



CESA's comment on Preliminary Issue Paper and stakeholder workshop

Initiative: Interconnection process enhancements 2021

1. Provide a summary of your organization's comments on the Interconnection Process Enhancements (IPE) 2021 preliminary issue paper and October 19, 2021 stakeholder workshop discussion:

CESA is supportive of the CAISO's launch of the 2021 IPE Initiative given the importance of timely interconnection and transmission upgrades to meet near- and long-term resource buildout needs. Understanding that this IPE Initiative is being launched within the context of the current Queue Cluster (QC) 14 supercluster and the Federal Energy Regulatory Commission (FERC) Advanced Notice of Proposed Rulemaking (ANOPR) on future transmission systems and planning, CESA underscores the importance and need for reforms to streamline the interconnection queue, conduct proactive transmission planning instead of reactive transmission buildout and cost allocation, and ensure timely identification and construction of upgrades to enhance near- and long-term reliability and decarbonization.

With this in mind, in the near term and for the current supercluster (*i.e.*, IPE Phase 1), CESA recommends against any retroactive changes and instead urges focus on more transparent, accessible, and granular information to guide decisions on whether to advance to Phase 2 of the interconnection study process. Otherwise, there may be limited options for the CAISO to address in the IPE to bring on incremental capacity without deviating from existing tariff processes. Rather, CESA's focus in this initiative will most likely center around forward-looking IPE Phase 2 issues, which not only focuses on improved granular information to guide project siting and reduce the use of the interconnection process to gather this information, but also on certain modifications to viability criteria, improved use of TPP policy-driven assessments to align transmission capabilities and needs with procurement interest, feasibility of "local" cluster or PTO timelines/processes to more efficiently advance energy storage projects, and PTO performance standards and reporting.

In addition to these IPE topics, CESA also requests that the CAISO launch a new deliverability assessment enhancements initiative focused on how methodologies can be modified to align deliverability studies with the CPUC's direction toward RA reforms, which recognizes the intended operations of specific resources for particular slices of the day and thus redefines what the RA resource should be studied for in terms of, for example, net peak deliverability. Coordinating these changes will particularly support quicker and near-term deployment of energy storage accounting for existing supply conditions.

2. Provide your organization's comments on the necessary enhancements or adjustments the ISO has become aware of since the 2018 IPE initiative that need to be addressed in Phase 1, as described in section 3.1:

For the various issues posed as necessary enhancements or adjustment in Section 3.1, CESA offers the following comments:

- **Downsizing window and request requirements:** CESA generally supports the consideration of these changes to afford greater flexibility in the process while helping ICs avoid unrealistic upgrades. However, given the fact that these requests only take effect until the next reassessment study, this additional flexibility may have limited impact in increasing the efficiency of the interconnection process. To this end, the CAISO should consider whether more frequent TPD allocation cycles could help realize the impact of this proposal.
- **Process for changes to network upgrade requirements after the second IFS posting:** CESA has no position at this time.
- **Withdrawal option for projects impacted by new costs and/or delayed in-service date after initial posting:** CESA generally supports this potential modification as a means to reduce the queue but notes that this may not necessarily address the large volume of IRs in future cycles. CESA requests that the CAISO specify the “end date” for the withdrawal option, if any.
- **Clarify definition of Reliability Network Upgrades (RNUs):** CESA is generally supportive of these clarifications.
- **Transferring PTO WDAT projects into the CAISO queue:** CESA is supportive of modifications to ensure IRs are entered into the right queues, but the CAISO should also consider providing clear upfront information to help ICs immediately identify the appropriate queue based on their requested POI. Given the unique nature of California’s electric grid, it is not immediately obvious that certain POIs would translate to...This information could be posted in advance to create less or no after-the-fact cleanup, but having such a process in place is still helpful nonetheless.
- **Changing sites and POIs during IR validation:** CESA supports the clarity and flexibility in being able to change the generating facility’s location and their POIs during the cluster IR validation period. Having a specific timeline and criteria will support upfront clarity.

