

Order No. 2023 – Improvements to Generator Interconnection Procedures and Agreements



*Capacity Capability Establishment Changes under
FERC Order No. 2023 and Transition Timelines in
Consideration of the FCA 19 Delay*

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MANAGER | RESOURCE QUALIFICATION



Background

- Under current Tariff rules, Interconnection Customers (ICs) establish Capacity Network Resource Capability (CNRC) and Capacity Network Import Capability (CNIC) for a project by clearing and obtaining a Capacity Supply Obligation (CSO) in a Forward Capacity Market (FCM) auction (*e.g.*, a Forward Capacity Auction (FCA) or reconfiguration auction (RA))
- As a result of FERC Order No. 2023, going forward ICs will establish CNRC/CNIC for their projects through the cluster study interconnection process, independent of participation in FCM auctions
 - This will require a transition to the new process for establishing CNRC/CNIS



Transition Timing

- The current process for establishing CNRC/CNIC can not be sustained after the ISO finalizes the base case for the Transitional Cluster Study (TCS) required under Order No. 2023
 - The ISO needs to reflect any previously established CNRC/CNIC in the TCS base case
- Based on an April 1, 2024 compliance filing date and to meet the TCS deadlines, the ISO will finalize the TCS base case by September 1, 2024; roughly a month after the study period begins



Proposed Delay to FCA 19

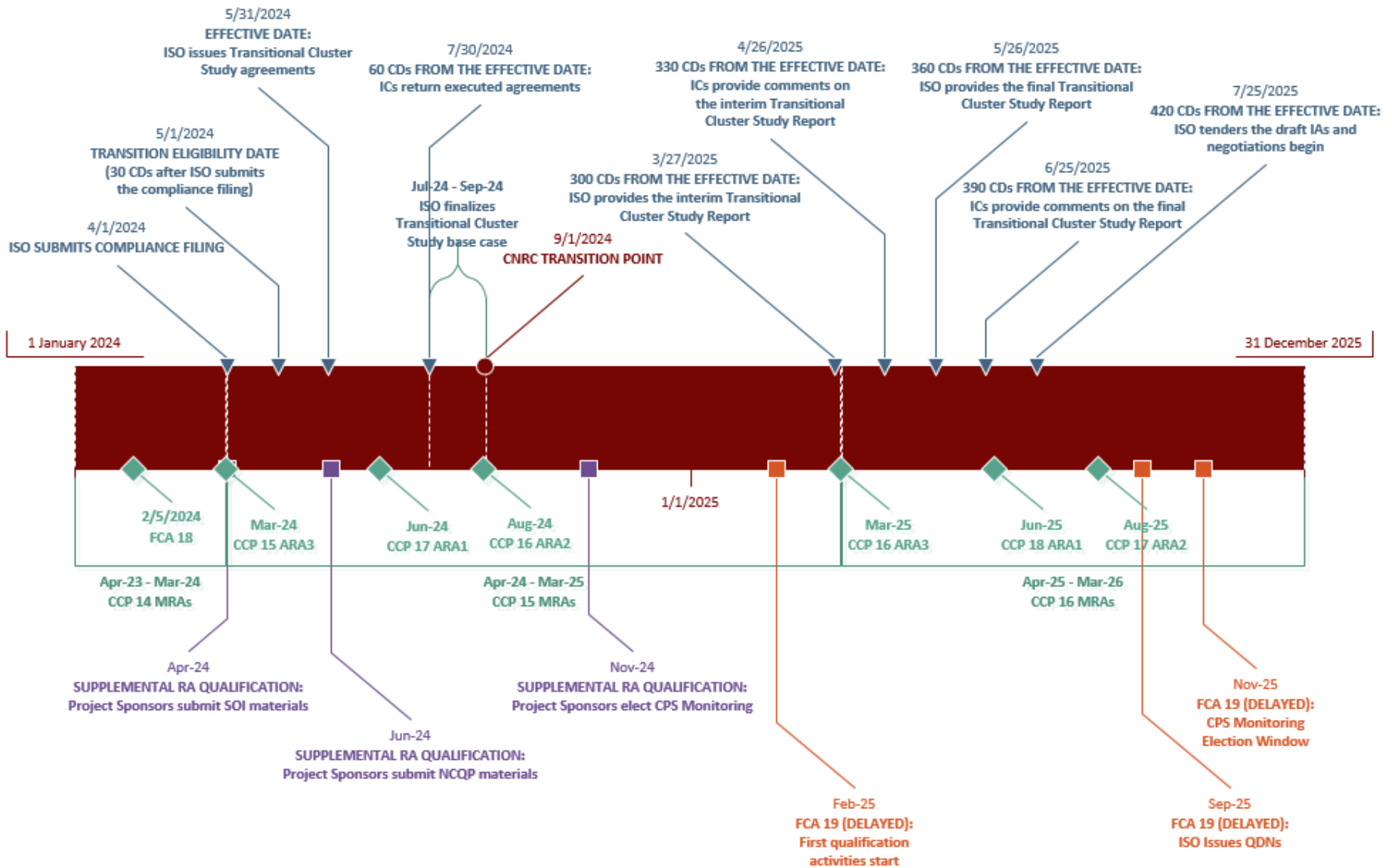
- In order to incorporate Resource Capacity Accreditation (RCA) in FCA 19, the ISO is [proposing to delay the conduct of FCA 19 activities by one year](#)
- In order to continue qualifying new resources with early Commercial Operation Dates for RAs* for earlier Capacity Commitment Periods (CCPs), resources that do not yet have a CSO will be able to submit qualification materials using the same calendar of new capacity qualification activities that would have been used to conduct FCA 19 qualification under its original schedule
 - This is referred to as “supplemental RA qualification” throughout the following slides

