April 25, 2025

The Honorable Debbie-Anne A. Reese
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: California Independent System Operator Corporation
Docket No. ER25-___-000

Tariff Amendment to Implement Track 3 Proposals of Interconnection Process Enhancements 2023 Initiative

Dear Secretary Reese:

The California Independent System Operator Corporation (CAISO) submits this tariff amendment to clarify and enhance its interconnection procedures.[1] The enhancements will help serve first-ready projects, especially those projects from cluster 14 that recently received their final interconnection study results.[2] The reforms are the result of an extensive and robust stakeholder process that lasted more than a year, and strike an appropriate balance between the competing interests of the various stakeholders while meeting the needs of ratepayers. The CAISO requests that the Commission accept these tariff revisions effective June 25, 2025 (*i.e.*, 61 days after the date of this filing).

[1] The CAISO submits this filing pursuant to section 205 of the Federal Power Act (FPA), 16 U.S.C. § 824d, and Part 35 of the Commission's regulations, 18 C.F.R. Part 35. Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the CAISO tariff, and references to specific tariff sections and appendices are references to sections and appendices in the existing CAISO tariff unless otherwise specified.

[2] Cluster 14, the CAISO's first "supercluster," entered the CAISO interconnection process in 2021. It was not subject to Order No. 2023 reforms or the CAISO's recently approved screening mechanisms for new requests. However, it has been subject to significant reform during its time in queue. *See, e.g.*, *Cal. Indep. Sys. Operator Corp.*, 176 FERC ¶ 61,207 (2021) (accepting revisions to generator interconnection procedures for cluster 14); *Cal. Indep. Sys. Operator Corp.*, 180 FERC ¶ 61,143 (2022) (accepting enhancements intended to reduce queue volumes before cluster 15); *Cal. Indep. Sys. Operator Corp.*, 184 FERC ¶ 61,069 (2023) (accepting amendments to GIDAP for clusters 14 and 15); *Cal. Indep. Sys. Operator Corp.*, 189 FERC ¶ 61,195 (2024) (accepting additional cluster 14 reforms).

The CAISO's proposed enhancements consist of six independent, severable sets of tariff revisions:

1. Extending the CAISO's cluster 14 interconnection financial security posting deadline to allow parked customers to receive their deliverability allocation results first, consistent with previous clusters;

2. Clarifying acceptable power purchase agreements for Energy Only projects;

3. Reducing the CAISO's Energy Only deliverability study deposit from a $60,000 study deposit to a $5,000 flat fee;

4. Removing an unnecessary administrative step in the deliverability retention process;

5. Creating an intra-cluster prioritization process for reliability network upgrades with long lead-times; and

6. Providing more transparency on the transmission planning and deliverability allocation processes for public policy upgrades.[3]

Stakeholders generally supported the CAISO's proposals. The CAISO notes that each set of revisions is separate and not dependent on the other, from both a substantive and an implementation perspective. The CAISO has filed them together because they were part of the same stakeholder process, because they represent enhancements to the generator interconnection process, and because a single filing promotes administrative efficiency. The CAISO discusses each enhancement below.

Although the CAISO believes these tariff revisions do not substantially overlap with Order Nos. 2003, 845, or 2023 policies,[4] the CAISO's proposed tariff revisions meet both the just and reasonable standard and the independent entity standard.[5] The tariff revisions address issues unique to the CAISO, and were

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[3] The CAISO also proposes to clarify some references to market notices in provisions otherwise being revised in this filing. Rather than vague "market notices," the CAISO proposes to use the specific tariff-defined "Market Notice."

[4] *Improvements to Generator Interconnection Procs. & Agreements*, Order No. 2023, 184 FERC ¶ 61,054, at P 3 (2023) (Order No. 2023), *order on reh'g & clarification*, Order No. 2023-A, 186 FERC ¶ 61,199 (2024) (Order No. 2023-A). Order Nos. 2023 and 2023-A are sometimes referred to collectively in this Answer as "Order No. 2023," but not where distinguishing between those two Commission issuances is necessary.

[5] In its generator interconnection rules, the Commission has consistently permitted Independent System Operators and Regional Transmission Organizations to adopt variations

generally designed to work without significant conflict with the CAISO's tariff provisions modeled on Commission *pro forma* Large Generator Interconnection Procedure and Generator Interconnection Agreement provisions. The proposed revisions build upon the CAISO's interconnection procedures, with independent entity variations previously accepted by the Commission.

A. The IPE 2023 Stakeholder Initiative

For more than 15 years, the CAISO has continually reviewed and enhanced its generator interconnection procedures in a number of Commission proceedings to keep pace with California's Renewables Portfolio Standard and the associated evolution in generation development.[6] In February 2023 the CAISO established the IPE 2023 initiative as the latest step in this ongoing review and enhancement process to address the issues with the current interconnection queue described above.[7]

The IPE 2023 initiative is part of the larger set of foundational framework improvements being coordinated among the CPUC, the CEC, and the CAISO to help meet California's energy policy objectives in a timely and efficient manner. The overall strategic direction of these efforts is set forth in a Memorandum of Understanding. The CAISO also has engaged in numerous discussions with other local regulatory authorities, utilities, and LSEs that are not CPUC-jurisdictional to ensure the CAISO's planning reflects their needs. The IPE 2023 initiative leverages the improved coordinated planning resulting from the Memorandum of Understanding and these discussions, and will result in a more efficient interconnection process while helping to further break down barriers to efficient and timely resource development.

The stakeholder process the IPE 2023 initiative had three separate but related tracks.[8] As a result of enhancements developed in Track 1, the CAISO filed tariff revisions in June 2023 to extend the remaining interconnection study deadlines for cluster 14 and pause the interconnection study process for cluster

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from the Commission's *pro forma* approach under an "independent entity variation" standard. *See, e.g.*, Order No. 2023 at P 1764.

[6] *See, e.g.*, *Cal. Indep. Sys. Operator Corp.*, 154 FERC ¶ 61,169, at P 2 (2016) (describing CAISO generator interconnection enhancement initiatives since 2008); *Cal. Indep. Sys. Operator Corp.*, 180 FERC ¶ 61,143, at P 2 (2021) (describing additional generator interconnection enhancement initiatives); *Cal. Indep. Sys. Operator Corp.*, 182 FERC ¶ 61,196, at P 16 (2023) (accepting CAISO tariff revisions to enhance generator interconnection process).

[7] *See* https://www.caiso.com/documents/interconnection-process-enhancements-2023-issue-paper-and-straw-proposal-posting-on-030623.html (CAISO market notice announcing the initiative).

[8] The IPE 2023 initiative consists of two phases, only the first of which is in progress. The CAISO will start the second phase at a future point.

15, which the Commission accepted as described above.[9] The Commission already approved the majority of the tariff revisions from Track 2, which addressed the intake process for cluster 15 and beyond, and queue management after interconnection studies.[10] This filing is the result of Track 3, the final track from IPE 2023.

B. Stakeholder Process for this Tariff Amendment

The stakeholder process for Track 3 of the IPE 2023 stakeholder initiative was extensive and lasted from until July 2024 to March 2025. The stakeholder process began with working group discussions to establish principles and problem statements related to interconnection request intake and queue management. Participants proposed concepts and worked with the CAISO to explore and refine them throughout the course of the initiative. Several stakeholder proposals are reflected in this final filing.

During the stakeholder process, the CAISO held over a dozen stakeholder meetings and posted multiple issue papers and proposals, each revised based on stakeholder feedback and the CAISO's own review. Stakeholders consisted of developers, utilities, local regulatory authorities, and industry trade groups. These stakeholders had numerous opportunities to provide both comments in-person at the meetings and written comments. In addition, stakeholders were given the opportunity to comment on a near-final version of the CAISO's proposed tariff revisions.[11] The CAISO provides responses to stakeholder comments below in this transmittal letter.

The CAISO Governing Board (Board) authorized the CAISO to submit this tariff amendment at its meeting held on March 29, 2025.[12]

C. Proposed Tariff Revisions

1. Extending the CAISO's cluster 14 interconnection financial security posting deadline

Cluster 14 interconnection customers have experienced several interconnection timeline changes since they entered the queue in 2021. These

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9 *Cal. Indep. Sys. Operator Corp.*, 184 FERC ¶ 61,069 (2023).

10 *Cal. Indep. Sys. Operator Corp.*, 188 FERC ¶ 61,225 (2024); *Cal. Indep. Sys. Operator Corp.*, 189 FERC ¶ 61,195 (2024).

11 Materials related to the stakeholder process are available at the IPE 2023 Stakeholder Page, https://stakeholdercenter.caiso.com/StakeholderInitiatives/Interconnection-process-enhancements-2023, and are attached to this filing.

12 *See* https://www.caiso.com/about/governance-committees.

changes have sought to balance the large volume of cluster 14 customers with the need to serve first-ready projects.

Like many transmission providers, the CAISO requires interconnection customers to put more financing toward their network upgrades as they progress in queue.[13] Interconnection customers are required to post 15% of their assigned costs after their initial interconnection study, and 30% of their assigned costs after their second interconnection study. However, interconnection customers receive an extension on this second interconnection financial security posting if they "park" their interconnection request for one year after not receiving a sufficient deliverability allocation. This allows them to re-seek deliverability—potentially in a higher allocation group[14]—before deciding whether to proceed in queue.[15]

The second interconnection financial security posting deadline was July 1, 2024, giving parked cluster 14 interconnection customers until July 1, 2025 to post.[16] However, given the timeline changes to clusters 14 and 15 to comply with Order No. 2023, no new deliverability allocation results will be available until 2026.[17] In other words, the one-year extension for parked cluster 14 projects was insufficient to allow those projects to receive new results. The CAISO thus proposes to extend the second interconnection financial security deadline until 60 days after the next deliverability results will be available.[18] This has been the common period for customers to review their new results and prepare to post financial security or withdraw from queue.[19] The Commission should approve

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13 *See* Section 11 of Appendix DD to the CAISO tariff.

14 Section 8.9.2 of Appendix DD to the CAISO tariff.

15 Having a deliverability allocation enables the generator to sell resource adequacy capacity in California. Without deliverability, the generator is unable to enter into a resource adequacy power purchase agreement, and thus very unlikely to secure financing to construct its project.

16 Sections 16.1(i) and 11.3.1.3 of Appendix DD to the CAISO tariff.

17 The CAISO reset elements of its schedule to comply with the Order No. 2023 timelines, and the next cluster study does not commence until this summer.

18 Proposed Section 16.1(i) (for clarification) and 16.1(k). The proposed tariff revisions give parked cluster 14 interconnection customers until the later of (a) May 29, 2026, or (b) sixty (60) days after the CAISO publishes the results of the TP Deliverability allocation process. The CAISO expects May 29, 2026 *will be* 60 days after the results of the allocation process, but included this "later of" clause to err on the side of giving interconnection customers sufficient time to decide if the deliverability allocation process changes. The CAISO also has included a similar extension for cluster 14 projects that may park a second time; however, the CAISO does not expect cluster 14 projects to be eligible to do so. Nevertheless, the CAISO has included a second extension to avoid the risk of needing to amend the tariff again.

19 *See* Section 11.3.1.3 of Appendix DD to the CAISO tariff.

these tariff revisions as just and reasonable. They are a natural result of the timeline changes cluster 14 has experienced, and will allow viable projects to remain in queue, seek deliverability, and decide to stay in queue based their results.

2. Clarifying acceptable power purchase agreements for Energy Only projects

There are various provisions in the CAISO tariff where an interconnection customer may (or must) provide a power purchase agreement. These include, for example, seeking or retaining deliverability allocations and extending commercial operation dates beyond years in queue.[20] The CAISO uses power purchase agreements as the primary litmus test that the project is commercially viable. Projects with power purchase agreements are the "first ready" projects the CAISO should prioritize. Generally, interconnection customers provide power purchase agreements that include a resource adequacy component, thereby requiring the interconnection customer to be (or become) deliverable. However, there are situations where an Energy Only[21] customer would need to provide a power purchase agreement. In these situations, it would not be appropriate for the CAISO to accept a power purchase agreement that contemplates resource adequacy or otherwise requires the customer to be deliverable: the interconnection customer is not deliverable and may not be able to become deliverable for a long time, if ever. For transparency, the CAISO proposes to clarify that in these situations, the CAISO only will accept an "Energy Only" power purchase agreement, that is, a power purchase agreement that does not contemplate deliverability.[22] This will avoid any ambiguity over what power purchase agreements comply with the tariff requirements.

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20 *See* Sections 6.7.4, 8.9.2(A), 8.9.3 of Appendix DD to the CAISO tariff.

21 *I.e.*, an interconnection customer that is not deliverable, meaning it will not have sufficient transmission capacity to deliver its output to load during stressed conditions, rendering it ineligible to provide resource adequacy.

22 Proposed Sections 8.9.2.3 and 8.9.9 of Appendix DD to the CAISO tariff. The CAISO does not propose to revise equivalent sections in Appendix KK at this time. Those provisions will not apply to the cluster 15 customers subject to that tariff for years, and the CAISO plans to file more holistic changes on the deliverability rules, including reconciling Appendix DD and KK provisions, after an initial order on the CAISO's Order No. 2023 compliance filing.

3. Reducing the CAISO's Energy Only deliverability study charge

Certain Energy Only interconnection customers can seek deliverability through the CAISO's annual deliverability allocation process. Often these interconnection customers are already online or recently repowered. In any case, these interconnection customers generally no longer have any interconnection study deposit funds that can offset the costs of studying them anew for deliverability. When the CAISO established a process for studying these projects for deliverability, it did not know the precise costs of the study or the volume of interconnection customers that would participate and fund the study. The CAISO thus required a larger deposit of $60,000 because developers have long expressed a preference for receiving refunds from deposits too large than additional invoices for deposits too small. The CAISO now has experience with these studies, and proposes to convert the $60,000 study deposit to a $5,000 flat fee.[23] The CAISO believes this will cover all costs, and converting from a deposit to a fee will greatly reduce the administrative burden for the CAISO and the interconnection customers.

4. Removing an unnecessary administrative step in the deliverability retention process

The CAISO allocates deliverability first to projects with power purchase agreements, then to projects shortlisted for power purchase agreements, then to any online generators[24] that do not have power purchase agreements or shortlisting, and finally to queued interconnection customers that do not have power purchase agreements or shortlisting.[25] This final group is known as "Group D." If a Group D interconnection customer receives a deliverability allocation, it must meet certain retention requirements in subsequent years. One year after its allocation it must be shortlisted for or negotiating a power purchase agreement, and one year after that it must have executed the power purchase agreement.[26] Failure to comply results in losing the deliverability allocation.

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[23] Proposed Section 8.9.2 of Appendix DD to the CAISO tariff and Section 8.9.2 of Appendix KK to the CAISO tariff.

[24] The CAISO refers to generators as any resource that can put electrons onto the grid, including energy storage resources. References to generators or generation should not be mistaken for any particular technology or fuel unless specified.

[25] *See* Section 8.9.2 of Appendix DD to the CAISO tariff. If at any point a group uses all available deliverability, which the first group often does alone, the subsequent groups do not receive an allocation.

[26] If it executes a power purchase agreement the first year, it will retain the allocation.

The CAISO has observed that the first year retention requirement is too weak of a market signal to use to demonstrate viability, and difficult for the CAISO to verify or refute. The CAISO plans to retire shortlisting completely from CAISO processes after the next deliverability allocation cycle.[27] For Group D customers retaining their deliverability, specifically, it has merely proven an administrative burden, with no interconnection customers failing to meet the requirement or withdrawing to avoid it. Moreover, because of the timeline changes caused by transitioning to the new Order No. 2023 timelines, interconnection customers receiving deliverability from the 2025 cycle would have extra time before the next cycle. For these reasons, the CAISO proposes to remove the intermediate step of Group D interconnection customers providing evidence of shortlisting, and simply to require them to have executed a power purchase agreement after the next allocation cycle.[28] Substantively, this will have little effect on Group customers—they still will need a power purchase agreement within two years—but it removes the administrative step for them and the CAISO in the intervening year. Clarifying these rules now will create transparency and avoid any confusion over retention requirements for Group D customers that receive an allocation this year.[29]

5. Creating an intra-cluster prioritization process for reliability network upgrades with long lead-times

The benefits of cluster studies are well established. As the Commission recently found, they "increase efficiency because transmission providers can perform larger interconnection studies encompassing many proposed generating facilities, rather than separate studies for each individual interconnection customer."[30] Cluster studies likewise "provide greater certainty to interconnection customers, regarding both the timing of studies and the magnitude of network upgrade costs."[31] However, given the unprecedented volume of clusters 14 and 15, the CAISO has required several enhancements to its cluster study processes to keep study results accurate and reliable.

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27 The CAISO will file those tariff revisions after that cycle.

28 Proposed Section 8.9.3 of Appendix DD to the CAISO tariff. The CAISO is not proposing a similar change to Appendix KK because it intends to file more holistic tariff revisions to the deliverability allocation process before cluster 15 interconnection customers could come under the Group D requirements.

29 To avoid changing the requirements retroactively, previous Group D customers will still be under the requirements as they existed before. For example, they will not lose the opportunity to retain deliverability via shortlisting this year if they received an allocation last year. In other words, the CAISO's proposed changes only will affect new Group D customers after this filing.

30 Order No. 2023 at P 177.

31 *Id*.

As of today, cluster 14 still includes 172 active interconnection requests comprising 56,866 MW. If constructed, cluster 14 alone would be more than enough generation to meet the CAISO's all-time peak demand.[32] Given its volume, many areas in cluster 14 have triggered a high concentration of reliability network upgrades. As the name suggests, reliability network upgrades are those upgrades required to interconnect new generators safely and reliably.[33] They remedy short circuit issues, stability problems, or thermal overloads that would not be present but for the interconnection of the new generation. Interconnection studies only require reliability network upgrades based on system operating limits, occurring under any system condition, which cannot be adequately mitigated through congestion management or operating procedures. While delivery network upgrades are public policy network upgrades from the transmission planning process, and thus have a finite limit;[34] interconnection customers are not limited by how many reliability network upgrades they may trigger.[35]

Having now finished its interconnection studies,[36] cluster 14 is in the process of executing GIAs and proceeding toward construction. But due to cluster 14's size, many interconnection customers share a host of reliability network upgrades with long lead times. Principally these consist of circuit breaker replacements for higher short-circuit interrupting capacity, which can require more than five years to complete. Interconnection customers assigned these network upgrades may not synchronize to the grid before their completion because they are for reliability and safety.[37] However, many of these upgrades will only be necessary if all or most of the interconnection customers actually reach operation. In other words, if fewer interconnection customers reach

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32 The CAISO's peak demand is 52,061 MW, set on September 6, 2022. https://www.caiso.com/documents/californiaisopeakloadhistory.pdf.

33 "Reliability Network Upgrade," Appendix A to the CAISO tariff.

34 Based on the amount of deliverable capacity the local regulatory authorities require.

35 They are limited to ratepayer impact, however. *See* Section 14.3.2.1 of Appendix DD to the CAISO tariff. Moreover, the more reliability network upgrades an interconnection customer triggers, the less competitive it becomes for a power purchase agreement, and the more likely it becomes to withdraw.

36 Cluster 14 will still go through the annual reassessment process to account for withdrawals and modifications.

37 Unlike delivery network upgrades, which only delay when the resources are eligible to provide resource adequacy capacity. The CAISO provides several ways interconnection customers can come online—and even use interim deliverability—ahead of their delivery network upgrades but once their reliability network upgrades are complete.

commercial operation, many of these reliability network upgrades will not even be triggered, and would be removed from interconnection studies.

This creates a sorting problem the CAISO tariff currently does not address: which interconnection customers can interconnect earlier under existing transmission headroom,[38] and which must wait for their assigned network upgrades?[39] To solve this problem, the CAISO proposes to use a slight variation of a longstanding, fair process:[40] the transmission plan deliverability allocation process.[41] The CAISO proposes that interconnection customers may submit similar information on their progress and commercial viability for "points." The resources with the most points will be allocated existing headroom, and will have their in-service dates moved up.[42]

To keep the study manageable, the CAISO will limit it to interconnection customers with assigned reliability network upgrades[43] with construction schedules of at least four years that delay an interconnection customer's earliest available in-service date by at least two (2) years.[44] Even if an interconnection customer has qualifying reliability network upgrades, it does not have to participate in the study and scoring process, and can simply elect to keep its current in-service date.[45] The CAISO will post the detailed methodology for this

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38 Normally headroom is allocated on a cluster by cluster basis, but cluster 14 alone is greater than the available headroom, and normal withdrawal rates would take years before the reliability network upgrades are no longer necessary.

39 Interconnection customers assigned the reliability network upgrades will still share their costs even if they are permitted to interconnect early. Their generation still contributed to the need for the upgrade with the rest of their cluster.

40 Proposed Sections 16.3 of Appendix DD and Appendix KK to the CAISO tariff. Although cluster 14 was the first cluster to need this process, it could be needed in future clusters as well. As such, the CAISO proposes to include it in Appendix DD (for cluster 14) and Appendix KK, the interconnection procedures for cluster 15 and beyond.

41 Section 8.9.2 of Appendix DD to the CAISO tariff. This should not be confused with the CAISO's recently approved screening procedures for new interconnection requests (section 4 of Appendix KK).

42 The remaining interconnection customers will simply continue to wait for their assigned reliability network upgrades.

43 Including precursor network upgrades from the CAISO transmission plan.

44 Network upgrades with shorter schedules are fairly typical such that they do not require any special prioritization process, especially considering the construction and permitting schedules of the resources and their interconnection facilities.

45 *I.e.*, the in-service date based on how long the reliability network upgrades will take to come online.

study on the CAISO website.[46] The CAISO will issue a market notice specifying the timeline for commencement of activities, for interconnection customer submissions, and anticipated release of results to interconnection customers.[47] The CAISO will notify interconnection customers whether they have qualifying reliability network upgrades and there may be available headroom to interconnect earlier at least thirty (30) days before the deadline to submit affidavits for scoring. Although cluster 14 precipitated this change, interconnection customers with eligible upgrades from prior clusters also may participate in the study.[48]

To participate, interconnection customers with completed interconnection studies will submit a $50,000 study deposit and an affidavit very similar to the affidavit for deliverability scoring.[49] The affidavit will attest to the status of the interconnection request. Projects will be scored as follows:[50]

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46 Again, like the on-peak deliverability assessment methodology.

47 Give the schedule transitions occurring now with Order No. 2023, the CAISO does not believe it is prudent to include specific dates in the tariff at this time. The Market Notice-based approach has proven successful with the deliverability allocation process, and the CAISO updates interconnection customers throughout the year when it intends to run the process (generally shortly after Phase II/interconnection facilities studies). In any case, the CAISO intends to run this process near simultaneously with the deliverability allocation process to increase administrative efficiency for projects and the CAISO.

48 The tariff provisions will apply to future clusters as well.

49 Like with other optional studies, the Interconnection Customer will be responsible for the actual costs incurred by the CAISO and applicable Participating TO(s) in conducting the assessment. If the actual costs of the assessment are less than the deposit provided by the Interconnection Customer, the Interconnection Customer will be refunded the balance. If the actual costs of the assessment are greater than the deposit provided by the Interconnection Customer, the Interconnection Customer shall pay the balance within thirty (30) days of being invoiced.

50 Proposed Sections 16.3 of Appendix DD and Appendix KK to the CAISO tariff (the Appendix KK version removes the term “interconnection financial security,” which is not used in Appendix KK, but otherwise has the same policy that the interconnection customer has provided all financing for its upgrades and is ready for construction on the grid).

Points	Permitting	Power Purchase Agreement Status	GIA Status	Deliverability Upgrade Status
10	Has final government permit to construct, or has authorization to construct with a qualifying exemption[51]	Off-taker is procuring the capacity to meet its own RA obligation, or the interconnection customer is a load serving entity serving its own load	The interconnection customer has provided payment and security to the transmission owner	Full Capacity Deliverability Status Allocated project not waiting for any transmission upgrades needed for deliverability or Energy Only project
7		Has an executed PPA	The transmission owner has received written authorization to proceed with construction from the Interconnection Customer	
5	Draft environmental report with no significant impact that cannot be mitigated			
3	Data adequate		Has an executed GIA	Full Capacity Deliverability Status allocated project waiting for a transmission upgrade needed for deliverability
1	Applied			

These metrics have been well vetted and have proven successful with the deliverability allocation process for projects with completed interconnection studies and proceeding toward commercial operation. They accurately score projects' viability. The CAISO also added the Deliverability Upgrade Status column of scoring to recognize that projects with deliverability and not needing further delivery network upgrades are more likely to reach commercial operation sooner.[52]

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51 In accordance with CPUC General Order NO. 131-D: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M521/K748/521748942.pdf.

52 Consistent with the scoring process for deliverability, the CAISO proposes that the points—not the criteria themselves—be set in the Business Practice Manual. This allows the CAISO to adjust points slightly in future studies if too many projects all meet certain criteria and result in excessive ties. For deliverability, the CAISO has not needed to adjust points in the Business Practice Manual, and they have been static for years.

In allocating transmission capacity, the CAISO and the transmission owner will allocate transmission capacity based on the highest numerical score. The CAISO will resolve any ties for capacity from short-circuit related general reliability network upgrades[53] by short-circuit duty contribution, with the lowest contribution per MW prevailing. The CAISO will resolve any ties for capacity from power-flow related general reliability network upgrades by flow contribution, with the lowest contribution prevailing. The CAISO will resolve any ties for capacity from interconnection reliability network upgrades[54] by generating facility capacity, with the largest capacity prevailing. These tiebreakers enable the most capacity to come online.

This proposed process does not affect interconnection customer's existing rights to request to interconnect earlier, including through a limited operations study, commercial operation for markets, construction phasing, or self-building stand-alone network upgrades.

The Commission should approve these tariff revisions as just and reasonable. Without them, the CAISO will not have the ability to determine which projects can come online earlier, and interconnection customers will be forced to assume they must await all of their assigned network upgrades. The CAISO's proposed process is based on an existing process that has received no complaint to the Commission, and was well supported by stakeholders. Approving the CAISO's new process will support the Commission's goal of using "first ready, first served" interconnection procedures.

