

Revised Group D Treatment

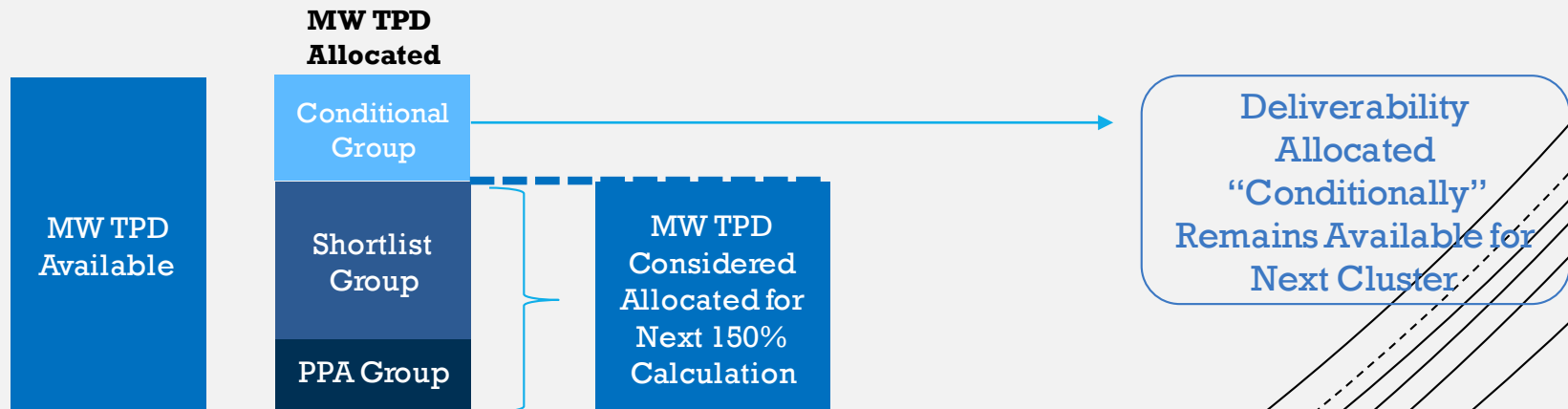
ACP-California Proposal from Prior Comments
With Hypothetical Examples



September 4, 2024

ACP-California Proposed Retaining Group D, but Making Any Deliverability Allocated to this Group “Conditional”

- As discussed during the August 28th meeting, the long development timelines for transmission make the proposed elimination of Group D particularly concerning
 - The prospect of requiring a short-list or PPA to secure deliverability, when the resource may not be able to come online and secure deliverability for ≈10 years, is problematic because contracting that far into the future increases risks
- To address this and continue to provide a pathway to deliverability prior to a project securing a shortlist position or a PPA, ACP-California recommends renaming Group D to “Conditional Deliverability” group
 - **Conditional Deliverability allocated would not reduce the calculation of deliverability available for future clusters under the zonal approach and the 150% zonal limitations**



Conditional Deliverability Allocations Could be Assigned a “Priority Number”

- Priorities would be assigned to Conditional Deliverability allocations:
 - The first group of projects allocated Conditional Deliverability, in a given TPD allocation cycle, would have a priority #1
 - The second group of projects allocated Conditional Deliverability, in a subsequent TPD allocation cycle, would have a priority #2 (if any deliverability it was dependent on had already been conditionally allocated in a prior cluster)
 - And so on...
- This priority position would tell potential offtakers the likelihood of the project receiving a “standard” deliverability allocation (under the PPA or Shortlist group, should they contract with or shortlist that resource)
- In determining which project would be able to convert from a Conditional Deliverability, rules on precedence would need to be determined, which could include:
 - Signed PPAs could take precedence (over a shortlisting) in converting from conditional deliverability to a standard deliverability allocation (regardless of priority positions)
 - And assigned Conditional Deliverability priorities could be used to determine which resource could convert to standard deliverability if more than one resource with Conditional Deliverability in the zone had a PPA/shortlist
 - Alternatively, a scoring methodology could be used to determine the allocation priority within a given group

Example 1

- Two resources have Conditional Deliverability allocated and one presents a Shortlist in a subsequent TPD allocation cycle



Resource #1

- Conditional Deliverability Priority Position #1 (via 2025 TPD Allocation)
- **Secures a Shortlist position** in 2028
- Is converted to standard Shortlist deliverability in the next TPD cycle

Resource #2

- Conditional Deliverability Priority Position #2 (via 2027 TPD Allocation)
- Once Resource #1 presents a shortlist, Resource #2 loses its Conditional Deliverability allocation
 - *Should Resource #2 be presented with a unique opportunity (or incentive) to withdraw?*

Example 2

- Two resources have Conditional Deliverability allocated and both present some form of evidence to be able to convert to standard deliverability; level of firmness could take precedence (i.e., PPA takes precedence over shortlisting)

Resource #1

- Conditional Deliverability Priority Position #1 (via 2025 TPD Allocation)
- Secures a Shortlist position** in 2028
- Would lose its Conditional Deliverability allocation because Resource #2 has a firmer commercial commitment
 - Should Resource #1 be presented with a unique opportunity (or incentive) to withdraw?*

Resource #2

- Conditional Deliverability Priority Position #2 (via 2027 TPD Allocation)
- Secures a PPA** in 2028
- Is converted to standard Shortlist deliverability in the next TPD cycle

Example 3

- Two resources have Conditional Deliverability allocated and both present the same type of evidence to be able to convert to standard deliverability; Conditional Deliverability priority could take precedence in determining who gets the allocation



Resource #1

- Conditional Deliverability Priority Position #1 (via 2025 TPD Allocation)
- **Secures a Shortlist position** in 2028
- Is converted to standard Shortlist deliverability in the next TPD cycle

Resource #2

- Conditional Deliverability Priority Position #2 (via 2027 TPD Allocation)
- **Secures a Shortlist position** in 2028
- Would lose its Conditional Deliverability allocation because Resource #1 has a higher Conditional Deliverability priority
 - *Should Resource #2 be presented with a unique opportunity (or incentive) to withdraw?*

Alternatively, scoring could be used to determine whether Resource #1 or #2 can convert to standard deliverability