



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

June 26, 2026

Subject: **California Independent System Operator (CAISO) Commercial
Readiness Deposit Augmentation**

Requested Action:

Reservoir Committee and Authority Board consider authorizing the transfer of \$490,000 from the Contingency Budget to the California Independent System Operator (CAISO) Commercial Readiness Deposit (CRD) budget and delegating authority to the Executive Director to execute any related agreements, amendments, notices, or other documents necessary to satisfy CAISO Cluster 15 interconnection requirements.

Detailed Description/Background:

The Project remains in good standing and continues to be evaluated within CAISO Cluster 15 Interconnection studies. In summary, the Authority has made the following amounts available to CAISO to date:

- Commercial Readiness Deposit - \$827,000 (the subject of the requested action)
- Site Control Deposit - \$674,000
- Study Deposit - \$150,000
- Application Fee - \$5,000

A Cluster Restudy Report was issued by CAISO in May 2026 that assessed an increase in project-assigned network upgrade costs from \$16,527,000 to \$38,168,000. This increase is attributed to a more detailed study of the remaining Cluster 15 projects (post initial Study Report that was completed in October 2025) and identification of 5 additional circuit breakers requiring upgrades.

To continue advancing within Cluster 15, CAISO requires the Authority to maintain a CRD account that has a value equivalent to 10% of the project assigned network upgrade cost by July 2, 2026. The Authority has made two separate CRD payments to date totaling \$827,000; an additional payment of \$2,990,000 is now required to maintain continued eligibility in Cluster 15 for a total deposit amount of \$3,817,000. The next step in the process is for CAISO to perform a facilities study. Upon conclusion of the facilities study phase, staff anticipate CAISO will require another CRD payment towards the end of Q1 2027 to bring the CRD total value to 20% of the project assigned network upgrade

cost. Based on the current estimate, this would be an additional \$3,817,000 deposit to the CRD.

To remain in CAISO Cluster 15 interconnection queue and establish necessary agreements with Participating Transmission Owners (PTO), all CRD requirements must be met within the prescribed timeframe. Failure to meet the requirements would result in the Project being withdrawn from the interconnection study process and potentially assessed a withdrawal penalty. Based on preliminary indications from CAISO, staff believes a provision of the tariff would provide for a waiver of the withdrawal penalty if estimated Network Upgrade costs exceeded the applicable threshold. However, CAISO has not yet made a formal determination regarding the applicability of this provision to the Authority's interconnection request. In any case, if a withdrawal penalty were assessed, it is currently expected to be less than or equal to the amount of funds available within the CRD.

Another CAISO related matter that Staff is dealing with involves maximizing interest on the deposited Authority funds. Currently, the Authority has deposited its funds with Computershare Corporate Trust which is the CAISO recommended vendor. However, the interest earned from this account is minimal and Computershare charges a \$5,000/yr fee for maintaining the account. CAISO has authorized escrow accounts through other financial entities, and the Authority is investigating this option. Additionally, upon securing a form of credit with the initiation of Phase 3/4/5, the Authority would also be able to submit for replacement to a letter of credit.

Prior Action:

November 2025 – additional payment of \$620,000 to CRD escrow account to meet CAISO requirements.

Fiscal Impact/Funding Source:

CAISO and its Participating Transmission Owner (PTO) partner have not drawn upon the Project's Commercial Readiness Deposit (CRD), and the escrow account remains intact with an accumulated value of approximately \$831,543, including interest earnings, as of May 2026.

Due to increased network upgrade cost assignments identified through the CAISO interconnection process, the Project's current CRD obligation is approximately \$3.0 million. This amount exceeds the funding included in the approved FY 2026 Budget by approximately \$490,000.

The Authority also anticipates receiving an unbudgeted cash refund from CAISO of approximately \$674,000 before the end of 2026 related to the Site Control Deposit. The anticipated refund exceeds the current CRD budget shortfall and is expected to fully offset the additional funding requirement.

To meet the July 2026 CRD payment deadline, staff proposes transferring \$490,000 from the Contingency Budget to the CAISO CRD budget. Upon receipt of the anticipated CAISO refund, staff will return the refunded amount to the Contingency Budget, thereby restoring the contingency funds utilized to address the temporary shortfall.

Staff Contact:

JP Robinette/Kyle Hughes

Primary Service Provider:

HDR

Attachments:

None.