6. Providing more transparency on the transmission planning and deliverability allocation processes for public policy upgrades

Order No. 1000 requires transmission providers to describe procedures that provide for the consideration of transmission needs driven by public policy requirements in local and regional transmission planning processes.[55] This

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53 General Reliability Network Upgrades are Reliability Network Upgrades that are not Interconnection Reliability Network Upgrades.

54 Interconnection Reliability Network Upgrades are Reliability Network Upgrades at the Point of Interconnection to accomplish the physical interconnection of the Generating Facility to the CAISO Controlled Grid.

55 *Transmission Plan. & Cost Allocation by Transmission Owning & Operating Pub. Utils*., Order No. 1000, 76 FR 49842 (Aug. 11, 2011), 136 FERC ¶ 61,051 at P 203 (2011), Order No. 1000-A, 77 FR 32184 (May 31, 2012), 139 FERC ¶ 61,132 (2012), *order on reh'g & clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014) (per curiam). Namely, public policy requirements established by state or federal laws or regulations. By "state or federal laws or regulations," the Commission

requirement is meant to "remedy opportunities for undue discrimination by requiring public utility transmission providers to have in place processes that provide all stakeholders the opportunity to provide input into what they believe are transmission needs driven by Public Policy Requirements, rather than the public utility transmission provider planning only for its own needs or the needs of its native load customers."[56] The Commission explained that this requirement exists in two parts: (1) the identification of transmission needs driven by public policy requirements; and (2) the evaluation of potential solutions to meet those needs.[57]

Having long complied with Order No. 1000, the CAISO tariff explains its consideration of public policy requirements, how the CAISO identifies transmission needs for those requirements, and how it evaluates potential solutions to meet those needs. Local regulatory authorities and interested parties submit public policy requirements for consideration in the CAISO transmission planning process. Following public conference and opportunities for stakeholders to submit comment, the CAISO determines and publishes the final "unified planning assumptions" and study plan, which include an explanation regarding the public policy requirements or directives it selected for consideration in the current planning cycle as well as the suggested public policy requirements and directives that were not selected for consideration and the reasons why.[58]

The CAISO then determines the need for, and identifies, the policy-driven transmission solutions that cost-effectively and efficiently meet applicable policies, including under alternative resource location and integration assumptions, while mitigating the risk of stranded investment.[59] The CAISO also creates a baseline scenario reflecting the assumptions about resource locations that are most likely to occur and one or more reasonable stress scenarios to

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specified enacted statutes (*i.e.*, passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level. *Id*. at P 2.

56 *Id*. at P 203.

57 *Id*. at P 205.

58 Sections 24.3 and 24.3.3 of the CAISO tariff. A public policy requirement selected for consideration in a transmission planning cycle will be carried over into subsequent transmission planning cycles unless the CAISO determines that such public policy requirement or directive has been eliminated, modified, or is otherwise not applicable or relevant for transmission planning purposes in a current transmission planning cycle. The CAISO posts on its website an explanation of any decision not to consider a previously identified public policy requirement or directive from consideration in the current transmission planning process cycle

59 Section 24.4.6.6 of the CAISO tariff.

compare to the baseline scenario.[60] Transmission solutions that are in the baseline scenario and a significant percentage of stress scenarios are deemed Category 1 transmission solution that the CAISO will recommend for approval in the comprehensive transmission plan in the current planning cycle.[61] All public policy projects that constitute regional transmission facilities under the CAISO tariff, and are not upgrades to or replacements of existing facilities, are subject to competitive solicitation.

Since Order No. 1000, the public policy requirement procedures have worked well. However, the CAISO has experienced very little variation in public policy requirements. As the most recent approved transmission plan explained:

> The overarching public policy objective for the California ISO's Policy-Driven Need Assessment is the state's mandate for meeting renewable energy and greenhouse gas (GHG) reduction targets while maintaining reliability. For purposes of the transmission planning process, this high-level objective is comprised of two sub-objectives: first, to support Resource Adequacy (RA) deliverability status for the renewable generation and energy storage resources identified in the portfolio as requiring that status, and second, to support the economic delivery of renewable energy during all hours of the year.[62]

From this requirement, the CAISO's transmission planning process traditionally has identified new Area Delivery Network Upgrades to interconnect new, deliverable generation sources consistent with local regulatory authorities' procurement requirements.

Recently, local regulatory authorities' procurement requirements have included new types of resources that require bespoke transmission solutions, including offshore and out-of-state wind, geothermal, and long-duration energy storage. Because these resources are location constrained and have very long lead times, allocating the transmission capacity from the policy-driven transmission solutions too soon to resources not contemplated by those public policies would undercut those public policies. Other resources would use the capacity, frustrating the local regulatory authorities' goals or requiring construction of duplicative transmission at ratepayers' expense.

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60 *Id*.

61 *Id.*

62 CAISO 2023-2024 Transmission Plan, p. 63, https://www.caiso.com/documents/iso-board-approved-2023-2024-transmission-plan.pdf.

The CAISO tariff already explains that the CAISO reserves transmission capacity for specific "commitments having a basis in the Transmission Plan," and that the CAISO only allocates "any remaining deliverability" to interconnection customers *after* the prior commitments.[63] However, because the specific commitments bucket was small or non-existent for many years, the remaining deliverability bucket essentially has been all approved transmission capacity. This has led to some confusion, understandably, as specific commitments in the transmission plan have arisen.

To avoid confusion and promote transparency, the CAISO proposes to provide more specific guidance on how the transmission planning process will consider public policy requirements for long lead-time resources. The CAISO proposes to require that the final transmission plan specify where the CAISO will reserve transmission capacity created by a policy-driven transmission solution for long lead-time resources and the amount of reserved capacity.[64] The transmission plan also will specify criteria for eligible resources, including at a minimum, but without limitation: location, MW capacity, generating technology, and expected in-service date.[65] These provisions will require a transparent, public stakeholdering of such commitments in the transmission planning process. It also will provide specific figures and locations in the transmission plan so developers can easily understand where generic deliverability will materialize, and where deliverability has been reserved for specific public policies.

Within each recurring transmission planning process, local regulatory authorities and stakeholders will have the opportunity to review the deliverability commitments to ensure they are still consistent with their public policies.[66] Local regulatory authorities may provide the CAISO with a specific list of qualifying resources eligible to compete for reserved capacity, they may modify previous criteria, or they may decide to release the capacity into the generic deliverability pool for any resource. However, like the initial submission of a public policy requirement, any change would go through the public stakeholder process and require Board approval.

Consistent with these clarifications, the CAISO also proposes to revise its tariff provisions on deliverability allocations to specify capacity commitments

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63 *Compare* Sections 8.9.1 (First Component: Representing TP Deliverability Used by Prior Commitments) and 8.9.2 (Second Component: Allocating TP Deliverability) of Appendix DD to the CAISO tariff. Other commitments include prior deliverability commitments in the interconnection process, Maximum Import Capability commitments, and others.

64 Proposed Section 24.4.6 of the CAISO tariff.

65 *Id*.

66 *Id*.

more transparently. The CAISO proposes to specify that "commitments having a basis in the Transmission Plan" may include long-lead-time resources with corresponding transmission solutions.[67] The CAISO also proposes to specify that it only may reserve deliverability "up to the lower of (a) the capacity of deliverable long lead-time resources in the approved Local Regulatory Authority portfolios submitted to the CAISO for the most recent Transmission Plan, or (b) the transmission capacity created by the Category 1 policy-driven transmission solutions and available on existing transmission for the long lead-time resources."[68] Both figures will be available in the transmission plan.

The Commission should approve these tariff revisions as just and reasonable. They clarify existing processes and promote transparency within the transmission planning process. They also provide developers more granular information to understand where deliverability will be available (and not) for their projects. More critically, they ensure that local regulatory authorities can achieve the public policy requirements vetted through the CAISO's transmission planning process without unnecessarily duplicating transmission solutions or increasing ratepayer costs.

D. Effective Date

The CAISO requests that the Commission accept the tariff revisions contained in this filing effective June 25, 2025 (*i.e.*, 61 days after the date of this filing). This effective date will provide clarity to stakeholders and avoid cluster 14 customers' requirement to post further financial security before receiving their deliverability allocation results.

E. Communications

Pursuant to Rule 203(b)(3) of the Commission's Rules of Practice and Procedure,[69] the CAISO requests that all correspondence, pleadings, and other communications regarding this filing should be directed to following:

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67 Proposed Sections 8.9.1 of Appendix DD and Appendix KK to the CAISO tariff. The CAISO also proposes to include "remaining" in the header of Section 8.9.2, consistent with the body of that section.

68 *Id*.

69 18 C.F.R. § 385.203(b)(3).

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F. Service

The CAISO has served copies of this filing on the CPUC, the CEC, and all parties with scheduling coordinator agreements under the CAISO tariff. In addition, the CAISO has posted a copy of the filing on the CAISO website.

G. Contents of Filing

In addition to this transmittal letter, this filing includes the following attachments:

Attachment A	Clean CAISO tariff sheets incorporating this tariff amendment
Attachment B	Red-lined document showing the revisions in this tariff amendment
Attachment C	Track 3 Final Proposal
Attachment E	Track 3 Board Memorandum

H. Conclusion

For the reasons set forth above, the CAISO respectfully requests that the Commission accept the tariff revisions proposed above effective June 25, 2025.

Respectfully submitted,

/s/ William H. Weaver

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Attachment A – Clean Tariff Sheets

Interconnection Process Enhancements 2023 – Track 3 Proposals

California Independent System Operator Corporation

April 25, 2025

Section 24

* * * * *

24.3.2 Content of the Unified Planning Assumptions and Study Plan

The Unified Planning Assumptions and Study Plan shall, at a minimum, provide:

(a) The planning data and assumptions to be used in the Transmission Planning Process cycle, including, but not limited to, those related to Demand Forecasts and distribution, potential generation capacity additions and retirements, and transmission system modifications;

(b) A description of the computer models, methodology and other criteria used in each technical study performed in the Transmission Planning Process cycle;

(c) A list of each technical study to be performed in the Transmission Planning Process cycle and a summary of each technical study's objective or purpose;

(d) A description of significant modifications to the planning data and assumptions as allowed by Section 24.3.1(a) and consistent with Section 24.3.2;

(e) The identification of any entities directed to perform a particular technical study or portions of a technical study;

(f) A proposed schedule for all stakeholder meetings to be held as part of the Transmission Planning Process cycle and the means for notification of any changes thereto, the location on the CAISO Website of information relating to the technical studies performed in the Transmission Planning Process cycle, and the name of a contact person at the CAISO for each technical study performed in the Transmission Planning Process cycle;

(g) To the maximum extent practicable, and where applicable, appropriate sensitivity analyses, including project or solution alternatives, to be performed as part of the technical studies;

(h) Descriptions of the High Priority Economic Planning Studies as determined by the CAISO under section 24.3.4.2;

(i) Identification of state or federal, municipal or county requirements or directives that the CAISO will utilize, pursuant to Section 24.4.6.6, to identify policy-driven transmission solutions; and

(j) The status of transmission capacity reservations for long lead-time resources for policy-driven transmission solutions.

* * * * *

24.4.6.6 Policy-Driven Transmission Solutions

Once the CAISO has identified reliability-driven solutions, LCRIF projects eligible for conditional or final approval, solutions needed to maintain long-term CRR feasibility, qualified Merchant Transmission Facilities, needed LGIP Network Upgrades as described in Section 24.4.6.5, and Subscriber Participating TO transmission facilities as well as generation facilities seeking to interconnect to the CAISO Controlled Grid on Subscriber Participating TO transmission facilities, the CAISO shall evaluate transmission solutions needed to meet state, municipal, county or federal policy requirements or directives as specified in the Study Plan pursuant to Section 24.3.2(i). Policy-driven transmission solutions will be either Category 1 or Category 2 transmission solutions. Category 1 transmission solutions are those which under the criteria of this section are found to be needed and are recommended for approval as part of the comprehensive Transmission Plan in the current cycle. Category 2 transmission solutions are those that could be needed to achieve state, municipal, county or federal policy requirements or directives but have not been found to be needed in the current planning cycle based on the criteria set forth in this section. The CAISO will determine the need for, and identify such policy-driven transmission solutions that efficiently and effectively meet applicable policies under alternative resource location and integration assumptions and scenarios, while mitigating the risk of stranded investment. The CAISO will create a baseline scenario reflecting the assumptions about resource locations that are most likely to occur and one or more reasonable stress scenarios that will be compared to the baseline scenario. Any transmission solutions that are in the baseline scenario and at least a significant percentage of the stress scenarios may be Category 1 transmission solutions. Consistent with the state, federal, municipal or county requirements or directives underlying the Category 1 transmission solution, the Transmission Plan will specify where the CAISO will reserve the transmission capacity created by a Category 1 transmission solution for certain long lead-time resources, and the amount of reserved capacity. The Transmission Plan will specify criteria for eligible resources, including at a minimum, but without limitation: location, MW capacity, generating technology, and expected in-service date. Each Transmission Plan may modify these criteria for policy-driven transmission solutions as needed to meet state, federal, municipal or county requirements or directives.

Transmission solutions that are included in the baseline scenario but which are not included in any of the

stress scenarios or are included in an insignificant percentage of the stress scenarios, generally will be Category 2 transmission solutions, unless the CAISO finds that sufficient analytic justification exists to designate them as Category 1 transmission solutions. In such cases, the ISO will make public the analysis upon which it based its justification for designating such transmission solutions as Category 1 rather than Category 2. In this process, the CAISO will consider the following criteria:

(a) commercial interest in the resources in the applicable geographic area (including renewable energy zones) accessed by potential transmission solutions as evidenced by signed and approved power purchase agreements and interconnection agreements;

(b) the results and identified priorities of the California Public Utilities Commission's or California Local Regulatory Authorities' resource planning processes;

(c) the expected planning level cost of the transmission solution as compared to the potential planning level costs of other transmission solutions;

(d) the potential capacity (MW) value and energy (MWh) value of resources in particular zones that will meet the policy requirements, as well as the cost supply function of the resources in such zones;

(e) the environmental evaluation, using best available public data, of the zones that the transmission is interconnecting as well as analysis of the environmental impacts of the transmission solutions themselves; the extent to which the transmission solutions will be needed to meet Applicable Reliability Criteria or to provide additional reliability or economic benefits to the CAISO grid;

(f) potential future connections to other resource areas and transmission facilities;

(g) resource integration requirements and the costs associated with these requirements in particular resource areas designated pursuant to policy initiatives;

(h) the potential for a particular transmission solution to provide access to resources needed for integration, such as pumped storage in the case of renewable resources;

(i) the effect of uncertainty associated with the above criteria, and any other considerations, that could affect the risk of stranded investment; and

(j) the effects of other solutions being considered for approval during the planning process.

* * * * *

Appendix DD

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Appendix DD

8.9.1 First Component: Representing TP Deliverability Used by Prior Commitments

The CAISO will identify the following commitments that will utilize MW quantities of TP Deliverability:

(a) The proposed Generating Facilities corresponding to earlier queued Interconnection Requests meeting the criteria set forth below:

(i) proposed Generating Facilities in Queue Cluster 4 or earlier that have executed PPAs with Load-Serving Entities and have GIAs that are in good standing.

(ii) proposed Generating Facilities in Queue Cluster 5 and subsequent Queue Clusters that were previously allocated TP Deliverability and have met the criteria to retain the allocation set forth in Section 8.9.3.

(b) any Maximum Import Capability included as a planning objective in the Transmission Plan and a Subscriber Participating TO that is a non-contiguous portion of the CAISO BAA can use Maximum Import Capability made available by Participating Generators and System Resources if such allocation is made available in accordance with Section 40.4.6.2.1 (Step 13) of the CAISO Tariff; the available Maximum Import Capability made available by the Load Serving Entities that have access to Subscriber Rights until the Load Serving Entity(ies) cease using this Maximum Import Capability allocation or Delivery Network Upgrade(s) pursuant to Section 4.3A4.2(b) of the CAISO Tariff is completed to support the Subscriber Rights and then the TP Deliverability will be awarded to such Subscriber consistent with Section 8.9.1(c) of this GIDAP;

(c) any other commitments having a basis in the Transmission Plan, including without limitation, long lead-time resources with corresponding transmission solutions, and any commitments established due to a Subscriber's exercise of its first option to acquire Deliverability made possible by Delivery Network Upgrades pursuant to Section 4.3A.4.2(a) of the CAISO Tariff, provided this first option has been exercised before the Subscriber is no longer eligible to apply for TP Deliverability allocation under Section 8.9 of this GIDAP. Generating Units possessing Subscriber Rights seeking to receive TP Deliverability must submit a request and will be subject to Sections 8.9.2 and 8.9.3 of this GIDAP. For each Subscriber that submits a TP Deliverability request, the CAISO will provide the Subscriber with a Queue Position. The CAISO will reserve TP Deliverability for long lead-time resources specified in the Transmission Plan up to the lower of (a) the capacity of deliverable long lead-time resources in the approved Local Regulatory Authority portfolios submitted to the CAISO for the most recent Transmission Plan, or (b) the transmission capacity created by the Category 1 policy-driven transmission solutions and available on existing transmission for the long lead-time resources.

This first component is performed for the purpose of determining the amount of TP Deliverability available for allocation to the current queue cluster in accordance with section 8.9.2, and shall not

affect the rights and obligations of proposed Generating Facilities in Queue Cluster 4 or earlier with respect to the construction and funding of Network Upgrades identified for such Generating Facilities, or their requested Deliverability Status. Such rights and obligations will continue to be determined pursuant to the GIP and the Generating Facility's GIA.

8.9.2 Second Component: Allocating Remaining TP Deliverability

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Interconnection Customers requesting Deliverability for Energy Only capacity must submit to the CAISO a non-refundable $5,000 fee for each Interconnection Request seeking TP Deliverability.

* * * * *

8.9.2.3 TP Deliverability Group D

This section applies to any Interconnection Customer that seeks a TP Deliverability allocation under group D, regardless of whether the Interconnection Customer receives an allocation from group D or later converts to Energy Only. For the entire Generating Facility, including Energy Only portions, the Interconnection Customer may not request suspension under its GIA, delay providing its notice to proceed as specified in its GIA, or delay its Commercial Operation Date beyond the date established in its Interconnection Request when it requested TP Deliverability. Extensions due to Participating TO construction delays will extend these deadlines equally. Interconnection Customers that fail to proceed toward their Commercial Operation Dates under these requirements and as specified in their GIAs will be withdrawn.

If an Interconnection Customer demonstrates it has received a power purchase agreement, the portion of the Generating Facility procured by the power purchase agreement is not subject to this Section. For any portion of the Generating Facility that is Energy Only, the CAISO will not accept power purchase agreements that require Deliverability or include a Resource Adequacy obligation to exempt that capacity from the restrictions in this Section. Notwithstanding Section 8.9.4, if an Interconnection Customer receives a TP Deliverability allocation in the amount it requested, it must accept the allocation or withdraw.

Beginning with the 2023-2024 TP Deliverability allocation process, Interconnection Customers may not seek TP Deliverability through this group D for any capacity that is Energy Only. This includes, without limitation, capacity expansions effected through modification requests and capacity converted to Energy Only after failing to receive or retain a TP Deliverability allocation.

For Interconnection Customers in Cluster 13 or earlier, this Section 8.9.2.3 does not apply to their Generating Facility except for any portion of the Generating Facility that seeks TP Deliverability from Group D.

8.9.3 Retaining TP Deliverability Allocation

Interconnecting Customers that received TP Deliverability must provide documentation demonstrating they meet the following requirements by the annual due date established via Market Notice pursuant to Section 8.9:

(1) Interconnection Customers that received TP Deliverability on the basis of negotiating or being shortlisted for a power purchase agreement must execute the agreement.

(2) Interconnection Customers that received TP Deliverability from group D, must

demonstrate that they executed a power purchase agreement, are actively negotiating a power purchase agreement, or on an active short list to receive a power purchase agreement. Interconnection Customers that retain TP Deliverability by demonstrating they are actively negotiating or shortlisted for a power purchase agreement must demonstrate they executed the power purchase agreement in the following year. Interconnection Customers that received TP Deliverability from group D in the 2025 allocation process must demonstrate they executed a power purchase agreement by the next TP Deliverability retention due date.

Failure to meet the requirements of this Section by the annual due date established via Market Notice will result in conversion to Energy Only. To the extent TP Deliverability has been allocated, lost, or relinquished only for a portion of the Interconnection Customer's project, this section 8.9.3 will apply to that portion of the project only. An Interconnection Customer's failure to retain its TP Deliverability will not be considered a Breach of its GIA. Except as provided in Section 8.9.3.2, Interconnection Customers that become Energy Only for failure to retain their TP Deliverability allocation may not reduce their Maximum Cost Responsibility, Current Cost Responsibility, or Interconnection Financial Security for any assigned Delivery Network Upgrades unless the CAISO and Participating TO(s) determine that the Interconnection Customer's assigned Delivery Network Upgrade(s) is no longer needed for current Interconnection Customers.

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8.9.9 Deliverability Transfers

Deliverability may not be assigned or otherwise transferred except as expressly provided by the CAISO Tariff. An Interconnection Customer may reallocate its Generating Facility's Deliverability among its own Generating Units or Resource IDs at the Generating Facility and to other Interconnection Customers interconnected at the same substation and at the same voltage level. The Generating Facility's aggregate output as evaluated in the Deliverability Assessment cannot increase as the result of any transfer, but may decrease based on the assignee's characteristics and capacity. Unless the Interconnection Customer provides the CAISO with an executed Energy Only power purchase agreement for the capacity losing Deliverability at the time it requests the Deliverability transfer, the assignor capacity must be removed from queue by withdrawal or downsizing the Generating Facility. The CAISO will not accept Energy Only power purchase agreements that require Deliverability or include a Resource Adequacy obligation. The CAISO will inform the Interconnection Customer of each Generating Unit's Deliverability Status and associated capacity as the result of any transfer. The results will be based on the current Deliverability Assessment methodology.

An Interconnection Customer may request to reallocate its Deliverability among its Generating Units and to other Interconnection Customers interconnected at the same substation and at the same voltage level pursuant to Section 6.7.2.2 of this GIDAP, Article 5.19 of the LGIA, and Article 3.4.5 of the SGIA, as applicable. A repowering Interconnection Customer may transfer Deliverability as part of the repowering process pursuant to Section 25.1.2 of the CAISO Tariff. An Interconnection Customer expanding its capacity behind-the-meter pursuant to Section 4.2.1.2 also may transfer Deliverability as part of that process, or subsequently under the other processes in this Section. The assignee of a Deliverability transfer does not need to submit a modification request to receive a transfer.

Following a Deliverability transfer, the assignee inherits any requirements, restrictions, or obligations the assignor had as a result of receiving the Deliverability allocation or to retain the Deliverability, including without limitation requirements under Sections 6.7.4, 8.9.2.2, 8.9.2.3, and 8.9.3.

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Section 16. Cluster 14 Unique Procedures

The CAISO tariff and the GIDAP will apply to Queue Cluster 14 with the following exceptions:

16.1 Study Procedures and Timelines

a) The CAISO will validate Cluster 14 Interconnection Requests by September 26, 2021. Interconnection Requests with deficiencies after that date will be deemed invalid and will not be included in Cluster 14.

b) GIDAP provisions stating when the CAISO and Participating TOs must initiate Interconnection Studies will not apply.

c) The CAISO will publish Phase I Interconnection Studies no later than September 15, 2022. The Phase I Interconnection Study will not include system-level stability analyses.

d) Interconnection Customers may submit, in writing, additional comments on the final Phase I Interconnection Study report up to (5) Business Days following the Results Meeting. Based on any discussion at the Results Meeting and any comments received, the CAISO (in consultation with the applicable Participating TO(s)) will determine, in accordance with Section 6.8, whether it is necessary to follow the final Phase I Interconnection Study report with a revised study report or an addendum. The CAISO will issue any such revised report or addendum to the Interconnection Customer no later than thirty (30) calendar days following the Results Meeting.

e) No later than January 13, 2023, Interconnection Customers must (1) submit an updated, valid dynamic model to the CAISO, (2) post their initial Interconnection Financial Security, and (3) have submitted an Appendix B that is deemed valid.

f) The CAISO will publish Phase II Interconnection Studies no later than January 31, 2024.

g) Phase I and Phase II Interconnection Study Results meetings will occur with ninety (90) days of publication.

h) The CAISO will publish the results of the TP Deliverability allocation process no later than May 31, 2024.

i) Interconnection Customers must post their second Interconnection Financial Security no later than July 1, 2024, unless parked pursuant to Sections 8.9 and 16.1(k).

j) Unless the CAISO issues a Market Notice stating otherwise, the CAISO will not open the Queue Cluster 15 Cluster Application Window in 2022. The CAISO will open the Queue Cluster 15 Cluster Application Window in 2023 pursuant to Section 3.3.

k) Deadlines related to Interconnection Customers that elect to park their Interconnection Requests will be extended consistent with this Section, including for Interconnection Financial Security postings. Parked Interconnection Customers must submit their second Interconnection Financial Security posting by the later of (a) May 29, 2026, or (b) sixty (60) days after the CAISO publishes the results of the TP Deliverability allocation process for those parked Interconnection Customers. Interconnection Customers eligible to park again pursuant to Section 8.9.4.1 must submit their second Interconnection Financial Security posting sixty (60) days after the CAISO publishes the results of the TP Deliverability allocation process for those parked Interconnection Customers.

(l) If an Interconnection Customer withdraws after posting its initial Interconnection Financial Security but before demonstrating Site Exclusivity, its Site Exclusivity Deposit will not be refunded, and will be processed with non-refundable funds described in Section 7.6.

(m) On or before their initial Interconnection Financial Security posting, Interconnection Customers proposing to use third-party Interconnection Facilities must provide documentation to the CAISO demonstrating they are negotiating or have secured rights on those Interconnection Facilities. On or before their second Interconnection Financial Security posting, such Interconnection Customers must provide documentation to the CAISO demonstrating they have secured rights on those Interconnection Facilities through their Commercial Operation Date.

The CAISO and Participating TOs will use Reasonable Efforts to meet all deadlines in the GIDAP and this Section 16, and may publish study results early or otherwise accelerate the interconnection process where possible. The CAISO will publish Interconnection Studies simultaneously for all the Participating TOs.

