



Submit comment on Draft Final Proposal

Initiative: Interconnection process enhancements 2023

1. Provide your organization's comments on the proposed generic timeline proposed in Section 2.1 - The Zonal Approach: Data Accessibility: *

CalWEA recommends that the timeline also include the following information:

- Show when the three TPD allocation opportunities start for a particular cluster.
- Show when the CPUC provides its specific IRP resource portfolios to be used by the CAISO for its queue entry selection.
- Show when the available capacity information will be published by CAISO.

Since the TPD allocation study happens in parallel with the cluster window that is underway, the projects going through the TPD allocation process are not counted against the capacity ostensibly available for the next queue cluster. The consequence is that, while queue entry is eased, interconnection customers (ICs) will find it to be more difficult to get a TPD allocation once the study process is completed unless CAISO ensures sufficient ADNU (policy upgrade) capacity is added to the grid as part of its cluster study(ies) – which itself can take many years to complete. So, while the proposed process requires ICs to achieve a very high level of readiness, the timeline inherently creates a high level of uncertainty regarding the availability of timely TPD capacity. This increased risk of the costly study process will limit developer participation and is one reason why CalWEA objects to the overall proposal (see response to Question 9).

2. Provide your organization's comments on new section 2.2.3 – Treatment of Full Capacity Deliverability Status and Energy Only Resources: *

Requiring EO projects to go through the same scoring process as projects requesting FCDS will make it nearly impossible for EO projects to proceed. At points of interconnection (POIs) where no FCDS is available, the proposal prevents EO projects from being studied simply because FCDS resources cannot be studied, which does not make sense. Where FCDS is available, LSE allocation points will presumably go to FCDS applications, which will prevent most, if not all, EO projects from being studied.

EO requests should be allowed in all zones purely based on project readiness independently of FC availability or requests. Alternatively, CAISO could use the EO resources in the CPUC's IRP resource portfolio to identify a zonal EO study limit for each zone.

3. Provide your organization's comments on modifications to Section 2.4 Scoring Criteria for Prioritization to the Study Process: *

CalWEA first reiterates previously stated concerns that CAISO's overall proposal is fundamentally flawed because it moves the study process forward for a small minority of early-stage projects absent the information that is most important to project viability: transmission upgrade costs and timelines. Thus, the entire process upon which projects are proposed to be advanced rests on subjective control by LSEs and subject to anti-competitive behavior by developers, and thus is likely to leave many projects behind that could otherwise prove to be the most attractive and viable. Moreover, because the proposed process will drive applications and LSE selections to local capacity reliability (LCR) areas where development costs are typically much higher (suitable for developers with deepest pockets) and large-scale solar and wind development are simply infeasible.

Nevertheless, we offer the following recommendations to marginally improve the proposed process.

Commercial interest

The LSE-interest scoring element provides too much subjective control over the process by LSEs without these LSEs having any information about the transmission impact of the resources they are selecting. To address this, CAISO should:

- reduce the LSE-interest score to a maximum of 20% of the total score;
- adopt the CAISO proposal to limit each LSE to scoring only one of the LSE's sponsored or affiliated projects per cycle;
- further develop the CAISO proposal to also award points for projects with documented commercial interest from non-LSE off-takers, which should be consistent with the point system for LSE interest; and
- establish guidelines to ensure a transparent and objective process for the allocation of points.

In its next paper, CAISO should explain how total available capacity on the system is calculated and should provide a realistic estimate of that capacity. This figure should be used in the example illustrating the process.

Project viability:

- It is not clear how the AACEI cost estimate classification helps to define the percentage of engineering design plan completeness. In any case, engineering design plans are only a matter of expense, increasing the cost of development without differentiating the viability of projects, and this criterion is therefore not a useful indicator of project viability.

System need:

- Long lead-time (LLT) resources (a term that requires further consideration as discussed below) should not be placed in the same scoring system as other resources. Elsewhere in the proposal, CAISO proposes to reserve TPD capacity for such resources in the resource portfolio. Such reservation will require a separate scoring process for LLT projects in which LLT projects would compete only against each other for the reserved TPD capacity. Non-LLT projects behind the same constraint would compete for any remaining capacity.

4. Provide your organization's comments to additional modifications to the merchant deliverability option: *

This element of the proposal requires further clarification: *“The ISO will calculate a single capacity number for each zone, which will be based on the CPUC portfolio. These zonal capacity numbers will be used to designate Transmission Plan Deliverability zones and Merchant Deliverability zones.”* Please clarify whether the CPUC portfolio will serve as the CAISO’s base portfolio and whether the zonal capacity is the total FC capacity in the base portfolio.

