California Independent System Operator
Corporation

October 3, 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. ER24-2042-001**

**Supplement to Comply with Order on Compliance**

Dear Secretary Reese:

The California Independent System Operator Corporation ("CAISO") submits this supplement to its July 14, 2025 filing to comply with the Commission's order[1] on the CAISO's initial compliance filing with Order No. 2023 ("Compliance Order"),[2] which the Commission issued to "ensure that interconnection customers are able to interconnect to the transmission system in a reliable, efficient, transparent, and timely manner, and [which] will prevent undue discrimination."[3] The Compliance Order widely accepted the CAISO's initial compliance filing, and only required iterative compliance on a few minor issues, which the CAISO addressed in its July 14, 2025 filing. The instant supplement expands on two discussions at the recommendation of Commission staff.

The Compliance Order found that the CAISO partially complied with the network upgrade cost allocation requirements of Order Nos. 2023 and 2023-A.[4] The Commission accepted the CAISO's proposed cost allocation tariff provisions for interconnection facilities and various classes of network upgrades, but not for Interconnection Reliability Network Upgrades ("IRNUs")—the CAISO's pre-existing term for substation network upgrades. The Commission directed the CAISO to either adopt (1) the *pro forma* definition of "proportional impact method," and (2) the *pro forma* provisions for allocating the costs of IRNUs, or justify these variations under the independent entity variation standard.

---

1 *California Independent System Operator Corp.,* 191 FERC ¶ 61,119 (2025).

2 *Improvements to Generator Interconnection Procs. & Agreements*, Order No. 2023 184 FERC ¶ 61,054 (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 transmittal letter as "Order No. 2023," but not where distinguishing between those two Commission issuances is necessary.

3 The CAISO submits this supplemental filing as an informational update in type of filing code 150.

4 Compliance Order at P 88-89.

To the extent Order No. 2023 requires an express definition for "proportional impact method," the CAISO requests an independent entity variation. To be sure, the CAISO allocates cost responsibilities using proportional impact methods in compliance with Order No. 2023, as the Compliance Order found.[5] The CAISO does not rely on the term "proportional impact method" because it is a general umbrella term for "a technical analysis conducted by [the CAISO and Participating TO] to determine the degree to which each Generating Facility in the Cluster Study contributes to the need for a specific [] Network Upgrade." Rather than using the general term and then specifying the technical analysis conducted, the CAISO tariff simply describes each technical analysis used for cost allocation.[6] In other words, including a definition of "proportional impact method" is unnecessary because the CAISO tariff expressly specifies which technical analysis is used for the various types of network upgrades identified in CAISO's study process. The Commission should accept this independent entity variation as consistent with or superior to the requirements of Order No. 2023, just and reasonable and not unduly discriminatory or preferential, because it will accomplish the purposes of Order No. 2023.

The CAISO also requests an independent entity variation in allocating costs for IRNUs. Similar to the previous issue, the CAISO believes that CAISO processes otherwise accepted simply render adopting the *pro forma* LGIP process unnecessary and even precarious. The *pro forma* LGIP has a two-step cost allocation for substation network upgrades that would allocate costs first to interconnection facilities interconnecting to the substation at the same voltage level, and then *per capita* to each generating facility sharing the interconnection facility.[7] As the CAISO described in its July 14, 2025 filing, the CAISO assigns IRNU costs *per capita* to each generating facility.[8]

The CAISO has assigned many IRNUs since the Commission approved the IRNU classification and cost allocation treatment in 2019.[9] The CAISO has identified very few upgrades in the same scope of work in the generation interconnection process with different voltages. Those that have been created have all resulted from the CAISO's transmission planning process as public policy upgrades, meaning that the project sponsor, not interconnection customers, has cost responsibility.

5 Compliance Order at P 88-89.

6 *See* Section 6.3 of Appendix KK to the CAISO tariff. The CAISO uses a lower-case version of the term "proportional impact method" for affected system studies; however, the CAISO tariff expressly requires the method to be those described for cluster studies: "The Participating TO will allocate Affected System Network Upgrade costs identified during the Affected System Study to Affected System Interconnection Customer(s) using a proportional impact method, *consistent with Section 6.3.1 of this RIS*." Section 14.5.9 of Appendix KK to the CAISO tariff (emphasis added).

7 Compliance Order at P 78.

8 With the nuances for different cost responsibilities described in the July 14, 2025 filing.

9 The CAISO assigned similar upgrades before 2019, but under the general treatment for reliability network upgrades.

More critically, if interconnection customers were to interconnect to a multi-voltage substation, the CAISO already assigns their IRNUs by voltage. The cost allocation by voltage in the *pro forma* LGIP is thus already built into the process. This is because IRNUs are sole-use facilities for each generation tie line—usually extending a bus or adding breakers to connect to a switchyard. Interconnection customers thus only share the IRNU if they are sharing their interconnection facilities,[10] rendering cost allocation first by voltage unnecessary. In simple terms, IRNU cost allocation already occurs by voltage because the lower-voltage interconnection customers are assigned the low-voltage IRNUs, and the higher-voltage interconnection customers are assigned the high-voltage IRNUs.

The CAISO also is concerned that expressly adopting the *pro forma* LGIP language may incentivize interconnection customers to try to game how they interconnect to a switchyard to avoid IRNU cost allocation. Because IRNUs are the most expensive type of upgrade, and because CAISO interconnection customers are uniquely protected by firm cost caps, the CAISO and its stakeholders went to great lengths in 2019 to create a cost allocation system that avoids gaming the interconnection process to avoid IRNU costs (saddling the transmission owner with them instead). As such, the CAISO proposes to maintain its current process for IRNUs, which is consistent with or superior to the requirements of Order No. 2023, just and reasonable and not unduly discriminatory or preferential, for the reasons explained here and in the CAISO's July 14, 2025 filing.

## I. Conclusion

For the reasons set forth above, the CAISO respectfully requests that the Commission find that the CAISO complies with the Compliance Order.

Respectfully submitted,

*/s/ William H. Weaver*
Roger E. Collanton
General Counsel
William H. Weaver
Assistant General Counsel
Sarah E. Kozal
Counsel

Counsel for the California Independent
System Operator Corporation

[10] Sharing generation tie lines into new IRNUs is very common as a cost-saving measure.

## CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 3rd day of October, 2025.

/s/ Jacqueline Meredith

Jacqueline Meredith
An employee of the California ISO