16.2 Cost Responsibility and Interconnection Financial Security

a) Maximum Cost Responsibility and Maximum Cost Exposure in the Phase I Interconnection Study will be advisory only. Only the Phase II Interconnection Study will set Interconnection Customers' binding Maximum Cost Responsibility and Maximum Cost Exposure.

b) Interconnection Customers will receive a complete refund of their initial Interconnection Financial Security posting if they withdraw before their second Interconnection Financial Security posting is due where: (1) their Maximum Cost Responsibility increases by twenty-five (25) percent or more between Phase I and Phase II; or (2) the anticipated completion of their longest lead-time Reliability Network Upgrade extends by one year or more between Phase I and Phase II.

16.3 Reliability Network Upgrade Prioritization

For any assigned Reliability Network Upgrades with construction schedules of four (4) or more years that delay an Interconnection Customer's earliest available In-Service Date by two (2) years or more, the CAISO and Participating TO will assess whether impacted Interconnection Customers may interconnect safely and reliably without the completion of all such Reliability Network Upgrades. Reliability Network Upgrades considered will include Precursor Network Upgrades approved in the Transmission Plan, and Assigned Network Upgrades. Interconnection Studies and GIAs will be updated to reflect where an Interconnection Customer may interconnect earlier under this Section 16.3, including whether there is insufficient projected margin such that a Limited Operation Study will be required.

The CAISO will post the methodology for this assessment on the CAISO Website. The CAISO will issue a Market Notice specifying the timeline for commencement of activities, for Interconnection Customer submissions, and anticipated release of results to Interconnection Customers. The CAISO will notify Interconnection Customers whether they have qualifying Reliability Network Upgrades and there may be available capacity to interconnect earlier at least thirty (30) days before the deadline to submit affidavits for scoring.

To participate, Interconnection Customers must submit affidavits on their project status. The CAISO will determine scores based on the criteria below under the methodology set forth in the Business Practice Manual:

(1) Permitting status.

a. The Interconnection Customer has received its final governmental permit or authorization allowing the Generating Facility to commence construction.

b. The Interconnection Customer has received a draft environmental report

document (or equivalent environmental permitting document) indicating likely approval of the requested permit and/or which indicates that the permitting authority has not found an environmental impact which would likely prevent the permit approval.

c. The Interconnection Customer has applied for the necessary governmental permits or authorizations and the authority has deemed such documentation as data adequate for the authority to initiate its review process.

d. The Interconnection Customer has applied for the necessary governmental permit or authorization for the construction.

(2) Project financing status.

a. The Interconnection Customer is a Load Serving Entity constructing its project to serve its own Load pursuant to a regulatory requirement or meet its own Resource Adequacy obligation.

b. The Interconnection Customer has an executed power purchase agreement.

(3) GIA and posting status.

a. The Interconnection Customer has an executed GIA, has provided the Participating TO a notice to proceed to construction, and has provided its final Interconnection Financial Security or equivalent financing to the Participating TO, as agreed in its GIA.

b. The Interconnection Customer has an executed GIA and has provided the Participating TO a notice to proceed to construction.

c. The Interconnection Customer has an executed GIA or its GIA has been filed with FERC unexecuted and is still pending before or approved by FERC.

(4) Deliverability Network Upgrades status.

a. All of the Interconnection Customer's Delivery Network Upgrades are online, or the Interconnection Customer does not require Delivery Network Upgrades, including for Energy Only Interconnection Customers.

b. The Interconnection Customer is waiting for its Delivery Network Upgrades.

Interconnection Customers also must submit a $50,000 deposit by the deadline for affidavits. The Interconnection Customer will be responsible for the actual costs incurred by the CAISO and applicable Participating TO(s) in conducting the assessment. If the actual costs of the assessment are less than the deposit provided by the Interconnection Customer, the Interconnection Customer will be refunded the balance. If the actual costs of the assessment are greater than the deposit provided by the Interconnection Customer, the Interconnection Customer shall pay the balance within thirty (30) days of being invoiced.

In allocating transmission capacity under this section, the CAISO, in coordination with the applicable Participating TO(s), will allocate transmission capacity based on the highest numerical score. The CAISO will resolve any ties for capacity from short-circuit related General Reliability Network Upgrades by short-circuit duty contribution, with the lowest contribution per MW prevailing. The CAISO will resolve any ties for capacity from power-flow related General Reliability Network Upgrades by flow contribution, with the lowest contribution prevailing. The CAISO will resolve any ties for capacity from Interconnection Reliability Network Upgrades by Generating Facility capacity, with the largest capacity prevailing.

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Appendix KK

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8.9 Allocation Process for TP Deliverability

After the Interconnection Facilities Study reports are issued, the CAISO will perform the allocation of the TP Deliverability to Deliverable Option Generating Facilities that meet the eligibility criteria set forth in Section 8.9.2, and Merchant Option Generating Facilities that did not require ADNUs in their Interconnection Studies. The TP Deliverability available for allocation will be determined from the most recent Transmission Plan. Once a Generating Facility is allocated TP Deliverability, the facility will be required to comply with retention criteria specific in Section 8.9.3 in order to retain the allocation.

Allocation of TP Deliverability shall not provide any Interconnection Customer or Generating Facility with any right to a specific MW of capacity on the CAISO Controlled Grid or any other rights (such as title, ownership, rights to lease, transfer or encumber).

The CAISO will issue a Market Notice to inform interested parties as to the timeline for commencement of allocation activities, for Interconnection Customer submittal of eligibility status and retention information, and anticipated release of allocation results to Interconnection Customers. There are two components to the allocation process.

8.9.1 First Component: Representing TP Deliverability Used by Prior Commitments

The CAISO will identify the following commitments that will utilize MW quantities of TP Deliverability:

(a) The proposed Generating Facilities corresponding to earlier queued Interconnection Requests meeting the criteria set forth below:

(i) proposed Generating Facilities in Queue Cluster 4 or earlier that have executed PPAs with Load-Serving Entities and have GIAs that are in good standing.

(ii) proposed Generating Facilities in Queue Cluster 5 and subsequent Queue Clusters that were previously allocated TP Deliverability and have met the criteria to retain the allocation set forth in Section 8.9.3.

(b) any Maximum Import Capability included as a planning objective in the Transmission Plan and a Subscriber Participating TO that is a non-contiguous portion of the CAISO BAA can use Maximum Import Capability made available by Participating Generators and System Resources if such allocation is made available in accordance with Section 40.4.6.2.1 (Step 13) of the CAISO Tariff; the available Maximum Import Capability made available by the Load Serving Entities that have access to Subscriber Rights until the Load Serving Entity(ies) cease using this Maximum Import Capability allocation or Delivery Network Upgrade(s) pursuant to Section 4.3A4.2(b) of the CAISO Tariff is completed to

support the Subscriber Rights and then the TP Deliverability will be awarded to such Subscriber consistent with Section 8.9.1(c) of this GIDAP;

(c) any other commitments having a basis in the Transmission Plan, including without limitation, long lead-time resources with corresponding transmission solutions, and any commitments established due to a Subscriber's exercise of its first option to acquire Deliverability made possible by Delivery Network Upgrades pursuant to Section 4.3A.4.2(a) of the CAISO Tariff, provided this first option has been exercised before the Subscriber is no longer eligible to apply for TP Deliverability allocation under Section 8.9 of this GIDAP. Generating Units possessing Subscriber Rights seeking to receive TP Deliverability must submit a request and will be subject to Sections 8.9.2 and 8.9.3 of this GIDAP. For each Subscriber that submits a TP Deliverability request, the CAISO will provide the Subscriber with a Queue Position. The CAISO will reserve TP Deliverability for long lead-time resources specified in the Transmission Plan up to the lower of (a) the capacity of deliverable long lead-time resources in the approved Local Regulatory Authority portfolios submitted to the CAISO for the most recent Transmission Plan, or (b) the transmission capacity created by the Category 1 policy-driven transmission solutions and available on existing transmission for the long lead-time resources.

This first component is performed for the purpose of determining the amount of TP Deliverability available for allocation to the current queue cluster in accordance with section 8.9.2, and shall not affect the rights and obligations of proposed Generating Facilities in Queue Cluster 4 or earlier with respect to the construction and funding of Network Upgrades identified for such Generating Facilities, or their requested Deliverability Status. Such rights and obligations will continue to be determined pursuant to the GIP and the Generating Facility's GIA.

8.9.2 Second Component: Allocating Remaining TP Deliverability

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Interconnection Customers requesting Deliverability for Energy Only capacity must submit to the CAISO a non-refundable $5,000 fee for each Interconnection Request seeking TP Deliverability.

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Section 16 Reliability Network Upgrade Prioritization

16.1 [Not Used]

16.2 [Not Used]

16.3 Reliability Network Upgrade Prioritization

For any assigned Reliability Network Upgrades with construction schedules of four (4) or more years that delay an Interconnection Customer's earliest available In-Service Date by two (2) years or more, the CAISO and Participating TO will assess whether impacted Interconnection Customers may interconnect safely and reliably without the completion of all such Reliability Network Upgrades. Reliability Network Upgrades considered will include Precursor Network Upgrades approved in the Transmission Plan, and

Assigned Network Upgrades. Interconnection Studies and GIAs will be updated to reflect where an Interconnection Customer may interconnect earlier under this Section 16.3, including whether there is insufficient projected margin such that a Limited Operation Study will be required.

The CAISO will post the methodology for this assessment on the CAISO Website. The CAISO will issue a Market Notice specifying the timeline for commencement of activities, for Interconnection Customer submissions, and anticipated release of results to Interconnection Customers. The CAISO will notify Interconnection Customers whether they have qualifying Reliability Network Upgrades and there may be available capacity to interconnect earlier at least thirty (30) days before the deadline to submit affidavits for scoring.

To participate, Interconnection Customers must submit affidavits on their project status. The CAISO will determine scores based on the criteria below under the methodology set forth in the Business Practice Manual:

(1) Permitting status.

a. The Interconnection Customer has received its final governmental permit or authorization allowing the Generating Facility to commence construction.

b. The Interconnection Customer has received a draft environmental report document (or equivalent environmental permitting document) indicating likely approval of the requested permit and/or which indicates that the permitting authority has not found an environmental impact which would likely prevent the permit approval.

c. The Interconnection Customer has applied for the necessary governmental permits or authorizations and the authority has deemed such documentation as data adequate for the authority to initiate its review process.

d. The Interconnection Customer has applied for the necessary governmental permit or authorization for the construction.

(2) Project financing status.

a. The Interconnection Customer is a Load Serving Entity constructing its project to serve its own Load pursuant to a regulatory requirement or meet its own Resource Adequacy obligation.

b. The Interconnection Customer has an executed power purchase agreement.

(3) GIA and posting status.

a. The Interconnection Customer has an executed GIA, has provided the Participating TO a notice to proceed to construction, and has provided its final financing to the Participating TO, as agreed in its GIA.

b. The Interconnection Customer has an executed GIA and has provided the Participating TO a notice to proceed to construction.

c. The Interconnection Customer has an executed GIA or its GIA has been filed with FERC unexecuted and is still pending before or approved by FERC.

(4) Deliverability Network Upgrades status.

a. All of the Interconnection Customer’s Delivery Network Upgrades are online, or

the Interconnection Customer does not require Delivery Network Upgrades, including for Energy Only Interconnection Customers.

b. The Interconnection Customer is waiting for its Delivery Network Upgrades.

Interconnection Customers also must submit a $50,000 deposit by the deadline for affidavits. The Interconnection Customer will be responsible for the actual costs incurred by the CAISO and applicable Participating TO(s) in conducting the assessment. If the actual costs of the assessment are less than the deposit provided by the Interconnection Customer, the Interconnection Customer will be refunded the balance. If the actual costs of the assessment are greater than the deposit provided by the Interconnection Customer, the Interconnection Customer shall pay the balance within thirty (30) days of being invoiced.

In allocating transmission capacity under this section, the CAISO, in coordination with the applicable Participating TO(s), will allocate transmission capacity based on the highest numerical score. The CAISO will resolve any ties for capacity from short-circuit related General Reliability Network Upgrades by short-circuit duty contribution, with the lowest contribution per MW prevailing. The CAISO will resolve any ties for capacity from power-flow related General Reliability Network Upgrades by flow contribution, with the lowest contribution prevailing. The CAISO will resolve any ties for capacity from Interconnection Reliability Network Upgrades by Generating Facility capacity, with the largest capacity prevailing.

Attachment B – Marked Tariff Sheets

Interconnection Process Enhancements 2023 – Track 3 Proposals

California Independent System Operator Corporation

April 25, 2025

Section 24

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24.3.2 Content of the Unified Planning Assumptions and Study Plan

The Unified Planning Assumptions and Study Plan shall, at a minimum, provide:

(a) The planning data and assumptions to be used in the Transmission Planning Process cycle, including, but not limited to, those related to Demand Forecasts and distribution, potential generation capacity additions and retirements, and transmission system modifications;

(b) A description of the computer models, methodology and other criteria used in each technical study performed in the Transmission Planning Process cycle;

(c) A list of each technical study to be performed in the Transmission Planning Process cycle and a summary of each technical study's objective or purpose;

(d) A description of significant modifications to the planning data and assumptions as allowed by Section 24.3.1(a) and consistent with Section 24.3.2;

(e) The identification of any entities directed to perform a particular technical study or portions of a technical study;

(f) A proposed schedule for all stakeholder meetings to be held as part of the Transmission Planning Process cycle and the means for notification of any changes thereto, the location on the CAISO Website of information relating to the technical studies performed in the Transmission Planning Process cycle, and the name of a contact person at the CAISO for each technical study performed in the Transmission Planning Process cycle;

(g) To the maximum extent practicable, and where applicable, appropriate sensitivity analyses, including project or solution alternatives, to be performed as part of the technical studies;

(h) Descriptions of the High Priority Economic Planning Studies as determined by the CAISO under section 24.3.4.2; ~~and~~

(i) Identification of state or federal, municipal or county requirements or directives that the CAISO will utilize, pursuant to Section 24.4.6.6, to identify policy-driven transmission solutions;~~.~~ and

(j) The status of transmission capacity reservations for long lead-time resources for policy-driven transmission solutions.

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24.4.6.6 Policy-Driven Transmission Solutions

Once the CAISO has identified reliability-driven solutions, LCRIF projects eligible for conditional or final approval, solutions needed to maintain long-term CRR feasibility, qualified Merchant Transmission Facilities, needed LGIP Network Upgrades as described in Section 24.4.6.5, and Subscriber Participating TO transmission facilities as well as generation facilities seeking to interconnect to the CAISO Controlled Grid on Subscriber Participating TO transmission facilities, the CAISO shall evaluate transmission solutions needed to meet state, municipal, county or federal policy requirements or directives as specified in the Study Plan pursuant to Section 24.3.2(i). Policy-driven transmission solutions will be either Category 1 or Category 2 transmission solutions. Category 1 transmission solutions are those which under the criteria of this section are found to be needed and are recommended for approval as part of the comprehensive Transmission Plan in the current cycle. Category 2 transmission solutions are those that could be needed to achieve state, municipal, county or federal policy requirements or directives but have not been found to be needed in the current planning cycle based on the criteria set forth in this section. The CAISO will determine the need for, and identify such policy-driven transmission solutions that efficiently and effectively meet applicable policies under alternative resource location and integration assumptions and scenarios, while mitigating the risk of stranded investment. The CAISO will create a baseline scenario reflecting the assumptions about resource locations that are most likely to occur and one or more reasonable stress scenarios that will be compared to the baseline scenario. Any transmission solutions that are in the baseline scenario and at least a significant percentage of the stress scenarios may be Category 1 transmission solutions. Consistent with the state, federal, municipal or county requirements or directives underlying the Category 1 transmission solution, the Transmission Plan will specify where the CAISO will reserve the transmission capacity created by a Category 1 transmission solution for certain long lead-time resources, and the amount of reserved capacity. The Transmission Plan will specify criteria for eligible resources, including at a minimum, but without limitation: location, MW capacity, generating technology, and expected in-service date. Each Transmission Plan may modify these criteria for policy-driven transmission solutions as needed to meet state, federal, municipal or county requirements or directives.

Transmission solutions that are included in the baseline scenario but which are not included in any of the

stress scenarios or are included in an insignificant percentage of the stress scenarios, generally will be Category 2 transmission solutions, unless the CAISO finds that sufficient analytic justification exists to designate them as Category 1 transmission solutions. In such cases, the ISO will make public the analysis upon which it based its justification for designating such transmission solutions as Category 1 rather than Category 2. In this process, the CAISO will consider the following criteria:

(a) commercial interest in the resources in the applicable geographic area (including renewable energy zones) accessed by potential transmission solutions as evidenced by signed and approved power purchase agreements and interconnection agreements;

(b) the results and identified priorities of the California Public Utilities Commission's or California Local Regulatory Authorities' resource planning processes;

(c) the expected planning level cost of the transmission solution as compared to the potential planning level costs of other transmission solutions;

(d) the potential capacity (MW) value and energy (MWh) value of resources in particular zones that will meet the policy requirements, as well as the cost supply function of the resources in such zones;

(e) the environmental evaluation, using best available public data, of the zones that the transmission is interconnecting as well as analysis of the environmental impacts of the transmission solutions themselves; the extent to which the transmission solutions will be needed to meet Applicable Reliability Criteria or to provide additional reliability or economic benefits to the CAISO grid;

(f) potential future connections to other resource areas and transmission facilities;

(g) resource integration requirements and the costs associated with these requirements in particular resource areas designated pursuant to policy initiatives;

(h) the potential for a particular transmission solution to provide access to resources needed for integration, such as pumped storage in the case of renewable resources;

(i) the effect of uncertainty associated with the above criteria, and any other considerations, that could affect the risk of stranded investment; and

(j) the effects of other solutions being considered for approval during the planning process.

* * * * *

Appendix DD

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Appendix DD

8.9.1 First Component: Representing TP Deliverability Used by Prior Commitments

The CAISO will identify the following commitments that will utilize MW quantities of TP Deliverability:

(a) The proposed Generating Facilities corresponding to earlier queued Interconnection Requests meeting the criteria set forth below:

(i) proposed Generating Facilities in Queue Cluster 4 or earlier that have executed PPAs with Load-Serving Entities and have GIAs that are in good standing.

(ii) proposed Generating Facilities in Queue Cluster 5 and subsequent Queue Clusters that were previously allocated TP Deliverability and have met the criteria to retain the allocation set forth in Section 8.9.3.

(b) any Maximum Import Capability included as a planning objective in the Transmission Plan and a Subscriber Participating TO that is a non-contiguous portion of the CAISO BAA can use Maximum Import Capability made available by Participating Generators and System Resources if such allocation is made available in accordance with Section 40.4.6.2.1 (Step 13) of the CAISO Tariff; the available Maximum Import Capability made available by the Load Serving Entities that have access to Subscriber Rights until the Load Serving Entity(ies) cease using this Maximum Import Capability allocation or Delivery Network Upgrade(s) pursuant to Section 4.3A4.2(b) of the CAISO Tariff is completed to support the Subscriber Rights and then the TP Deliverability will be awarded to such Subscriber consistent with Section 8.9.1(c) of this GIDAP;

(c) any other commitments having a basis in the Transmission Plan, including without limitation, long lead-time resources with corresponding transmission solutions, and any commitments established due to a Subscriber's exercise of its first option to acquire Deliverability made possible by Delivery Network Upgrades pursuant to Section 4.3A.4.2(a) of the CAISO Tariff, provided this first option has been exercised before the Subscriber is no longer eligible to apply for TP Deliverability allocation under Section 8.9 of this GIDAP. Generating Units possessing Subscriber Rights seeking to receive TP Deliverability must submit a request and will be subject to Sections 8.9.2 and 8.9.3 of this GIDAP. For each Subscriber that submits a TP Deliverability request, the CAISO will provide the Subscriber with a Queue Position. The CAISO will reserve TP Deliverability for long lead-time resources specified in the Transmission Plan up to the lower of (a) the capacity of deliverable long lead-time resources in the approved Local Regulatory Authority portfolios submitted to the CAISO for the most recent Transmission Plan, or (b) the transmission capacity created by the Category 1 policy-driven transmission solutions and available on existing transmission for the long lead-time resources.

This first component is performed for the purpose of determining the amount of TP Deliverability available for allocation to the current queue cluster in accordance with section 8.9.2, and shall not

affect the rights and obligations of proposed Generating Facilities in Queue Cluster 4 or earlier with respect to the construction and funding of Network Upgrades identified for such Generating Facilities, or their requested Deliverability Status. Such rights and obligations will continue to be determined pursuant to the GIP and the Generating Facility's GIA.

8.9.2 Second Component: Allocating Remaining TP Deliverability

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Interconnection Customers requesting Deliverability for Energy Only capacity must submit to the CAISO a non-refundable $560,000 ~~study deposit~~fee for each Interconnection Request seeking TP Deliverability. ~~The CAISO will deposit these funds in an interest-bearing account at a bank or financial institution designated by the CAISO. The funds will be applied to pay for prudent costs incurred by the CAISO, the Participating TO(s), and/or third parties at the direction of the CAISO or applicable Participating TO(s), as applicable, to perform and administer the TP Deliverability studies for the Energy Only Interconnection Customers. Any and all costs of the Energy Only TP Deliverability study will be borne by the Interconnection Customer. The CAISO will coordinate the study with the Participating TO(s). The Participating TO(s) will invoice the CAISO for any work within seventy-five (75) calendar days of completion of the study, and, within thirty (30) days thereafter, the CAISO will issue an invoice or refund to the Interconnection Customer, as applicable, based upon such submitted Participating TO invoices and the CAISO's own costs for the study. If the actual costs of the study are greater than the deposit provided by the Interconnection Customer, the Interconnection Customer will pay the balance within thirty (30) days of being invoiced.~~

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8.9.2.3 TP Deliverability Group D

This section applies to any Interconnection Customer that seeks a TP Deliverability allocation under group D, regardless of whether the Interconnection Customer receives an allocation from group D or later converts to Energy Only. For the entire Generating Facility, including Energy Only portions, the Interconnection Customer may not request suspension under its GIA, delay providing its notice to proceed as specified in its GIA, or delay its Commercial Operation Date beyond the date established in its Interconnection Request when it requested TP Deliverability. Extensions due to Participating TO construction delays will extend these deadlines equally. Interconnection Customers that fail to proceed toward their Commercial Operation Dates under these requirements and as specified in their GIAs will be withdrawn.

If an Interconnection Customer demonstrates it has received a power purchase agreement, the portion of the Generating Facility procured by the power purchase agreement is not subject to this Section. For any portion of the Generating Facility that is Energy Only, the CAISO will not accept power purchase agreements that require Deliverability or include a Resource Adequacy obligation to exempt that capacity from the restrictions in this Section. Notwithstanding Section 8.9.4, if an Interconnection Customer receives a TP Deliverability allocation in the amount it requested, it must accept the allocation or withdraw.

Beginning with the 2023-2024 TP Deliverability allocation process, Interconnection Customers may not seek TP Deliverability through this group D for any capacity that is Energy Only. This includes, without limitation, capacity expansions effected through modification requests and capacity converted to Energy Only after failing to receive or retain a TP Deliverability allocation.

For Interconnection Customers in Cluster 13 or earlier, this Section 8.9.2.3 does not apply to their Generating Facility except for any portion of the Generating Facility that seeks TP Deliverability from Group D.

8.9.3 Retaining TP Deliverability Allocation

Interconnecting Customers that received TP Deliverability must provide documentation demonstrating they meet the following requirements by the annual due date established via Mmarket Nnotice pursuant to Section 8.9:

(1) Interconnection Customers that received TP Deliverability on the basis of negotiating or being shortlisted for a power purchase agreement must execute the agreement.

(2) Interconnection Customers that received TP Deliverability from group D, must demonstrate that they executed a power purchase agreement, are actively negotiating a power purchase agreement, or on an active short list to receive a power purchase agreement. Interconnection Customers that retain TP Deliverability by demonstrating they are actively negotiating or shortlisted for a power purchase agreement must demonstrate they executed the power purchase agreement in the following year. Interconnection Customers that received TP Deliverability from group D in the 2025 allocation process must demonstrate they executed a power purchase agreement by the next TP Deliverability retention due date.

Failure to meet the requirements of this Section by the annual due date established via Mmarket Nnotice will result in conversion to Energy Only. To the extent TP Deliverability has been allocated, lost, or relinquished only for a portion of the Interconnection Customer's project, this section 8.9.3 will apply to that portion of the project only. An Interconnection Customer's failure to retain its TP Deliverability will not be considered a Breach of its GIA. Except as provided in Section 8.9.3.2, Interconnection Customers that become Energy Only for failure to retain their TP Deliverability allocation may not reduce their Maximum Cost Responsibility, Current Cost Responsibility, or Interconnection Financial Security for any assigned Delivery Network Upgrades unless the CAISO and Participating TO(s) determine that the Interconnection Customer's assigned Delivery Network Upgrade(s) is no longer needed for current Interconnection Customers.

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8.9.9 Deliverability Transfers

Deliverability may not be assigned or otherwise transferred except as expressly provided by the CAISO Tariff. An Interconnection Customer may reallocate its Generating Facility's Deliverability among its own Generating Units or Resource IDs at the Generating Facility and to other Interconnection Customers interconnected at the same substation and at the same voltage level. The Generating Facility's aggregate output as evaluated in the Deliverability Assessment cannot increase as the result of any transfer, but may decrease based on the assignee's characteristics and capacity. Unless the Interconnection Customer provides the CAISO with an executed Energy Only power purchase agreement for the capacity losing Deliverability at the time it requests the Deliverability transfer, the assignor capacity must be removed from queue by withdrawal or downsizing the Generating Facility. The CAISO will not accept Energy Only power purchase agreements that require Deliverability or include a Resource Adequacy obligation. The CAISO will inform the Interconnection Customer of each Generating Unit's Deliverability Status and associated capacity as the result of any transfer. The results will be based on the current Deliverability Assessment methodology.

