



California ISO

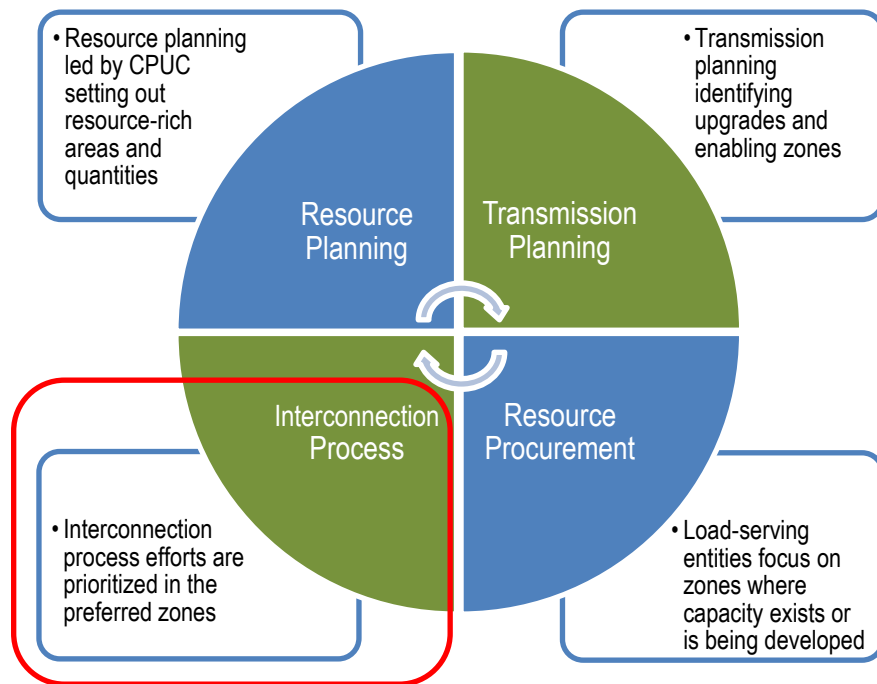
Interconnection Process Enhancements

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Transformative change to the interconnection process is part of a larger coordinated strategy with state agencies

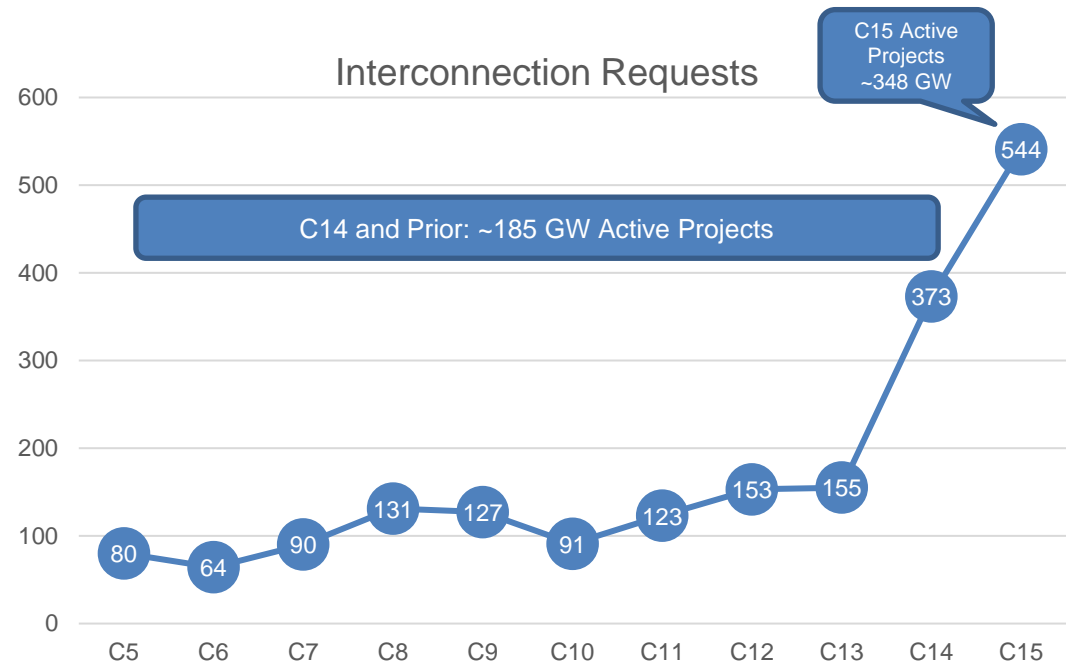


Expectations:

