

California Community Choice Association

SUBMITTED 10/12/2023, 12:33 PM

Contact

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1. Please provide feedback on the proposal to provide data to stakeholders to enable the zonal approach to interconnection:

The California Community Choice Association (CalCCA) appreciates the opportunity to comment on the California Independent System Operator's (CAISO) Interconnection Process Enhancements 2023 Straw Proposal. CalCCA applauds the CAISO for making significant positive steps toward a more durable interconnection process that can accommodate the growing number of interconnection requests.

To aid in load serving entities (LSEs') evaluation of projects in the interconnection queue, the CAISO should provide regularly updated information about existing projects in the queue that do not require any network upgrades, as the CAISO did in its May 22, 2023 presentation.[\[1\]](#) This information can help guide LSEs toward projects that require no (or minimal) upgrades.

CalCCA supports the CAISO's proposal to provide data to stakeholders to enable the zonal approach to interconnection. The existing datasets demonstrated in the workshop combined with the heat map the CAISO will develop to comply with the Federal Energy Regulatory Commission (FERC) Order 2023 should provide stakeholders with the information needed to best focus interconnection requests and procurement, subject to the clarifications described below:

First, prior to implementing the zonal approach, the CAISO should clearly define how it will establish the zones and calculate the existing and planned transmission capacity that will be used to limit the number of interconnection requests studied. The CAISO should publicize information about available interconnection capacity at the same granularity that the CAISO will use to set the 150 percent limit on the amount of capacity it will study.

Second, to allow interconnection customers and LSEs to make the best use of the data, the CAISO should provide this data in a single consolidated report or database so that all the information needed is consistent and can be found in one place.

Finally, the final proposal should provide clear information on the following: 1) Is available capacity equivalent to available transmission plan deliverability (TPD) or does it include all unused capacity (which may include projects in the queue that already secured TPD)?; 2) will projects be counted using their maximum capacity (Pmax) at the interconnection or using a methodology consistent with the generator interconnection and deliverability allocation process (GIDAP) (e.g. solar and wind exceedance adjustments); and 3) are "zones" equivalent to the TPD constraint zones or the broader "transmission areas" depicted in Figure 1 in the straw proposal?

The CAISO should aim to publish a draft of the information described above based on assumptions it will use in the forthcoming 2024 GIDAP process. This will provide much-needed clarity on the format of data and calibrate the magnitude of interconnection capacity the CAISO will study within its proposed 150 percent threshold.

[1]

<http://www.aiso.com/Documents/Briefing-ResourcesAvailable-NearTermInterconnection.pdf>.

2. Please provide feedback on proposed interconnection request requirements and interconnection request review

a. Please provide suggestions for how to appropriately incorporate LSE interests and commercial procurement activities earlier in the process to support the objectives of the MOU. b. Please share your thoughts on the relationship and potential trade-offs between the scoring criteria and auction elements. c. Please share specific feedback on and recommendations for scoring criteria that are both reasonable at the interconnection request stage and easily validated by the ISO. i. Please indicate interest in participating in a workgroup to refine scoring criteria. d. Please provide feedback on auction design and use of auction revenues.

Incorporating LSE Interest and Commercial Procurement Activities

CalCCA thanks the CAISO for including LSE interest and procurement activities in the scoring criteria. Because the CAISO will not be studying all interconnection requests under the zonal approach, it will be very important for LSEs to have a say in what projects are studied so that the study process provides LSEs with a sufficient collection of projects that reflect LSEs' desired resource characteristics and diversity.

The scoring criteria for LSE interest and commercial procurement activities should be designed in a manner that:

- Meaningfully differentiates between projects, rather than assigning the same amount of points to all projects that receive LSE interest (CalCCA believes the binary letter of interest scoring is not sufficiently granular).
- Requires an appropriate level of commitment considering when scoring will take place relative to the determination of cost estimates and upgrade timelines.

With these considerations in mind, CalCCA makes the following recommendations on how to incorporate LSE interest and commercial procurement activities into the scoring criteria.