An Interconnection Customer may request to reallocate its Deliverability among its Generating

Units and to other Interconnection Customers interconnected at the same substation and at the same voltage level pursuant to Section 6.7.2.2 of this GIDAP, Article 5.19 of the LGIA, and Article 3.4.5 of the SGIA, as applicable. A repowering Interconnection Customer may transfer Deliverability as part of the repowering process pursuant to Section 25.1.2 of the CAISO Tariff. An Interconnection Customer expanding its capacity behind-the-meter pursuant to Section 4.2.1.2 also may transfer Deliverability as part of that process, or subsequently under the other processes in this Section. The assignee of a Deliverability transfer does not need to submit a modification request to receive a transfer.

Following a Deliverability transfer, the assignee inherits any requirements, restrictions, or obligations the assignor had as a result of receiving the Deliverability allocation or to retain the Deliverability, including without limitation requirements under Sections 6.7.4, 8.9.2.2, 8.9.2.3, and 8.9.3.

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Section 16. Cluster 14 Unique Procedures

The CAISO tariff and the GIDAP will apply to Queue Cluster 14 with the following exceptions:

16.1 Study Procedures and Timelines

a) The CAISO will validate Cluster 14 Interconnection Requests by September 26, 2021. Interconnection Requests with deficiencies after that date will be deemed invalid and will not be included in Cluster 14.

b) GIDAP provisions stating when the CAISO and Participating TOs must initiate Interconnection Studies will not apply.

c) The CAISO will publish Phase I Interconnection Studies no later than September 15, 2022. The Phase I Interconnection Study will not include system-level stability analyses.

d) Interconnection Customers may submit, in writing, additional comments on the final Phase I Interconnection Study report up to (5) Business Days following the Results Meeting. Based on any discussion at the Results Meeting and any comments received, the CAISO (in consultation with the applicable Participating TO(s)) will determine, in accordance with Section 6.8, whether it is necessary to follow the final Phase I Interconnection Study report with a revised study report or an addendum. The CAISO will issue any such revised report or addendum to the Interconnection Customer no later than thirty (30) calendar days following the Results Meeting.

e) No later than January 13, 2023, Interconnection Customers must (1) submit an updated, valid dynamic model to the CAISO, (2) post their initial Interconnection Financial Security, and (3) have submitted an Appendix B that is deemed valid.

f) The CAISO will publish Phase II Interconnection Studies no later than January 31, 2024.

g) Phase I and Phase II Interconnection Study Results meetings will occur with ninety (90) days of publication.

h) The CAISO will publish the results of the TP Deliverability allocation process no later than May 31, 2024.

i) Interconnection Customers must post their second Interconnection Financial Security no later than July 1, 2024, unless parked pursuant to Sections 8.9 and 16.1(k).

j) Unless the CAISO issues a Market Notice stating otherwise, the CAISO will not open the Queue Cluster 15 Cluster Application Window in 2022. The CAISO will open the Queue Cluster 15 Cluster Application Window in 2023 pursuant to Section 3.3.

k) Deadlines related to Interconnection Customers that elect to park their Interconnection Requests will be extended consistent with this Section, including for Interconnection Financial Security postings. Parked Interconnection Customers must submit their second Interconnection Financial Security posting by the later of (a) May 29, 2026, or (b) sixty (60) days after the CAISO publishes the results of the TP Deliverability allocation process for those parked Interconnection Customers. Interconnection Customers eligible to park again pursuant to Section 8.9.4.1 must submit their second Interconnection Financial Security posting sixty (60) days after the CAISO publishes the results of the TP Deliverability allocation process for those parked Interconnection Customers.

(l) If an Interconnection Customer withdraws after posting its initial Interconnection Financial Security but before demonstrating Site Exclusivity, its Site Exclusivity Deposit will not be refunded, and will be processed with non-refundable funds described in Section 7.6.

(m) On or before their initial Interconnection Financial Security posting, Interconnection Customers proposing to use third-party Interconnection Facilities must provide documentation to the CAISO demonstrating they are negotiating or have secured rights on those Interconnection Facilities. On or before their second Interconnection Financial Security posting, such Interconnection Customers must provide documentation to the CAISO demonstrating they have secured rights on those Interconnection Facilities through their Commercial Operation Date.

The CAISO and Participating TOs will use Reasonable Efforts to meet all deadlines in the GIDAP and this Section 16, and may publish study results early or otherwise accelerate the interconnection process where possible. The CAISO will publish Interconnection Studies simultaneously for all the Participating TOs.

16.2 Cost Responsibility and Interconnection Financial Security

a) Maximum Cost Responsibility and Maximum Cost Exposure in the Phase I Interconnection Study will be advisory only. Only the Phase II Interconnection Study will set Interconnection Customers' binding Maximum Cost Responsibility and Maximum Cost Exposure.

b) Interconnection Customers will receive a complete refund of their initial Interconnection Financial Security posting if they withdraw before their second Interconnection Financial Security posting is due where: (1) their Maximum Cost Responsibility increases by twenty-five (25) percent or more between Phase I and Phase II; or (2) the anticipated completion of their longest lead-time Reliability Network Upgrade extends by one year or more between Phase I and Phase II.

16.3 Reliability Network Upgrade Prioritization

For any assigned Reliability Network Upgrades with construction schedules of four (4) or more years that delay an Interconnection Customer's earliest available In-Service Date by two (2) years or more, the CAISO and Participating TO will assess whether impacted Interconnection Customers may interconnect safely and reliably without the completion of all such Reliability Network Upgrades. Reliability Network Upgrades considered will include Precursor Network Upgrades approved in the Transmission Plan, and Assigned Network Upgrades. Interconnection Studies and GIAs will be updated to reflect where an Interconnection Customer may interconnect earlier under this Section 16.3, including whether there is insufficient projected margin such that a Limited Operation Study will be required.

The CAISO will post the methodology for this assessment on the CAISO Website. The CAISO will issue a Market Notice specifying the timeline for commencement of activities, for Interconnection Customer submissions, and anticipated release of results to Interconnection Customers. The CAISO will notify

Interconnection Customers whether they have qualifying Reliability Network Upgrades and there may be available capacity to interconnect earlier at least thirty (30) days before the deadline to submit affidavits for scoring.

To participate, Interconnection Customers must submit affidavits on their project status. The CAISO will determine scores based on the criteria below under the methodology set forth in the Business Practice Manual:

(1) Permitting status.

a. The Interconnection Customer has received its final governmental permit or authorization allowing the Generating Facility to commence construction.

b. The Interconnection Customer has received a draft environmental report document (or equivalent environmental permitting document) indicating likely approval of the requested permit and/or which indicates that the permitting authority has not found an environmental impact which would likely prevent the permit approval.

c. The Interconnection Customer has applied for the necessary governmental permits or authorizations and the authority has deemed such documentation as data adequate for the authority to initiate its review process.

d. The Interconnection Customer has applied for the necessary governmental permit or authorization for the construction.

(2) Project financing status.

a. The Interconnection Customer is a Load Serving Entity constructing its project to serve its own Load pursuant to a regulatory requirement or meet its own Resource Adequacy obligation.

b. The Interconnection Customer has an executed power purchase agreement.

(3) GIA and posting status.

a. The Interconnection Customer has an executed GIA, has provided the Participating TO a notice to proceed to construction, and has provided its final Interconnection Financial Security or equivalent financing to the Participating TO, as agreed in its GIA.

b. The Interconnection Customer has an executed GIA and has provided the Participating TO a notice to proceed to construction.

c. The Interconnection Customer has an executed GIA or its GIA has been filed with FERC unexecuted and is still pending before or approved by FERC.

(4) Deliverability Network Upgrades status.

a. All of the Interconnection Customer's Delivery Network Upgrades are online, or the Interconnection Customer does not require Delivery Network Upgrades, including for Energy Only Interconnection Customers.

b. The Interconnection Customer is waiting for its Delivery Network Upgrades.

Interconnection Customers also must submit a $50,000 deposit by the deadline for affidavits. The

Interconnection Customer will be responsible for the actual costs incurred by the CAISO and applicable Participating TO(s) in conducting the assessment. If the actual costs of the assessment are less than the deposit provided by the Interconnection Customer, the Interconnection Customer will be refunded the balance. If the actual costs of the assessment are greater than the deposit provided by the Interconnection Customer, the Interconnection Customer shall pay the balance within thirty (30) days of being invoiced.

In allocating transmission capacity under this section, the CAISO, in coordination with the applicable Participating TO(s), will allocate transmission capacity based on the highest numerical score. The CAISO will resolve any ties for capacity from short-circuit related General Reliability Network Upgrades by short-circuit duty contribution, with the lowest contribution per MW prevailing. The CAISO will resolve any ties for capacity from power-flow related General Reliability Network Upgrades by flow contribution, with the lowest contribution prevailing. The CAISO will resolve any ties for capacity from Interconnection Reliability Network Upgrades by Generating Facility capacity, with the largest capacity prevailing.

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Appendix KK

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8.9 Allocation Process for TP Deliverability

After the Interconnection Facilities Study reports are issued, the CAISO will perform the allocation of the TP Deliverability to Deliverable Option Generating Facilities that meet the eligibility criteria set forth in Section 8.9.2, and Merchant Option Generating Facilities that did not require ADNUs in their Interconnection Studies. The TP Deliverability available for allocation will be determined from the most recent Transmission Plan. Once a Generating Facility is allocated TP Deliverability, the facility will be required to comply with retention criteria specific in Section 8.9.3 in order to retain the allocation.

Allocation of TP Deliverability shall not provide any Interconnection Customer or Generating Facility with any right to a specific MW of capacity on the CAISO Controlled Grid or any other rights (such as title, ownership, rights to lease, transfer or encumber).

The CAISO will issue a ~~m~~Market N~~n~~otice to inform interested parties as to the timeline for commencement of allocation activities, for Interconnection Customer submittal of eligibility status and retention information, and anticipated release of allocation results to Interconnection Customers. There are two components to the allocation process.

8.9.1 First Component: Representing TP Deliverability Used by Prior Commitments

The CAISO will identify the following commitments that will utilize MW quantities of TP Deliverability:

(a) The proposed Generating Facilities corresponding to earlier queued Interconnection Requests meeting the criteria set forth below:

(i) proposed Generating Facilities in Queue Cluster 4 or earlier that have executed PPAs with Load-Serving Entities and have GIAs that are in good standing.

(ii) proposed Generating Facilities in Queue Cluster 5 and subsequent Queue Clusters that were previously allocated TP Deliverability and have met the criteria to retain the allocation set forth in Section 8.9.3.

(b) any Maximum Import Capability included as a planning objective in the Transmission Plan and a Subscriber Participating TO that is a non-contiguous portion of the CAISO BAA can use Maximum Import Capability made available by Participating Generators and System Resources if such allocation is made available in accordance with Section 40.4.6.2.1 (Step 13) of the CAISO Tariff; the available Maximum Import Capability made available by the Load Serving Entities that have access to Subscriber Rights until the Load Serving Entity(ies) cease using this Maximum Import Capability allocation or Delivery Network Upgrade(s) pursuant to Section 4.3A4.2(b) of the CAISO Tariff is completed to support the Subscriber Rights and then the TP Deliverability will be awarded to such Subscriber consistent with Section 8.9.1(c) of this GIDAP;

(c) any other commitments having a basis in the Transmission Plan, including without limitation, long lead-time resources with corresponding transmission solutions, and any commitments established due to a Subscriber's exercise of its first option to acquire Deliverability made possible by Delivery Network Upgrades pursuant to Section 4.3A.4.2(a) of the CAISO Tariff, provided this first option has been exercised before the Subscriber is no longer eligible to apply for TP Deliverability allocation under Section 8.9 of this GIDAP. Generating Units possessing Subscriber Rights seeking to receive TP Deliverability must submit a request and will be subject to Sections 8.9.2 and 8.9.3 of this GIDAP. For each Subscriber that submits a TP Deliverability request, the CAISO will provide the Subscriber with a Queue Position. The CAISO will reserve TP Deliverability for long lead-time resources specified in the Transmission Plan up to the lower of (a) the capacity of deliverable long lead-time resources in the approved Local Regulatory Authority portfolios submitted to the CAISO for the most recent Transmission Plan, or (b) the transmission capacity created by the Category 1 policy-driven transmission solutions and available on existing transmission for the long lead-time resources.

This first component is performed for the purpose of determining the amount of TP Deliverability available for allocation to the current queue cluster in accordance with section 8.9.2, and shall not affect the rights and obligations of proposed Generating Facilities in Queue Cluster 4 or earlier with respect to the construction and funding of Network Upgrades identified for such Generating Facilities, or their requested Deliverability Status. Such rights and obligations will continue to be determined pursuant to the GIP and the Generating Facility's GIA.

8.9.2 Second Component: Allocating Remaining TP Deliverability

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Interconnection Customers requesting Deliverability for Energy Only capacity must submit to the CAISO a non-refundable $~~560~~,000 ~~study deposit~~fee for each Interconnection Request seeking TP Deliverability. ~~The CAISO will deposit these funds in an interest-bearing account at a bank or financial institution designated by the CAISO. The funds will be applied to pay for prudent costs incurred by the CAISO, the Participating TO(s), and/or third parties at the direction of the CAISO or applicable Participating TO(s), as applicable, to perform and administer the TP Deliverability studies~~

~~for the Energy Only Interconnection Customers. Any and all costs of the Energy Only TP Deliverability study will be borne by the Interconnection Customer. The CAISO will coordinate the study with the Participating TO(s). The Participating TO(s) will invoice the CAISO for any work within seventy-five (75) calendar days of completion of the study, and, within thirty (30) days thereafter, the CAISO will issue an invoice or refund to the Interconnection Customer, as applicable, based upon such submitted Participating TO invoices and the CAISO's own costs for the study. If the actual costs of the study are greater than the deposit provided by the Interconnection Customer, the Interconnection Customer will pay the balance within thirty (30) days of being invoiced.~~

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Section 16 Reliability Network Upgrade Prioritization

16.1 [Not Used]

16.2 [Not Used]

16.3 Reliability Network Upgrade Prioritization

For any assigned Reliability Network Upgrades with construction schedules of four (4) or more years that delay an Interconnection Customer's earliest available In-Service Date by two (2) years or more, the CAISO and Participating TO will assess whether impacted Interconnection Customers may interconnect safely and reliably without the completion of all such Reliability Network Upgrades. Reliability Network Upgrades considered will include Precursor Network Upgrades approved in the Transmission Plan, and Assigned Network Upgrades. Interconnection Studies and GIAs will be updated to reflect where an Interconnection Customer may interconnect earlier under this Section 16.3, including whether there is insufficient projected margin such that a Limited Operation Study will be required.

The CAISO will post the methodology for this assessment on the CAISO Website. The CAISO will issue a Market Notice specifying the timeline for commencement of activities, for Interconnection Customer submissions, and anticipated release of results to Interconnection Customers. The CAISO will notify Interconnection Customers whether they have qualifying Reliability Network Upgrades and there may be available capacity to interconnect earlier at least thirty (30) days before the deadline to submit affidavits for scoring.

To participate, Interconnection Customers must submit affidavits on their project status. The CAISO will determine scores based on the criteria below under the methodology set forth in the Business Practice Manual:

(1) Permitting status.

a. The Interconnection Customer has received its final governmental permit or authorization allowing the Generating Facility to commence construction.

b. The Interconnection Customer has received a draft environmental report document (or equivalent environmental permitting document) indicating likely approval of the requested permit and/or which indicates that the permitting authority has not found an environmental impact which would likely prevent the permit approval.

c. The Interconnection Customer has applied for the necessary governmental permits or authorizations and the authority has deemed such documentation as data adequate for the authority to initiate its review process.

d. The Interconnection Customer has applied for the necessary governmental permit or authorization for the construction.

(2) Project financing status.

a. The Interconnection Customer is a Load Serving Entity constructing its project to serve its own Load pursuant to a regulatory requirement or meet its own Resource Adequacy obligation.

b. The Interconnection Customer has an executed power purchase agreement.

(3) GIA and posting status.

a. The Interconnection Customer has an executed GIA, has provided the Participating TO a notice to proceed to construction, and has provided its final financing to the Participating TO, as agreed in its GIA.

b. The Interconnection Customer has an executed GIA and has provided the Participating TO a notice to proceed to construction.

c. The Interconnection Customer has an executed GIA or its GIA has been filed with FERC unexecuted and is still pending before or approved by FERC.

(4) Deliverability Network Upgrades status.

a. All of the Interconnection Customer's Delivery Network Upgrades are online, or the Interconnection Customer does not require Delivery Network Upgrades, including for Energy Only Interconnection Customers.

b. The Interconnection Customer is waiting for its Delivery Network Upgrades.

Interconnection Customers also must submit a $50,000 deposit by the deadline for affidavits. The Interconnection Customer will be responsible for the actual costs incurred by the CAISO and applicable Participating TO(s) in conducting the assessment. If the actual costs of the assessment are less than the deposit provided by the Interconnection Customer, the Interconnection Customer will be refunded the balance. If the actual costs of the assessment are greater than the deposit provided by the Interconnection Customer, the Interconnection Customer shall pay the balance within thirty (30) days of being invoiced.

In allocating transmission capacity under this section, the CAISO, in coordination with the applicable Participating TO(s), will allocate transmission capacity based on the highest numerical score. The CAISO will resolve any ties for capacity from short-circuit related General Reliability Network Upgrades by short-circuit duty contribution, with the lowest contribution per MW prevailing. The CAISO will resolve any ties for capacity from power-flow related General Reliability Network Upgrades by flow contribution, with the lowest contribution prevailing. The CAISO will resolve any ties for capacity from Interconnection Reliability Network Upgrades by Generating Facility capacity, with the largest capacity prevailing.

Attachment C – Final Proposal

Interconnection Process Enhancements 2023 – Track 3 Proposals

California Independent System Operator Corporation

April 25, 2025

2023 Interconnection Process Enhancements

Track 3 Updated Final Proposal

March 3, 2025

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Contents

Executive Summary

The ISO has engaged in a multi-year process to reform the interconnection process in the 2023 Interconnection Process Enhancements (IPE) initiative. Track 1 of the initiative addressed the need to pause clusters 14 and 15 and postpone the opening of cluster 16 to allow time for broader reforms to take shape, and track 2 developed the broader transformational changes to the interconnection request intake and queue management process to apply to cluster 15 and beyond. As the track 2 working group and stakeholder process progressed, the ISO identified the need for a third track to identify opportunities to prioritize projects within a cluster to facilitate timely interconnection of resources, and to address changes to the Transmission Plan Deliverability (TPD) allocation methodology. With this final proposal, the ISO continues to explore these issues as track 3 of the Interconnection Process Enhancements 2023 initiative.

For a generation resource to provide resource adequacy (RA), it must have deliverability status, achieved through an allocation of TPD. That is the capability, measured in megawatts (MWs), of the California ISO-controlled grid—as modified by transmission upgrades and additions modeled or identified in the annual Transmission Plan—to support the interconnection with full or partial capacity deliverability status of additional generating facilities in a specified geographic or electrical area of the ISO-controlled grid. Because most off-takers require a project to be eligible for RA, the TPD allocation process is very important to project development. The ISO believes it is prudent to consider adjusting the TPD allocation process given recent changes to the interconnection process track 2 approval by the Federal Energy Regulatory Commission (FERC) and the ISO's compliance with FERC Order No. 2023.

Stakeholder comments from the most recent draft final proposal and prior working group meetings are reflected in this document. A number of the items explored during working group discussions will require solutions beyond track 3 of this initiative. The ISO will continue to coordinate with state and local regulatory authorities, participating transmission owners, and interconnection customers to address alignment between procurement and development of infrastructure and generation.

The ISO continues to propose the following concepts as a track 3 final proposal:

1. Prioritization of projects within clusters using existing short-circuit duty (SCD) reliability headroom to connect as many projects as possible before reliability network upgrades (RNUs) are completed.
2. Modifications to the TPD allocation methodology to reorganize TPD allocation groups and establish distinct timelines for seeking TPD allocations.

3. Extending the Second Interconnection Financial Security Posting to align with the new TPD allocation timeline for parked cluster 14 projects.
4. Clarifications to the process of relying on Local Regulatory Authorities to identify long lead-time generation and storage projects for which the ISO has authority to reserve transmission plan deliverability.

Due to a lack of stakeholder support and the need for more discussion, the ISO does not plan to advance the proposal to allow long lead-time resources to defer their first attempt to seek TPD. This proposal will be reconsidered in the next IPE initiative.

The proposed revisions in track 3 align with the strategic direction established by a December 2022 Memorandum of Understanding among the ISO, California Public Utilities Commission (CPUC), and California Energy Commission (CEC), and are part of a broader ongoing effort to tighten linkages among resource and transmission planning activities, interconnection processes, and resource procurement.[1] Adjustments to the track 2 provisions will be addressed in a future interconnection process enhancements initiative, with ample time for stakeholder discussion prior to the cluster 16 interconnection request window. The ISO also will continue to work on interconnection reforms through its compliance with the landmark FERC Orders No. 2023 and 1920.

The track 3 process reforms are designed to accelerate progress toward execution of an interconnection agreement and commercial operation for the most viable and competitive projects in areas that align with local and state resource plans. The goal of the reforms is to onboard in a timely manner the generation and storage resources necessary to meet reliability and policy needs. The ISO looks forward to continuing to work with stakeholders to refine this proposal in the interest of deploying new resources to meet the grid's evolving needs.

[1] https://www.caiso.com/Documents/ISO-CEC-and-CPUC-Memorandum-of-Understanding-Dec-2022.pdf

1. Introduction and Background

With the release of this paper, the ISO continues track 3 of the Interconnection Process Enhancements 2023 initiative.

The ISO initially set out the Interconnection Process Enhancements 2023 stakeholder process to follow two tracks, with track 1 addressing the need to pause cluster 15 and postpone the opening of cluster 16 and track 2 addressing development of the broader transformational changes for cluster 15 and beyond.

On June 12, 2024 the ISO Board of Governors approved the 2023 Interconnection Process Enhancements (IPE) initiative track 2 final proposal, as clarified in the final revised addendum to the IPE track 2 final proposal. The final proposal was approved by FERC on September 30, 2024 and became effective October 1, 2024.

During the track 2 stakeholder process, several new issues were identified relating to the relationship between projects in the interconnection queue and project procurement. Recognizing that while the IPE 2023 track 2 proposals would apply to cluster 15 and later clusters, the issue remained regarding how to revise the TPD allocation methodology and manage the unprecedented volume of cluster 14 and earlier queued projects. With track 2 reforms now in place, the ISO turns its attention to these important issues. In track 3, the ISO is developing reforms that will encourage continued progress toward commercial operation dates and reward active and advanced projects with deliverability in a timely manner. This is a substantial task and one that the ISO hopes to improve through continued feedback from stakeholders.

The ISO is committed to bringing new, approved, and necessary transmission resources into service as soon as possible to ensure reliability and an affordable pathway to decarbonization. The pace of generation development and procurement, however, must align with transmission development. The State of California is experiencing heightened levels of competition for new generation, as evidenced by the swelling of the ISO's interconnection queue in clusters 14 and 15. The ISO has approved many new transmission projects in the last two transmission planning process cycles and is committed to facilitating their on-time completion. But many of these projects will take 8-10 years to complete. Available transmission capacity on the system is finite, which limits the amount of TPD the ISO can allocate to assure generators they can deliver to load during stressed system conditions.

1.1. Track 3 Working Group Meetings

Recognizing the dynamic planning, procurement, and project development landscape, the ISO convened stakeholder working groups to discuss TPD modifications in August and September of 2024.

The working groups were convened to address three categories of issues regarding project development and TPD Allocation timelines:

1. TPD allocation issues for projects with long lead-time or delayed Deliverability Network Upgrades (DNUs) approved in the ISO Transmission Planning Process (TPP).
2. TPD allocation issues for projects with long lead-time or delayed Reliability Network Upgrades (RNUs) where the RNU only moves forward if funded by the projects needing the RNU.
3. TPD allocation issues for long lead-time resources that meet the defined resource policy goals of local regulatory authorities for specific technologies and project locations.

Working group discussions helped the ISO better understand some of the inherent challenges described in the scenarios above, but also clarified that a number of these challenges extend beyond the TPD allocation process. Solutions will therefore also need to extend beyond track 3 of this initiative. The ISO looks forward to ongoing coordination with the CPUC and Local Regulatory Authorities (LRAs) to better align procurement and interconnection milestones. The CPUC's Reliable and Clean Power Procurement Program (RCPPP) will further inform the ISO's efforts to better align planning, procurement, interconnection, and deliverability awards and retention to address some of the challenges discussed in working group meetings.

Further coordination with participating transmission owners (PTOs) to maintain development timelines for network upgrades and transmission development will be critical to bringing new resources online when needed to meet policy and reliability objectives. To this end, the ISO will continue to provide transparency on the status of network upgrades and transmission development through the Transmission Development Forum, which the ISO convenes twice a year.

1.2. Scope of the Track 3 Final Proposal

The ISO now proposes to advance the following concepts in this track 3 final proposal:

- Streamlining interconnection of projects currently in the by prioritizing the use of existing reliability headroom before all RNUs are completed;

- Modifications to the TPD allocation process;
- Adjustment to the Second Interconnection Financial Security Posting for Cluster 14 Parked Projects; and
- Clarifications to the process for reserving deliverability or certain long lead-time generation and storage.

Section 2 of this paper provides additional detail on a proposal for intra-cluster prioritization of projects seeking to use existing short-circuit duty (SCD)/reliability network upgrade (RNU) headroom before all RNUs are completed. Section 3 describes elements related to modifying the TPD allocation and retention processes, considering the earlier discussions and iterations including comments received throughout the IPE initiative on this matter. Section 4 proposes an adjustment to the Second Interconnection Financial Security Posting for Cluster 14 Parked Projects. Section 5 further describes the process for reserving deliverability of certain long lead-time generation and storage resources in the Transmission Planning Process. Sections 6 and 7 outline the role of the Western Energy Markets Governing Body and next steps for the initiative and approvals, respectively.

The ISO anticipates that track 3, like earlier tracks, will result in tariff changes. The ISO plans for these proposed tariff changes to go only to the ISO Board of Governors and not to the Western Energy Markets Governing Body because the changes apply to the ISO-controlled grid and the ISO is not proposing changes to real-time market rules. The ISO anticipates this will continue to be the case independent of potential outcomes of the West-wide Governance Pathways initiative.

