

# California Community Choice Association

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## Contact

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

The California Community Choice Association (CalCCA) appreciates the opportunity to comment on the California Independent System Operator's (CAISO) Interconnection Process Enhancements (IPE) Draft Final Proposal. The Draft Final Proposal reflects the CAISO's ongoing collaboration with stakeholders to improve the interconnection queuing and study processes to align them with transmission planning, resource planning, and resource procurement. It further solidifies important improvements to the interconnection process that will enable it to keep pace with the need for new capacity on the system to support reliability and greenhouse gas (GHG) emissions reduction goals.

CalCCA supports the CAISO's commitment to providing data to stakeholders to support the zonal approach. The data will be critical for developers, who must plan their proposed projects in locations where transmission capacity exists or is planned. It will also be critical for load-serving entities (LSE), who will evaluate and procure proposed projects based on their ability to meet system reliability and GHG-reduction targets, their compliance obligations, and their customers' needs and preferences. Data transparency before the submittal of interconnection requests and before LSE interest scoring should result in a zonal approach to interconnection that is aligned with transmission planning, resource planning, and resource procurement.

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

CalCCA has no comments on this element of the Draft Final Proposal at this time.

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

#### LSE Interest Scoring Criteria

CalCCA supports most elements of the Draft Final Proposal as it relates to the scoring criteria for prioritization in the study process. The CAISO's proposal recognizes the importance LSE interest will play when narrowing down the pool of interconnection study requests. LSEs, as procuring entities, conduct long-term planning activities in their individual integrated resource plans, where they start to identify the technologies, locations, and magnitudes of projects they will pursue to support the communities they serve. This information is factored into the California Public Utilities Commission's (CPUC) preferred system plan, which then informs the CAISO's transmission planning process. Without an LSE interest scoring criteria, the CAISO would risk having an interconnection queue that is not aligned with resource and transmission planning processes taking place in these forums. Under a zonal approach that does not study all interconnection requests submitted, the CAISO must ensure that the requests that do get studied result in an interconnection queue that offers a diverse set of resources. Scoring criteria that reflect LSE interest can drive a balanced interconnection queue because LSEs must procure a range of technologies to meet reliability and GHG-reduction targets in a cost-effective manner that meets their customers' needs and, for some LSEs like community choice aggregators, directives from their boards. Indeed, the need to have balanced resources to meet load profiles throughout the day is important not only for Integrated Resource Plan (IRP) but are increasingly important to meet RA obligations as hourly needs for capacity are increasing.

The result of CAISO's project scoring should be an interconnection queue that reflects LSEs' desired resource mix planned for in resource planning processes like the CPUC's IRP proceeding. A 30 percent weighting for LSE interest balances the need for LSEs to help drive interconnection studies without making LSE interest a

determining factor that impinges on the ability for other interconnection requests to move forward. For these reasons, the CAISO should adopt its proposal to allow LSEs to score projects based on their interest to inform the interconnection study requests the CAISO studies.

The CAISO must, however, reconsider its proposal to require LSEs to submit their interest scores at the same time interconnection customers submit their interconnection requests. The CAISO should modify the draft final proposal to (1) have the CAISO issue a simple report with project name, technology, point of interconnection, developer name, and megawatts (MW) for each interconnection request received, and (2) allow LSEs to use this report to finalize their interest scores and submit them one month after the issuance of the report. These proposed modifications would allow LSEs to review interconnection requests and finalize their interest scores in parallel with other work the ISO will be doing to validate interconnection request information before starting the cluster study.

This process is superior to requiring LSEs to submit their interest scores based solely upon requests for information (RFI) because it allows LSEs to review interconnection requests, compare the requests to the results of their RFIs to ensure consistency, and submit interest scores that correctly reflect projects they are interested in as communicated in the interconnection request. Requiring LSEs to submit their interest scores before seeing the interconnection requests submitted seems prone to errors that could require more work for the CAISO to validate.

Based on the proposed schedule posted on the CAISO's website,<sup>[1]</sup> this would result in LSEs conducting RFIs in advance of interconnection customers submitting their interconnection requests by July 31, reviewing interconnection requests in August, and finalizing and submitting their interest scores by late August or early September. When finalizing the timeline, the CAISO should clarify when it will allocate capacity/points to LSEs. Such information should be provided well before LSEs submit their interest scores to the CAISO.

### **Self-Built Projects**

The CAISO proposes to only allow LSEs to submit points to one self-built project per cycle. The intent of this proposal is to prevent LSEs from giving preferential treatment to their own projects. The CAISO should remove this limitation due to its potential unfair impacts on different LSEs. A single project could be 1 MW or 1,000 MW. Basing a limitation on number of projects would benefit LSEs who can self-build one large project over those who can self-build multiple small projects. It also makes the possibility of assigning points to projects that are jointly built by multiple LSEs more difficult. If the CAISO determines some sort of limitation on assigning points to self-built projects is needed, it should create a limit based upon a share of the LSEs' allocated points rather than number of projects (e.g., an LSE can only allocate half its points to self-built projects). This would avoid over-preference on self-built projects without eliminating the possibility of building more than one project.

### **Auction**

The CAISO proposes to conduct a market-clearing, sealed-bid auction for the right to be studied if excess proposed capacity exists after applying the viability criteria and projects are deemed equal in viability rating. For the reasons described in previous comments,<sup>[2]</sup> the CAISO should, instead of developing an auction, focus on 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.

