



May 6, 2024

Board of Governors
California Independent System Operator
250 Outcropping Way
Folsom CA 95630
Via Email

RE: 2023 Interconnection Process Enhancements Track 2 Proposal Concerns

Dear Board of Governors,

On behalf of the Large-scale Solar Association (LSA), I am writing you to support many of the concerns expressed in the April 26 letter from several other renewable-energy organizations and providers about the 2023 Interconnection Process Enhancements (IPE) Track 2 proposal (Proposal).

LSA understands CAISO's desire to limit projects accepted for study to realistic levels, focusing on the most-ready projects, and we have long supported measures to remove non-viable projects from the queue. Our comments here support those objectives, and the significant progress that has been made. However, we remain concerned with many details of this complex proposal. In general, LSA recommends that the CAISO:

- **Revise the Proposal** to: (1) Remove the Commercial Interest element from the Cluster 15 viability-scoring rubric, and reconsider this element for later clusters; and (2) allow projects anywhere in Transmission Plan Deliverability (TPD) Zones to be studied if they score high enough, with self-funding options for any needed Area Delivery Network Upgrades (ADNUs) for sub-zonal constraints.
- **Provide for severability in the FERC filing for the Proposal**, to allow the less-controversial provisions to be approved by FERC, while allowing for protest and possible revisions to the more controversial provisions as FERC deems needed.

These recommendations are explained in more detail below.

Proposal revisions: LSA has several concerns about the Proposal.

First, there are unresolved issues and inequities in proposed zonal framework that could result in sub-optimal project selection for study. For example, projects seeking deliverability located in zones with available deliverability, but behind intrazonal constraints without available deliverability, would simply not be studied at all no matter how high their project viability scores or how economically the constraints could be remedied. On the other hand, projects seeking deliverability in zones with no available deliverability at all would have the opportunity to self-fund upgrades to mitigate applicable constraints and become deliverable.

Second, the proposed treatment of Energy Only projects is entirely new in the Final Proposal. There has been insufficient time to gather details, and there are some obvious inequities. For example, it makes no sense for projects in MD Zones (where no TPD need is identified) seeking

both interconnection and deliverability to have their RNUs paid for (up to the cap), but for EO projects in areas without identified EO need be ineligible for such RNU reimbursement.

Third, there is widespread concern that the proposed framework may simply not work well for Cluster 15. It seems likely that few projects seeking deliverability will be accepted for study in areas with deliverability, primarily because there are likely to be few such areas. While CAISO has released information showing available deliverability in a few areas, the sheer size of Cluster 14 (going through the TPD Allocation process right now) almost guarantees that most or all of the available deliverability will be absorbed in this cycle, leaving little for at least Cluster 15¹.

Fourth, the proposal cannot work as envisioned for Cluster 15 (C15). The zonal-based framework is based on the assumptions that, before Interconnection Requests (IRs) are submitted: (1) Load-Serving Entities (LSEs) and developers have sufficient information to know the most cost-effective project locations, before Interconnection Requests (IRs) are submitted; and (2) LSEs modify their tariffs and processes to ensure that project selection is fair and transparent. While these foundational assumptions could apply with some modifications going forward, they obviously did not happen for Cluster 15 (C15). More specifically:

- The locational information envisioned in the Proposal is not complete, and the data that were provided must be updated following the conclusion of the current TPD Allocation cycle on May 31st. Thus, LSEs and developers still do not know which zones will be “TPD” or Merchant Deliverability” (MD), and which Points of Interconnection (POIs) within TPD Zones will have available deliverability.
- The LSE tariff and process changes encouraged by the CAISO obviously did not take place before C15 IRs were submitted, and there is not enough time for them to be developed and implemented before the proposed LSE points assignments in December. LSA members have even heard concerns from LSEs – especially the smaller ones – that they do not have enough information, and there is no process in place, to distinguish between projects at this time.