2. Streamlining Interconnection Projects in Queue

In the course of the track 2 stakeholder process, issues emerged related to the unprecedented volume of cluster 14 and earlier queued projects. These projects have received final interconnection study results but are behind major network upgrades driven by the excessive number of interconnection projects that moved into the current phase 2 study process. The ISO seeks to address this residual issue, which was not the subject of the transformative track 2 proposal, in track 3. It is imperative that the industry continue to move forward with timely resource interconnections. While the ISO works to implement the track 2 changes, this additional reform is needed—even if only in the transition—to keep resources in those clusters moving forward as effectively as possible. This topic was introduced in the July 8, 2024 straw proposal for Track 3B and has been refined throughout this initiative.

Intra-Cluster Prioritization

Background

The cluster 14 Phase II report identified several long construction-time short-circuit mitigation projects (e.g., circuit breaker replacements with higher short circuit interrupting capacity that require more than five years to complete). It is likely that the need for some of these mitigation projects will be eliminated as natural attrition results in project withdrawals from the queue. However, it could take many years for enough generators to withdraw from the queue, and until that happens, the in-service dates for the affected generation projects will need to reflect the time it will take to complete the short circuit mitigation.

The ISO expects that many of the generation projects could interconnect without triggering the need for the short-circuit mitigation. In other words, the existing system may be able to accommodate some, but not all of the similarly queued projects in an area. Normally such headroom would be allocated by cluster, from earlier to later; but cluster 14 alone is greater than the headroom available. As such, the ISO proposes a new process to allocate the initial, finite headroom. In previous proposals, the ISO proposed an allocation process to allow generators to interconnect up to an amount that would not trigger the need for the long lead-time short-circuit mitigation. The process would be similar to the TPD allocation process.

Stakeholder feedback and discussion

Nearly all stakeholders generally supported this proposal, with some offering various modifications.

Including more than just short circuit mitigation projects

Several stakeholders encouraged the ISO to consider establishing this process more generically so that any long-construction upgrade could be evaluated for some projects to come online before those upgrades' completion. The ISO observes that short circuit mitigation projects are the most prevalent type of long lead-time mitigation projects identified in cluster 14.[2] There are some long lead-time reliability network upgrades that are not driven by excessive short circuit currently in cluster 14 and earlier clusters.

[2] The ISO also notes that it already offers several options for projects to come online to some extent before all of their assigned network upgrades, including the limited operation study, operation for markets, energy only operation, and phased construction.

Including those upgrades would require an entirely different study, as well as coordination of those studies and the different groups of engineers doing them. This may extend the timeline needed for the process. However, there are potential additional benefits from including all types of long lead-time reliability network upgrades in the proposed process, so the ISO has incorporated this change in the proposal.

An ongoing process available to both existing and future clusters

Stakeholders acknowledged that the long lead-time project issue is particularly acute with cluster 14, but they also pointed out that it could be an ongoing problem and may affect future clusters. They also noted that projects selected to advance before the completion of the upgrade could withdraw and be replaced by other delayed queue projects. The ISO expects that future clusters will be much smaller than cluster 14. However, because cluster 14 and earlier cluster projects will still be in the queue for some time, the ISO agrees that long lead-time upgrades could still be triggered due to excessive numbers of projects in the queue, and has revised the proposal to be an ongoing process.

Affidavit information

Some stakeholders asked for clarification of the timing and details of the affidavit process. Some suggested expediting the timing. Some agreed with the ISO proposal to use the same affidavit information for this proposal that is used for TPD allocation. The ISO continues to support the idea of using the same information submittals for this proposal as the information submittals that are used for TPD allocation, and the due dates for both will be the same because it is generally the same information. The ISO agrees with the stakeholder comment that implementing a secondary process could become onerous. The next affidavit process and TPD allocation process is scheduled for this August.

A stakeholder requested that the ISO expedite this intra-cluster prioritization proposal, and another stakeholder requested to make this an annual process independent of the TPD allocation process. The ISO is moving forward on this process as expeditiously as possible, with an intent to seek Board Approval in March of 2025; after that, FERC approval will be required. Cluster 15 studies will begin in June and be completed by November. Processing the information needed for scoring in August and subsequently performing the analysis after the Cluster study is the earliest achievable schedule. The TPD allocation process is generally an annual process, and there are efficiency gains from performing the two processes in parallel. Other stakeholders supported the coordination of the two processes.

Allocation priority

One stakeholder proposed that priority should be given to generators with the lowest short circuit contribution so that a greater number of projects can come online earlier. The ISO may consider this proposal, but believes that using the TPD affidavit information is a better indicator of which projects will actually come online on schedule than using the short-circuit contribution. The short circuit contribution will be used as a tie-breaker, if needed.

One stakeholder suggested a process that allows projects to come online under provisional interconnection service in case projects are delayed. Projects interconnected under provisional service must accept operational constraints the ISO may need to impose to maintain reliability. Operational constraints can be managed using a maximum set point on resource output. The ISO believes there is no framework for mitigating short circuit constraints in the operating horizon currently.

Two stakeholders proposed more detailed scoring metrics based on engineering design completion and status of procuring equipment without project specificity. One stakeholder argued that having a gen-tie or a substation already built or in advanced development would show that the generation is more likely to be built sooner. The ISO, however, maintains that the PPA and permitting status of the generation and the other metrics in the TPD allocation process are sufficient indicators of the likelihood of the generation being built sooner.

One stakeholder commented that deliverability upgrade schedules should not prohibit participation in this process. The ISO has modified the proposal to consider deliverability upgrade status and schedules in the scoring process rather than prohibiting participation.

Criteria for identifying long lead-time upgrades

One stakeholder proposed that this process not be limited to upgrades with an estimated time to construct of more than four years, and that serve as the sole reason for delaying the in-service date of multiple generation projects by more than two years. Instead they proposed that the process should include any Network Upgrades where potential headroom is available or at least reduce the timing restrictions. The ISO believes the process needs to be manageable and should not include every RNU, especially because the process will be ongoing. The ISO has already modified the proposal to reduce the number of years to four and two instead of five and three. The purpose of this initiative is to address long lead-time upgrades that are considerably delaying the commercial operation date (COD) of viable generation projects, to have a process that is manageable, and to not impact the ability to complete existing interconnection study work on-schedule. We believe that the proposed criteria is reasonable and meets the purpose of the initiative. We need to minimize the need to

assess multiple upgrades for overlapping groups of generators because that could require an excessively complex and time consuming iterative analysis.

One stakeholder asked for examples illustrating the application of the propose criteria. The ISO provides the following example.

A generator has the following identified upgrade requirements:

- An interconnection facility (IF) with a 3-year schedule.
- RNU with a 5-year schedule.

After taking into account the IF duration to completion, the RNU is effectively delaying the in-service date of the generator by 2 years.

The proposal has been modified to "two or more years" delay rather than "more than two years." With this modification this example generator would be eligible to compete with other generators for available capacity in the system prior to completion of the RNU.

Limited operation study

One stakeholder asked for clarification regarding generation projects selected as not needing to wait for a long lead-time short circuit mitigation project and suggested a limited operation study would not be required for that generation project to become operational prior to the upgrade going into service. On the other hand, one stakeholder proposed that a limited operations study should still be required. The ISO confirms that a limited operation study would not be required as long as there is 3% of margin (*e.g.*, short circuit current less than 97% of the breaker capability or bus load flow less than 97 of its rating).[3] However, if there is not adequate margin, then a limited operation study (LOS) would be required for the generator to synchronize ahead of its RNUs and in-service date. Generators that can be accommodated before exceeding 100% of the limiting facility rating, but still requiring an LOS, would be identified and would have a priority over other generators in the same cluster with a lower ranking or that did not participate in the Intra-Cluster prioritization process. Margin is necessary to accommodate impacts from CPUC Rule 21 projects, FERC Wholesale Distribution Access Tariff (WDAT) projects that are studied outside of the cluster study process, and base case changes that could result in increasing the short circuit duty and exceeding the short circuit interrupting capability of the circuit breakers. The ISO also notes that interconnection customers always may elect to request a limited operation study within

[3] A PTO can hold back less than 3% of margin, but would not be allowed to hold back more than 3%.

the timeframe for doing so. Stakeholders should refer to the track 2 final proposal, which discussed limited operation studies in depth.

In addition, if a limited operations study is still needed because there is less than 3% margin, the Large Generator Interconnection Agreement (LGIA) would continue to reflect a COD that allows enough time for the long-lead time upgrade to be completed. On the other hand, if there is at least 3% margin then the COD in the LGIA would be changed to the new earlier in-service date.

Additional requirements for projects selected

Two stakeholders suggested that projects that benefit from this process should not be allowed to suspend or request a COD extension through the modification process. These projects must sign a GIA within a reasonable amount of time, such as four months after completion of the prioritization study. Another stakeholder opposed the suggestion to not allow projects benefiting from this process to suspend or request a COD extension through the modification process, due to the inherent uncertainties associated with the development of a project. It was suggested instead that the ISO impose a condition for any project delaying its COD beyond what is enabled by its secured headroom, to release that headroom, with the ability to participate in the next intra-cluster prioritization cycle, which would take into account its updated COD. The ISO believes that because customers that receive a prioritization will be the projects with the highest ranking after considering the TPD allocation scoring metrics, these customers will move forward in a timely manner.

Logistics of the reliability analysis

One stakeholder asked for clarification on whether the evaluation would be performed using short circuit results from the reassessment study and other available information, and how impacts from Rule 21 projects, WDAT projects, and base case changes would be considered. The ISO responds that the PTOs could use existing study results as much as possible to simplify any additional analysis that is needed, and short circuit duty margin could be set aside to ensure that changes from Rule 21 projects, WDAT projects and other base case changes would not cause reliability issues. The ISO and PTOs could coordinate their study processes to allow consistency.

One stakeholder commented that a PTO-specific study plan will need to be developed, and another stakeholder commented that a detailed procedure similar to the deliverability allocation procedure be developed. The ISO responds that like other ISO generation interconnection studies, a common study plan will need to be developed, but there can be some minor differences, as needed, for specific PTO study areas. A

sufficiently detailed allocation procedure, as outlined in this paper, will be established in the tariff and BPM development process.

One stakeholder also commented that according to the RIS timeline posted by CAISO in September 2024, QC15 reports are due on October 29, 2025, and the Reassessment study will commence on October 30, with reports due on April 30, 2026. The addition of another study which would be performed concurrently with the already stringent 150-day timeline for QC15 and reassessment is suboptimal. They respectfully requested that CAISO take this into consideration when establishing the timeline for the new study. The ISO responds that October 30 to April 30 is six months. The Reassessment is a 150 day study, which is five months, so there is a one month delta that allows the Reassessment study to actually start on November 30. It is expected that the first intra-cluster prioritization study will begin on October 1, which would be two months before the reassessment study would begin. However, there may still be some overlapping of the studies.

Power Purchase Agreement Status

One stakeholder agreed with the proposal to treat EO and FCDS projects with the same priority, everything else being equal. However, when scoring for PPA status, EO projects should receive 10 points (rather than 7 points) if they have an EO PPA because these projects are matching their PPA requirement. The ISO believes that giving EO projects 10 points for having a PPA and FCDS projects 7 points for having a PPA would not be treating EO and FCDS projects with the same priority.

Deliverability Upgrade Status

One stakeholder was concerned that Energy Only projects receive 10 points, while FCDS projects awaiting delivery upgrades receive only 3 points. They stated that if an FCDS project chooses to operate as Energy Only while awaiting transmission upgrades, it should not be penalized in the scoring compared to a project that was initially designed as Energy Only. The ISO points out that FCDS projects that are not awaiting delivery upgrades also receive 10 points. Therefore both EO and FCDS projects not awaiting delivery upgrades are treated the same. Furthermore, an EO project with a PPA is better positioned to move forward than an FCDS project with a PPA that is still waiting for a deliverability driven transmission upgrade.

Remedial Action Schemes (RAS)

One stakeholder proposed that all projects waiting for RAS upgrades should be allowed to start operations using congestion management until the RAS is implemented. The

ISO disagrees and believes that waiving RAS requirements is beyond the scope of this initiative. RAS upgrades are RNUs under the ISO tariff.

Inter-Cluster Priority

Several stakeholders argued that inter-cluster priority should be ignored. For example, a more-ready cluster 14 project should be allowed to come online before a less ready earlier cluster project. The ISO responds that if cluster 14 triggered an RNU then a cluster 13 or earlier cluster project does not have to wait for that RNU. In other words, allowing a cluster 14 project to utilize the last remaining transmission capacity that is planned to be used by a cluster 13 project would result in adding a new RNU requirement for the cluster 13 project, and that is not allowed. Changing that is beyond the scope of this initiative.

Other clarifications on the process

Stakeholders requested clarifications on several other items. The ISO clarifies that the generation projects in the cluster that is currently triggering the need for the RNU will need to go through the prioritization process. Generation projects in earlier clusters already have a higher priority than later clusters.

Interconnection customers already have the necessary information in their study reports to know which upgrades would go through the process. The ISO and PTOs will require about two months after the proposal is approved by the ISO Board in March to develop a study plan and identify the upgrades that would be considered. The list of upgrades would be targeted to be posted by July 15, 2025.

The forms providing information necessary for the scoring process will be due at the same time as the TPD allocation request forms (currently targeted for August 15, 2025), and once the study has been completed, customers would be informed and a study report will be posted.

Similar to the TPD allocation process, the intra-cluster prioritization studies will be funded by an additional study deposit of $50,000 provided by each interconnection customer participating in the study.

Long lead-time precursor network upgrades (PNU) also can be considered in the process.

Proposal

The ISO proposes a reliability allocation process to allow some of the generators in the cluster that is responsible for triggering reliability network upgrades to interconnect up to

an amount that would not trigger the need for long lead-time short-circuit upgrades or other long lead-time reliability network upgrades. The ISO will score eligible projects similar to the TPD allocation process, which would occur in parallel with that process.

For the purposes of this Intra-Cluster Prioritization process, eligible long lead-time RNUs, including Precursor Network Upgrades (PNUs) approved in the transmission planning process would have to have an estimated time to construct of four or more years and serve as the sole reason[4] for delaying the in-service date of multiple generation projects by two or more years. Generation projects in the cluster that trigger the need for that long lead-time RNU would be eligible to compete for available transmission capacity on the constraint to be mitigated by that long lead-time RNU. The long lead-time RNUs to be considered would be identified by the ISO and PTOs and posted on the ISO website.

Eligible interconnection customers participating in the process would be required to submit forms with similar information to those submitted for the TPD allocation process. The table below shows the same scoring information that are proposed for the TPD allocation process. However, the ISO proposes an additional column, in red, to include scoring data based on TPD allocation status and associated deliverability network upgrade status. A project will be given one score per column. For example, if the project has a Draft Environmental Report with no significant impact that cannot be mitigated, it will get 5 points for that column even though the project has also Applied and is Data Adequate. For the intra-cluster priority, the highest sum of the scores from each of four columns would establish the priority.

[4] For example if a generation project has to wait three years for a transmission upgrade needed for an RNU or Interconnection Facility and has to wait four years for a different long lead time RNU, then the long-lead time upgrade is only creating a 1 year delay for that generation project.

Table 1. Revised TPD allocation scoring for intra-cluster priority

Points	Permitting (select one per category)	Power Purchase Agreement Status (select one per category)	GIA Status (select one per category)	Deliverability Upgrade Status (select one per category)
10	Has Final government permit to construct, or Has authorization to construct with a qualifying exemption[5]	Off-taker is procuring the capacity to meet its own RA obligation, or the Interconnection Customer is a Load Serving Entity serving its own Load	The Interconnection Customer has provided payment and security to the Participating TO	Full Capacity Deliverability Status Allocated project not waiting for any transmission upgrades needed for deliverability or Energy Only (EO) project
7		Has an executed PPA	The Participating TO has received written authorization to proceed with construction from the Interconnection Customer	
5	Draft Environmental Report w/no significant impact that cannot be mitigated			
3	Data adequate		Has an executed GIA	Full Capacity Deliverability Status Allocated project waiting for a transmission upgrade needed for deliverability
1	Applied			

Tied projects for the same General Reliability Network upgrade (GRNU) headroom would be settled based on SCD contribution, or flow impact, with the least contribution winning the tie. For Interconnection Reliability Network Upgrades (IRNUs), tied projects would be settled based on MW size, with the largest winning the tie. Interconnection customers applying to participate in the prioritization process would provide a study deposit of $50,000 for the necessary studies. The ISO would rank those projects as described above, and provide those rankings to the PTOs so they could perform an

[5] Example: In accordance with CPUC General Order NO. 131-D; https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M521/K748/521748942.pdf.

assessment to allow the highest ranking projects to come online prior to completion of the upgrade. The ISO notes that, similar to all interconnection studies, these results are based on the ISO and PTOs' reasonable efforts examining current and future topology. The ISO and PTOs will notify interconnection customers of any result change that may impact their expected in-service date. The PTOs will use existing study results as much as possible to simplify any additional analysis needed, and short circuit duty and loading margin will be set aside to ensure that changes from Rule 21 projects, WDAT projects and other base case changes would not cause reliability issues. The ISO and PTOs will coordinate their study processes to allow consistency. A limited operation study (LOS) would not be required as long as there is 3% of margin (e.g., short circuit current less than 97% of the breaker capability or bus load flow less than 97 of its rating).[6] However, if there is not adequate margin, then a LOS would be required for the generator to synchronize ahead of its RNUs and in-service date. Generators that can be accommodated before exceeding 100% of the limiting facility rating, but still requiring an LOS would be identified and would have a priority over other generators in the same cluster with a lower ranking or did not participate in the Intra-Cluster prioritization process. Remaining projects would have to wait for the assigned RNU or PNU to be completed and placed in service. Cost responsibility for the upgrades would not be affected by this process.

The intra-cluster prioritization process will be an ongoing process that occurs in parallel with the TPD Allocation process. A preliminary schedule for the 2025 intra-cluster prioritization process is shown in Table 2, below.

Table 2. 2025 Intra-Cluster Prioritization Process Schedule[7]

Description	**Target Date**
Post list of upgrades eligible for the process	July 15, 2025.
Participating Interconnection customers submit information needed for scoring	August 15, 2025
Provide ranking of participating projects to the PTOs	October 1, 2025
Inform customers of the results on the study	December 2025
Provide report documenting the study results	January 2026

[6] A PTO can hold back less than 3% of margin, but would not be allowed to hold back more than 3%.
[7] These dates only refer to the intra-cluster prioritization process schedule. As is the case for the TPD allocation process, the ISO will update these dates with a market notice.

3. Modifications to Transmission Plan Deliverability Allocations

Background

Because most off-takers require a project to be eligible to meet their resource adequacy (RA) obligations, the TPD allocation process is very important to project developers. The CPUC resource portfolios and Local Regulatory Authority (LRA) resource plans designate the specific resource types and capacity to be developed, which the TPP uses to determine the transmission projects necessary to support those specific new resource requirements. This can result in the LRA designating an area for significant resource development that would not typically be the focus of large transmission expansion due to the relatively lower load levels and low load growth of the area. When such an area becomes the focus of significant generation development due to an emerging generation technology or an opportunity for resource diversity, a large transmission project may be needed to support the emerging need. In these circumstances, the basis for the transmission project is to serve the specific public policy requirement that requires the technologies in the portfolio. In other words, the transmission project would not be needed but for the LRA need identifying the technology at the specific location.

In the current environment of accelerated targets for resources in the near-term horizon, there are challenges related to when it is most advantageous for projects to enter the interconnection queue. Projects aligned with the most recent Integrated Resource Plan (IRP) and transmission planning process (TPP) will likely need to stay in the queue for a number of years, waiting for completion of required upgrades. The absence of LRA procurement authorization for projects with potential commercial operation dates aligning with long lead-time upgrades adds further uncertainty for project developers. Projects become eligible to seek an allocation after the cluster studies are completed and then have a limited period when they are eligible to seek an allocation before being converted to Energy Only status. The TPD allocation process gives highest priority to projects that have executed a power purchase agreement (PPA) or are shortlisted for procurement. For projects with longer lead-time network upgrades, the window of opportunity to seek an allocation can be several years before their network upgrades are completed and possibly before load-serving entities (LSEs) seek to procure projects with later commercial operation dates (CODs).

The following provides a reference to the existing TPD allocation groups, the eligibility requirements for each and the order in which the groups are considered for potential allocation of available and planned TPD capacity.[8]

The ISO currently allocates TPD to the following four groups, A – D:

(A) To Interconnection Customers that have executed PPAs, and to Interconnection Customers in the current Queue Cluster that are Load Serving Entities serving their own Load.

(B) To Interconnection Customers that are actively negotiating a power purchase agreement or on an active short list to receive a power purchase agreement.

(C) To Interconnection Customers that have achieved Commercial Operation for the capacity seeking TPD.

(D) To Interconnection Customers electing to be subject to GIDAP Section 8.9.2.3.

Table 3. Current TPD Allocation Groups

Allocation Group	Project/Capacity Status	Commercial Status	Allocation Rank
A	Any project (active IR or achieved commercial operation)	Executed power purchase agreement requiring FCDS[9] or interconnection customer is an LSE serving its own load	Allocated 1st
B	Any project (active IR or achieved commercial operation)	Shortlisted for power purchase agreement or actively negotiating a power purchase agreement	Allocated 2nd
C	Any project that achieved commercial operation	Commercial operation achieved	Allocated 3rd
D	Any active project that meets the allocation group D criteria	See criteria above	Allocated 4th

The TPP identifies transmission projects to meet the policy goals of LRAs for specific resource technologies in specific locations. The ISO must ensure such transmission capacity is reserved for the specific technologies a transmission project is designed to serve. Doing otherwise would frustrate or countermand the public policy requirement the project was approved for. It may take many years for the transmission project to be

[8] Generator Interconnection and Deliverability Allocation Procedures BPM Section 6.2.9.4Second Component of the Allocation Process: Allocating TP Deliverability
[9] Full Capacity Delivery Status (FCDS).

permitted, constructed, and go into service, requiring the associated transmission capacity to not be used until the emerging technology can use it. For example, awarding the transmission capacity for Northern California offshore wind as generic TPD for generic RA needs would serve a different public policy goal than the goal the transmission was actually approved for.

Summary of the ISO's proposal from the track 3 draft final proposal.

Allocation Groups

The ISO proposed to reduce the allocation groups to three:

1. **PPA group**: First priority will be given to projects with a PPA that meets the existing PPA eligibility requirements (provided in the ISO Tariff Appendix KK, Section 8.9.2). This allocation group will only apply to clusters 15 and beyond. The ISO will require that the LSE or non-LSE off-taker verify that the PPA provided by the interconnection customer is active and meets the tariff requirements for a PPA, including annually, as part of the TPD retention process, confirming that the PPA is still active and continues to meet tariff requirements.

2. **Commercial Operation group:** Second priority will be given to eligible Energy Only projects that go into commercial operation. This allocation group is only available to projects in clusters 14 and prior that are Energy Only. Cluster 15 and later projects that entered the queue as Energy Only are not eligible to seek an allocation under the Commercial Operation priority group, nor any other group.

3. **Conditional group**: This is a distinct new group for any projects without a PPA, similar to the current group D, but without group D restrictions. Any projects without a PPA would by default be included in the conditional allocation process with a scoring process to determine which projects receive available TPD. This allocation group will only apply to clusters 15 and beyond.

After the 2025 allocation cycle the ISO proposed to no longer provide allocations to projects that are shortlisted.

Multi-fuel projects receiving an allocation with PPAs

Under the ISO's proposal, when seeking an allocation under the PPA group for a multi-fuel project, the interconnection customer will request a specific MW capacity for each fuel type for which it seeks an allocation. In addition, the request must provide the desired ranking order for each fuel type to be considered.

Parking

The ISO proposed to discontinue the parking process. Cluster 14 projects will be the last cluster to be eligible for parking, in accordance with the current TPD allocation procedures for parking.

Opportunities to seek TPD

Instead of parking, the ISO proposed that projects will have three consecutive opportunities[10] to seek an allocation of TPD. With parking eliminated, projects will no longer need to qualify for parking to seek an allocation in these three opportunities. Projects that have exhausted their three opportunities to receive TPD will be withdrawn.

In addition, the ISO proposed that projects will be eligible to seek an allocation in the allocation cycle that occurs during the project's interconnection facility study in the PPA Group only, by demonstrating they have an eligible, executed PPA. The Conditional group would not be open to projects until after the cluster's interconnection facilities study is complete. If a project with an eligible PPA does not receive an allocation in this opportunity, it will be eligible to seek an allocation along with the projects in its cluster during the three opportunities following receipt of their facilities study report.

Eligibility of Energy Only projects to seek TPD

Cluster 14 and prior clusters

The 2025 allocation cycle will be the last opportunity for cluster 14 and prior Energy Only projects to seek an allocation through either the current PPA or Shortlist allocations groups. Cluster 14 and prior Energy Only projects, or portions of projects that achieve commercial operation will continue to be eligible to seek an allocation through the new Commercial Operation group.

The proposed changes for Cluster 14 and prior projects would begin with the 2027 TPD allocation cycle. This also will apply to any projects receiving a Group D allocation in 2025.

For cluster 14 and prior Energy Only projects that are eligible to seek TPD, the ISO proposes to revise the required study deposit for Energy Only projects seeking an

[10] The opportunities to seek and retain allocations of TPD are typically done on an annual basis, but circumstances may result in the timing of the successive opportunities to be more than one year apart.

allocation to a flat fee of $5,000. This amount has been sufficient to cover study costs for this requirement in the past.

Cluster 14 and prior projects that added a technology as Energy Only via an MMA that is approved before the 2025 seeking-TPD request due date will have one final opportunity during the 2025 TPD allocation cycle to seek an allocation for such addition under group A with a PPA, or group B with a Shortlist (and can seek TPD in the new Commercial Operation Group indefinitely).

Finally, Energy Only projects cannot remain in the queue based on a PPA that is contingent on receiving or that requires TPD. This is because there is no guarantee that the required study for Energy Only projects seeking TPD will show the project to be eligible to receive TPD and there are no guarantees that TPD will be available if the project is found to be eligible.