### **Non-LSE Points**

The CAISO proposes to allow non-LSEs, like commercial entities, to assign up to 25 points to projects if the commercial entities can provide signed affidavits indicating and affirming commercial interest from its procurement division. Prior to this addition, the proposed scoring criteria only allowed for scoring by entities that have a tariff-defined relationship with the CAISO (i.e., LSEs). The CAISO now proposes to allow a non-LSE commercial entity to apply points. The CAISO notes concerns that without a tariff-based relationship, the CAISO will need to carefully evaluate the legitimacy of such requests. The CAISO notes that it is "is reluctant to provide a definition or criteria" to further define how the CAISO will implement this feature. This represents a significant departure from how entities with a relationship to the CAISO interact with the CAISO. For those entities, the tariff and business practice manuals clearly define expectations and are transparent to all market participants. In the Final Proposal, the CAISO should better define the process that will be used to allow non-LSEs to assign points so that the process is transparent and subject to a tariff. Not only will this ensure that points are only assigned by legitimate entities but the process will be transparent and have a process through FERC to resolve any disputes of the application of the tariff.

Additionally, if the CAISO allows non-LSEs to assign points to interconnection requests, it should ensure it maintains a prioritization process in the deliverability allocation process that prioritizes non-LSE projects that have Resource Adequacy (RA) contracts with LSEs over those that do not have RA contracts with LSEs. This will ensure deliverability is assigned to projects that will actually be used as RA.

### Long-Lead Time (LLT) Resource Category

The CAISO proposes to give points to interconnection requests that will address system needs, including the need for LLT resources. CalCCA supports the LLT resource category. This category, along with the LSE interest category, appears to be the mechanism that will be relied upon to ensure resource diversity among the portfolio of projects selected for study. While the Draft Final Proposal indicates resources required to meet the CPUC resource portfolio are eligible, the CAISO should update the Final Proposal to provide more clarity around how it will categorize LLT resource for the purpose of assigning points. It appears the Draft Final Proposal adopts some of CalCCA's recommendations on the process for defining LLT in its January 9, 2024 comments,<sup>[3]</sup> additional clarity would be helpful to ensure the definition (1) reflects actually needing a long period of time, such as five years or more, to construct from the initial proposal, not inclusive of the period spent in the CAISO interconnection queue, (2) includes priority for resource types that are needed, as defined by the CPUC in its IRP process, but underrepresented in the CAISO queue, and (3) assigns LLT resource points to interconnection requests that fit the definition regardless of the type of LSE procuring, (e.g., central procurement entity, groups of LSEs, or single LSE).

### Ensuring Competition Among Developers Contracting with LSEs

If the CAISO implements a transmission zone-based approach that limits the amount of interconnection requests based on existing and planned transmission capacity, the CAISO must ensure sufficient interconnection capacity is studied to maintain competition among developers contracting with LSEs to meet LSE procurement obligations. Studying capacity up to 150 percent of the available and planned transmission capacity is too limiting, especially in light of the fact that the CAISO decided to forego its proposal to put a cap on the number of interconnection requests it would study from a single developer. The ISO plans the transmission system based on resource portfolios the CPUC projects will be needed to support reliability and policy goals. LSEs will ultimately need to procure capacity consistent with those plans. If the ISO only studies 150 percent of the amount of capacity needed to support reliability and policy goals, LSEs may experience significantly reduced bids in their request for offers (RFO) 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 submitting their 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. Using 150 percent as the overall ratio of total capacity to total need is likely too low to ensure competition among developers competing for contracts with LSEs. The CAISO should study as much capacity as maintains the usefulness of the study results, but at least 200 percent of the available and planned transmission capacity.

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[1] <https://www.caiso.com/InitiativeDocuments/ProposedSchedule-InformationAvailability-InterconnectionStudyProcess.pdf>.

[2] <https://stakeholdercenter.caiso.com/Comments/AllComments/db2a7c50-3962-46ad-b217-59749bef1704#org-cefa3c17-c05a-494f-8e8e-9d8e1c470eeb>.

[3] <https://stakeholdercenter.caiso.com/Comments/AllComments/db2a7c50-3962-46ad-b217-59749bef1704#org-cefa3c17-c05a-494f-8e8e-9d8e1c470eeb>

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

The CAISO proposes that only projects interconnecting in areas with no available or planned transmission deliverability capacity would be eligible to use the merchant deliverability option. The merchant deliverability option would not be available for projects that did not score enough to be studied in the transmission zones with planned or available capacity. The CAISO should modify this proposal to allow projects within transmission zones to elect to move forward using the merchant deliverability option. If the CAISO anticipates an influx of merchant deliverability projects after the implementation of IPE 2023, the CAISO could consider additional

requirements to ensure the merchant deliverability projects do not overwhelm the interconnection queue, like requiring interconnection customers to select the merchant deliverability option up front or limit the amount of merchant deliverability projects that can move forward through the same scoring criteria used by projects electing not to use the merchant deliverability option.

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

The Draft Final Proposal indicates that the scoring process for allocating transmission plan deliverability (TPD) will be determined once the scoring process for interconnection intake is completed. When defining the scoring process for allocating TPD, the CAISO should aim to align it with the scoring criteria for interconnection intake as much as possible, so that the projects deemed most ready are first to receive TPD allocations.

**6. Provide your organization's comments on updates made to Section 3.6 - Viability Criteria and Time in Queue:**

The CAISO should adopt its proposal to require all projects in the queue to demonstrate commercial viability to remain in queue beyond seven years, regardless of deliverability status. The CAISO should also adopt its proposal to require each project to meet commercial viability criteria by an unavoidable time-in-queue requirement. These changes should prevent the stagnation of projects in the interconnection queue without a clear process for moving them forward or removing them from the queue.

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

CalCCA has no comments on this element of the Draft Final Proposal at this time.

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

CalCCA has no comments on this element of the Draft Final Proposal at this time.

**9. Additional comments:**

CalCCA has no additional comments on the Draft Final Proposal at this time.