CalCCA continues to support the Sonoma Clean Power (SCP) proposed remaining import capability (RIC)-type mechanism for scoring projects based upon LSE interest. SCP's proposal would allow LSEs to provide meaningful input into which projects are studied informed by their own IRPs and preferences for technologies and locations. SCP's proposal also recognizes that the commercial readiness criteria proposed in the straw proposal, including an executed term sheet for a power purchase agreement (PPA) or an executed PPA for at least five years, may not be feasible for most projects to have at the time of scoring. LSE interest through the assignment of points is more appropriate, especially if there is uncertainty around deliverability status, network upgrade costs, and network upgrade timelines at the time of point assignment.

Using the SCP approach, the CAISO should allocate points such that the LSE interest portion can make up to 30 percent of the total score. This aligns with the LSE letter of interest points plus commercial readiness points in the straw proposal and puts sufficient weight on the LSE interest portion of the score.

The CAISO expressed concerns about the potential time the SCP proposal would add to the interconnection request intake and scoring processes. CalCCA understands the CAISO's desire to limit potential steps that could extend the time it takes to conduct these processes. However, it is more prudent for the CAISO to take the time upfront to use more robust scoring criteria to rank projects' viability on a more granular level as opposed to taking more time at the back end to conduct an auction. More granular scoring criteria could eliminate the need to have an auction mechanism, which would also be a time-consuming endeavor but reveal less in terms of projects' viability.

Additionally, the current RIC process is very efficient and should be used for interconnection scoring. In the RIC process, LSEs have less than two weeks to make their election, and a similar turnaround could be instituted for interconnection scoring. It is also very likely that LSEs can assign their points in parallel with the CAISO's processes to validate interconnection requests and assign points for the other scoring criteria. This would likely eliminate any delay in the process caused by LSE scoring.

The CAISO could also consider simplified alternatives to SCP's original RIC proposal: instead of using capacity, 1) have LSEs score each project on a 1-10 scale and take a load-weighted average for each project or 2) ask LSEs to score interest in various project, technology, and COD combinations ahead of accepting interconnection applications that could then be applied to submitted applications.

Scoring Criteria Recommendations

Recommendation 1: The CAISO proposes to "automatically include any project that a non-CPUC jurisdictional LSE demonstrates is a preferred resource in its resource plan that has been approved by its Local Regulatory Authority."^[1] As CalCCA understands the proposal, this would allow projects that are identified in non-CPUC jurisdictional LSE plans to bypass the scoring criteria and automatically be included in the proposed 150 percent cap on capacity that the CAISO studies. CalCCA disagrees with this approach because it creates an unlevel playing field for CPUC versus non-CPUC jurisdictional LSEs procuring projects to meet their integrated resource plans (IRPs) and procurement mandates. The CAISO's proposal would create incentives for developers to contract with non-CPUC jurisdictional LSEs over CPUC jurisdictional LSEs because they would automatically be studied. The CAISO should instead ensure projects that support CPUC *and* non-CPUC jurisdiction resource plans are studied in the Transmission Planning Process (TPP), inform the TPP zones, and can compete on an equal playing field to be studied in the interconnection criteria by demonstrating comparable viability criteria. To accomplish this, the CAISO should (1) coordinate with LRAs and non-CPUC jurisdictional entities to include their approved resources in their IRPs, in addition to the CPUC portfolios, in the TPP (which the CAISO already indicates in the Straw Proposal that it will do)

and (2) revise its proposal to have comparable scoring criteria among projects identified in CPUC and non-CPUC jurisdictional resource plans.

Recommendation 2 and 3: The CAISO proposes two limits on interconnection requests. The first would limit the number of requests a developer may submit in a cluster window to 25 percent of available transmission capacity across the CAISO footprint. The second would limit the amount of interconnection requests the CAISO studies to 150 percent of available transmission within each zone using scoring criteria to select the most viable projects. The first limit attempts to resolve the CAISO's concern around reduced competition among developers competing for contracts with LSEs if only a small number of developers are selected to be studied. CalCCA shares this concern. However, the second criteria (studying up to 150 percent of available transmission) could potentially create reduced competition by limiting the number of projects studied in each zone.

