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May 20, 2024

Jan Schori, Chair
Severin Borenstein, Vice Chair
Governors, California ISO Board of Governors

Re: Interconnection Process Enhancements Final Proposal

Dear Chair Schori, Vice Chair Borenstein, and Governors Eto, Galiteva, and Leslie:

On behalf of the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (the "Six Cities"), this correspondence addresses the Final Proposal in the Interconnection Process Enhancements initiative,[1] which is pending before the Board of Governors for briefing purposes on May 23, 2024. Following an extensive stakeholder process, the Final Proposal sets forth necessary and important revisions to the CAISO's current interconnection procedures. The Six Cities therefore support the Final Proposal, which reflects a reasonable balance of policy perspectives among the diverse and varied interests of stakeholders who were active in this initiative.

The Six Cities are cautiously optimistic that the updated interconnection rules reflected in the Final Proposal and in the CAISO's currently-pending filing on compliance with the Federal Energy Regulatory Commission's Order No. 2023[2] will result in a more efficient and timely process for interconnecting new resources at a time when load-serving entities throughout California are facing unprecedented challenges in procuring capacity.[3] New generating resources are needed not only to implement federal, state, and local policy goals, but also to enable load-serving entities to address projected load growth and conventional resource retirements, preserve reliable and economic service to customers while managing the

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[1] 2023 Interconnection Process Enhancements Track 2 Final Proposal (Mar. 28, 2024), available at FinalProposal-InterconnectionProcessEnhancements2023Track2.pdf (caiso.com) ("Final Proposal"). The Final Proposal is accompanied by an Addendum and Revised Addendum published on May 9th and May 17th, which are available at AddendumtoFinalProposal-InterconnectionProcessEnhancementsTrack2.pdf (caiso.com) and Revised-Addendum-to-Final-Proposal-Interconnection-Process-Enhancements-Track-2.pdf (caiso.com), respectively.

[2] *Improvements to Generator Interconnection Procedures and Agreements*, Order No. 2023, 184 FERC ¶ 61,054 (2023), *order on reh'g & clarif.*, Order No. 2023-A, 186 FERC ¶ 61,199 (2023).

[3] *See, e.g.*, Presentation on behalf of the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California, to the California Energy Commission, Resource Planning and Procurement: Policy Overview and Current Challenges, *In the Matter of: Energy System Reliability*, Docket No. 21-ESR-01 (Nov. 16, 2023), available at https://efiling.energy.ca.gov/GetDocument.aspx?tn=253144&DocumentContentId=88351. *See also* Post-Workshop Comments on behalf of the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California, *In the Matter of: Energy System Reliability*, Docket No. 21-ESR-01 (Nov. 30, 2023) at 3, available at https://efiling.energy.ca.gov/GetDocument.aspx?tn=253417&DocumentContentId=88637 (detailing capacity price increases).

challenges of climate change-driven extreme weather events, and achieve and maintain compliance with evolving regulatory obligations, including resource adequacy requirements.

The Six Cities commend the CAISO management and staff who worked hard throughout the IPE initiative to facilitate dialogue and compromise among stakeholders. Given the breadth of the issues under consideration and the range of stakeholder views, it is inevitable that not all stakeholders endorse every element of the Final Proposal. Indeed, there are elements of the Final Proposal that the Six Cities would not necessarily support on a stand-alone basis, but can accept based on the careful balance of compromises reflected in the Final Proposal.

Of key importance to the Cities is the commitment of the CAISO to undertake coordination with publicly-owned utilities regarding their resource procurement plans.[4] This coordination is critical to ensure that these plans are considered in the CAISO's Transmission Planning Process, thereby enabling the transmission system to be planned to meet the resource needs of not only utilities regulated by the California Public Utilities Commission ("CPUC"), but also publicly-owned utilities that are subject to the regulatory oversight of public utility boards and City Councils. Historically, the CAISO has not routinely sought to obtain and evaluate the resource procurement policies and plans of non-CPUC jurisdictional entities for purposes of inclusion in the CAISO's planning processes, but the CAISO has committed to doing so as a part of the IPE initiative. The Six Cities appreciate this commitment and will work with the CAISO to implement this element of the Final Proposal.

Additionally, the Six Cities support the CAISO's proposal to reflect the input of load-serving entities into the scoring criteria for determining which interconnection requests will advance to the study phase of the interconnection process.[5] Because they are responsible for formulating their own resource procurement plans, the Six Cities must be able to designate resources for study that meet the Cities' policy goals and load service requirements. While supportive of the overall scoring criteria, the ability to select a single resource in each interconnection cycle to advance to the study phase is likewise essential to the Cities' management of their resource procurement, particularly for the smaller Cities.

For the reasons set forth above, the Six Cities support approval of the Final Proposal.

Please contact the undersigned representatives for the Six Cities in the event of any questions regarding this correspondence.

Very truly yours,

/s/ Margaret E. McNaul

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[4] *See* Final Proposal at 30, 32.

[5] *See generally id.* at 56-60.