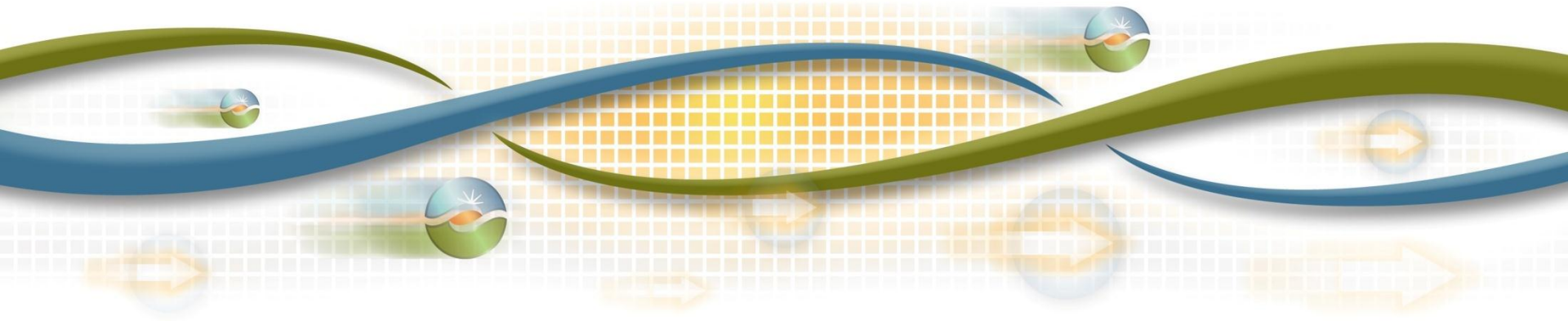


Interconnection Process Enhancements Initiative

Draft Final Proposal – Topics 1 and 2

Stakeholder Meeting
September 19, 2013



Introduction, Stakeholder Process

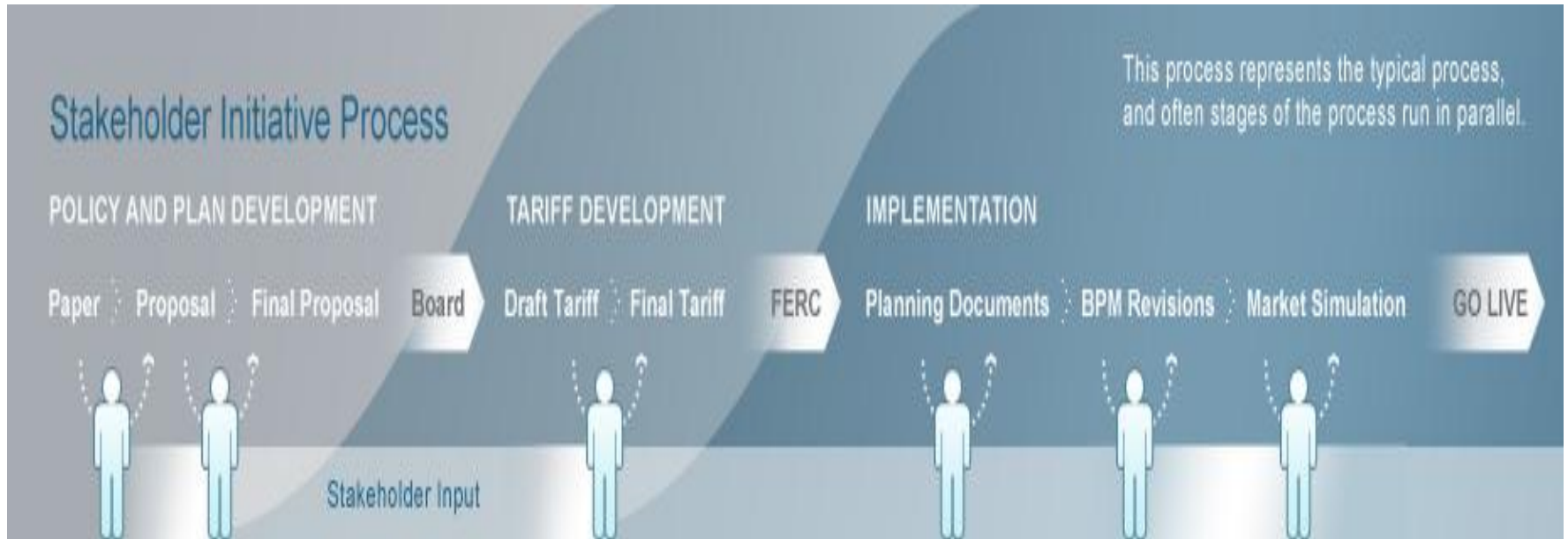
Mercy Parker Helget