CalCCA supports a zonal approach where the CAISO selects the most viable projects to study within each zone. However, CalCCA remains concerned that only studying 150 percent of the planned or existing transmission capacity is too little, considering the transmission system is planned based upon projected resource portfolios that LSEs will procure. If the CAISO only studies 1.5X the amount of capacity needed to support reliability and policy goals, LSEs would experience significantly reduced bids in their request for offers (RFOs) relative to their procurement needs. Past experience also shows that many projects do not ultimately proceed in the development process and may drop out after it submits its interconnection request but before the contracting process. While some projects may offer to multiple LSEs, multiple LSEs may have interest in the same project, too. CalCCA instead recommends the CAISO increase the limitation on the number of projects studied in each zone cap from 150 percent to at least 200 percent.

CalCCA supports the intent of the 25 percent cap for a single developer, which is to prevent one or a few developers from having the ability to exert market power when contracting with LSEs for capacity within the transmission zones. In the stakeholder call, however, developers expressed concern with the 25 percent cap given its potential to restrict the amount of interconnection requests they could have studied by the CAISO. In addition, a cap on the number of requests a developer can submit may not necessarily mean a diverse set of developers is selected to be studied through the scoring criteria.

To balance the concerns of the developers on the restrictiveness of the proposal and the concerns of CalCCA and the CAISO regarding the potential ability for limited competition among developers selected to be studied, CalCCA recommends the CAISO assess its total transmission capacity (plus an adder that aligns with the amount of capacity the CAISO will study in the interconnection study process) and the developer make-up of cluster 15 requests to determine what level of cap would obviate a pivotal supplier issue. The CAISO could then modify the cap based on that assessment. The right level to set the cap for individual developer requests will depend on the cap chosen for the number of interconnection requests to study. The CAISO may find that the 25 percent cap is necessary to prevent the potential for too few developers' requests studied or it may find that the cap could be raised and still provide for

adequate competition. Either way, CalCCA supports setting the cap at the right level to ensure adequate competition.

Because the developer cap the CAISO proposes is on the interconnection requests a developer submits and not the interconnection requests a developer has studied there is still a potential for uncompetitive outcomes where a few developers have their projects studied. To remedy this, the CAISO could introduce a resource diversity score into the scoring criteria, which could help in both ensuring the diversity of developers and ensuring a pathway for long lead time resources or technologies needed to support policy and reliability objectives.

Relationship and Trade-Offs Between Scoring Criteria and Auction

The CAISO should focus its efforts on developing scoring criteria that rank projects based on their viability at a granular enough level to limit the amount of tie scores. If there are a few instances of tie scores, the CAISO should accept each of the projects that are tied, rather than putting them through the auction. As described in the next section, this approach will avoid the shortcomings associated with an auction mechanism and focus administrative efforts on identifying the most viable projects, rather than identifying projects that can put up the most money in an auction.

Auction Design and Use of Auction Revenues

In previous comments, CalCCA expressed various concerns with the auction mechanism. CalCCA was concerned that an auction would:

1. Result in increased costs to ratepayers because the costs associated with bidding into the auction will ultimately flow to them;
2. Result in the highest bidders being studied rather than the most ready being studied;
3. Incentivize speculative projects to enter the queue by creating a secondary market where those projects can sell their queue position later; and
4. Limit competition among developers by favoring larger developers with deeper pockets over small developers.^[2]

The CAISO's design of the auction partially addresses some of CalCCA's concerns by using auction revenues to fund offset network upgrades that ultimately get paid by ratepayers and by only using the auction in the event projects have equal viability. Still, the auction could increase costs to LSEs contracting with projects selected by the auction because the financing costs associated with the posting the auction funds would likely be recovered through the contract. The auction process could also still favor developers with deeper pockets, rather than allowing all developers with equal viability to compete for contracts. In addition, the auction process seems to introduce a significant amount of administrative burden for minimal benefit. CalCCA recommends that instead of developing an auction, the CAISO focus on developing scoring criteria robust enough to rank projects' viability and minimize occurrences of equal viability scores among projects. If projects do receive the same viability score, the CAISO should study all tied projects (or study none of the tied projects if they have a viability score of zero).