3. Provide your organization’s comments on further adjustments to the Cluster 14 “supercluster” process for Cluster 14 and earlier clusters, as described in section 3.2:

For the various issues posed as further adjustments to the Cluster 14 supercluster process in Section 3.2, CESA offers the following comments:

- **Site exclusivity requirements:** CESA does not support the inclusion of site exclusivity requirements for QC14 and earlier clusters to enter into the Phase 2 study process, which would represent a retroactive change for projects that entered into the queue with one set of rules and requirements. This could be a potential IPE Phase 2 issue for consideration as a viability criterion to enter into the Phase 2 study process for future queue clusters.
- **Equipment requirements:** CESA does not support the setting of equipment requirements as a viability criterion or a prerequisite to enter the Phase 2 process. Typically, equipment supply agreements and procurement occurs closer to the COD of projects, which maximizes the economic efficiencies of technology developments and availability and allows developers to optimize costs with multiple suppliers. Given this reality, equipment requirements present an unreasonable viability criterion that would negatively impact all project development.
- **Accelerated process for “ready” projects:** CESA has no position at this time and looks forward to reviewing CAISO and stakeholder proposals for criteria to define readiness. At the same time, CESA also encourages the CAISO to explore how and where existing processes can accommodate ready projects to come online without impacting queue position, cost responsibility, and TPD deliverability allocations, such as in leveraging interim deliverability processes, or with the CPUC allowing for the procurement of energy-only or PCDS

resources to meet near-term emergency reliability needs. It is important to recognize that a process to accelerate some projects is a major deviation from existing processes and could delay the interconnection and deliverability process for all other projects that benefiting from this fast-track process.

- **Different requirements based on technology type or resources with siting flexibility:** CESA has no position at this time and looks forward to reviewing CAISO and stakeholder proposals for criteria to define what types of resources and project types would be eligible. At the same time, CESA again encourages the CAISO to explore how and where existing processes can accommodate certain project types to come online without impacting queue position, cost responsibility, and TPD deliverability allocations. In addition, rather than addressing this item as potential refinements to the current supercluster, this may be a topic worth considering in Phase 2 of the initiative, as explained further below.

4. Provide your organization's comments on the broader issues that warrant discussion given existing supply conditions and the need to accelerate and sustain the pace of resource procurement and interconnection, as described in section 3.3:

CESA has no position at this time, but like with the proposal to accelerate "ready" projects, the CAISO should consider ways to leverage existing processes and/or pursue this in a way that does not harm other projects in taking up existing and available deliverability.

5. Provide your organization's comments on the necessary enhancements or adjustments the ISO has become aware of since the 2018 IPE initiative that need to be addressed in Phase 2, as described in section 4.1:

For the various issues posed as necessary Phase 2 enhancements or adjustments to be addressed in Section 4.1, CESA offers the following comments:

- **Higher fees, deposits, or other criteria:** CESA supports the exploration of these criteria. On the one hand, such criteria could discourage multiple submissions from a single developers, reduce speculative requests, and/or incentivize developers to submit the most viable or high-potential projects; on the other hand, increasing the bar for entry into the interconnection process could discourage small developers and projects and only favor large ones that can defray these costs to a larger scale project or corporate balance sheet. As these criteria are considered, CESA recommends that a principle of proportionality be incorporated, such as making fees/deposits scale with the MW size of projects.
- **Streamlined interconnection studies:** CESA supports efforts to refine study timelines to balance efficiency with completion of study work. In particular, the CAISO should explore if there are specific study criteria that can be reserved for Phase 2 studies in order to provide more timely Phase 1 study results, upon which interconnection queues may be reduced. In addition, as submitted by CESA and CalWEA in a separate request for new initiative, CESA believes that the interconnection study timelines can be more streamlined if deliverability assessments of energy storage resources are modified to recognize the intended and rational operation of the resource, especially in light of the slice-of-day RA reforms being considered by the CPUC.
- **Affected systems:** CESA supports the clarification to policies on projects that request study of the CAISO as an affected system, which may require new policies on cost allocation and reimbursement. Given the high volume of IRs in the CAISO queue, an increasing number of storage developers are exploring non-CAISO interconnections to support California's reliability and policy needs as imports.

- **Alternative cost allocation treatment for network upgrades to local systems:** CESA generally supports consideration of this issue in the Phase 2 long-term enhancements to better align beneficiaries with cost allocation.

6. Provide your organization’s comments on the General interconnection issues to be addressed in Phase 2, as described in section 4.2:

For the various issues posed as general Phase 2 interconnection issues to be addressed in Section 4.3, CESA offers the following comments:

- **Incentives for LSEs to procure generation projects at locations where transmission capacity has been built/approved:** CESA is open to the consideration of these issues as a potential discussion matter, but we are unclear on how it translates to specific requirements or modifications to the interconnection process. This may be a CPUC matter in ensuring procurement compliance and may be better resolved through better information transfers between the CPUC, CAISO, and LSEs. In addition, this may be addressed through the use of policy-driven studies in the TPP to determine and drive optimal buildout.
- **TPD allocation process revision:** CESA is open to the consideration of these issues to understand the various tradeoffs. On the one hand, the current TPD allocation process is in the hands of the CAISO as a neutral entity with upfront priority groups and formulas; by contrast, having the TPD allocation in the hands of the LSEs may result in the need for new processes and may result in “black-box” processes as to how they are allocated.