*Discussion of RAs in this presentation also apply to related bilateral activities

Timeline Overlaying Key Events

- The following two slides overlay related key events for the Order No. 2023 transition process, the delayed FCA 19 qualification schedule, the supplemental RA qualification process and FCM auctions in an effort to:
 - Identify where the upcoming CNRC/CNIC establishment process transition point is in relation to FCM events and qualification activities
 - Illustrate timeframes relevant to the different processes for establishing CNRC/CNIC
 - Support observations (provided on later slides) on key points ICs should keep in mind

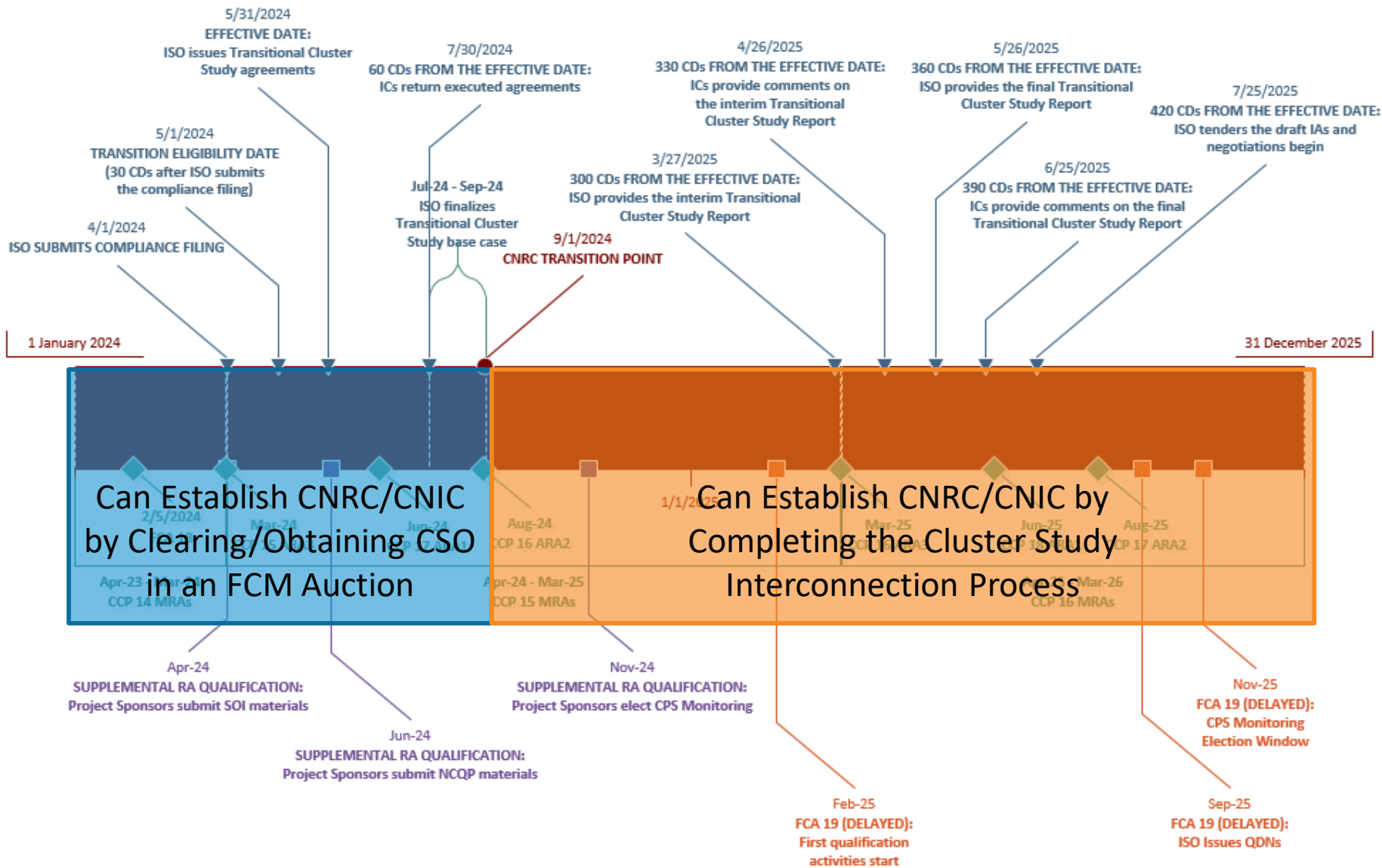




Legend

- Δ Transitional Cluster Study Events
- Supplemental RA Qualification Events
- Delayed FCA 19 Events
- ◇ FCM Auction Events
- CNRC Transition Point

Dates presented are not final and may be subject to change
ISO – NE PUBLIC



- Legend**
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Observations

Observation 1

- The current process for establishing CNRC/CNIC (*i.e.*, clearing/obtaining CSO in an FCM auction) can be used for the following FCM auctions that run before September 1, 2024:
 - FCA 18
 - Annual Reconfiguration Auctions (ARAs): ARA3 for CCP 15, ARA2 for CCP 16 and ARA1 for CCP 17
 - Monthly RAs: Monthly RAs covering the latter portion of CCP 14 and the beginning portion of CCP 15
- As an example, resources that qualify for FCA 18 and elect CPS monitoring during the FCA 18 CPS monitoring election window can participate in the RAs listed above (assuming they have appropriate Commercial Operation Dates and meet all other RA qualification requirements)
 - The FCA 18 CPS monitoring election window runs from November 9 to November 17, 2023

Observations (Continued)

Observation 2

- The TCS process should be completed in time to inform FCA 19 qualification (assuming the FCA 19 qualification process is delayed by one calendar year)
