



Submit comment on Straw proposal and 8/11 meeting

Initiative: Interconnection process enhancements 5.0

1. Please provide your organization's comments on section 2: Commitments from 2023 IPE Track 2.

No comment.

2. Provide your organization's comments on section 3: Commitments from 2023 IPE Track 3.

Comments on 3.1. - Allowing operational Energy Only projects to seek deliverability

CalWEA supports CalCCA's proposal that projects that have achieved commercial operation as Energy Only (EO) should be allowed to submit new interconnection requests, apply for deliverability allocation, and be scored along with all other projects seeking deliverability with the same network funding obligations. This is consistent with MISO and PJM practice. CAISO requested, in the Straw Proposal, that stakeholders "articulate the problem the ISO would be solving, so the ISO can weigh the benefits and risks of such a pathway."

Allowing operational EO projects to re-enter the queue addresses the barrier that, post-C14, projects that entered the queue as EO because deliverability at their point-of-interconnect was not available at that time are forced to remain EO forever. This is true even if new transmission upgrades that provide TPD capacity in their study area are planned and these projects have proven their viability by having secured financing and having been built as EO projects. Such projects, if granted deliverability, would bring the benefits of contributing RA to the market and meeting system RA needs sooner than early-stage projects could. Forcing operational EO projects to remain forever as EO – or, worse, discouraging such projects from ever materializing by denying them the prospect of attaining deliverability status – is patently unfair because these projects provide reliability benefits but are not compensated for them. The current CAISO policy also withholds RA capacity from the market, which raises consumer costs.

Indeed, by virtue of having proven their viability and being able to contribute immediately to system reliability, operational EO projects should receive priority in TPD allocations. CalWEA is not aware that the CPUC has requested CAISO to enforce a constraint that EO resources should remain EO indefinitely as modeled in RESOLVE, rather than allowing Load Serving Entities to bilaterally procure the mix of resources that fits their CPUC-jurisdictional Slice of Day obligation. This administrative restriction is at odds with the "Open Access" philosophy of RTO/ISOs. The problem that the CalCCA proposal seeks to resolve is that even a thorough and well-coordinated transmission planning and generation procurement process is at risk of under-forecasting system need or imperfectly aligning in-service dates, and the IPE Track 2 policy is cutting off the most efficient pathway for market participants to address these imbalances.

Although FERC approved the IPE Track 2 reforms as just and reasonable, that approval does not mean that all other outcomes are unjust and unreasonable. At the September 10, 2024, FERC

technical conference on Innovations and Efficiencies in Generator Interconnection, interim EO service before conversion to full deliverability was among the suggested efficiencies.¹

At a minimum, operational EO projects should be able to enter the TPD allocation process to receive unallocated TPD capacity.

The Straw Proposal notes that, in the past, EO projects “tended to linger in queue.” This is highly unlikely to occur if CalCCA’s proposal is adopted because projects that become operational will have met a very high bar that “lingering” EO projects did not have to meet. Further, CalCCA added provisions to the proposal to ensure that the policy is not over-utilized.² CAISO staff confirmed that, in the past, only one resource has been converted to FCDS after reaching COD as an EO project, so it is unclear why CAISO believes an unmanageable number of resources will take advantage of this provision. Enforcing appropriate CVC demonstrations should resolve concerns about EO resources “lingering.”

CAISO suggested that cluster 15 includes enough EO projects to fulfill the need for EO projects reflected in the CPUC’s portfolio. However, there is no assurance that these EO projects will be sufficiently commercially viable to be built. Providing a pathway to FCDS will encourage developers to begin development with EO status. At the CPUC busbar mapping methodology kickoff call last week, the CPUC sought comment on appropriate data sources for areas of interest now that CAISO queue data cannot be used as an input for where generation resources can develop. Allowing EO resources to be studied for deliverability upon COD would maintain the interconnection queue as a viable input data source to indicate POIs of interest for future transmission upgrades.

3.2. Consideration of allowing long lead-time resources to defer seeking deliverability

CalWEA supports ACP-California and Invenenergy’s proposal to allow long lead-time resource projects to be able to defer or “roll over” their TPD allocations. Enabling deferment to at least one subsequent cluster, for projects demonstrating site control, would reduce the time between when a PPA needs to be signed and the expected online date for transmission upgrades, such that LSEs can more reasonably be expected to enter into contracts. Enabling such roll-overs would allow developers to provide earlier indications of commercial viability for resource areas that the CPUC has identified as promising based largely on high-level computer modeling. The CAISO will also need to see such indications before commencing construction on approved transmission projects. As noted above regarding EO resources, encouraging earlier expressions of commercial interest will provide the CPUC with an indication of POIs of interest for future transmission upgrades. Allowing roll-overs will also encourage developers to begin their prospecting and development activities sooner rather than later.

In the alternative, CalWEA proposes that LLT resources receiving a TPD allocation under a Conditional Group be allowed to extend their “retention period” from one to three years.

The Straw Proposal states that “deferring deliverability allocations has the potential to delay other projects in the queue and the construction of network upgrades needed by future customers.” CalWEA does not understand this concern. The allocations will be made to resources of the type for

¹ <https://www.ferc.gov/media/ad24-9-000-workshop-third-suppl-notice>

² Specifically, CalCCA proposed the following additional requirements for operating EO projects: (1) that project deliverability requests be evaluated under the full set of existing ISO criteria, (2) that the PPA focus on the resource’s RA element, and (3) that a reasonable cap be set for how often, and how frequently, an EO project may reapply.

which the transmission is being planned and reserved, so that capacity should not be available to customers using other resource types. Moreover, as noted above, enabling rollovers will encourage prospecting and development of projects using appropriate resource types.

3. Provide your organization's comments on section 4: Additional stakeholder suggestions.

No comment.

4. Provide your organization's comments on section 5: Additional ISO proposals: Affected system, commercial readiness, pre-application process, dispute committee, queue management.

No comment.

5. Provide your organization's comments on section 6: WEM Governing Body Role

No comment.

6. Please provide any additional comments on the straw proposal or Aug 11 workshop discussion.

No comment.