ISO-NE Order 2023 Compliance

New Leaf Energy Proposals for ISO-NE and NEPOOL Consideration - Update to 10/17 Presentation

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Introduction

- New Leaf Energy presented to the Transmission Committee on 10/17 with proposals for ISO-NE's Order 2023 Compliance

- This presentation provides a brief review of those proposals with minor updates to conform with FERC's granting of a 120-day Compliance Deadline extension

Summary of New Leaf's Proposals

1. Continue to advance studies for late-stage projects in the interim, before transitional studies begin (note new request for ISO-NE to estimate how many projects would be included in this group).
2. Fairly calculate withdrawal penalties for all projects in the transitional cluster.
3. Modify study deposits to reflect SGIP v. LGIP / NRIS v. CNRIS.
4. Transmission Owner technical staff to attend Customer Engagement Window Scoping Calls.
5. Alternative path to CNRIS for projects that have completed NRIS studies.
6. Improve transparency regarding cluster and/or subgroup study methodologies, as well as cost allocation methodologies.

Requested Clarifications and Other Considerations

- Order 2023 allows for the Transitional Facilities Study deposit to be in the form of an irrevocable letter of credit or cash. Proposal indicated that ISO is *considering* Letters of Credit versus cash deposits. New Leaf would like to clarify that the ISO-NE tariff is consistent with pro forma language and allow for deposits in the form of LOCs or cash.
- New Leaf shares many of United's concerns, particularly around the risk of deviating from the FERC mandate of 150 day study windows.
- General Recommendation: Create standardized SIS study report templates for uniform results.
- General Recommendation: Organize study windows into sub-parts, with clear articulation of ownership and timing of specific report/report components throughout the 150 day windows.
- Stakeholders would benefit from a holistic view of how all of these transitional & new processes will happen on a timeline, including how DG projects going through the state interconnection process will be integrated into these processes.

Appendix

New Leaf 10/17/23 TC Presentation with dates updated

Original presentation available at:
https://www.iso-ne.com/static-assets/documents/100004/a06a_2023_10_17_tc_new_lead_energy_proposal.pdf

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Introduction

Who is New Leaf Energy?

- A national developer of distribution and transmission interconnected solar and storage resources, headquartered in Lowell, MA.

What are our goals for these proposals?

- Maximize the number of late stage projects that can advance in current queue process without disrupting or delaying the new process.
- Ensure ISO-NE's compliance proposal aligns with developer needs in a fair and transparent manner.
- Improve transparency and certainty in the new interconnection process.

What are our constraints?

- The level of detail required to understand the full proposal is not available yet. It is likely we are missing many other details.
- We believe that there are many reforms beyond 2023 compliance, but are immediately most focused on compliance due to time limitations.

Today's presentation will allow us to explore several conceptual proposals for ISO-NE and NEPOOL.

We intend to revise based on feedback from this group, and thank you for your attention.

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Proposal #1: Continue to advance studies for late-stage projects in the interim, before transitional studies begin (Slide 1 of 2)

Note: the dates originally presented on this slide on 10/17 have been redlined to reflect FERC's 120-day compliance filing deadline extension and ISO-NE's updated schedule

- **FERC intended the cutoff date for entry into the transitional clusters to be ~~January 4, 2024~~ May 1, 2024 (30 days after the compliance filing deadline).**
  - We do not believe that FERC requires current studies to cease on ~~January 4~~ May 1, as there is a gap in time between that date and both the effective date of the new tariff and the beginning of the transitional studies.

- **Some projects may NOT want to continue to be studied.**
  - Recent entries to the queue will not want to incur costs since they have no chance of completing their studies.
  - Existing projects that plan to enter the transitional cluster study for CNRIS likely don't want to keep spending money.
  - These projects should be able to opt out of continuing to be studied.

- **Some projects WILL want to continue to be studied.**
  - Several categories of already queued projects are "late stage" in their SIS studies and have a REASONABLE CHANCE of finishing their studies before the new transition cluster study begins on ~~April 30~~ July 31.
    - Projects fit these profiles - we estimate this is some subset of ~~~~15~~ 19 projects in late stage SIS totaling ~~2700~~ 3800 MW.
      - Projects in the late stages of their SIS, with CSOs (meaning they have CNRIS)
      - Projects in the late stages of their SIS, energy-only
      - Projects in the late stages of their SIS that intend to obtain CSOs (=CNRIS) in FCA18.
  - If their studies complete, they will presumably all move into IA negotiations.
  - However, we must avoid risk of delays to the transition with a targeted proposal.
  - We respectfully ask ISO-NE to provide the Committee with an assessment of which Queue Positions with an SIS in-progress have an estimated SIS completion date prior to the commencement of the transitional studies (7/31/24 per New Leaf's interpretation of the ISO's updated schedule), and whether ISO-NE could somehow "commit" to completing those studies, subject to Interconnection Customer opt-in.