Senior Stakeholder Engagement and Policy Specialist

Agenda

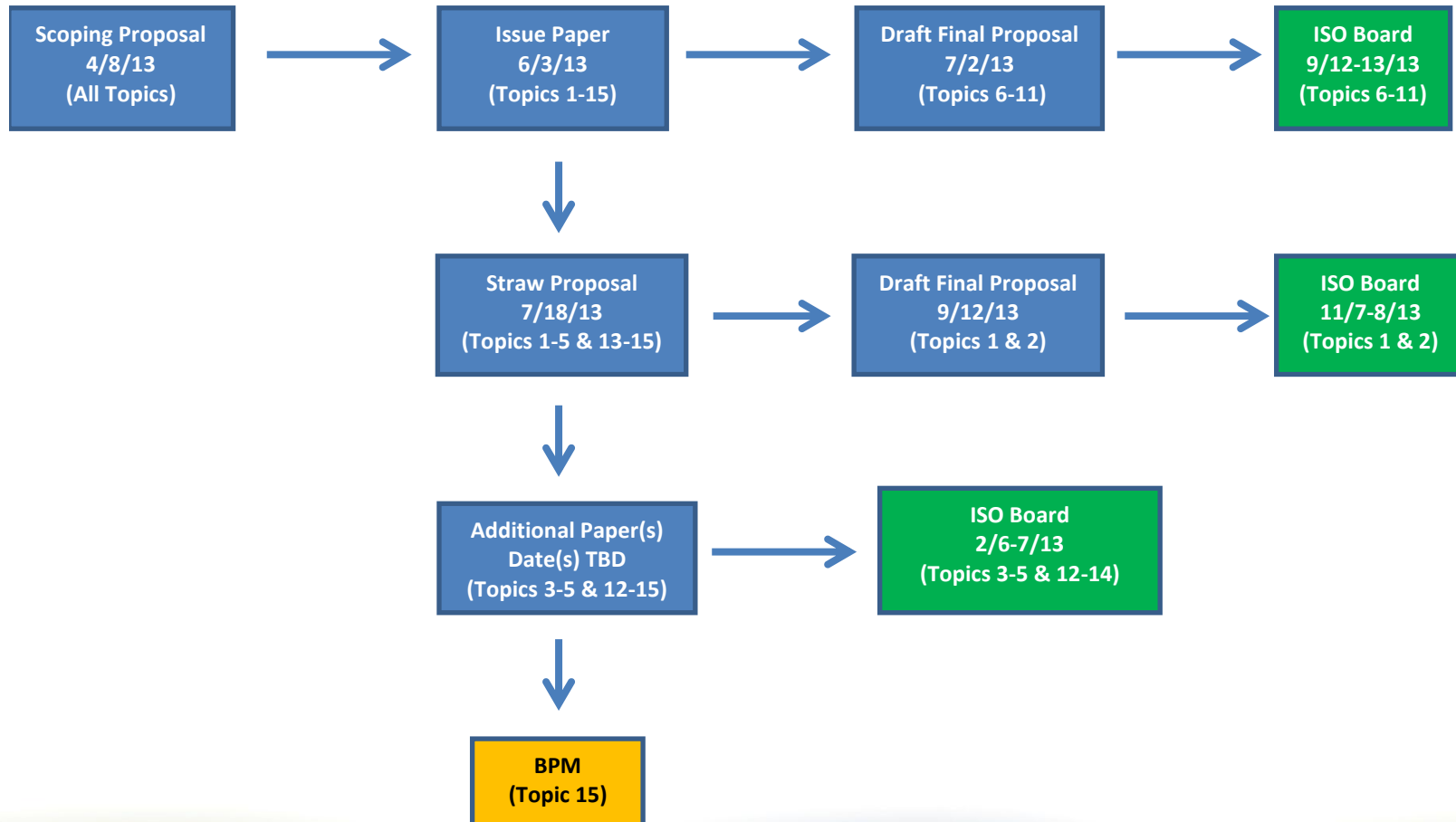
Time	Topic	Speaker
9:00-9:15	Introduction, Stakeholder Process	Mercy Parker Helget
9:15-10:00	Discussion of Topic 1	Tom Flynn
10:00-10:45	Discussion of Topic 2	Lorenzo Kristov
10:45-11:00	Next Steps	Mercy Parker Helget

