



May 29, 2024

Board of Governors
California Independent System Operator
250 Outcropping Way Folsom CA 95630
Via Email

RE: 2023 Interconnection Process Enhancements Track 2 Proposal

Dear Board of Governors,

ENGIE NA ("ENGIE") appreciates the Board's attention to concerns raised by many renewable/energy storage developers and trade groups at the May 23 Board meeting specific to the 2023 Interconnection Process Enhancements (IPE) Track 2 proposal ("Proposal"). ENGIE also appreciates the time and effort put in by the CAISO staff to develop the final Proposal as this is a very challenging set of issues to solve.

ENGIE understands the challenges CAISO faces with large queue volumes and limited transmission capability and recognizes that changes are needed. However, the final Proposal as it stands creates too much uncertainty and an unlevel playing field for renewable and storage project developers. The CAISO includes in its proposal two layered queue gating mechanisms 1) Upfront scoring criteria to be applied to projects entering the queue and 2) Zonal study limits of 150%. If queue gating mechanisms are to be adopted they must be non-discriminatory and continue to support open access principals. We don't believe the scoring criteria as designed is in line with these objectives.

ENGIE has several concerns with the CAISO's final Proposal:

First, the scoring criteria heavily factors load-serving entity ("LSE") preferences as the main determinant of whether projects will be accepted into the interconnection study process. Even though LSE interest comprises only 30 points out of the available 100 points, absent points allocated to specific project types - long-lead time projects and expansions to facilities there are only two remaining categories a developer can attempt to influence to gain a higher project score. One is system need which requires projects to be located in specific Local Capacity Reliability Area and the other is tied to engineering plan completeness which we believe all projects will achieve. This construct ensures that projects with LSE interest points will enter the study process.

Second, LSE's would be tasked with making decisions on projects with little to no data as interconnection study processes that inform developers and LSE's on transmission upgrade costs and timelines have not yet occurred. How LSE's would select projects under this new construct is subjective and not under the CAISO's purview to define. This responsibility could be delegated to the CPUC to define for its jurisdictional entities but there is not adequate time to do this for Cluster 15. ENGIE believes the lack of transparency around project selection paired with the LSE interest weight has great potential for discrimination against non-LSE developers and risks eliminating viable projects from moving forward into the interconnection process. Under this proposal, a developer could do everything its power, secure site control and make significant investments to ensure a project is viable and still not make it into the CAISO's study process. Designating commercial interest so early in the project lifecycle will not guarantee more viable projects proceed through the queue which is the main purpose for interconnection reform. LSE interest is already accounted for in the CPUC's Integrated Resource Plan which informs the CAISO's transmission planning process and is not needed to be accounted for again on the front end of the development process.



Third, projects submitted into Cluster 15 were envisioned under today's interconnection rules. The Proposal institutes multiple queue gating mechanisms that assume developers have certain information such as ideal locations for projects in advance and assumes specific conditions/rules are in place around LSE project selection and transparency. Developers still lack information envisioned in the proposal which puts Cluster 15 projects at a significant disadvantage as compared to future queue clusters which may be informed and prepared to work within the new proposed construct.

Considering the concerns outlined above and to avoid further delays to Cluster 15 processing, ENGIE recommends that the CAISO revise the final Proposal to remove the scoring criteria completely and proceed with other proposed elements. ENGIE believes the CAISO has an effective proposal to bring forward to FERC absent the scoring criteria. The CAISO would be instituting zonal study limits which are in effect a queue cap. This paired with changes required by FERC Order 2023 would be complex and transformational enough for Cluster 15.

If additional queue gating mechanisms are deemed to be necessary after processing Cluster 15, the CAISO could revisit the scoring criteria or consider other queue gating mechanisms for Cluster 16 and forward.

Thank you for your consideration.

Sincerely,

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