Cluster 15 and future clusters

Beginning with cluster 15, the ISO Tariff Appendix KK prohibits Energy Only projects from seeking deliverability. Section 4 states: "Interconnection Requests that proceed to the Cluster Study based on the criteria for Energy Only Interconnection Requests may not obtain Deliverability for that Generating Facility and any associated Generating Units thereafter, including without limitation through transfers, modifications, or the TP Deliverability allocation process. Expansions to Energy Only Generating Facilities may receive Deliverability if their Interconnection Requests proceed to the Cluster Study based on the criteria for Interconnection Requests seeking Deliverability."

Technology additions performed through the modification process for projects in cluster 15 and beyond that entered the queue requesting FCDS or PCDS will be Energy Only and only be permitted to seek a TPD allocation through the Commercial Operation group. This occurs regardless of whether the requested addition is before or after their COD (via an MMA or Post-COD modification). *Documentation*

The ISO proposed to assess requests and substantiating documentation based on the documents as submitted by the TPD-retention or TPD-seeking request due dates. Documents required in the request processes that are not received by the request due date will not be accepted.

Modifications to the TPD scoring criteria:

The proposed modifications to the TPD scoring criteria are summarized below. The current proposal is provided in the proposal section below with proposed changes from the draft final proposal in red.

Scoring for the Commercial Operation group

The prioritization of allocations for the Commercial Operation group is proposed to be in the following order:

1. Projects that demonstrate having a RA contract
2. Lowest Distribution Factors (DFAX)

Stakeholder feedback and discussion

The stakeholder comments summarized below were based on the January 9, 2024, track 3 draft final proposal, summarized above.

Three allocation groups

All stakeholders commenting on the three allocation groups either support or do not oppose the proposal. However, a number of stakeholders requested modifications to the proposal. CalWEA recommended that the highest priority be placed on operational projects, including those that entered the queue with an Energy Only request. The ISO disagrees that Energy Only projects should be given priority over projects that requested FCDS. Projects that go into commercial operation as Energy Only should not be able to jump ahead of projects the have progressed through the study and allocation process for FCDS projects. Energy Only projects are rare, and the ISO does not want to create new incentives for projects to try to come online as Energy Only, only to see them immediately request deliverability. Further discussion on the issue of Energy Only projects is below.

Intersect Power and LSA disagree with the removal of shortlist allocation group, stating that the period of time between the receipt of interconnection facility study results and the cluster's first TPD allocation cycle's affidavit deadline is very limited and in many cases is not long enough to negotiate and fully execute a PPA. First, the ISO reiterates that the current shortlist allocation group (B) will remain an option for cluster 14 and prior clusters for the 2025 allocation cycle for all eligible projects. Regarding the schedule, the ISO provided an outline of the timing of a typical procurement process that a number of LSEs indicated that they would use that begins prior to the allocation process and results in PPAs with selected projects following a given cluster's first allocation cycle. This process gives the LSE assurance that the projects they negotiate with for a PPA have a conditional allocation. Even if the project has not obtained a conditional allocation, the process give the LSE enough time to assess the projects and determine it is willing to enter into a PPA with project without a conditional allocation. Similarly, ACP requested that CAISO commit to monitoring the time required to execute

a PPA after a conditional deliverability allocation is received during the implementation of the IPE revisions. As always, the ISO will monitor the various aspects of the modified TPD allocation procedures and is willing to stakeholder modifications if after an ample period of implementation changes are found to be necessary.

CalCCA supports the proposed requirement for offtakers to confirm active PPAs annually for projects within the PPA group to retain their deliverability allocations.

Three consecutive annual opportunities to seek an allocation

All stakeholders commenting either support or do not oppose the proposed opportunity for projects to seek an allocation in the PPA group during the allocation cycle that occurs while the project's interconnection facility study is ongoing.

All stakeholders commenting either support or do not oppose the proposal to allow no more than three opportunities for projects to receive a deliverability allocation. However, some stakeholders had ongoing concerns.

PG&E's concern is that forcing projects to withdraw after failing to obtain an allocation of TPD after three opportunities may engender system inefficiencies that ultimately represent a cost to the customers. The ISO disagrees. This ISO has stated its numerous concerns with allowing projects to convert to Energy Only (some reiterated in the proposal below) and believes that the historically demonstrated limited ability of projects that have been converted to Energy Only to ultimately become successful and go into operation is far outweighed by the problems and inefficiencies such projects pose to the an efficiently operating interconnection queue. The ISO also disagrees with PG&E's concern that, given recently-updated load forecasts within the CEC's 2023 Integrated Energy Policy Report (IEPR), forcing projects to withdraw to defer to later queue projects will delay ability to meet load. The ISO believes that the queue has historically and will continue to have sufficient numbers of projects competing for PPAs. Cluster 15 will still be a very large cluster, even with the IPE Track 2 changes. Allowing projects to convert to Energy Only and clog the queue has proven to hinder the efficient processing of projects, as well as the ability of projects to obtain PPAs due to being saddled with long lead-time and costly RNUs that otherwise would likely not be triggered if those projects are withdrawn from the queue.

Intersect comments that given cluster 15's modified interconnection process schedule as compared to future clusters and the ISO's decision to cancel the 2026 TPD allocation cycle, cluster 15 projects will not have an opportunity to seek TPD allocation ahead of their GIA execution. The ISO points out that under the FERC Order No. 2023, the required GIA execution date is always before the results from the first of three TPD allocation cycles are available. A TPD cycle in 2026 would only serve cluster 14 and

earlier projects because the cluster 15 facility study reports are not due until November 2026. With the delayed TPD cycle in 2025 there simply is not enough time to provide sufficient time for projects receiving an allocation in the 2025 cycle to retain it in a 2026 cycle or for any projects receiving an allocation in the 2026 cycle to retain it in 2027. This does however point out that it would not be possible or make sense to have a TPD opportunity for cluster 15 projects to seek an allocation during their facility study that occurs from May into November, 2026. Thus, cluster 15 projects will have to wait until the March 2027 cycle to seek TPD.

CESA and ENGIE do not oppose a three-year TPD allocation window but remain concerned that while directionally positive this could result in the window expiring before developers and load serving entities are able to enter into PPAs if the earliest commercial operating dates for the projects are beyond the CPUC's procurement requirements due to long lead-time RNUs. The ISO acknowledges that the ISO and stakeholders have not been able to come to a mutually agreeable solution within IPE. The ISO will continue to seek to find solutions that provide some form of relief, but believes any solution will not be part of the ISO Resource Interconnection Standards.

MN8 continues to have the concern that projects entering a cluster can have the amount of available TPD at the time they enter the cluster taken by earlier clusters in the allocation cycles before they become eligible for an allocation. The impact of this was illustrated in the draft final proposal. While the ISO agrees that this may play out in some cases, it is not inherently problematic if the amount of TPD and interconnection is fundamentally aligned with resource and transmission planning. Further, this condition always has existed in the TPD allocation process. Reserving TPD for a given cluster could harm the earlier cluster projects that are more advanced in their development by not allowing them to utilize the existing TPD on the system. Some of the earlier queued projects may have entered the queue in anticipation of additional TPD becoming available for them through the TPP. The ISO continues to believe that it is best to allow the most ready projects to move forward as quickly as possible, regardless of their queue cluster, rather than being hindered by some form of capacity reservation.

Clearway suggests providing an opportunity to convert to Energy Only after a project exhausts its three opportunities to obtain TPD, providing an additional two years as Energy Only to test the market's appetite for Energy Only PPAs. The ISO maintains the Energy Only path is the appropriate opportunity to market Energy Only projects.

Opportunities for Energy Only projects

AES, CalWEA, EDF, LSA, SB Energy, and TerraGen ask that Energy Only projects in cluster 15 and beyond to be eligible for TPD through the commercial operation

allocation group. The ISO continues to conclude that projects that enter the queue on a given deliverability path must remain on that path through the life of their project. FERC has approved the ISO intake scoring process that seeks to ensure that the most ready and viable projects proceed into the study process. Under the FERC Order No. 2023 procedures, projects are having to take steps to be studied and proceed through the queue that demonstrate a high level of commitment than was previously required. As such, projects seeking FCDS that proceed to the TPD allocation process should not have the available TPD they are competing for reduced by Energy Only projects from prior clusters, even when those Energy Only projects have reached commercial operation. As discussed above, MN8 is concerned that prior clustered FCDS projects will reduce the capacity available to FCDS projects in clusters that follow, increasing the risk for those later clusters. Allowing Energy Only projects to further reduce that capacity would not be appropriate. Furthermore, in FERC's September 30, 2024 order approving the IPE track 2 tariff revisions, FERC stated:[11]

> Finally, we decline to direct CAISO to clarify that an interconnection request that completes the interconnection study process and executes a GIA may change its status in a future cluster, without having to withdraw their initial interconnection position. As CAISO explains, interconnection requests that proceed to the cluster study based on energy-only criteria may not obtain deliverability through transfers, modifications, or the TP deliverability allocation process because "[i]nterconnection customers could proceed under the less competitive energy-only criteria to avoid competition, then receive deliverability later or after studies."[12] We note that CAISO's Tariff does, however, permit expansions of generating facilities with energy-only deliverability status to receive deliverability if their interconnection requests proceed to the cluster study based on the criteria for interconnection requests seeking deliverability.[13]

As the CAISO has maintained, allowing projects to switch deliverability status would circumvent the competitive screening processes.

CalCCA supports the CAISO's intent to prevent developers from utilizing the Energy Only pathway to circumvent a competitive process for TPD allocation and proposes that projects that have achieved commercial operation as Energy Only be allowed to submit new interconnection requests, being scored along with all projects seeking to be studied as FCDS, and seek TPD following their studies. The ISO has considered the issue and

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[11] FERC Order Re: Docket No. ER24-2671-000, Issued September 30, 2024, at 214.
[12] Transmittal at 29.
[13] CAISO, CAISO Tariff, app. KK, Section 4 (Cluster Study Criteria) (1.0.0).

there are a number of policy issues that would need to be discussed with stakeholders. With this being the final proposal there is not sufficient opportunity to have an adequate stakeholder discussion on the related policy issues. This issue will have to be deferred to a future IPE initiative.

AES, LSA, and Terra-Gen oppose limiting pre-C15 Energy Only projects and storage capacity added through the MMA process to only being eligible to request TPD once they have achieved commercial operation. Since roughly 2018, the ISO has offered the opportunity to add storage through MMAs and then seek a TPD allocation for such additions. The ISO put this process in place to facilitate adding energy storage to the system quickly to meet changing system needs. Now that BESS technology is maturing and there is sufficient BESS capacity in the queue, the ISO believes this opportunity is no longer needed and is now creating an unfair situation and competition for those projects proceeding through the interconnection process. Therefore, continuing with the technology addition shortcut for BESS is not fair to those already in the queue. A facility can always expand by submitting an expansion project into the queue. Additionally, those pre-cluster 15 Energy Only projects have had their time-in-queue and opportunity to seek TPD and to-date, have not demonstrated viability. Continuing to allow Energy Only projects to add capacity and then compete for TPD creates an unfair advantage and shortcuts the IPE Track 2 established processes.

EDF-R seeks clarification on projects eligible to seek TPD in the Commercial Operation group. Cluster 14 and earlier projects are clarified in Table 4 below. For Cluster 15 and later there were two scenarios in question: 1) a Cluster 16 project that adds gross capacity (same fuel type) via MMA, and 2) a Cluster 16 project that adds gross capacity (new fuel type) via MMA. The ISO notes that projects cannot seek more TPD than the interconnection service capacity and is limited to the ELCC factor of the original interconnection request. As noted in the proposal section below, Cluster 15 and later projects may add technology to an existing queue position or generating facility as Energy Only, and projects that are FCDS or PCDS may seek TPD for that addition in the Commercial Operation group after the project achieves commercial operation.

Parking

CESA, Intersect, REV, and Six Cities support eliminating parking for cluster 15 and beyond. No other stakeholders commented on this issue.

Multi-fuel process for requesting TPD

CESA, EDF, Intersect, LSA, REV, Six Cities, and Terra-Gen support the proposed methodology for multi-fuel projects requesting TPD. Some commenters recommended adding some flexibility for parties to transfer the received TPD from one fuel type to

another and some requested clarifications on the process. Because stakeholders continue to ask for clarifications on numerous scenarios, the ISO has determined this topic is not worth pursuing further at this time and has removed it. The ISO clarifies that multi-fuel projects requesting or retaining an allocation with a PPA, the interconnection customer's TPD request must align with the requirements of the PPA. This clarification is provided in the proposal below.

TPD Allocation Scoring Criteria

CESA, EDF, Intersect, LSA, REV, Six Cities, SCE, support or do not oppose.

ACP asks the ISO to augment the final proposal to provide additional, specific requirements for LSEs to meet the qualifications of "having an executed PPA" and for using the project to meet their own RA need. The ISO has used this procedure for LSEs in the TPD allocation process for a number of years and has not seen the process abused in any way. The TPD affidavits require the signatory to attest to the accuracy of the information submitted, a process that the ISO has relied on for all of the statements in the TPD affidavits since the TPD allocation process began. The ISO will commit to monitoring this issue to see if further requirements may be necessary in the future.

AES asked the ISO to consider modifications to the GIA status component in a future IPE track. While the GIA milestones were adopted through FERC Order 2023, CAISO's unique process of allocating TPD requires an additional review of the issue. At this time, projects are required to sign a GIA and submit deposits without certainty of whether TPD is allocated. AES recommends the CAISO consider adjusting the GIA requirements in light of CAISO's unique TPD processes. The ISO understands the developer's perspective on this issue; however, the ISO believes that GIAs should be executed consistent with Order No. 2023 timelines. This will avoid financing and construction delays. Projects that are not willing to execute a GIA without first receiving a TPD allocation should withdraw.

IEPA raised the concern of uncertainty that the seller's project will actually receive the TPD needed for the RA capacity product; however, commercially reasonable PPAs for these transactions will necessarily include off-ramps or similar provisions so that the seller is not contractually obligated to provide a product that for reasons beyond its control it will not be able to provide as scheduled. Without these off-ramps or similar provisions, the risk that seller will be locked in to a situation that could result in a default would make these agreements commercially untenable. In these circumstances, IEPA is concerned about the statement in the Draft Final Proposal that "[t]he ISO will do all it can to ensure that sham or conditional PPAs are not used to try to obtain an allocation inappropriately." In response, the ISO has not found particular termination or liquid

damages clauses as sham PPAs. Sham PPAs generally take the form of an agreement with a "counterparty" created by the interconnection customer itself or its holding company to merely appear as if it has a PPA. In other words, there is no buyer, but the interconnection customer is attempting to appear as if it has one to obtain TPD and then market its capacity to actual off-takers. The CAISO is not otherwise inclined to police or alter the terms of PPAs between two sophisticated, genuine parties.

Intersect sought clarification on how the GIA Status criteria will be assessed for projects with an executed Engineering and Procurement agreement. The ISO believes the proposed GIA scoring categories are sufficient and will not include an Engineering and Procurement agreement in the scoring process. The ISO supports projects seeking an Engineering and Procurement agreement when appropriate, but including it in the scoring process would only encourage projects to seek unnecessary agreements to gain extra points. Intersect proposed omitting the reference to "no significant impact that cannot be mitigated" in the permitting category. The ISO agrees with this and has revised the five-point permitting description to "Draft environmental report indicating likely approval of the requested permit and/or which indicates that the permitting authority has not found an environmental impact which would likely prevent the approval" to more closely align with the current Appendix DD BPM. The full description in the BPM will not be changed. The ISO views this to be a clarification, rather than a significant policy change.

Six Cities requested that the CAISO explicitly include such LSE projects in the applicable language defining the first priority allocation group, as reflected in the current definition of priority group A. The ISO agrees to be explicit in the tariff language for including LSE projects. Similarly, SCE wants to refine the language from "Off-taker is procuring the capacity to meet its own RA obligation or the Interconnection Customer is a Load Serving Entity serving its own load" to "Capacity is to be utilized by a Load Serving Entity to meet its own RA obligation." The ISO will continue use the current FERC approved tariff language of Appendix KK 8.9.2(A) "To Interconnection Customers that have executed power purchase agreements, and to Interconnection Customers in the current Queue Cluster that are Load Serving Entities serving their own Load." The abbreviated language in Table 6 of the proposal will be used in the BPM. Stakeholders will have the opportunity to suggest edits to the tariff changes the ISO submits to FERC.

Scoring for the Commercial Operation group

Minimal comments were received on this item and all stakeholders either support or do not oppose the draft final proposal scoring for the commercial operation group.

Other Comments

CalWEA recommend that CAISO change the rule to allow a project to transfer TPD to an earlier queue position. The ISO notes that projects entering the queue should proceed with the expectation to construct that project for its intended purposes. Projects entering later queues then transferring to earlier queues creates unfair competition situation for the respective clusters and complications around delivery network upgrades. Projects cannot enter a later queue to try and benefit earlier queued positions.

Proposal

Allocation Groups

The ISO proposes to reduce the allocation groups to three, described below. These allocation groups will be used for clusters 15 and beyond. Projects in clusters 14 and prior will continue to be governed by the current TPD allocation procedures, with the exceptions described further below.

1. **PPA group**: First priority will be given to projects with a PPA that meets the existing PPA eligibility requirements (provided in the ISO Tariff Appendix KK, Section 8.9.2).

   The ISO will require that the LSE or non-LSE off-taker verify that the PPA provided by the interconnection customer is active and meets the tariff requirements for a PPA. Then, approximately annually, as part of the TPD retention process, the LSE or non-LSE off-taker must confirm that the PPA is still active and continues to meet tariff requirements. If the PPA is no longer active or does not meet the requirements, the project will lose its allocation, and will be able to re-seek an allocation if its cluster is eligible to do so. However, if the cluster has completed its three opportunities to seek an allocation, the project will be required to withdraw.

2. **Commercial Operation group:** Second priority will be given to eligible Energy Only projects in commercial operation.[14] This allocation group is only available to projects in clusters 14 and prior that are Energy Only. Cluster 15 and later projects that entered the queue as Energy Only are not eligible to

[14] If a project is in commercial operation, any planned capacity still in queue—such as a post-COD expansion through an MMA—would not be eligible for TPD in this group because that capacity is not yet in operation. Likewise, proposed repowering capacity would be ineligible.

seek an allocation under the Commercial Operation group, nor any other group.

3. **Conditional group**: This is a distinct new group for any projects without a PPA, similar to the current group D, but without group D restrictions. Any projects without a PPA would by default be included in the conditional allocation process with a scoring process to determine which projects receive available TPD. Conditional allocations must be retained in the following TPD allocation cycle with an executed PPA. If not retained, projects can again seek an allocation if the project's cluster is eligible to do so through the any group (including the conditional group), using updated project scores. The TPD capacity allocated through the Conditional group will be included in the calculation for determining the amount of available TPD for the next cluster study, thereby reducing the amount of project capacity to be studied.

The ISO proposes that the procurement processes of LSEs should begin soon after the interconnection facility reports are provided to the interconnection customers. The facility study report meetings are scheduled for the August before a cluster's first opportunity to seek a Conditional allocation by providing its project scores for the TPD allocation process in mid-March of the following year. The following is the schedule of key dates the ISO proposes for a robust procurement process. Year X is the year the facilities study is completed for a given cluster.

1. September 1 of year X – Procurement process begins in the September after the facilities study is completed and study report meetings are done, allowing all current cluster projects to participate before TPD allocations are known.

2. March 15 of year X+1 – TPD scoring for the Conditional group and documentation and scoring for the other TPD allocation groups are due.

3. August 1 of year X+1 – TPD allocation results are provided to the interconnection customers, providing off-takers the added information on which projects receive TPD Conditional allocations. At this point off-takers have had eleven months to complete their evaluation of projects participating in their procurement programs and negotiate PPAs.

4. March 15 of year X+2 – Retention due date for the Conditional allocations where executed PPAs are required to retain Conditional allocations. The total time from (1) through (4) is more than seventeen months – enough time for off-takers to evaluate the competing projects and for off-takers and shortlisted projects to negotiate and execute a PPA for the March 15 due date to retain a Conditional allocation.

Cluster 14 and earlier projects will continue to be governed by ISO Tariff Appendix DD, with the only change being that the shortlist allocation group (group B) and the shortlist retention opportunity for group D will be removed after the 2025 cycle and not be available in the 2027 cycle. In other words, groups A, B, C, or D will be available only in 2025 for Clusters 14 and earlier,[15] and any projects that receive group B or group D allocations in 2025 must retain it with a PPA in 2027 or the project will be converted to Energy Only.

The ISO Tariff Appendix DD, Section 8.9.4.1, Extended Parking for Option (A) Generating Facilities, provides the requirements that cluster 14 projects will have to meet in order to be eligible to park a second year. No cluster 13 projects were eligible for extended parking and it is likely that will be the case for cluster 14 as well. In the event a Cluster 14 project is eligible for extended parking, that project will remain eligible to seek TPD in groups A or D when they come out of parking in 2027. Any group D allocations will require a PPA in the following TPD cycle to retain the allocation.

TPD allocation group D will continue only as a legacy allocation group for Cluster 14 and earlier projects. Any project that sought a TPD allocation in group D will remain subject to the group D restrictions in Appendix DD, Section 8.9.2.3. The eligibility for seeking TPD in the various allocation groups by cluster is described in Table 4, below.

[15] Cluster 15 would not be eligible to seek allocations of TPD until March 2027.

Table 4. Cluster eligibility for TPD allocation groups

Cluster Eligibility for TPD Allocation Groups								
Cluster/Year	2025	2027	2028	2029	2030	2031	2032	2033
C13 & Earlier	A, B & C	CO	CO	CO	CO	CO	CO	CO
C14 (for projects Not eligible for extended parking)	A, B, C & D	PPA[1] & CO	CO	CO	CO	CO	CO	CO
C14 (for projects eligible for extended parking, if any)	A, B, C & D	PPA,[2] CO & D[3]	PPA[4] & CO	CO	CO	CO	CO	CO
C15		PPA, CO & Cond	PPA, CO & Cond	PPA, CO & Cond				
C16			PPA	PPA, CO & Cond	PPA, CO & Cond	PPA, CO & Cond		
C17				PPA	PPA, CO & Cond	PPA, CO & Cond	PPA, CO & Cond	

[1] For C14 in 2027, the PPA group is only open to projects seeking to retain allocations from groups B & D

[2] For C14 in 2027, the PPA group is only open to projects seeking to retain allocations from groups B & D and projects that parked in 2025

[3] For C14 in 2027, group D is only open to projects that met the qualifications for extended parking in 2025, and parked

[4] For C14 in 2028, the PPA group is only open to projects seeking to retain allocations from group D, if any

Notes:
Letters A, B, C & D designate current allocation groups
PPA = Power Purchase Agreement allocation group
CO = Commercial Operation allocation group
Cond = Conditional allocation group

The three proposed allocation groups streamline the TPD process for developers, LSEs, and the ISO. The modifications provide a simplified 2-step TPD track for all projects where all eligible projects without a PPA would automatically be processed for an allocation through the Conditional group. It eliminates the two-step retention process, avoids concerns that stakeholders have raised regarding questionable practices in project short-listings, and simplifies a complex project allocation tracking process. Moreover, this approach maximizes the capacity from each cluster that is able to compete for a PPA having a conditional allocation to meet accelerated procurement targets and puts the bilateral procurement process in the driver's seat for determining the value and viability of projects competing for a PPA. This levels the playing field in procurement where most projects would have a Conditional TPD allocation, allowing the procurement process to focus on other high-value project attributes.

Stakeholder requested clarifications:

- If a project seeks to retain an allocation received from the Conditional group with a PPA for a portion of the allocated TPD, the project would retain the amount of capacity required by the PPA, become Partial Capacity Deliverability Status (PCDS) and would be eligible to continue to seek to increase its allocation from any group it is eligible for until its cluster is no longer eligible to seek an allocation. If the project is PCDS after its three opportunities to seek an allocation, the project will be required to downsize to become FCDS through a Material Modification Assessment (MMA).

- If a project receives an allocation for less than what is requested it may continue to seek allocations in future allocation cycles for which it is eligible.

- An interconnection customer is not obligated to accept an allocation for less than it has requested. If a project receives an allocation of less than requested, it may reject the allocation and the project would remain as FCDS-R status and continue to be eligible to seek a full or partial allocation from any group it is eligible for until its cluster is no longer eligible to seek an allocation.

- For multi-fuel projects requesting or retaining an allocation with a PPA the interconnection customer's TPD request must align with the requirements of the PPA. This bullet replaces the draft final proposal topic on multi-fuel projects receiving an allocation with PPAs.

Parking

Under Order No. 2023, all projects now must make any required increases to their Commercial Readiness Deposits following the completion of their studies. GIA tendering, execution, and associated financial requirements are as defined in the ISO's FERC Order No. 2023 compliance filing, irrespective of TPD cycles and the ability of a project to obtain TPD. The ISO understands that developers have concerns with the new FERC requirements, and the ISO and stakeholders must seek to integrate the TPD allocation process with the FERC Order's requirements in the most logical and workable manner possible. Interconnection customers wary of executing a GIA and submitting additional deposits without first getting a TPD allocation may withdraw before incurring additional financial risk. Ensuring GIAs are executed and GIA deposits are submitted on a timely basis, consistent with FERC's requirements, will help maintain construction schedules and avoid backlogs in the queue. Consistent with these requirements, the ISO is eliminating the concept of "parking" and replacing it with the allocation request cycles described below.

Pre-cluster 15 projects will continue with the TPD allocation procedures in accordance with ISO Tariff Appendix DD. Cluster 14 projects have used their initial opportunity to park following the 2024 TPD results. The criteria for a second year of parking will remain available for cluster 14 following the 2025 allocation results if the projects meet the tariff requirements of Section 8.9.4.1. However, as with cluster 13, it is likely that no cluster 14 projects will be eligible to park a second time, ending the parking process for all pre-cluster 15 projects as well.

Opportunities to seek TPD

Projects in a given cluster that have an eligible executed PPA at the time of the allocation cycle that occurs during their cluster's interconnection facility study will be eligible to seek an allocation through the PPA group. The Conditional group would not be open to projects until after the cluster's interconnection facilities study is complete. It will not be possible to have a TPD opportunity for cluster 15 projects to seek an allocation during their facility study that occurs from May into November, 2026. Thus, all cluster 15 projects, including those that have a PPA during the facility study will have to wait until the March 2027 cycle to seek TPD. If a project with an eligible PPA does not receive an allocation in this opportunity, it will be eligible to seek an allocation along with the projects in its cluster during the three opportunities following receipt of their facilities study report, as described below.