ISO Stakeholder Initiative Process



We Are Here

Progression of proposal development for all 15 topics in IPE initiative



Stakeholder process schedule for Topics 1 and 2

Date	Event
April 8	Post scoping proposal paper (all topics)
June 3	Post issue paper (topics 1-15)
July 18	Post straw proposal paper (topics 1-5 & 13-15)
Sept 12	Post draft final proposal paper (topics 1 & 2)
Sept 19	Stakeholder web conference (topics 1 & 2)
October 3	Stakeholder comments due on Sept 12 draft final proposal paper
Nov 7-8	ISO Board (topics 1 & 2)

Topic 1 – Future downsizing policy

Draft final proposal – 1

- Annual downsizing opportunity, with no specified sunset
- Any active project is eligible (see footnote 24)
- Open to projects in Cluster 5 and later after all opportunities to be allocated TP Deliverability have concluded
- One month request window each year (mid-October through mid-November)

Draft final proposal – 2

- ICs may withdraw downsizing request up to close of downsizing request window, but not after that
 - IC is committed to downsizing if request is deemed to be complete, valid and ready to be studied
- Combined impacts of valid downsizing requests will be studied in annual GIDAP reassessment process
- No limit on the number of annual downsizing requests
 - ICs with existing GIAs will be required to amend their GIA to conform with current tariff provisions relating to time in queue and project suspension
- No limit on MW amount of downsizing permitted

Draft final proposal – 3

- Each downsizing IC will be obligated to finance the costs of certain network upgrades (listed below) if projects in same or later queue are shown to need such upgrades
 - Upgrades previously triggered by project at its full size
 - Alternatives to previously triggered upgrades
- Each downsizing IC required to provide a generator downsizing deposit of \$60,000 but obligated to pay for
 - Actual costs of its share of downsizing study
 - Actual costs to amend its GIA

Draft final proposal – 4

- Ability to change size of a project through material modification request process will be allowed until first annual downsizing request window opens Oct 2014
- Three additional decision points will be provided within GIDAP tariff
 - ICs selecting certain options under Appendix DD Sections 8.9.4 – 8.9.6 will be allowed to reduce the MW generating capacity of its project
- Any reduction in posting requirements will result in reduction in postings already made rather than being trued up at the next posting

Topic 2 – Disconnection of completed phase(s) of a project due to failure to complete a subsequent phase

Problem statement

- Under the pro forma GIA, one contracting party may declare another party in breach for failing to perform or observe any material term or condition of the GIA
- Failure of an interconnection customer to complete the full MW capacity of its project (less 5% “safe harbor”) can constitute breach of the GIA
 - Breach may lead to termination of GIA and disconnection of operational phase of a project
- Developers assert that potential disconnection of an operational phase poses risks for project financing
- ISO is concerned about blanket elimination of its ability to exercise GIA termination rights.

Triggering of a GIA default can be prevented through downsizing

The following two situations should rarely if ever arise if the annual downsizing opportunity is utilized:

1. The IC completes a phase or a partial amount of the project and decides to cancel the rest of the project
2. The final MW capacity of the project falls short of the 95% substantial performance requirement

Draft final proposal – 1

If an IC is in situation (1) or (2) and has not reduced its project size through either:

- the annual downsizing opportunity, or
- the exercise of partial termination provisions in its GIA

and the COD occurs before the next downsizing window opens, then:

- a) The ISO will not seek to terminate the GIA solely due to the IC's failure to complete full MW size
- b) IC will still be responsible for all IFS postings and costs associated with full MW size

Draft final proposal – 2

- c) Pro rata portion of IFS postings and costs associated with cancelled portion will not be eligible for reimbursement, unless IC can meet one of the three 5% safe harbor conditions
- d) If IC informs ISO of its need to reduce its size due to situation (1) or (2) and there is an opportunity to enter an annual downsizing window prior to COD, then IC will either be required to utilize the downsizing window or forfeit any eligibility for reimbursement
- e) IC will be obligated to pay for GIA amendment costs

Draft final proposal – 3

Lastly, ISO proposes to modify the safe harbor language to read:

“the greater of 5 percent of the project capacity or 10 MW, but not greater than 25 percent of the project capacity.”

If the project MW size as specified in GIA is:	Then the safe harbor is:
Greater than 200 MW	5 percent
Between 40 MW and 200 MW	10 MW
Less than 40 MW	25 percent

Next Steps

Mercy Parker Helget

Senior Stakeholder Engagement and Policy Specialist

Upcoming near-term milestones

Date	Milestone
October 3	Stakeholder comments due on Draft Final Proposal for Topics 1 and 2

- Please use the comments template provided
- Submit to GIP@CAISO.COM no later than 5pm on Thursday, October 3