Finally, LSA shares the concerns expressed by others about the LSE preference element in the scoring rubric. The Commercial Interest category – dominated by LSE points assignments to projects – would account for 30 of the 65 possible points achievable for most projects, and since the Commercial Viability elements (the other 35 possible points for most projects) may well result in similar or equal scores for many projects, LSE Interest is likely to be the main determinant of which projects are studied.

As noted above, equitable and transparent LSE project assessment and selection processes do not exist at this time. Absent those, and without any guidance or minimum standards in the CAISO tariff, LSA is concerned about the great potential for non-transparency, undue discrimination against non-LSE developers, and violation of open-access principles.

LSA is concerned that a “black-box” LSE process, combined with the heavy weight on LSE interest points, will crowd out more-viable projects even where developers have committed significant resources to make their projects as “ready” as possible. We have already begun to hear of LSEs seeking to extract concessions in advance from developers in return for this early points allocation.

¹ CAISO has speculated that many Cluster 14 projects receiving Group D TPD awards (no PPA or shortlist position) will likely not be able to retain them. This may be true, but it will take 1-2 more TPD cycles for that shedding to occur, and in the meantime the lack of deliverability would greatly damage the Cluster 15 intake process.

Other proposed provisions may also have anticompetitive impacts, e.g., encourage LSE selections of their own projects, or projects far in excess of their needs, again to the exclusion of more viable or “ready” projects.

Severability: The Intake provisions in the Proposal have proven to be much more controversial than the Contract/Queue Management provisions. Within the Intake category, the scoring rubric – especially the LSE interest element, as discussed above – has been highly controversial and seems likely to be challenged at FERC.

Thus, to allow the important but less-controversial provisions to be adopted as proposed, and provide for FERC revisions where it deems changes to be warranted, LSA recommends that the CAISO consider incorporating severability into its FERC filing for the Contract/Queue Management proposals, and the scoring rubric within the Intake category.

Conclusion: LSA acknowledges the hard work of the CAISO staff on this proposal, and (while it was not the approach we initially favored) we are not saying that it can’t work. We are simply asking for some critical revisions that recognize the after-the-fact application to Cluster 15 and address the issues of greatest concern. Specifically:

- **Proposal modifications:**

- Reconsider definitions of TPD vs. MD Zone definitions if the results of the current TPD Allocation cycle show few or no TPD Allocation Zones, i.e., few or no projects eligible for study under the current “Option A” framework.
- Remove the Commercial Interest (LSE Interest) element and reconsider in a later effort for future clusters. There is plenty of time for more work by the CAISO and LSEs before the Cluster 16 window opens. For this first application of the framework, Cluster 15 can proceed using the remaining scoring criteria, DFAX tie-breaker, and ultimately the auction process if necessary.
- Assess all Cluster 15 projects in TPD Zones under the scoring rubric, with an ADNU self-funding option for projects behind sub-zonal constraints without available deliverability currently.
- Remove the RNU reimbursement provisions in the Final Proposal, and thus defer the Energy Only proposals for later consideration.

- **Track 2 proposal severability:** In the Track 2 filing at FERC:

- Provide for severability of the Intake proposal elements (which seem most likely to be challenged at FERC and cause Cluster 15 delays) from the Contract/Queue Management proposal elements (which have been less controversial), so the latter can be approved and implemented even if FERC finds issue with the former.
- Provide for severability of the overall zonal framework provisions (to allow commencement of the C15 revision and completeness validation process to proceed in the Fall) from the scoring rubric (which would not be applied until early 2025, and where the LSE Interest element, at least, is likely to be challenged).

Thank you in advance for your consideration of our input. We would welcome the opportunity to discuss this matter with you at your earliest convenience.

Sincerely,

A handwritten signature in cursive script, appearing to read "Shannon Eddy".

Shannon Eddy
Executive Director,
Large-scale Solar Association
Largescalesolar.org