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Proposal #1: Continue to advance studies for late-stage projects in the interim, before transitional studies begin (Slide 2 of 2)

PROPOSAL: Allow any project with a "reasonable chance" of SIS completion to continue its SIS study until 15 days before the beginning of the transitional cluster study. Ideally, ISO could commit to completing these studies. If they cannot, projects will maintain their eligibility for inclusion in the transitional cluster study up until the established transitional cluster study agreement deadline (~~currently April 30, 2024~~ July 30, 2024), in case their studies are not completed.

- **What is a "Reasonable Chance" of finishing before the transitional cluster studies begin?**
  - Any project whose forecasted study completion date, as of the day of the submission of the compliance filing, is 15 days before the date when transitional study agreements are due (agreements are due effective date + 60 days = ~~April 30~~ July 30, 2024).

- **Will the ISO need to keep working on studies right up until ~~April 30~~ July 30, 2024?**
  - No. The ISO can continue to study projects in this category up until ~~April 15~~ July 15 (45 days after the effective date).
  - It can then use the next 15 days to continue its preparations for the transitional studies.

- **These are mature projects whose development timelines will be delayed if they are pulled backwards into the transitional cluster study, impeding the region's ability to meet its clean energy goals on time.**
  - They should comply with all requirements for any project that has completed its SIS by ~~January 4~~ May 1 so they are ready to move to IA when their SIS is complete.
  - If the ISO cannot firmly commit to finishing their studies by the proposed cutoff date, projects should also comply with all requirements for participation in the transitional cluster study.

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Proposal #2 - Fairly calculate withdrawal penalties for all projects in the transitional cluster.

FERC Order 2023 directly states that projects entering the transitional serial facility study and the transitional cluster study process should calculate their withdrawal penalties as 9 x incurred study costs.

FERC did not appear to contemplate that **similarly situated projects in the transitional cluster study could potentially be assessed significantly different withdrawal penalties, despite being in the same study.** We do not think this was intentional, and we believe that we can use an independent entity variation to correct for this potential discrimination.

Project A: Existing in the queue. Has spent $300K on current studies that will not finish. Enters the transitional cluster study.

Minimum withdrawal penalty at start = 9 x $300,000 = $2.7M

Project B: Enters the queue before Jan 1, 2024, but has not spent any money on studies yet. Enters the transitional cluster study.

Minimum withdrawal penalty at start = 9 x $0 = $0

PROPOSAL: Calculate withdrawal penalty for all projects in the transitional cluster study based on the cost of the transitional cluster study. (We do not propose to change how transitional serial facility study penalties are calculated since all projects are similarly situated).

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Proposal #3 - Modify study deposits to reflect SGIP v. LGIP / NRIS v. CNRIS

PROPOSAL:

- **Study Deposits should not only be meaningful but tailored to project size.**
  - $250,000 Study Deposit should apply to LGIP projects (over 20 MW).
  - $100,000 Study Deposit should apply to SGIP projects (under 20 MW).

- **The Transitional Cluster Study Deposit should be modified for projects seeking CNRIS only.** The proposed amounts are meant reflect that it may be more complicated to run than it has been in the past for FCA, but will still be less resource intensive than a full study. It may make sense to retain this option in future cluster studies if DG that has gone through the state study process will need to be evaluated for CNRIS only.
  - For LGIP projects requesting CNRIS only set study deposit equivalent to the maximum existing FCA requirement ($25K) x 2 = $50,000.
  - For SGIP projects requesting CNRIS only set study deposit equivalent to existing FCA Requirement ($7.5K) x 2 = $15,000.

Proposal #4 - Transmission Owner technical staff to attend Customer Engagement Window Scoping Calls

Order 2023 requires the RTO to attend the scoping meeting. It does not require the TO to attend the scoping meeting, but it does not prohibit it's attendance.

TOs have historically been critical to the success of a scoping meeting because they give valuable insight into the infrastructure where projects seek to interconnect. This has been standard practice in ISO New England and a feature of the previous Large Generator Interconnection Procedures. The participation of TO technical staff in scoping calls can save time, money and reduce the potential for cascading restudies. It could also reduce the risk of TOs incurring penalties in the future due to poorly scoped studies.