After a cluster's facilities study is complete, its projects will have three consecutive opportunities[16] to seek an allocation of TPD. Parking will no longer be associated with this process, as described above. The first opportunity will be in the TPD allocation request window following the interconnection customer's receipt of its interconnection facilities study report. After the third opportunity to seek an allocation, projects that have not received an allocation will be withdrawn. Projects that do receive an allocation through the Conditional group, but are unable to retain their allocation in the next request window by demonstrating an eligible PPA, will be withdrawn. If a project enters the interconnection queue as PCDS and the project is unable to obtain TPD, the entire project will be withdrawn.

Projects that have exhausted their three opportunities to receive TPD will be withdrawn. Energy Only projects have the potential to need both local and area deliverability capacity that FCDS projects are counting on, and in some cases funding. Under the proposed three allocation group process, many FCDS projects will receive a Conditional

[16] The opportunities to seek and retain allocations of TPD are typically done on an annual basis, but circumstances may result in the timing of the successive opportunities to be more than one year apart.

TPD allocation positioning them to be of high interest to LSEs seeking to contract with projects with an allocation of TPD. Allowing Energy Only projects to seek TPD in the PPA allocation group could result in the ISO no longer being able to guarantee that some FCDS projects with a Conditional allocation are truly deliverable. Therefore, projects that have exhausted their three opportunities to receive TPD will be withdrawn. This also will prevent stalled projects from reserving reliability related capacity and causing more viable projects to require costly and long lead-time RNUs that will likely never be needed, both common issues today.

The top half of Table 5 provides a graphic representation of each cluster's annual progression through the Resource Interconnection Standard (RIS) process from intake, through the studies, the allocation opportunities and ending with the final retention opportunity. The bottom half provides the impact that prior clusters have on a given cluster's intake amount and potential available allocation amounts each cycle. This illustrates the interactions a given cluster will have with other clusters as they complete for TPD during their three allocation opportunities.

Table 5. TPD allocation impacts on cluster intake and future clusters

Primary Activity During the Calendar Year

Cluster/Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
C15	Intake	Studies	Studies	Alloc 1	Alloc 2	Alloc 3	Retention Done						
C16			Intake	Studies	Studies	Alloc 1	Alloc 2	Alloc 3	Retention Done				
C17				Intake	Studies	Studies	Alloc 1	Alloc 2	Alloc 3	Retention Done			
C18					Intake	Studies	Studies	Alloc 1	Alloc 2	Alloc 3	Retention Done		
C19						Intake	Studies	Studies	Alloc 1	Alloc 2	Alloc 3	Retention Done	
C20							Intake	Studies	Studies	Alloc 1	Alloc 2	Alloc 3	Retention Done

Impacts on Cluster Intake and Allocations from Prior Clusters

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
C15				No prior cluster impacts	No prior cluster impacts	No prior cluster impacts	Done						
C16			C15 yet to impact Intake avail			Alloc impacted by C15 alloc	No prior cluster impacts	No prior cluster impacts	Done				
C17				Intake impacted by C15 alloc			Alloc impacted by C16 alloc	Alloc impacted by C16 alloc	No prior cluster impacts	Done			
C18					Intake impacted by C15 alloc			Alloc impacted by C16/17 alloc	Alloc impacted by C17 alloc	No prior cluster impacts	Done		
C19						Intake impacted by C15/16 alloc			Alloc impacted by C17/18 alloc	Alloc impacted by C18 alloc	No prior cluster impacts	Done	
C20							Intake impacted by C16/17 alloc			Alloc impacted by C18/19 alloc	Alloc impacted by C19 alloc	No prior cluster impacts	Done

Eligibility of Energy Only projects to seek TPD

Cluster 14 and prior clusters

No changes are proposed to the existing TPD allocation process in ISO Tariff Appendix DD for the 2025 TPD allocation cycle. However, the 2025 allocation cycle will be the last opportunity for cluster 14 and prior Energy Only projects to seek an allocation through either the current PPA or Shortlist allocations groups. This will give Energy Only projects currently in the queue the ability to proceed through the initial and post parking[17] TPD allocation procedures based on the current tariff. Cluster 14 and prior Energy Only projects, or portions of projects that achieve commercial operation will continue to be eligible to seek an allocation through the Commercial Operation group.

The proposed changes for cluster 14 and prior projects would begin with the 2027 TPD allocation cycle. Those changes are the result of the proposed elimination of allocation group B (the shortlist group) in 2027. No project will be able to seek an allocation based on being shortlisted or actively negotiation a PPA in 2027. This will also apply to any projects receiving a group D allocation in 2025. Such projects will only be able to retain a group D allocation in 2027 by demonstrating a PPA.

For cluster 14 and prior Energy Only projects that are eligible to seek TPD, the ISO proposes to revise the required $60,000 study deposit for Energy Only projects seeking an allocation to a flat study fee of $5,000. This amount has been sufficient to cover study costs for this requirement in the past.

Cluster 14 and prior projects that added a technology as Energy Only via an MMA that is approved before the 2025 TPD allocation request due date will have one additional opportunity during the 2025 TPD allocation cycle to seek an allocation for such addition under the PPA group and the current Shortlist allocation group (but can seek TPD in the Commercial Operation Group indefinitely).

Finally, for tariff provisions that require PPAs, the ISO will not accept PPAs for Energy Only projects where the PPA is contingent on receiving TPD, or that has a Resource Adequacy obligation. This is because there is no guarantee that the required study for Energy Only projects seeking TPD will show the project to be eligible to receive TPD and there are no guarantees that TPD will be available if the project is found to be eligible. Therefore, any PPA demonstration for any Energy Only project or portion of Energy Only project for purposes other than seeking TPD, must specify the

[17] This post parking opportunity will not be extended to projects that are eligible for extended parking allowed under ISO Tariff Appendix DD, Section 8.9.4.1.

procurement of the Energy Only resource. This will remain effective for all projects in the queue, including Cluster 15 and beyond. Below are two examples to illustrate the Energy Only PPA requirement:

> **Group D:** Section 8.9.2.3 of Appendix DD to the CAISO Tariff states "For the entire Generating Facility, including Energy Only portions, the Interconnection Customer may not request suspension under its GIA, delay providing its notice to proceed as specified in its GIA, or delay its Commercial Operation Date beyond the date established in its Interconnection Request when it requested TP Deliverability." Therefore, a Group D project that has been converted to Energy Only and that is either being withdrawn from the queue (before GIA execution) or being placed in breach of contract (after GIA execution) due to having an unachievable COD, or is requesting to extend its COD to align with an executed PPA, may not provide a PPA that requires TPD or a RA obligation to remain in the queue, extend its COD, or cure a breach. The PPA provided must be for the procurement of an Energy Only resource.
>
> **TPD Transfer:** Section 8.9.9 of Appendix DD to the CAISO Tariff states, "Unless the Interconnection Customer provides the CAISO with an executed Energy Only power purchase agreement for the capacity losing Deliverability at the time it requests the Deliverability transfer, the assignor capacity must be removed from queue by withdrawal or downsizing the Generating Facility." Therefore, the Energy Only PPA provided to satisfy the right to remain in the queue following a TPD transfer may not have a TPD or RA obligation; the PPA must be for the procurement of an Energy Only resource.

Cluster 15 and future clusters

Beginning with cluster 15, the ISO Tariff Appendix KK prohibits Energy Only projects from seeking deliverability. Section 4 states: "Interconnection Requests that proceed to the Cluster Study based on the criteria for Energy Only Interconnection Requests may not obtain Deliverability for that Generating Facility and any associated Generating Units thereafter, including without limitation through transfers, modifications, or the TP Deliverability allocation process. Expansions to Energy Only Generating Facilities may receive Deliverability if their Interconnection Requests proceed to the Cluster Study based on the criteria for Interconnection Requests seeking Deliverability."

Projects in cluster 15 and beyond that were studied as FCDS or PCDS and complete a technology addition through the modification process will be Energy Only and only be permitted to seek a TPD allocation through the Commercial Operation group. This

occurs regardless of whether the requested addition is before or after their COD (via an MMA or Post-COD modification).

Documentation

The ISO will assess requests and substantiating documentation based on the documents as submitted by the TPD-seeking or the TPD-retention request due dates. Documents required in the request/retention processes that are not received by the request due date will not be accepted. All documentation must be fully executed and complete when submitted. Incomplete documentation will not be accepted and will result in the request being rejected. The ISO will continue to consult with off-takers and local regulatory authorities where necessary to verify any information or claim.

Modifications to the TPD scoring criteria

To determine the order that TPD is to be allocation among projects that are eligible to seek an allocation in any given allocation group, projects seeking TPD are assigned numerical scores in various aspects of their project's development progress. Table 6 below provides the proposed scoring methodology, similar to what is described in the GIDAP Business Practices Manual, for prioritizing of projects seeking a TPD allocation within the same group where there is insufficient TPD for the whole group.

The changes from the prior proposal is shown in red font. Due to stakeholder concerns with the five-point category under permitting, the ISO removed the reference to "no significant impact that cannot be mitigated." The item is revised to "Draft environmental report indicating likely approval of the requested permit and/or which indicates that the permitting authority has not found an environmental impact which would likely prevent the approval" to align with the current Appendix DD BPM language. The ISO also added the text "the Interconnection Customer is a Load Serving Entity serving its own load" to the PPA categories minimum requirements to clarify that LSEs typically will not have a PPA when they are developing a project to serve their own load.

Table 6 will be used for the allocation cycle in 2027 and will apply to all groups except the Commercial Operation group. However, the points associated with the PPA group will only be available to projects that have a qualified PPA per ISO Tariff Appendix KK, Section 8.9.2. For the 2025 TPD allocation year, the scoring Table in the GIDAP BPM Section 6.2.9.4.2 will be used. The Commercial Operation group will have its own scoring methodology, described below, to begin in 2025.

Table 6. Proposed modified scoring methodology for prioritizing projects seeking TPD when there is insufficient TPD for the whole group

Points (select one per category)	Permitting (unchanged from existing process)	Power Purchase Agreement Status (PPA group only)	GIA Status
10	Has Final government permit to construct or Has authorization to construct with a qualifying exemption[18]		The Interconnection Customer has provided payment and security to the Participating TO[19]
7			The Participating TO has received written authorization to proceed with construction from the Interconnection Customer[20]
5	Draft environmental report indicating likely approval of the requested permit and/or which indicates that the permitting authority has not found an environmental impact which would likely prevent the approval ~~Draft Environmental Report w/no significant impact that cannot be mitigated~~	Off-taker is procuring the capacity to meet its own RA obligation or the Interconnection Customer is a Load Serving Entity serving its own load	
3	Data adequate		Has provided to the ISO the required GIA Deposit[21]
1	Applied		
0 (Min. Req.)		Has an executed PPA or the Interconnection Customer is a Load Serving Entity serving its own load	

To provide more clarity on the requirements for the Permitting category, the following list is from ISO Tariff, Section 8.9.2.1 (1) Permitting status. No changes to these requirements are proposed.

a. The Interconnection Customer has received its final governmental permit or authorization allowing the Generating Facility to commence construction. (10 points)

b. The Interconnection Customer has received a draft environmental report document (or equivalent environmental permitting document) indicating likely approval of the requested permit and/or which indicates that the permitting authority has not found an environmental impact which would likely prevent the permit approval. (5 points)

c. The Interconnection Customer has applied for the necessary governmental permits or authorizations and the authority has deemed such documentation as data adequate for the authority to initiate its review process. (3 points)

d. The Interconnection Customer has applied for the necessary governmental permit or authorization for the construction. (1 point)

Tie-Breaker

The project's earliest achievable COD, accounting for study results, will be used as a tie-breaker between projects with equal scores with the earliest current COD getting a higher ranking.

Scoring for the Commercial Operation group

The prioritization of allocations for the Commercial Operation group is proposed to be in the following order:

1. Projects that demonstrate having a procurement agreement that requires the project to seek RA[22] will be given a higher priority than those that do not
2. Distribution Factors (DFAX), with the project with the lowest DFAX having the higher priority

[18] Example: In accordance with CPUC General Order NO. 131-D; https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M521/K748/521748942.pdf.
[19] In accordance with Article 5.6.4 of the LGIA (Appendix LL). Performance of these obligations under SGIA (Appendix MM) shall be as defined in Article 5.6.4 of Appendix LL (LGIA).
[20] In accordance with Article 5.6.3 of the LGIA (Appendix LL). Performance of these obligations under SGIA (Appendix MM) shall be as defined in Article 5.6.3 of Appendix LL (LGIA).
[21] In accordance with Appendix KK, Section 13.3.
[22] The contract does not require the project to be deliverable, but requires the project to seek TPD.

Clarifications and Limitations of TPD Transfers

The following outlines TPD transfer allowances and limitations:

- No TPD transfers are permitted from Cluster 15 and later clusters to earlier queued projects (*e.g.*, C15 prohibited from transferring to a pre-C15 project, or C16 to C15). The expectation is that projects have demonstrated sufficient scoring to be included in a given cluster's study, and will seek TPD with other projects in its cluster based on TPD available for that cluster and proceed to development accordingly.

- For Cluster 15 and later projects, intra-cluster transfers will be permitted for projects in the TPD Study Group following the existing rights and obligations associated with such transfer, including, but not limited to, the same or earlier COD, COD extension limitations, and withdrawal requirements.

- Transfers from C14 and earlier to Cluster 15 are permitted, and the transferring project will remain subject to the Appendix DD (including IPE Track 2) retention policies: The receiving customer must maintain the same requirements and obligations of the transferring project, including, but not limited to, the same or earlier COD, COD extension limitations, and withdrawal requirements.

4. Adjustment to the Second Interconnection Financial Security Posting for Cluster 14 Parked Projects

Background

The ISO proposes to adjust the due date for the second Interconnection Financial Security (IFS) posting for cluster 14 projects that opted to park following the publication of the 2024 TPD allocation results. The reason for the adjustment is the need to change the 2025 – 2027 TPD allocation cycle schedules to accommodate the unique schedule for implementing the intake and cluster study for cluster 15. The ISO intends to implement the following revised schedule for the 2025 – 2027 TPD allocation cycles.

2025 – 2027 TPD allocation cycle schedule

The 2025 seeking and retention affidavit due date for cluster 14 and prior clusters will be delayed from March 15 to September 1, 2025. The TPD study will begin on November 1, 2025, and the TPD study results will be published on March 31, 2026. With the date of the 2025 TPD allocation results occurring in 2026, no additional TPD

allocations will be performed in 2026. The 2027 TPD allocation cycle will occur on the standard schedule with the affidavits due March 15, 2027.

Appendix DD, Section 11.3.1.3 *Posting Requirements and Timing for Parked Option (A) Generating Facilities*, provides for the second IFS posting due date to be extended by 12 months. The original due date for projects that did not park was July 1, 2024, which would set the due date for cluster 14 parked projects July 1, 2025. However, this date is well before the March 31, 2026, publication of the TPD allocation results from the next cycle, requiring interconnection customers to make their second posting without knowing these results. Customers normally would have that information to help inform their decision on whether they want to make their second IFS posting or withdraw their project.

Stakeholder feedback and discussion

This topic has strong stakeholder support from most stakeholders with PG&E and SCE not opposing.

PG&E and SCE requested CAISO confirm that this extension of the second financial security posting does not interfere with commercial viability concerns or extend the "time in queue" limits or requested commercial viability be required by a date certain. The ISO notes that commercial viability criteria demonstrations are applicable at the time projects submits a modification request to extend its COD and therefore, the ISO will not define a time-in-queue requirement to demonstrate commercial viability. The ISO confirms that commercial viability concerns will be mitigated such that the ISO will provide all Cluster 14 projects a 10-month 'exempt COD extension' as needed or applicable – meaning any COD extensions required due to such change will not trigger commercial viability criteria. This is not to say, however, that the commercial viability timeline of seven years from interconnection request will otherwise be extended if the interconnection customer seeks a COD extension.

SCE does not object to delaying the 2nd IFS posting as long this proposal does not preclude the PTOs from enforcing GIDAP Section 11.3.2.6 - Shared Network Upgrades, where a parked project will be required to execute an E&P Letter Agreement with the PTO and make the 3rd IFS Posting along with project payments toward its allocated share of the Shared Network Upgrade. The ISO confirms that this change will not affect or diminish the shared network upgrade requirement. If one project is proceeding forward, all other projects sharing a network upgrade will be required to post their share of the shared upgrade(s) to ensure the timely development of upgrades/projects, including executing an E&P agreement to formalize the posting requirements.

Proposal

The ISO proposes to adjust the second IFS posting due date for cluster 14 projects that opted to park to May 29, 2026 – roughly sixty calendar days after the TPD allocation results are published on March 31, 2026. The sixty days will give the ISO a month to send out any adjusted IFS posting amounts, if needed, and the interconnection customer time to complete its IFS instruments with the PTO. This is consistent with past schedules where the due date for the second posting was 180 days after the phase II study reports being provided, resulting in an IFS due date approximately sixty days after the TPD results were provided.

Under the unlikely event that some cluster 14 projects are eligible to take advantage of extended parking (a second opportunity to park), the need to consider adjusting the second IFS posting date for any project electing to park a second time will be evaluated at that time.

The ISO will provide all Cluster 14 projects a 10-month 'exempt COD extension' as needed or applicable – meaning any Cluster 14 COD extensions required that are 10-months or less due to such change will not trigger commercial viability criteria. Note that customer requests to extend the COD beyond 10 months from their currently approved COD will trigger commercial viability criteria to be demonstrated when applicable.

5. Special Considerations for Interconnection of Long Lead-Time Generation and Storage Resources

Background

In previous proposals, the ISO considered special exceptions or extensions for interconnection of certain long lead-time resources that fulfill specific public policy requirements identified in the transmission plan. The ISO currently has authority to give certain long lead-time generation and storage resources points in the interconnection request scoring process, and has exercised its authority under the tariff to reserve transmission capacity for certain long lead-time resources.[23]

Below, the ISO lists the capacity that has already been allocated and the locations on the system where it was allocated:

[23] Sections 8.9.1 of Appendices DD and KK to the CAISO tariff.

The CPUC portfolios for the 2023-2024 transmission planning process include for 2035:

- Wyoming wind – 1500 MW (Eldorado)
- Idaho wind – 1000 MW (Eldorado)
- NM wind – 2328 MW (Palo Verde)
- Offshore wind (North Coast) – 1607 MW
- Offshore wind (Central Coast) – 3100 MW

The CPUC portfolios for 2024-2025 transmission planning process include for 2034 and 2039:

- Wyoming wind (Eldorado)
  - 2034 – 905 MW
  - 2039 – 3000 MW
- Wyoming wind (Tesla)
  - 2034 – 0 MW
  - 2039 – 1500 MW
- Idaho wind (Harry Allen)
  - 2034 – 1060 MW
  - 2039 – 1060 MW
- New Mexico Wind (Palo Verde)
  - 2034 – 2131 MW
  - 2039 – 3536 MW
- Offshore wind (North Coast)
  - 2034 – 931 MW
  - 3039 – 1607 MW
- Offshore wind (Central Coast)
  - 2034 – 2924 MW
  - 2039 – 2924 MW

The 2024 TPD allocation study reserved the following:

- 426 MW of TPD for offshore wind in the Central Coast area by modeling a "generic" resource.

The capacity for offshore wind resources will continue to be reserved in the future TPD study cycles to the amount of offshore wind resources modeled in the baseline portfolio at that time. Because the recent cluster 15 Point-of-Interconnection (POI) mapping information was keyed off the 2024 TPD Allocation study, the available TPD figures shown in the package of data released prior to the cluster 15 resubmission window also reflects the TPD amount held back for Central Coast area offshore wind (426 MW).

In the previous papers, the ISO proposed a process that would enable certain resources to defer their first attempt to seek TPD to better align with commercial development and procurement timelines. Eligibility was proposed for resources meeting the following criteria:

- A long lead-time resource technology (e.g. offshore wind, out-of-state renewable resources on interregional transmission, long-duration energy storage, advanced geothermal resource).
- Resource technologies that are location-constrained.
- Resources dependent on policy-approved transmission with explicit guidance to treat the resource as a long lead-time resource from the local regulatory authority.
- The ISO also proposed that interconnection customers must enter the queue requesting amounts of capacity appropriate for the amounts specified for their resource in the LRA's resource portfolio. Interconnection customers opting to use this pathway may not request more TPD than specified in the resource portfolios from the relevant LRA.

Stakeholder comment and discussion

Several parties generally supported the conceptual proposal to allow long lead-time projects to defer their first attempt to seek TPD, including ACP-California, CalCCA, CalWEA, EDF-Renewables, and SDG&E.

The CPUC supports the proposal to enable the reservation of capacity that can eventually enable the deliverability of particular "non-routine" or long lead-time resource types by the amounts identified by LRAs. In its most recent Proposed Decision in the Integrated Resource Planning proceeding, the CPUC provided information and direction in support of this clear and transparent process to identify and determine eligibility of the option to defer the first attempt to seek TPD.

CalCCA notes that the ISO and CPUC should be careful not to oversize TPD reservations for these resources to the point that other technologies are unable to obtain TPD when commercially viable and support system portfolio needs. The ISO agrees and views this as a limited option to ensure that policy-driven, long lead-time location-constrained resources that require their own specific transmission actually have that transmission available to them by the time they are ready to interconnect. CalWEA also sought clarification that the process for identifying long lead-time resources requiring TPD reservations does not apply to any particular procurement entity, but rather applies to the Local Regulatory Authority portfolios that should identify these long

lead-time, policy driven resources. The ISO confirms that long lead-time policies will not be limited to, for example, CPUC policies or any particular procurement entity. The transmission planning process will consider the public policies and resource needs of all LRAs in the ISO.

Six Cities highlighted the need to ensure that procurement requirements of non-CPUC jurisdictional LSEs are addressed for purposes of assigning deliverability to long lead-time resources. The ISO agrees and commits to close coordination with all LRAs and non-CPUC jurisdictional LSEs.

Several parties requested clarifications and suggested that the ISO provide additional opportunities for discussion before moving this item to a Final Proposal. These parties include CESA, Clearway, MN8, NCPA, PG&E, Rev Renewables, Six Cities, SCE, and Terra-Gen.

LSA opposed the proposal to define long lead-time resources and allow them to defer their first attempt to seek TPD, noting their view that the draft final proposal was unduly discriminatory, unnecessary, and not sufficiently developed.

Eligibility

ACP-California noted that the proposed process provides a level of transparency and due process that will provide better assurances to all resources and users of the grid regarding the reservation of capacity and the resources that can qualify to compete for the TPD that has been reserved.

CalWEA and Clearway asked the ISO to more clearly define the proposed criteria for the resource type and technologies that will be eligible for transmission capacity reservation. CalWEA suggested that the ISO include resources whose development and permitting lead-times are relatively longer than others. CalWEA further suggested additional definition to the term “location-constrained” and clarification that a resource must be both long lead-time and location-constrained. Clearway expressed concern that the proposed eligibility leaves specific details to future stakeholder process and noted that it is not clear how the criteria described by the ISO above relates to the future legal standard for long lead-time resources in the TPP. Clearway also sought more specific criteria up front to define eligible long duration energy storage resources. Intersect Power and LSA suggested that long lead-time treatment should only extend to resources designated by the LRAs as requiring such treatment based on technology type. The ISO defers further definition of eligibility in this final proposal and will instead use the process proposed in the draft final proposal and below to work with each LRA to designate long lead-time resources on an annual basis in a public and transparent manner, based on the relevant circumstances at that time. For example, the ISO agrees

with the need for more definition of eligible long duration energy storage resource, however the intent is to design a process that is flexible and adaptable to technology advancement, market development, and procurement going forward. The ISO will look to the LRAs to define specific eligibility based on their resource planning processes on an annual basis so that any transmission reservations reflect the need for specific resource types at that time. Finally, the ISO also agrees with Clearway's suggestion that future reservations of TPD should clearly specify the busbar and amount of capacity reserved.

As described below, Invenergy suggested extending relief to long lead-time projects already in the queue through the opportunity to defer the first attempt to seek and retain TPD. LSA noted that limiting extensions or relief to long lead-time resources is unduly discriminatory and should be applied to all resources with CODs that extend out many years into the future. As discussed in the draft final proposal, the ISO does not agree that such treatment is warranted for technologically mature and non-location-constrained resources with distant CODs, but will reconsider these comments during the next IPE initiative.

LSA objects to the criterion that a project be location-constrained, aside from LRA guidance or other legal requirements in setting TPD reservations. The ISO notes that this is guidance, not a strict criterion, to be further developed in coordination with LRAs during the transmission planning process.

NCPA sought clarification as to whether pumped hydroelectric storage falls within the definition of long-duration energy storage. The ISO will defer to the LRAs to determine eligibility of certain resource types in future transmission planning processes, as proposed below.

PG&E noted that limiting TPD reservations only to policy approved transmission can be restrictive and asked the ISO to consider expanding eligibility. The ISO understands this concerns and plans to leave flexibility to the LRAs to determine the specific resource needs. The characteristics listed in the proposal below are guidance, but may vary slightly from year to year depending on resource needs from the LRAs. For TPD to be reserved for resources that are broadly considered long lead-time, such as pumped hydroelectric storage or geothermal, an LRA would have to identify that resource in its resource plan.

SCE suggested that the ISO explore the appropriateness of creating carve outs for certain technologies that match LRA suggested portfolios, noting that some resource types are arguably more long lead-time than others. In response, they suggest that the

ISO institute a development timeline. The ISO appreciates the complexity of this approach but defers to the LRAs in such a determination.

Opportunity to defer first attempt to seek TPD

CalCCA sought clarification that once a resources is within the three-year window for seeking deliverability, long lead-time resources would need to follow the standard process for TPD allocation. The ISO confirms that this was the intent behind the proposal.

Clearway supported the proposed extension for long lead-time resources to seek TPD provided it is also offered to other resources with long lead-time upgrades. Intersect did not oppose allowing long lead-time resources to defer their first attempt to seek TPD but suggested that the ISO ensure that they are still on the hook to fund network upgrades they are sharing with other non-long lead-time resources as soon as these faster paced resources start to fund them. The ISO no longer proposes the extension and will consider these comments in a future IPE initiative.

