 is just and reasonable and not unduly discriminatory or preferential and therefore accept it, effective March 31, 2024, as requested.¹⁹ We agree with CAISO that its proposed revision will enable CAISO to work with stakeholders to develop and implement meaningful reforms for processing Cluster 15 and will avoid exacerbating the queue's challenges. Further, we find that forgoing the 2024 interconnection request window is a just and reasonable solution to prioritize the significant volume of existing interconnection requests in a timely manner.

14. We find that NCPA's, Six Cities', and NextEra's comments regarding potential future enhancements and future study clusters are outside the scope of this section 205 filing. Nevertheless, we expect CAISO to take reasonable measures to ensure that ongoing studies are completed in a timely manner and to avoid further delays in accepting and processing new interconnection requests.

¹⁸ CAISO Answer at 2-5.

¹⁹ We agree with CAISO that permitting the Tariff revision to go into effect on March 31, 2024 will address the issues that CAISO identifies in its filing. We therefore grant CAISO's request for waiver of the 60-day prior notice requirement for good cause shown. *See Cent. Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992).

The Commission orders:

CAISO's proposed Tariff revision is hereby accepted, effective March 31, 2024, as requested, as discussed in the body of this order.

By the Commission.

(S E A L)

Debbie-Anne A. Reese,
Acting Secretary.