- The CPUC will provide direction to its jurisdictional load serving entities (LSEs) to pursue resources in the key zones.
- Procurement will focus on the expected quantities enabled by the planned transmission development, as set forth in the ISO's transmission planning process (TPP);
- State agencies, local regulatory authorities (LRAs), and LSEs will continue to significantly inform the ISO's TPP.

Current circumstances have reinforced the need for these transformative changes

- CPUC resource portfolios call for over 7,000 MW per year for the CAISO's 2023-2024 planning cycle
- Interconnection requests continue to skyrocket
 - Many in areas not part of state resource plans, and in high volumes even in those areas
 - Cluster 15 in April 2023 vastly exceeded last year's informal survey results of about 300 expected requests.
 - The queue now has roughly double the capacity of that which will be needed to achieve California's 2045 requirements.



IPE 2023 Initiative Tracks

- Track 2 focuses on the changes to the GIDAP cluster study process needed to achieve the MOU goals.
 - To be completed prior to resuming the Cluster 15 interconnection request validation and study processes.
 - The ISO plans to bring Track 2 to the ISO Board of Governors in February 2024.
- Track 1 focused on immediate adjustments to the Cluster 15 schedule.
 - Allows for completion of Cluster 14 phase II studies and for Track 2 changes to be put in place.
 - Adopted by the ISO Board of Governors in May 2023.
 - Approved by FERC in August 2023.

CAISO Policy Initiative Stakeholder Working Group Process

- The ISO engaged stakeholders in an intensive working group process from May through August of 2023.
- Stakeholder proposals and working group feedback informed key elements of the Straw Proposal.
- The ISO will continue to hold stakeholder working group meetings prior to posting the Draft Final Proposal.



FERC Order No. 2023 Requirements

The following elements are new FERC requirements, and no longer within the scope of the IPE initiative:

- Updated interconnection request requirements
 - Site control requirements
- Interconnection information availability and heat map
- Updated entry fees and deposits for queue entry
- Single-phase study process and schedule
- Updated financial posting requirements and withdrawal penalties
- Affected system processes
- Consideration of grid-enhancing technologies
- Consideration of planned storage operation

Key concepts for exploration in interconnection request intake process:

- Zonal approach to planning, procurement, and interconnection studies, with accessible data.
- Scoring criteria to prioritize most “ready” projects for study process
- Auction as a backstop mechanism to right-size the number of projects and capacity in the study process
- Reform the merchant-financing “Option B” process
- Address disjointed transmission construction schedules through changes to the Transmission Plan Deliverability (TPD) Allocation process.

Key concepts for exploration in contract and queue management:

- Provide a one-time opportunity to withdraw from the queue and receive any unused portion of financial postings.
- Impose a time-in-queue requirement and milestones for all new projects in the queue, encouraging projects to either perform or withdraw.
- Tighten a broad range of requirements for projects moving through the queue processes.

IPE 2023 Schedule

Date	Milestone
10/24/23	Sub-working group meeting (9 am – 12 pm PT): Scoring Criteria
11/2/23	Sub-working group meeting (9 am -12 pm PT)
11/15/23	Sub-working group meeting (9 am – 4 pm PT)
11/21/23	Draft Final Proposal posting
11/28/23	Stakeholder call on Draft Final Proposal
12/12/23	Comments due
01/8/24	Final Proposal posting
01/15/24	Stakeholder call on Final Proposal
01/20/24	Comments due
02/08/24	Board of Governors meeting

- To implement process changes ahead of Cluster 15 phase I studies, the ISO seeks to present Track 2 to the Board of Governors in February 2024.
- Visit the initiative webpage for more information:
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Interconnection-process-enhancements-2023>