



Meeting: **Reservoir Committee/Authority Board
Agenda Item 1.5**

November 15, 2024

Subject: **California Independent System Operator Interconnection (CAISO)
Cluster 15 Resubmission Fees**

Requested Action:

Reservoir Committee and Authority Board consider approval for payment of the California Independent System Operator Interconnection Application Cluster 15 resubmission fees which are partially refundable.

Detailed Description/Background:

The CAISO accepted and deemed the Project interconnection application complete on April 11, 2023. Due to large increases in interconnection requests, the CAISO paused initiating Cluster 15 project studies to assess and implement its 2023 Interconnection Process Enhancements (IPE) initiative. Staff monitored and provided input during CAISO IPE outreach phases, advocating for considerations that would not unfairly penalize important, and unique projects such as Sites Reservoir.

The CAISO has considered IPE input and is ready to proceed with re-assessing Cluster 15 applications. Existing Cluster 15 applicants, including Sites Reservoir, were notified that a resubmission of application is required within the Cluster 15 Application Resubmission Window between October 1, 2024 and December 2, 2024. Resubmitted projects must meet updated financial posting requirements that modified how the Study and Site Control deposits are calculated, as well as adding two new financial obligations: an Application Fee and a Commercial Readiness Deposit. Below is a summary of the updated fees/deposits for the Sites Reservoir Project:

- a) Application Fee = \$5,000 (non-refundable).
- b) Study Fee = \$103,000 (refundable if application is withdrawn before study commences; or a minimum of 2x the incurred cost after the study is initiated).
- c) Commercial Readiness Deposit = \$206,000 (refundable if application is withdrawn).
- d) Site Control Deposit = \$674,000 (refundable with interest after site control is demonstrated).

The Project's original CAISO Application fee/deposit made in April 2023 will be credited towards the above updated financial requirements. The initial deposit included:

- e) A Study Fee in the amount of \$150,000.
- f) A Site Control Deposit in the amount of \$500,000.

The excess Study Fee of \$47,000, (e) minus (b), is anticipated to be refunded by CAISO in early 2025. The remainder schedule of fee/deposits will require separate true-up payments as follows:

- 1) Application Fee = \$5,000.
- 2) Commercial Readiness Deposit = \$206,000.
- 3) Site Control Deposit = \$174,000, (d) minus (f).

The Project will not be eligible for study under CAISO Cluster 15 if the application resubmission and financial obligations are not met by December 2, 2024. Missing Cluster 15 study and waiting for the next application window adds undue risk to the project schedule and could impact the Project's ability to obtain electrical power when operations are initiated.

Prior Action:

March 2023 - Authorized submittal of the California Independent System Operator interconnection application and paid an initial deposit fee of \$650,000, of which up to \$500,000 is refundable.

Fiscal Impact/Funding Source:

The Amendment 3 Work Plan includes sufficient budget to support CAISO Cluster 15 financial obligations. This includes an initial payment of \$650,000 to CAISO in 2023 with the remainder \$385,000 being fulfilled by reallocating funds from work that was originally planned but not critical for investor commitment and has been deferred to subsequent Program phases. Due to the true-up process CAISO has instituted, a refund of \$47,000 from CAISO to the Authority is expected in early 2025.

Staff Contact:

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Primary Service Provider:

HDR, Jacobs, and zGlobal

Attachments:

None.