Workgroup to Refine Scoring Criteria

CalCCA supports a workgroup to further refine the scoring criteria and very interested in participating in this workgroup. The perspective of LSEs will be necessary within the workgroup to ensure scoring criteria align with LSE procurement activity.

[1] 2023 Interconnection Process Enhancements Track 2 Straw Proposal (Sept. 21, 2023) at 26.

[2] <https://stakeholdercenter.caiso.com/Comments/AllComments/1198f707-8b68-4560-bb9a-7dd64ea2b57d#org-d8462b15-4465-49d6-a464-9df1f71ab2ce>.

3. Please provide feedback on the study process elements of the straw proposal

a. Please provide feedback on the modifications to the Option B process.

The CAISO proposes that only projects interconnecting in areas with no available or planned TPD capacity would be eligible to use Option B. Option B would not be available for projects that did not score enough to be studied in the transmission zones with planned or available capacity. CalCCA recommends the CAISO modify this proposal to allow projects within transmission zones that did not score high enough to be studied to elect to move forward as Option B. If projects in transmission zones that do not score high enough would like to fund their own area network upgrades rather than receive reimbursement, they should be able to do so. While the CAISO suggests that allowing projects in transmission zones to proceed under Option B would be counterproductive to solving the issue of studying capacity levels so high that the study results lose accuracy, it is not certain this would be the result. Option B is not used today under the current rules, and it is unclear whether the proposed changes to the Option B rules would result in an influx of Option B projects. If upon implementation of this initiative, the CAISO does see an influx of Option B projects, the CAISO could consider requiring Option B projects within transmission zones to elect Option B upfront (rather than being scored) or limiting Option B projects within transmission zones using the same scoring criteria.

4. Please provide feedback on proposed modifications to Transmission Plan Deliverability (TPD) and Interim Deliverability

a. TPD allocation b. Interim Deliverability

CalCCA supports the CAISO's plan to develop a TPD allocation after details of the scoring criteria are finalized. The TPD allocation process should be updated to align with the scoring criteria that will be used to rank projects for study so that the projects that are determined to be the most viable in the study process are first in line to receive deliverability. CCAs often require a project to have a deliverability allocation in order to move forward with contracting with the project. Aligning the scoring criteria and the TPD allocation process will provide more certainty to developers and LSEs about the likelihood of a project receiving a TPD allocation.

It is worthwhile for the CAISO to consider a multi-year interim deliverability allocation process to bridge the gap between the in-service date of any required LDNUs and the project's requested COD. The CAISO should also consider a multi-year interim deliverability allocation process for ADNUs considering the large volume of upgrades resulting from the Transmission Planning Process over the last several years.

5. Please provide comments and feedback on Contract and Queue Management elements of the straw proposal

a. Does the one-time withdrawal opportunity sufficiently address the assignment of costs of withdrawn projects? b. Are the updates to the Limited Operation Study sufficient? c. Comments on adding asynchronous generating facility requirements in the SGIA d. Comments on removal of suspension rights e. Comments on TPD Transferability proposal f. Comments on viability criteria and time-in-queue limit g. Comments on project Modification updates h. Comments on postings for shared network upgrades i. Comments on timing of incorporating MMAs into the GIA j. Comments on timing on starting network upgrades

CalCCA supports the CAISO's contract and queue management proposals. In particular, CalCCA supports the proposal to offer a one-time withdrawal opportunity and the proposal to enforce time-in-queue requirements for projects in the queue without executed GIAs. These proposals will incentivize lingering projects to withdrawal or move forward in the development process.