

May 20, 2024

CAISO Board of Governors
California Independent System Operator
250 Outcropping Way
Folsom, CA 95630

RE: Support for Interconnection Process Enhancements Track 2

Dear CAISO Board of Governors,

I am writing to express 174 Power Global's support for the Interconnection Process Enhancements (IPE) Track 2 final proposal. At 174 Power Global, we have witnessed firsthand the challenges that developers and other stakeholders face in navigating the current interconnection process. Due to conditions in the industry, the current interconnection queue has a tremendous backlog of interconnection requests which has resulted in an untenable process for new generators to interconnect to the CAISO grid in the near and medium term. 174 Power Global applauds the CAISO's efforts and vision to develop these much-needed reforms to the process.

The proposed enhancements represent a significant step forward in improving the efficiency, transparency, and overall effectiveness of the CAISO's interconnection process. In particular, the proposal to reform the generator interconnection intake process based on transmission availability and project readiness is a critical step to ensure that there will be a tenable path to interconnection for viable generation projects.

The joint and iterative planning process between the CAISO, the California Public Utilities Commission, and the California Energy Commission results in transmission planning objectives that are intended to accommodate resource portfolios that achieve California's reliability and policy needs. The IPE Track 2 final proposal establishes a zonal approach for the interconnection process that prioritizes interconnection requests in areas with available or planned transmission capacity based on commercial interest, project viability, and system need. It also offers an alternative path to interconnect in areas without available or planning transmission capacity (the "Merchant Option") ensuring open access to the CAISO grid is maintained.

It is important to understand that very few, if any, generation facilities get built without first securing a commercial contract with an off-taker. Under the current process for generation development, generators interconnecting to the CAISO grid often must have a relatively advanced interconnection application in order to compete commercially for an off-take agreement with a load-serving entity (LSE) or other buyer. As a result, the interconnection queue has become extremely over-subscribed with prospective interconnection requests looking to achieve advanced interconnection status in order to secure an off-take agreement. This dynamic has resulted in unrealistic interconnection study results and very extensive timelines to achieve commercial operations for most generators.

The reforms included in the IPE Track 2 final proposal to prioritize interconnection requests *prior to entering* the study process offers the potential to provide a more efficient pathway for the most competitive projects that align with California's reliability and policy objectives to advance through the interconnection process in a relatively expedited manner. While any major set of reforms are unlikely to be perfect at the outset, the CAISO's demonstrated process to monitor and implement future improvements will be critical to the long-term success of these reforms.

We recognize concerns that have been expressed by other resource developers that the proposed intake prioritization will limit the number of projects that can be studied and that it prioritizes LSE's interests. However, we believe that significant reforms to the process, such as those proposed in the IPE Track 2 final proposal, are necessary at this time to deal with the unprecedented volumes of interconnection requests. Further, while the proposed reforms would prioritize LSE interests, in most circumstances LSEs are subject to robust oversight and regulations that require them to make reasonable procurement related decisions. Notably, the final proposal also provides alternative pathways to interconnection for merchant and energy-only projects, which ensure there are pathways for various types of projects to enter the interconnection queue.

In conclusion, I recommend that the CAISO Board approve the IPE Track 2 final proposal and direct continued monitoring of its success and areas for future improvements. These interconnection process enhancements, while maybe imperfect at the outset, will be a critical step towards overcoming current interconnection process challenges and will play a pivotal role in advancing California's broader goals of achieving a sustainable, reliable, and clean energy future.

Thank you for your attention to this critical matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Cliff Graham', with a stylized flourish at the end.

Cliff Graham
Chief Development Officer
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