

ISO-NE Order 2023 Compliance

New Leaf Energy Proposals for ISO-NE and NEPOOL Consideration

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Introduction

- New Leaf Energy presented six conceptual proposals to the Transmission Committee on 10/17/23 and 11/9/23 for ISO-NE's Order 2023 Compliance, and on 1/4/24 proposed redlines for four of the original proposals:
 - 10/17 presentation: https://www.iso-ne.com/static-assets/documents/100004/a06a_2023_10_17_tc_new_lead_energy_proposal.pdf
 - 11/9 presentation: https://www.iso-ne.com/static-assets/documents/100005/a04.2_2023_11_09_tc_new_leaf_iso_compliance_proposal.pdf
 - 1/4 presentation: https://www.iso-ne.com/static-assets/documents/100006/a02.2_2024_01_04_tc_new_leaf_order2023_proposed_amendments.pdf
- This presentation provides an update on the four proposals that we presented on 1/4

Summary of Updates since New Leaf's 1/4/24 Presentation

1. Continue to advance studies for late-stage projects in the interim, before transitional studies begin.
 - a. New Leaf has updates to this proposed amendment
2. Fairly calculate withdrawal penalties for all projects in the transitional cluster.
 - a. New Leaf's proposal remains the same as presented on 1/4
3. Modify study deposits to reflect SGIP v. LGIP / NRIS v. CNRIS.
 - a. ISO-NE's 1/18 updated LGIP redlines resolve New Leaf's concern, and we are dropping this proposal accordingly
6. Improve transparency regarding cluster and/or subgroup study methodologies, as well as cost allocation methodologies.
 - a. ISO-NE's updated LGIP partially addresses the concerns New Leaf's 1/4 proposed redlines were intended to address. We present an updated proposal today to fully address the concern.

(New Leaf dropped our originally-proposed amendments #4 and #5 at the last TC)

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

- **As previously presented, New Leaf proposes that ISO-NE continue working on serial SIS (subject to IC opt-in) that are presently in-progress and for which the draft SIS report is expected to be issued by 7/15/24 (per the current timeline)**
- **We newly propose that projects which enter LGIA negotiations pursuant to this amendment be explicitly subject to the Commercial Readiness Deposit (CRD) and Site Control requirements that the new LGIP otherwise requires of projects at the LGIA negotiation stage.**
 - LGIP Section 11.2 requires Interconnection Customers post a CRD equal to 10% of the Network Upgrade cost as identified in the SIS
 - LGIP requires demonstration of 100% exclusive site control
- **We believe our updated proposal effectively mitigates the ISO's concern that this amendment will add in-progress LGIA negotiations to those already ongoing and add risk to the Transitional Cluster Study, by clarifying that projects using this amendment would be subject to the same CRD and site control requirements as Order 2023 requires of new projects.**
- New Leaf also proposes a minor conforming change to LGIP Section 11.2 to facilitate the commencement of LGIA negotiations after the completion of an SIS pursuant to our proposal.
- New Leaf's updated proposed redlines are presented on the following two slides.

Updated redlines (1/2) to New Leaf Proposal #1

5.1.1.X: Pre-Transitional Cluster Study Optional Pathway for Certain Interconnection Requests

Subject to Interconnection Customer opt-in (such notice to be provided from Interconnection Customer in writing to ISO-NE within five (5) Business Days following ISO-NE's initial Order 2023 tariff revision filing date), ISO-NE shall continue progressing any System Impact Study which was commenced under previous versions of ISO-NE's tariff and for which the draft System Impact Study Report is expected to be issued (according to ISO-NE's estimate as last provided to Interconnection Customer via IRTT on or before the filing date of ISO-NE's initial Order 2023 tariff revisions) on or before fifteen (15) Calendar Days before executed Transitional Cluster Study Agreements are required to be returned.

If the associated draft System Impact Study report has not been issued to Interconnection Customer by the date that is fifteen (15) Calendar Days prior to the date executed Transitional Cluster Study Agreements are due, Interconnection Customer shall have the option to proceed into the Transitional Cluster Study upon satisfying all associated requirements. If the draft System Impact Study is issued by the date that is fifteen (15) Calendar Days prior to the date executed Transitional Cluster Study Agreements are due, within five (5) Business Days of providing the draft System Impact Study report to Interconnection Customer, the System Operator shall convene a meeting of the Interconnecting Transmission Owner, Interconnection Customer, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, to discuss the results of the System Impact Study. Within five (5) Business Days following the study results meeting, the Interconnection Customer shall provide to the System Operator written notice that it will either pursue the Transitional Cluster Study, withdraw from the interconnection process, or elect an expedited interconnection and proceed directly into LGIA negotiations as otherwise described in Section 11.2 of this LGIP. Once the Interconnection Customer notifies the System Operator of its election, such election is not subject to change. **Projects electing to enter LGIA negotiations pursuant to this Section 5.1.1.X shall be subject to the Site Control demonstration and Commercial Readiness Deposits as described in Section 11 of this LGIP, and shall make such deposits within thirty (30) Calendar Days of the study results meeting described above.**

If Interconnection Customer elects to proceed into LGIA negotiations, within thirty (30) Calendar Days of the Interconnection Customer receiving the draft System Impact Study report, the Interconnection Customer shall provide written comments on the report or written notice that it has no comments on the report. The System Operator shall issue a final System Impact Study report within fifteen (15) Business Days of receiving the Interconnection Customer's comments or promptly upon receiving the Interconnection Customer's notice that it will not provide comments.

