

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue
Electric Integrated Resource Planning and
Related Procurement Processes.

Rulemaking 20-05-003
(Filed May 7, 2020)

**REPLY COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON THE PROPOSED DECISION DETERMINING NEED FOR CENTRALIZED
PROCUREMENT OF LONG LEAD-TIME RESOURCES**

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I. Introduction

Pursuant to Rule 14.3 of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) submits reply comments on the July 19, 2024 *Proposed Decision Determining Need for Centralized Procurement of Long Lead-Time Resources* (Proposed Decision).

The CAISO responds to comments of Sonoma Clean Power Authority (SCP) regarding CAISO’s interconnection processes. The CAISO supports SCP’s overarching recommendation that the Commission should coordinate with the CAISO to enable timely development of transmission infrastructure. Additionally, the CAISO clarifies two statements regarding its interconnection process. First, the CAISO clarifies that its interconnection process is the correct venue to address the local deliverability network upgrades discussed by SCP in its comments. Second, the CAISO clarifies that its interconnection process reforms pending before the Federal Energy Regulatory Commission (FERC) will still allow interconnection requests in areas without planned transmission capacity.¹

¹ CAISO, Tariff Amendment to Implement Track 2 of Interconnection Process Enhancements 2023 Initiative, August 1, 2024, p. 24.

II. Discussion

The CAISO agrees with SCP's overarching message on the need for coordination between Commission resource planning and CAISO transmission planning. Clear Commission direction on procurement far in advance of the need, and reflected in Integrated Resource Plan (IRP) portfolios, helps the CAISO timely identify and approve new transmission projects. Clear, advanced direction on procurement and timing also helps developers determine when and where to enter the interconnection queue.

A. The CAISO Generation Interconnection Process is the Correct Venue to Address Local Deliverability Network Upgrades.

In opening comments, SCP discusses transmission limitations impacting its GeoZone project. SCP states, "There are also upgrades needed to the local 115 kV system that the latest Transmission Planning Process (TPP) identified to meet policy goals—but the CAISO has opted to fund those upgrades through the interconnection process despite encouragement from SCP."²

The CAISO clarifies that the generator interconnection process is the correct starting venue to address the local deliverability network upgrade referenced in SCP's comments. The CAISO's study processes identify delivery network upgrades in two ways: First, the transmission planning process identifies "Area Delivery Network Upgrades" to relieve significant deliverability constraints on the high-voltage system. These generally consist of large, expensive network upgrades that will be financed by the transmission plan's approved project sponsor. The CAISO's interconnection study base cases include these upgrades. The interconnection studies then identify "Local Delivery Network Upgrades" to relieve smaller deliverability constraints. These generally consist of the types of constraints identified by SCP: they result more from specific generator interconnections rather than IRP assumptions, and they can be addressed with relatively less expensive, localized upgrades (rather than the Area Delivery Network Upgrades). If, however, local delivery issues compound or become relatively more expensive to solve, those inputs can lead to the next transmission planning process considering new Area Delivery Network Upgrades.

² SCP Opening Comments, p. 11.

The CAISO based its classification of the 115 kV facilities identified by SCP on parameters set forth in section 6.1.1.4 of the CAISO’s Business Practice Manual for Generator Interconnection and Deliverability Allocation Procedures.³ The upgrades identified by SCP did not meet the criteria to qualify as an Area Delivery Network Upgrade.

B. The CAISO’s Pending Interconnection Process Reforms Allow Interconnection Requests in Areas Without Planned Transmission Capacity.

In opening comments, SCP raises the CAISO’s proposed interconnection process enhancements pending before FERC. SCP states, “Given that the new CAISO interconnection process does not accept interconnection requests in areas without planned transmission capacity, a failure to plan sufficient transmission capacity to accommodate LLT resources in high potential areas means proposed projects cannot even be studied for interconnection.”⁴

The CAISO clarifies that its interconnection process reforms allow interconnection requests in areas without planned transmission capacity.⁵ For example, the CAISO’s proposed tariff amendments specifically include a Merchant Option for prospective interconnection customers in areas where there is no new planned transmission capacity, or more likely, where all new planned transmission capacity has already been allocated to earlier-queued projects. This proposal ensures that projects seeking to interconnect in transmission zones with no available transmission capacity have a path forward to become deliverable by providing the opportunity for such projects to build and fund any required area delivery network upgrades as merchant transmission projects.⁶

In any case, the CAISO supports SCP’s overarching recommendation that the Commission “immediately begin work with the CAISO to plan sufficient transmission capacity to enable LLT resource deployment to avoid the risk of projects encountering significant cost and schedule risk.”⁷ The process to approve and develop bulk system transmission and long lead-time resources is lengthy, and effective long-term resource and infrastructure planning is

³ CAISO, Business Practice Manual for Generation Interconnection and Deliverability Allocation Procedures, Section 6.1.1.4, Version 34.

⁴ SCP Opening Comments, p. 11.

⁵ CAISO, Tariff Amendment to Implement Track 2 of Interconnection Process Enhancements 2023 Initiative, August 1, 2024, p. 4.

⁶ *Id.*, p. 24.

⁷ SCP Opening Comments, p. 11.

critical to ensure projects have sufficient lead time to complete procurement, interconnection, permitting, and construction processes and account for other risks such as supply chain delays.

III. Conclusion

The CAISO appreciates the opportunity to provide reply comments.

Respectfully submitted

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