7. Provide your organization’s comments on the broader issues that warrant discussion given existing supply conditions and the need to accelerate and sustain the pace of resource procurement and interconnection, the ISO is seeking stakeholder input on, as described in section 4.3:

For the various issues posed as broader Phase 2 issues as it relates to existing supply conditions and the need to accelerate and sustain the pace of resource procurement and interconnection in Section 4.3, CESA offers the following comments:

- **Alignment of interconnection process and procurement interest:** CESA supports this general objective and looks forward to developing ideas or proposals to this end.
- **Alignment of interconnection process with transmission system capabilities and renewable generation portfolios:** CESA supports this general objective and looks forward to developing ideas or proposals to this end.
- **Different interconnection requirements for location constrained versus location flexible resources:** While such changes in Phase 1 of the IPE would have been retroactive and problematic with QC14 already underway, CESA recommends that the CAISO revisit the idea of having different PTOs move forward at potential different timelines, and/or have “local” cluster study processes be allowed to occur on quicker timelines if processes allow. On a going-forward basis, knowing that quicker study completion and deliverability allocation can position projects for upcoming solicitations, this can be helpful to guide ICs to understand that cluster study processes could advance more expeditiously at locations with fewer IRs, and/or where upgrades may be less/minimal or locations. With battery storage having flexibility to site in different locations, this may support the intent of this idea/proposal and still maintain key principles of fairness, open access, transparency, and proactive rule/requirement changes, while advancing the prospect of new resources like energy storage in meeting near- and mid-term reliability needs.

- **Solicitation model for some key locations and constraints not addressed in portfolio development:** CESA supports CAISO consideration of this issue, but the CAISO should still take directions from the CPUC in terms of key areas of procurement interest that aligns with policy objectives. For example, in the CPUC's consideration of the retirement or reduced reliance on Aliso Canyon, this type of solicitation model could be developed for that purpose upon such determination by the CPUC. In the meantime, LCR and TPP special studies may inform the CPUC's determination.
- **CAISO ability to terminate the GIA earlier than the seven-year period:** CESA has no position at this time.

8. Provide your organization's comments on specific changes that are needed to any of the above mentioned topics, including specific recommendations or proposals on new or revised methodology:

CESA has no further comment beyond those expressed in our responses to Questions 2-7.

9. Provide your organization's feedback on the scope of issues presented by Southern California Edison during the October 19, 2021 stakeholder workshop:

CESA has no feedback at this time.

10. Provide your organization's feedback on the scope of issues presented by Gridwell Consulting during the October 19, 2021 stakeholder workshop:

Gridwell's presentation aligns with CESA's views on a number of topics, which includes the accessibility of CAISO interconnection and transmission constraint data. Data must be provided in accessible format (e.g., Excel) and facilitate analysis, including a data dictionary and more data categories (e.g., PCDS percentage, sub-areas, resource IDs, in-service date). CESA understands that the CAISO has been increasingly providing this data, such as through the transmission capability estimates, but further and more accessible data may help reduce the phishing for information through interconnection requests. Specifically, information could be provided on how projects up to a certain MW level could move forward through the interconnection process without upgrades or modest upgrades, signaling to LSEs and ICS the viability of projects for solicitation.

11. Provide your organization's feedback on the scope of issues presented by LSA/SEIA during the October 19, 2021 stakeholder workshop:

CESA appreciates the thought put into the various ideas presented by LSA/SEIA at the workshop. In particular, CESA supports the proposal to re-stack of network upgrades to facilitate CODs without impacting cost responsibilities. This idea seems reasonable and should be explored further, as it could maintain fairness and achieve the same end result while shuffling the *implementation* process to accommodate feasible timelines for actual upgrades. In addition, CESA supports consideration of an additional TPD allocation and retention cycle, which could offer more flexibility in getting resources online and accommodate major changes incurred as a result of reassessment studies.

12. Additional comments on the IPE 2021 preliminary issue paper and October 19, 2021 stakeholder workshop discussion:

Beyond CAISO interconnection study processes, a key barrier to near- and mid-term resource deployments and buildout is the timely construction and completion of network upgrades by PTOs. While specific performance standards or incentives may not be an IPE matter, CAISO should consider if there is a role for it to play in reporting on transmission upgrade project status – as part of an effort for CAISO to more effectively implement its tariff and ensure standardized reporting to LSEs and developers.