 - The ISO will use the TCS results to confirm a resource's deliverability during the FCA 19 qualification process
 - Qualification for RAs that occur soon after the FCA 19 CPS monitoring election window (i.e. RA events starting in January 2026) will be supported by the FCA 19 qualification process

Observations (Continued)

Observation 3

- After September 1, 2024, resources subject to the ISO's Interconnection Procedures can still obtain a CSO in FCM auctions, but will not be able to establish CNRC/CNIC by obtaining CSO in FCM auctions
- Specifically, after September 1, 2024:
 - CNRC/CNIC will be established exclusively through the interconnection study process, starting with the TCS
 - Resources expected to complete an Interconnection Agreement and achieve Commercial Operation before June 1, 2026 will have an opportunity to obtain a CSO in ARA3 for CCP 16, and the monthly RAs for CCP 15 and CCP 16 over 2025 (assuming all other qualification requirements are met)
 - The supplemental qualification process will support qualification for these RAs for resources that didn't have the opportunity to qualify for these RAs during previous FCA qualification processes
 - The supplemental qualification process will not apply to the RAs for CCP 17 and CCP 18; qualification for these RAs will be supported by the FCA 19 qualification process and, as a result, informed by the Order No. 2023 interconnection process, including the TCS (see Observation 2)

Observations (Continued)

Observation 4

- Generating Capacity Resources associated with projects subject to a state interconnection process, Demand Capacity Resources and Import Capacity Resources not associated with an Elective Transmission Upgrade are not impacted by the CNRC/CNIC establishment transition deadline
 - These resources achieve interconnection service outside of the ISO's interconnection process



Questions