Invenergy's comments focused on "early adopters" of long lead-time technologies, such as offshore wind project developers who are already in the interconnection queue, but extending the option to defer the first opportunity to seek TPD to long lead-time projects in the queue. As described in the draft final proposal, the ISO has significant concerns with any proposal that would change the rules for some—but not all—resources currently in the queue. As such, this issue will be reconsidered in the future IPE initiative.

LSA expressed concerns with the timeline proposed for re-initiating the process of seeking TPD and suggested allowing resources to postpone their retention deadlines. Terra-Gen supported LSA's proposed alternative. The ISO considered these suggestions and responded in the draft final proposal. Allowing all resources to defer their retention requirements would result in interconnection customers locking up deliverability for all future clusters. Nonetheless, the ISO will continue to consider these concepts and alternatives in a future IPE initiative.

Amount of TPD requested and reserved

CalWEA recommended the ISO reserve existing available capacity and plan for additional capacity as necessary to accommodate the total amount of eligible resources requested by LRAs in each transmission zone. The ISO confirms that it will reserve the lower of either the capacity of long lead-time FCDS in the approved LRA portfolios or the transmission capacity created by transmission plan upgrades for specific long lead-time public policy requirements.

LSA questions the need to reserve TPD to ensure its availability for long lead-time resources, noting "Existing and previously approved transmission, by definition, was approved for other, non-LLT resources, including those expected to be online and provide needed Resource Adequacy to load, well before LLT resources…Effectively, the CAISO would be undermining its own principles (reserving capacity for the purpose it was approved previously) to give favored treatment to LLT resources that may or may not develop. Terra-Gen shared these concerns. The ISO understands these concerns but notes that it currently has tariff authority to reserve transmission capacity and only exercises this authority with clear direction from the LRAs. Existing and previously approved transmission would either be for reliability, policy, or economic needs. The sufficiency of these solutions are tested in each subsequent TPP cycle and adjusted as needed for reliability, economic, or deliverability of other planned non-LLT resources.

MN8 expressed concerns that the ISO is reserving more TPD than is optimal for offshore wind, noting a discrepancy between the 2024-2025 TPP Final Study, which used maximum output, and offshore wind's ELCC value. The ISO is not aware of any discrepancy. In the 2024-2025 transmission planning process of the deliverability analysis, the ISO used the dispatch assumptions for offshore wind documented in the planning process Study Plan. These were also used in the 2024 TPD allocation and the 2024 Reassessment and will continue to be used in deliverability studies going forward unless there is a need to update the specific values. The ISO also notes that offshore wind in the portfolio is specified as FCDS. Therefore, the ISO is reserving enough transmission, at the busbar level of detail, to meet that specification. FCDS resources must pass the ISO deliverability test methodology. [24] The current deliverability study amount for offshore wind is 83% of nameplate.

NCPA requested additional detail regarding internal transmission constraints impacted by proposed offshore wind development, requesting what TPD is being reserved down to specific busbars. The substations/POI that are behind each of the constraints are identified in the transmission capability constraint tables along with the available capacity behind each of the identified constraints. The long lead-time resource transmission plan deliverability being reserved is based upon the specific capacity and location provided in the CPUC base portfolio for the specific transmission plan for the long lead-time resources.

[24] See section 3.5.1 https://stakeholdercenter.caiso.com/InitiativeDocuments/Final-Study-Plan-2024-2025-Transmission-Planning-Process.pdf

Triggers for releasing reserved TPD

The CPUC sought clarification that reserved TPD should only be released into the generic deliverability pool when the LRA explicitly requests that CAISO stop reserving the specific capacity that had been previously requested for reservation. The ISO confirms that it would only release reserved TPD upon formal and explicit notice from the requesting LRA to stop reserving the specific capacity that had been reserved.

Clearway, EDF-R, PG&E, and Terra-Gen proposed requiring long lead-time resource developers intending to use reserved TPD to provide regular updates demonstrating progress towards commercialization. The ISO declines to adopt this new requirement at this time, because it is the responsibility of the LRA to monitor such progress.

Intersect power opposed the ISO's proposal to reserve existing TPD and recommended that only TPD created by new transmission upgrades approved for a specific long lead-time resource be reserved. Intersect did not specify a reason for this opposition. The ISO clarifies that it already has tariff authority to reserve TPD for specific resources and does not propose changes to that authority. Rather, the ISO is proposing additional transparency around the process to designate long lead-time resources and reserve associated TPD.

LSA sought clarifications on the specific amounts of TPD that would be released and the circumstances under which they would be released. Ultimately, LSA suggests that the reserved amount of TPD should be released when changes in an LRA's portfolio indicate it is no longer needed. The ISO agrees and provides these clarifications in the proposal below.

NCPA emphasized the importance of clear rules and requirements to determine viability of a long lead-timer resource, allowing the ISO to make an ultimate determination of when a resource is no longer feasible. Just as the ISO takes guidance from LRA resource plans to reserve TPD, the ISO also proposes to follow the direction of LRAs to determine whether reserved TPD should be released.

Need for additional detail and discussion

Several parties suggested additional discussion to inform development of this proposal on this topic.

Invenergy requested reconsideration of the issue, and implementation of any resulting changes prior to the September 1, 2025 affidavit due date for the next TPD allocation cycle. As noted above, the ISO commits to reconsidering this issue prior to the opening of the Cluster 16 window, but cannot at this time commit to implementation of this particular issue by September of 2025.

Proposal

Eligibility

The ISO proposes a clear and transparent process in the annual transmission planning process in coordination with the LRAs to clearly identify TPD reservations. Like the upgrades that support the generators, the TPD reservations will result from the transmission planning process's evaluation of LRAs' public policy requirements, consistent with Order No. 1000. While the ISO currently has the authority to reserve transmission capacity for certain long lead-time resources, stakeholders have asked for more transparency around this process in this initiative. In this process, the ISO will also provide more regular transparency around TPD reservations resulting from policy guidance of the LRAs.

The ISO will continue to reserve transmission capacity commensurate with the lower of (a) the MW quantity of long lead-time FCDS generation and storage in the approved LRA portfolios submitted to the ISO in the most recent TPP and (b) the transmission capacity created by the transmission plan upgrades for the specific long lead-time public policy requirement.[25] There may be cases where a long lead-time resource already has available transmission capacity; in these cases, transmission capacity can still be reserved by the identifying LRA in support of that LRA's public policy. The transmission plan will provide transparency as to what transmission capacity is reserved for long lead-time resources. The ISO considers the following characteristics to suggest treatment of a particular resource as long lead-time, and will use these characteristics as guidance in the annual process to designate long lead-time resources with LRAs in each year's transmission plan.

- A long lead-time resource technology (e.g. offshore wind, out-of-state renewable resources on interregional transmission, long-duration energy storage, advanced geothermal resource).
- Resource technologies that are location-constrained.
- Resources dependent on policy-approved transmission with explicit guidance to treat the resource as a long lead-time resource from the CPUC or local regulatory authority.

These characteristics are intended to be flexible to accommodate the various public policies for which LRAs may trigger new transmission plan upgrades. Deliverability will only be held for long lead-time resources that the transmission planning process

[25] This may include the use of existing transmission and upgrades.

upgrades were designed to support. Specific long lead-time resources will be defined by the LRA(s) creating the public policy and the transmission planning process selecting the upgrades.

The ISO will only reserve TPD consistent with, and not to exceed, what is included in the approved LRA resource portfolios, submitted to the ISO in the most recent TPP. To the extent that a resource (or multiple resources) seeks deliverability beyond what is approved and reserved in the portfolio, the interconnection customer(s) will have to compete for the excess, based on the deliverability allocation scoring process that is used for all resources seeking TPD. If a tie-breaker is necessary, the project's COD will be used as a tie-breaker between projects with equal scores with the earliest current COD getting a higher ranking. This is consistent with the proposed treatment of all resources seeking TPD in the conditional allocation group, in Section 2.

To transparently designate and communicate TPD reservations, the ISO proposes the following process:

1. The transmission planning process will specify what types of resources will qualify to be eligible for reserved TPD, namely, the resources that support the public policies requiring new transmission.
2. Within each recurring transmission planning process initiative, LRAs will have an opportunity to review the standards and provide the ISO with a more explicit list of qualifying resources eligible to compete for reserved TPD.
    - For example, the ISO expects that the CPUC will provide its list as part of its decision conveying TPP scenarios before the TPP commences.
    - The complete list of qualifying resources will be subject to stakeholder comment in the TPP.
3. The ISO Board-approved transmission plan will then include a description of the qualifying long lead-time resources for each long lead-time policy upgrade, specific to that transmission plan, and informing future clusters.

This process can be used to provide specificity and transparency regarding the amount of transmission capacity that will be reserved for long lead-time resource deliverability in the future, and will articulate which resources are eligible to enter the interconnection

queue with long lead-time resource points and to later defer their first attempt to seek deliverability.[26]

Option to defer first attempt to seek TPD

The ISO no longer proposes to provide eligible long lead-time resources with an option to take additional time to seek TPD to better align with commercial milestones and procurement. The ISO does, however, intend to include this in the scope of the next IPE initiative, which will be resolved prior to the cluster 16 interconnection request application window.

Releasing reserved TPD

The ISO proposes to release reserved transmission capacity into the generic RA deliverability pool if specific long-lead-time resources or their associated transmission upgrades identified in the transmission plan do not materialize. Reserved TPD should only be released in the event of formal cancellation of an associated policy-driven transmission project or if the resource is later removed from the LRA's portfolio due to project failure (and is not added to another LRA's portfolio in the same timeframe), with formal written decision by the LRA that originally included the resource in its portfolio. The ISO proposes that any decision to release reserved TPD would also have to go through the ISO's transmission planning process.

6. WEM Governing Body Role

This initiative proposes certain tariff amendments to enhance the process for studying and approving interconnection requests. ISO staff believes that these proposed tariff changes need to be considered only by the Board of Governors and that the WEM Governing Body has no role in the decision.

The Board and the WEM Governing Body have joint authority over any

[26] To the extent that the ISO proposes tariff changes to the interconnection request intake process to align with this proposed long lead-time process, those changes can be explored in a future IPE initiative, where the ISO will also consider all modifications to the recently adopted track 2 reforms.

> "proposal to change or establish any CAISO tariff rule(s) applicable to the WEIM entity balancing authority areas, EIM Entities, or other market participants within the EIM Entity balancing authority areas, in their capacity as participants in EIM. This scope excludes from joint authority, without limitation, any proposals to change or establish tariff rule(s) applicable only to the CAISO balancing authority area or to the CAISO-controlled grid."[27]

Charter for EIM Governance § 2.2.1. The tariff changes proposed here would not be "applicable to EIM Entity balancing authority areas, EIM Entities, or other market participants within EIM Entity balancing authority areas, in their capacity as participants in EIM." Rather, they would be applicable "only to … the CAISO-controlled grid." Accordingly, these proposed changes to implement these enhancements would fall outside the scope of joint authority.

The WEM Governing Body also has an advisory role that extends to any proposal to change or establish tariff rules that would apply to the real-time market but are not within the scope of joint authority. This initiative, however, does not propose changes to real-time market rules.

Stakeholders are encouraged to submit a response in their written comments to the proposed classification as described above, particularly if they have concerns or questions.

7. Stakeholder Initiative Schedule

The schedule for stakeholder engagement is provided below. The ISO presented its proposal for track 1 to the Board of Governors in May 2023 and presented its track 2 enhancements to the Board of Governors in May and June 2024, with the Board of Governors approving track 2 on June 12, 2024. The ISO intends to bring this proposal to the Board of Governors in March of 2025, which will require an aggressive schedule for receiving and reviewing stakeholder comments, and developing a final and final proposal.

[27] Charter for EIM Governance § 2.2.1.

Date	Milestones
February 18, 2025	Final proposal posting
February 25, 2025	Stakeholder call on final proposal
March 4, 2025	Comments due on final proposal
March 2025	Board of Governors Meeting

Attachment D – Board Memo

Interconnection Process Enhancements 2023 – Track 3 Proposals

California Independent System Operator Corporation

April 25, 2025

California ISO

Memorandum

To: ISO Board of Governors

From: Neil Millar, Vice President, Transmission Planning and Infrastructure Development

Date: March 19, 2025

Re: **Decision on interconnection process enhancements – track 3**

This memorandum requires ISO Board of Governors action.

EXECUTIVE SUMMARY

Management requests the ISO Board of Governors' approval of the interconnection process changes developed in track 3 of the 2023 interconnection process enhancements initiative.

The 2023 interconnection process enhancements (IPE) initiative is a multi-year stakeholder engagement effort to reform the interconnection process. Track 1 of the initiative addressed the need to pause clusters 14 and 15 and postpone the opening of cluster 16 to allow time for broader reforms to take shape. Track 2 developed the broader transformational changes to the interconnection request intake and queue management process to apply to cluster 15 and beyond. During the track 2 working group and stakeholder process, the ISO recognized the need for a third track focusing on deliverability. This track 3 reform effort creates opportunities to facilitate timely interconnection of certain resources within a cluster, to address changes to the transmission plan deliverability allocation process, and to clearly define long lead-time resources for which deliverability may be reserved. The ISO proposes these interconnection reforms as track 3 of the interconnection process enhancements 2023 initiative:

1. Prioritization of projects within clusters using existing system interconnection capacity and short-circuit duty reliability headroom, to connect as many projects as possible before all reliability network upgrades are completed.

2. Modifications to the deliverability allocation methodology to streamline deliverability allocation groups, provide increased certainty to off-takers, and establish distinct and certain timelines for interconnection customers seeking deliverability allocations.

    a. Extension of the second interconnection financial security posting for parked cluster 14 projects to reflect recent changes to the deliverability

allocation schedule announced in a market notice in October 2024.[1] This extension will allow customers to obtain the results of the deliverability allocation process before making their second posting.

3. Additional transparency with stakeholders regarding the ISO's coordination with local regulatory authorities to identify long lead-time resources for which the ISO reserves transmission plan deliverability in the transmission planning process.

The proposed revisions in track 3 support the strategic direction established by the December 2022 Memorandum of Understanding between the ISO, California Public Utilities Commission, and California Energy Commission. They are also part of a broader ongoing effort to align resource and transmission planning activities, interconnection processes, and resource procurement.[2]

Management recommends the following motion.

Moved, that the ISO Board of Governors approves the proposed track 3 interconnection process enhancements, as described in the memorandum dated March 19, 2025; and

Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposal, including any filings that implement the overarching initiative policy but contain discrete revisions to incorporate Commission guidance in any initial ruling on the proposed tariff amendment.

DISCUSSION AND ANALYSIS

The track 3 interconnection process reforms seek to manage the unprecedented volume of cluster 14 and earlier-queued interconnection requests by providing an accelerated process toward commercial operation for qualifying projects and enhancing allocation of deliverability capacity to facilitate procurement of new resource capacity in a timely manner.

The ISO is committed to bringing new and necessary transmission resources into service as soon as possible to ensure reliability and an affordable pathway to decarbonization. The pace of generation development and procurement, however, must align with transmission development. California is experiencing heightened levels of competition for new generation, as evidenced by the swelling of the ISO's interconnection queue in clusters 14 (2022) and 15 (2023). The ISO has approved many new transmission projects in the last two transmission planning process cycles. While the ISO is committed to facilitating the on-time completion of these projects, many of them will take 8-10 years to complete. Transmission capacity on the system is finite, which limits the amount of deliverability the ISO can allocate to enable generators to

[1] https://www.caiso.com/notices/interconnection-process-enhancements-2023-change-in-allocation-schedule-for-transmission-plan-deliverability-for-the-2025-allocation-year

[2] https://www.caiso.com/Documents/ISO-CEC-and-CPUC-Memorandum-of-Understanding-Dec-2022.pdf

deliver to load during stressed system conditions. In this track of the initiative, the ISO seeks to allocate deliverability in an efficient and equitable manner to projects demonstrating high commercial viability and alignment with resource plans.

Intra-cluster prioritization process

The ISO is proposing a new process to allocate headroom that is not dependent on waiting for long lead-time reliability network upgrades. The high volume of interconnection requests submitted in cluster 14 triggered a large number of network upgrades that will take many years to complete. The in-service dates for the affected resources will need to reflect the time to complete the long lead-time network upgrades. We anticipate many of the resources could interconnect without triggering the reliability network upgrades. Thus there is an opportunity within a particular cluster to award deliverability prior to completion of certain network upgrades, as the existing system may be able to accommodate some projects in an area.

To address this issue, the ISO proposes a reliability allocation process to allow some of the resources in the cluster responsible for triggering reliability network upgrades to interconnect one by one until just before triggering the need for the long lead-time network upgrades. The ISO will determine which resources interconnect by scoring eligible projects in a manner similar to the process for allocating deliverability.

For the purposes of this intra-cluster prioritization process, eligible long lead-time reliability network upgrades, including upgrades approved in the transmission planning process, would need to have an estimated time to construct of four or more years and serve as the sole reason for delaying the in-service date of multiple generation projects by two or more years. Resources in the cluster that trigger the need for the long lead-time reliability network upgrades would be eligible to compete for any available transmission capacity that exists prior to the upgrade actually being completed.

- The eligible reliability network upgrades will be posted on the ISO website. Eligible participating interconnection customers will submit forms with similar information to those submitted for the deliverability allocation process, but with additional scoring data based on deliverability allocation status and associated deliverability network upgrade status.

- The ISO would score and rank those projects to identify projects farthest along in the development process. The ISO would then provide those rankings to the participating transmission owners so they could perform an assessment to allow the highest ranking projects to come online prior to completion of the long lead-time reliability network upgrade.[3]

Modifications to Transmission Plan Deliverability Allocations

To facilitate interconnection of the most viable projects, the ISO proposes to streamline the allocation of transmission plan deliverability from the four allocation groups in the

[3] Not to be confused with the interconnection request intake scoring process approved by the Board and FERC last Fall.

current tariff to three. The ISO now allocates deliverability in these four allocation groups: (A) interconnection customers with executed power purchase agreements (PPAs) or load-serving entities serving their own load; (B) interconnection customers actively negotiating a PPA or on an active shortlist; (C) interconnection customers that have achieved commercial operation for the capacity seeking deliverability; and (D) active projects that agree to specific retention criteria. The proposal removes the "Group B" category of customers negotiating PPAs or shortlisted, and replaces "Group D" with the conditional group. The modified groups are as follows:

1. **PPA group**: First priority will be given to projects with a PPA that meets the existing PPA eligibility requirements.

2. **Commercial Operation group:** Second priority will be given to eligible energy only projects in commercial operation. This group is only available to projects in clusters 14 and prior that are energy only. Cluster 15 and later projects that entered the queue as energy only are not eligible to seek deliverability allocations.

3. **Conditional group**: This group is similar to the current group D, but without the restrictions that currently prevent Group D projects from delaying or suspending their project for any reason. Any queued projects without a PPA will be included in the conditional group. Conditional allocations must be retained in the following deliverability allocation cycle with an executed PPA. If not retained, projects can again seek an allocation if the project's cluster is eligible.

The modifications provide a simplified 2-step deliverability track for all projects where all eligible projects without a PPA would automatically be processed for an allocation through the conditional group. This helps simplify the allocation and retention process and maximizes competition for PPAs, making the bilateral procurement process the primary method for determining the value and viability of projects.

Cluster 14 and earlier projects will continue to be governed by the current groupings and rules, with the only changes coming into effect in the 2027 deliverability allocation cycle.[4] Additional modifications to the deliverability allocation process include:

- Beginning with cluster 15, the ISO will no longer convert projects to energy only if they seek but fail to receive deliverability. Going forward, projects that have exhausted their three opportunities to receive deliverability will be withdrawn. The current practice of allowing projects to convert to energy only after failing to obtain a PPA as a deliverable project has resulted in an excess of unviable projects in the queue.

- The 2025 allocation cycle will be the last opportunity for cluster 14 and prior energy only projects to seek an allocation through either the current PPA or shortlist allocations groups. This will enable energy only projects to proceed

[4] Changes in 2027 include the removal of the shortlist allocation group (group B) and removal of group D restrictions. In other words, groups A, B, C, or D will be available only in 2025 for clusters 14 and earlier, and any projects that receive group B or group D allocations in 2025 must retain it with a PPA in 2027 or the project will be converted to energy only.

through the deliverability allocation procedures based on the current rules. Cluster 14 and prior energy only projects will continue to be eligible to seek an allocation through the commercial operation group.

- Projects with a PPA during their cluster's interconnection facilities study may seek an allocation through the PPA group. The conditional group would not be open to projects until after the cluster's interconnection facilities study is complete.

- Deliverability scoring criteria will no longer consider criteria related to site exclusivity, to align with FERC Order No. 2023, or shortlisting. The ISO proposes a new category based on the level of progression through the generator interconnection agreement process.

- Deliverability transfers from cluster 15 and later clusters to earlier queued projects will be prohibited. Intra-cluster transfers will be permitted for cluster 15 and later projects in the deliverability study group, following existing rules. Deliverability transfers from cluster 14 and earlier to cluster 15 will be permitted, with the receiving customer maintaining the requirements and obligations of the transferring project. Finally, the ISO proposes to clarify that energy only projects may not submit a PPA requiring deliverability unless they are using it to seek deliverability.

Adjustment to the second interconnection financial security posting for parked cluster 14 projects

To align with the revised deliverability allocation process and recent changes to the allocation schedule, the ISO proposes to adjust the second interconnection financial security posting deadline for cluster 14 parked projects to May 29, 2026; sixty days after the deliverability allocation results are published. This gives the ISO a month to send out any adjusted interconnection financial security posting amounts, if needed, and provides the interconnection customer additional time after receiving adjusted amounts to decide whether to post additional security or withdraw. This is consistent with past schedules.

Special considerations for interconnection of long lead-time resources

The ISO currently has authority to reserve transmission capacity to fulfill the public policies addressed in the transmission planning process. For example, the ISO has reserved capacity for certain long lead-time resources, and has done so in previous transmission planning cycles. Stakeholders have asked for more transparency around the reservation process in this initiative. Going forward, the ISO also will provide more regular transparency around deliverability reservations resulting from policy guidance of the local regulatory authorities, to be articulated in the ISO's transmission planning process and approved each year in the transmission plan.

To designate and communicate deliverability reservations transparently, the ISO proposes the following process:

1. The transmission planning process will specify what types of resources can be eligible for reserved deliverability, namely, the resources that support the public policies requiring new transmission.
2. Within each recurring transmission planning process initiative, local regulatory authorities may review the standards and provide the ISO a list of specific qualifying resources eligible to compete for reserved deliverability.
    - For example, the ISO expects that the California Public Utilities Commission will provide its list as part of its decision conveying transmission plan scenarios before the transmission planning process commences.
    - The complete list of qualifying resources will be subject to stakeholder comment in the transmission planning process
3. The ISO Board-approved transmission plan will include a description of the qualifying long lead-time resources for each long lead-time policy upgrade, specific to that transmission plan, and informing future clusters.

The ISO will only reserve deliverability consistent with, and not to exceed, what is included in the approved local regulatory authorities' resource portfolios, submitted to the ISO in the most recent transmission planning process. To the extent interconnection customers seek deliverability beyond what is approved and reserved in the portfolio, they will have to compete for the excess, based on the deliverability allocation scoring process.

This process can provide specificity and transparency regarding the amount of transmission capacity reserved for future long lead-time resource deliverability, and will help the ISO articulate which resources are eligible to enter the interconnection queue with long lead-time resource points.

The ISO only will release reserved deliverability after formal cancellation of an associated policy-driven transmission project or if the generation or storage resource is later removed from the local regulatory authorities' portfolio (and is not added to another local regulatory authority portfolio in the same timeframe), with formal written decision by the local regulatory authority whose portfolio originally included the resource. The ISO would provide information regarding potential releases of reserved deliverability to stakeholders in the transmission planning process, for approval by the ISO Board of Governors in the annual Transmission Plan.

POSITIONS OF THE PARTIES

A large majority of stakeholders supported the intra-cluster prioritization proposal and the modifications to the deliverability allocation process, and appreciated the additional transparency around deliverability reservations going forward.

A small number of resource developers opposed the intra-cluster prioritization proposal. Because they suggested alternatives that would have either delayed the ISO's ability to move forward with this process or resulted in earlier clustered projects having to wait for upgrades they are not currently dependent on, the ISO declines to adopt the alternatives.

Some stakeholders expressed opposition to not allowing energy only projects in cluster 15 and beyond to seek deliverability allocations once they reach commercial operation. The ISO notes that FERC already approved this issue as just and reasonable in the ISO's track 2 interconnection process enhancement reforms. It is critical that the ISO prevent interconnection customers from bypassing the scoring of projects seeking deliverability by entering the queue as an energy only project, only to obtain deliverability once online.

Several stakeholders expressed concerns with the target due dates noted for deliverability affidavits in the final proposal, with many developers noting that shortening the window for deliverability affidavits can have significant implications for commercial timelines. The ISO understands this and posted a market notice on March 18, 2025, clarifying the new dates for deliverability affidavits, which seek to minimize impacts on stakeholders.

A number of stakeholders expressed concerns with the ISO's current practice of reserving transmission plan deliverability for specific resources, suggesting that this interferes with timely interconnection of the most ready and viable resources. The ISO clarifies that it currently has authority to reserve deliverability for long lead-time resources. Reservations of deliverability enable the ISO and local reliability authorities to ensure that transmission intended for a specific need is ultimately used to deliver the intended resource. The process proposed in track 3 enhances transparency by establishing a process for clear communication with local regulatory authorities about which resources require deliverability reservations.

CONCLUSION

Management recommends approval of these track 3 reforms. They are designed to accelerate commercial operation for the most viable and competitive projects in areas that align with local and state resource plans. The reforms will enable the ISO to continue to onboard the generation and storage resources necessary to meet reliability and policy needs, in a timely and equitable manner.

The ISO is committed to continuously monitoring and improving its interconnection processes and policies and plans to open a new interconnection process enhancements initiative later this year. This new initiative will review interconnection data and stakeholder feedback from cluster 15 (2024) and explore additional considerations for long lead-time generation and storage resources prior to opening cluster 16 in October 2026.