## UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION

Innovation and Efficiencies in Generator Interconnection

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## Prepared Statement of Danielle Osborn Mills on behalf of the California Independent System Operator Corporation

My name is Danielle Osborn Mills. I serve as Principal, Infrastructure Policy Development at the California Independent System Operator Corporation (CAISO). In this role, I lead the CAISO's efforts to reform its interconnection procedures and keep infrastructure development on pace with reliability and policy needs. Thank you for the opportunity to participate in this discussion. My remarks primarily address Innovations Panel 3: *Prioritizing Certain Generator Interconnection Requests*.

The CAISO supports efforts to identify and implement innovative ideas to help manage generation interconnection queue cluster study processes. Innovation in the generator interconnection study processes will promote optimal electric transmission development to meet reliability and energy policy objectives and maintain open access transmission policies. The CAISO is working with stakeholders to achieve these outcomes. Based on this work, the CAISO recently filed tariff amendments in Commission docket ER24-2671 to enhance in-take procedures for generator interconnection requests. The CAISO's proposed tariff changes will allow the CAISO to assess transmission availability and allocate limited deliverability by identifying the most viable and needed projects, and enabling them to advance through the CAISO's interconnection study process in those zones where transmission capacity will be

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available. Below I provide short answers to questions identified for Innovation Panel 3 in the August 14, 2024 notice of staff-lead workshop in this proceeding.

 Are there any viable, not unduly discriminatory methods for further prioritization of interconnection requests to increase queue efficiency and ensure just and reasonable rates?
Prioritization of interconnection requests is essential to increase the

meaningfulness of interconnection studies and move interconnection projects through the queue in order to onboard new resources within necessary timeframes to meet reliability and policy needs. Given the volumes of interconnection requests the CAISO has received in recent interconnection queue clusters, without such prioritization, we would generate interconnection study results that are not just and reasonable.

The CAISO works closely with California energy agencies, the California Public Utilities Commission (CPUC) and California Energy Commission (CEC), as well as other Local Regulatory Authorities, to create linkages and a comprehensive information flow between resource planning, transmission planning, procurement, and interconnection. We have memorialized this structure through a December 2022 Memorandum of Understanding between the CAISO, CPUC, and CEC. From the CAISO's perspective, it is critical to emphasize up-front project viability and competition for resources identified in local and state resource planning efforts. Identified resources or resource areas should inform transmission planning, creating a natural incentive for project development, procurement, and interconnection in those transmission zones.

Increasingly over the past several years, the CAISO has witnessed surging interest in and competition for interconnections. After the Cluster 15 window opened in

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2023, the CAISO had 188 gigawatts (GW) in the queue pre-Cluster 15, and received 354 GW of additional interconnection requests for Cluster 15 alone. The current queue now contains more projects than the CAISO will need to achieve California's 2045 energy goals three times over. While these may all be viable projects in the developer's eyes, not all of the projects in the interconnection process can or should proceed to the study process.

The first step to address the volume of projects in the interconnection queue is to raise the bar for interconnection customers as they enter the interconnection process to ensure that interconnection customers bring their best projects to the process. Securing site control and investing in certain project development efforts prior to the study process will ensure that interconnection customers are serious about their requests, rather than using the interconnection study process to preserve optionality regarding whether a project is worth pursuing.

2. Would prioritization of interconnection requests selected in open competitive resource solicitations over other interconnection requests that are not similarly selected add efficiency to the generator interconnection process? How would this type of prioritization affect the alignment of transmission planning, resource solicitation, and generator interconnection processes? Under such a prioritization, must an open competitive solicitation process meet certain requirements to avoid infringing on the Commission's open access transmission requirements?

The Commission must consider open access requirements in the context of the

current challenges facing transmission providers to process interconnection queues.

Today, we cannot effectively support open access through interconnection studies because the volume of interconnection requests in a queue cluster study would render the study results meaningless. In order to ensure alignment of transmission planning with interconnection, the CAISO suggests that transmission availability arising from policy driven projects identified through a formal transmission planning process serve as the first gating mechanism. This centrally planned transmission availability could form the basis for interconnection requests to enter a study process through a competitive solicitation process. Open competitive solicitations could take many shapes and may include the procurement of resources by off-takers as well as obtaining access to the interconnection study process. In the context of obtaining access to the interconnection study process, the CAISO believes competitive solicitations should consider more than financial viability or willingness to pay, and instead prioritize project readiness, commercial viability, and alignment with reliability and policy needs.

3. Should interconnection requests for new generating facilities submitted to replace existing generating facilities at existing points of interconnection (replacement generation) have priority in the transmission provider's processing of its interconnection queue over the interconnection of new generating facilities at new points of interconnection? If so, are there conditions that should be required for such prioritization of replacement generation, for example, a finding by the transmission provider that the replacement generation allows for a faster or lower-cost interconnection as compared to the interconnection of new generating facilities at new points of interconnection?

The CAISO recognizes the complexity associated with interconnecting replacement generation. Some limitation must apply in order to allow for replacement resources to proceed while other new resources are waiting for interconnection study results or the construction of network upgrades. The CAISO allows entities to obtain a CAISO three-party GIA without having to participate in the CAISO interconnection process if they demonstrate that the total capability and electrical characteristics of the generating unit will remain substantially unchanged.<sup>1</sup> This process enables repowering if a project uses the same fuel source at the existing point of interconnection or a partial or complete replacement with energy storage, provided the electrical characteristics remain substantially unchanged. As the question suggests, there could be other possible approaches to expedite the interconnection of replacement resource. Reliability, policy, or economic reasons may justify such prioritization in specific circumstances, but it is likely that each transmission provider will have its own set of indicators for what constitutes an essential replacement project.

4. Should interconnection requests from proposed new generating facilities that meet certain resource adequacy or reliability needs have priority over other interconnection requests for new generating facilities?

Based on specific facts and circumstances, there may be a need to prioritize interconnection of new resources over others, however affording any such priority should occur in extremely limited circumstances and not undermine the orderly process of interconnecting new resources. The CAISO's current tariff incorporates an emergency interconnection process based on state authorities identifying that the interconnection is necessary to meet an expedited need for additional capacity. As the resource transition proceeds, there could be additional reasons to treat interconnection of some new resources differently than others. For instance, interconnecting a large resource like offshore wind may require innovative and unique approaches to transmission planning and interconnection to support the procurement and deployment of such a resource.

<sup>&</sup>lt;sup>1</sup> Section 13.1 of the CAISO Generator Management Business Practices Manual and Section 25.1.2 of the CAISO Tariff.