Regarding this statement: *If the Merchant Deliverability project(s) has not executed a GIA, and the ADNU has not been included in the TPP base case, projects are released from funding the ADNU and be refunded once GIA executed. The project retains the deliverability for two years, with a retention requirement of meeting TPD allocation Group A or B within the next two years. Converting to EO if it can't retain. If the Merchant Deliverability project(s) has executed GIA, and the ADNU has been included in TPP base case as a merchant ADNU, the project continue funding the ADNU and proceed as MD”* -- these two paths could leave a gap, where some projects may not fall into either path. CalWEA recommends that, regardless of GIA status, a project be able to choose one of the options right after ADNUs are approved in the TPP.

5. Provide your organization’s comments on new section 2.7.1 – TPD Allocation Process Modifications: *

CalWEA supports the proposal to reserve TPD capacity for “long-lead-time” resources with some modifications:

- The nebulous term “long-lead-time” (which could encompass any resource awaiting transmission) should be replaced with “location-constrained resources” – i.e., projects that tap resources that exist in limited locations on the CAISO grid – and that are contained in the resource portfolios of the CPUC or other Local Regulatory Authority. CAISO should request that LRAs identify such resources in their resource portfolios.
- CAISO should clarify that location-constrained resources may be supported by existing transmission as well as newly approved transmission upgrades.
- As discussed in response to question 3, the scoring process for queue entry should align with the TPD capacity reservation.
- CAISO must place phantom projects, equal to the capacity being reserved, in the base case so that needed capacity throughout the system will be reserved.

In addition:

- Energy Only projects, especially ones that have converted to EO due to lack of transmission capacity, should continue to be able to seek TPD under Groups A and B upon securing a PPA or being short-listed.
- TPD-Allocation Group D should be retained. Even under the proposed queue entry process, projects will still have a high risk of not getting deliverability. Group D helps to break the deadlock of PPA and deliverability interdependency.

6. Provide your organization’s comments on updates made to Section 3.6 – [Commercial] Viability Criteria and Time in Queue: *

EO projects should be able to acquire a PPA for RA capacity and at that point request TPD capacity.

7. Provide your organization’s comments on updates made to Section 3.8 – Earlier Financial Security Postings for Projects with Shared Upgrades: *

No comment.

8. Provide your organization's comments on updates made to Section 3.9 – Revise Timing of GIA Amendments to Incorporate Modification Results: *

CalWEA supports the updates.

9. Additional comments:

Zones

- Please confirm that Morro Bay Offshore Wind and Humboldt Offshore Wind will be treated as separate zones from Fresno and North of Greater Bay Area as shown in Figure 1.

TPP portfolio and base case

- Please confirm that, where CAISO refers to “TPP portfolio” and “base case,” it means the base portfolio.

Fulfillment of 150% available capacity

- Zonal capacity is the capacity in the IRP portfolio, directed to the CAISO TPP, which by design could exceed the current transmission capacity and trigger new transmission upgrades. In contrast, fulfillment of 150% of available capacity is based on actual deliverability constraints. At the time of fulfillment, the new transmission upgrades may not be approved yet. Thus, it is possible that zonal capacity could exist, but no projects in the zone are allowed into the study process due to the deliverability constraints. This disconnect between zonal capacity and transmission capacity could cause inefficiency and delay projects in needed areas by potentially many years. This additional flaw in CAISO's proposal is one more reason why CalWEA cannot support it.

Limitation to TPD transferability

- CalWEA objects to requiring a project that transfers its deliverability to withdraw from the queue or to downsize its generating capacity to its remaining deliverability. Such projects are subject to the commercial viability criteria and time-in-queue requirements proposed in Section 3.6. Therefore, they should be allowed to develop as EO projects if shown to be commercially viable as an EO project or seek deliverability if viability criteria are met.

Overall Proposal

As indicated in our responses to questions 1 and 3, and the comment on 150% available capacity above, CalWEA does not support the CAISO's overall proposal to address the large volume of resources in the queue. It is fundamentally flawed because it moves the study process forward for a small minority of early-stage projects from deep-pocketed developers based on information other than what is most vital to project viability: transmission upgrade costs and timelines. The proposal increases the risk of the study process by requiring developers to commit to the study process without knowing the amount of available capacity. The process upon which projects are proposed to be advanced rests on subjective control by LSEs and is thus subject to anti-competitive behavior. As a result of all of these factors, the process is likely to leave many projects behind that could otherwise prove to be the most attractive and viable. It will also drive applications to LCR areas where development costs are higher and large-scale solar and wind development is not feasible. For all of these reasons, the proposal is fundamentally at odds with open-access principles and is anti-competitive, which will drive costs up for electricity consumers.