PROPOSAL: Retain the current practice of having TOs attend all scoping calls. This could potentially be done by maintaining the current definition of scoping meeting in the tariff:

> Scoping Meeting shall mean the meeting between representatives of the System Operator, Interconnection Customer, Interconnecting Transmission Owner, or any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

We are interested in other suggestions or approaches to facilitate the continuance of this common sense practice.

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Proposal #5 - Alternative path to CNRIS for projects that have completed NRIS studies (Slide 1 of 2)

Mature projects intending to sell capacity do not need a CSO, rather they need the rights to sell capacity, or CNRIS.

- Until they receive CNRIS projects that are being developed with the intention of providing capacity / resource adequacy services to the market will be challenged in getting financed or built.
- As presently proposed, projects that have completed a SIS but will not have a CSO as of FCA 18 will need to proceed through the transitional cluster study to receive CNRIS.
- The schedule delays associated with having to enter the transitional cluster study (as proposed) could be significantly impact their viability.
- Similarly, ETUs that have been evaluated for Network Import Interconnection Service but not Capacity Network Import Interconnection Service are in this predicament.
- Forcing these projects through the transitional cluster will also add unnecessary volume to the transition study, increasing risk of overall delay, despite the fact that these projects have completed their SISs.
- ISO-NE is in a unique situation here, as it is the only RTO where a completed interconnection study process (minus facilities study) does not integrate an evaluation for capacity deliverability. We do not believe that FERC intended that these mature projects re-start their process.

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Proposal #5 - Alternative path to CNRIS for projects that have completed NRIS studies (Slide 2 of 2)

OPTIONS FOR ALTERNATIVE PATHWAYS TO OBTAIN CNRIS:

1. Assessing for overlapping impacts as part of a transitional serial facilities study.
   DOWNSIDE: would not capture all projects with SISs that need CNRIS, only the ones in that have entered a facilities study.
2. Accepting prior FCAs' QDN/overlapping impact test results.
   DOWNSIDE: results may be "stale" or may not have happened for all projects in this category.
3. Creating a fast (e.g. 30 day) one-time, expedited overlapping impact test prior to beginning of the transitional studies.
   DOWNSIDE: would require unique rules for deposits, penalties, and process.
4. Create a fast (e.g. 60-90 day) one-time, expedited CNRIS transitional cluster study, run concurrently with the transitional serial facility study process.
   a. DOWNSIDE: would require modification of new transitional cluster study rules, and results would need to be integrated into base case for transitional cluster study without delaying start dates*. Projects that opt for this pathway would have to waive their facility study, since they are concurrent.

NEW LEAF PROPOSAL: <u>OPTION 3 or 4:</u> Create an "Expedited Transitional Cluster Study" for CNRIS that relies upon the same deposit and penalty structure as the regular transitional cluster study process, but with shortened timelines and simpler methodologies. Run it either concurrently with the transitional facility study process, or in the period between the effective date and the commencement of the studies.

- Other developers have also noted that the FCA 19 delay causes a gap in the ability for resources to participate in reconfiguration auctions. The above alternative pathways may help in resolving those concerns as well.

*Order 2023 P 857 states that transitional cluster studies should begin after the conclusion of the transitional serial facility study ("With respect to concerns that a transition process could introduce delays, we note that the serial study portion of the transitional process is limited to 90 calendar days, after which point the transitional cluster study commences"). If the ISO is planning on running these concurrently, rather than as detailed above, then option 4 could potentially create delays and may not be preferable.

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Proposal #6 - Improve transparency regarding cluster and/or subgroup study methodologies, as well as cost allocation methodologies

- ISO-NE notes that they may form clusters or study projects individually.
- ICs need to understand how their projects will be studied as early as possible in order to estimate project viability. ICs should know if they will be included in a subgroup before executing the cluster study agreement.
- FERC Pro forma requires that criteria used to define subgroups be publicly posted on a publicly accessible website.

PROPOSAL: ISO-NE should identify the intention to form a subgroup in the Customer Engagement Window. Additionally, ISO-NE should define its criteria regarding subgroups, study methodologies such as system stresses, and proportional cost allocation methodology in Planning Procedure 5-6 or other publicly accessible business practice document.

- In addition, ISO-NE notes it will "propose a distribution factor methodology, similar to ISO's existing clustering rules"
- ICs need to understand how costs identified in their studies will be allocated to them so that they can conduct their own internal studies and prepare costs estimates.

PROPOSAL: Detailed, transparent and fair distribution factor methodology should be developed and documented in the tariff and in business practice manuals, where appropriate, with input from stakeholders.

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Thank You

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