Updated redlines (2/2) to New Leaf Proposal #1

11.2 Negotiation.

Notwithstanding Section 11.1, at the request of the Interconnection Customer, the System Operator and Interconnecting Transmission Owner shall begin negotiations with the Interconnection Customer concerning the appendices to the LGIA at any time after: (i) Interconnection Customer executes the Interconnection Facilities Study Agreement; (ii) ~~or~~ after the Cluster Study and/or Cluster Restudy is complete if the Interconnection Customer intends to waive the Interconnection Facilities Study; (iii) **or after the Interconnection Customer elects to enter LGIA negotiations pursuant to Section 5.1.1.X.** In the event that the Interconnection Customer waives the Interconnection Facilities Study and proceeds directly from the Cluster Study or Cluster Restudy to LGIA negotiation, the Interconnection Customer shall provide an additional deposit that brings the total Commercial Readiness Deposit submitted to the System Operator to ten percent (10%), as required by Section 8.1 of this LGIP, within thirty (30) Calendar Days of the Cluster Study Report Meeting or Cluster Restudy Report meeting (as applicable)...

New Leaf's proposed changes to ISO's 1/18 LGIP redlines in **red** above

Proposal #2: Fairly calculate withdrawal penalties for all projects in the transitional cluster (proposal unchanged from 1/4)

- ISO-NE plans to calculate the Transitional Cluster Study withdrawal penalty as 9x the project's study costs incurred since entering the queue. While we believe ISO-NE is implementing Order 2023 as written here, we are unsure whether FERC considered how this could lead to similarly-situated projects being subject to significantly different withdrawal penalties
- This potentially disparate treatment is particularly impactful in New England where NRIS and CNRIS studies have historically been performed via separate processes. We believe an Independent Entity Variation would be well supported on this basis.
 - CNRIS-only projects could have been studied for CNRIS already and avoided the Transition completely but for ISO-NE's historical separation of energy and capacity studies. If these projects enter the Transition, they will likely face the highest withdrawal penalties (due to their completed NRIS studies) among all projects
 - Projects in the queue today that need both NRIS and CNRIS (or only NRIS) from the Transitional Cluster will be incentivized to withdraw from the queue now and re-submit prior to the Transition to reduce their potential withdrawal penalty. This will add work for ISO-NE and the Interconnection Customers with no benefit to the region
- To remedy these issues, New Leaf proposes ISO-NE calculate the Transitional Cluster Study withdrawal penalty as 9x the project's study costs incurred *since the start of the Transitional Cluster Study*, which would be effectuated via this redline to LGIP section 5.1.1.2:

After System Operator issues the final Transitional Cluster Study Report, Interconnection Customer shall proceed pursuant to Section 11 of this LGIP. If Interconnection Customer withdraws its Interconnection Request or if Interconnection Customer's Generating Facility otherwise does not reach Commercial Operation, a Withdrawal Penalty will be imposed on Interconnection Customer equal to nine (9) times Interconnection Customer's total study cost incurred since ~~the commencement of the Transitional Cluster Study. entering the System Operator's interconnection queue (including the cost of studies conducted under Section 5 of this LGIP).~~

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

- ISO-NE notes that they may form subgroups or study projects individually
- Interconnection Customers 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.
- New Leaf previously proposed ISO-NE 1) publish the methodology and criteria that will be used to determine subgrouping prior to each Cluster Request Window being opened, and 2) identify the intention to form a subgroup during the Customer Engagement Window. ISO's 1/18 updated redlines seem to address the first suggestion, and we present the following updated redline to LGIP Section 4.2 to address the second:

The System Operator may use subgroups in the Cluster Study Process. If the System Operator elects to use subgroups in the Cluster Study Process, System Operator must publish the criteria used to define and determine subgroups on its OASIS or public website prior to the opening of a Cluster Request Window. **System Operator shall determine whether Interconnection Requests will be part of a subgroup during the Customer Engagement Window, and such information shall be communicated to Interconnection Customers during the Scoping Meeting.**

New Leaf's proposed changes to ISO's 1/18 LGIP redlines in **red** above

Conclusion

- New Leaf Energy greatly appreciates the ISO's and Committee's feedback and collaboration throughout the Order 2023 compliance process
- We believe the region will need to commit to ongoing review and improvement of the interconnection process in order to achieve the improvements Order 2023 intends, and to realize the New England states' clean energy goals
- We look forward to being part of that ongoing collaboration

Thank You

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