

Stakeholder Comments Template

**Integration of Transmission Planning and Generator Interconnection Procedures (TPP-GIP Integration)**

**Draft Final Proposal, posted February 15, 2012**

**Please submit comments (in MS Word) to [TPP-GIP@caiso.com](mailto:TPP-GIP@caiso.com) no later than the close of business on March 1, 2012.**

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, which were discussed in the TPP-GIP Integration Draft Final Proposal posted on February 15, 2012, and during the stakeholder meeting on February 22, 2012.

Please use the list of topics and questions below to structure most of your comments. At the end of the document you may offer comments on any aspect of this initiative not covered by the topics listed. When you state a preference for a particular approach on a topic or issue, your response will be most helpful if you clearly explain the reasoning and business case for your preference.

Because the draft final proposal mostly retains the major design elements and provisions of the previous proposal, the topics identified below concentrate on provisions that are new or revised.

**Section 1. Overall support for the draft final proposal.**

Please select one of the following options to indicate your organization's overall level of support for this proposal: (1) fully support, (2) support with qualification, or (3) oppose. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal.

[\(2\) BAMx and CCSF support the CAISO's Draft Final TPP-GIP integration proposal with the following qualifications.](#)

Based upon the CAISO's Draft Final Proposal, the new TPP-GIP process rules will only apply to the Interconnection Customers ("IC") starting with Cluster 5. We strongly urge the CAISO to make the new TPP-GIP integration framework effective for all past GIAs that are now inactive as well as unsigned GIAs under the existing queue (serial through Cluster 4). We believe it is necessary to apply the new TPP-GIP process rules to a much earlier starting point than in the CAISO proposal, to establish the right price signals for the market as soon as possible and to ensure that cost effectiveness criteria are applied in the evaluation of transmission needed to reach the State's 33% renewable goals.

**Section 2. Major differences between the 2/15 draft final proposal and the earlier 1/12 second revised straw proposal.**

1. In response to stakeholder concerns about the previous proposal that ratepayers would reimburse customers fully for all reliability network upgrades (RNU), the draft final proposal will determine whether a project is eligible for full, partial or no reimbursement in a manner that aligns with the allocation of TP deliverability under this proposal.

In the Draft Final proposal, the CAISO has linked the reimbursement of RNU and Local Delivery Network Upgrades (LDNU) postings to TP deliverability allocation. We support this concept.

2. Projects that submit energy only interconnection requests and do not seek deliverability will be reimbursed for RNU up to a maximum of \$40,000 per MW of generating capacity.

As articulated in the joint BAMx/CCSF comments dated January 31, 2012 on the CAISO's Second Revised Straw Proposal, we do not believe that ratepayers should pay for the RNUs unless the EO project is counted towards the State's 33% RPS. The proposed ceiling of \$40,000 per MW was based on fairly arbitrary average RNU cost for one particular Phase II cluster study. As indicated before, there needs to be a robust criterion for ratepayer reimbursement, but lacking such criterion we would suggest a ceiling of \$20,000 per MW for RNU ratepayer reimbursement, which matches the current Interconnection Financial Security posting requirement under the existing CAISO tariff.

3. The proposal distinguishes between area delivery network upgrades (ADNU) and local delivery network upgrades (LDNU), where ADNU are generally identified through the TPP to provide deliverability to a targeted MW amount of generation in an area, while LDNU are identified through the GIP studies to provide resource-specific deliverability.

No Comments at this time.

4. The process for allocation of TP deliverability will be the key determinant of whether a generation project is required to post security and/or pay for a share of ADNU costs after phase 2. All projects will be required to post security for their shares of RNU and LDNU costs. Eligibility for ratepayer reimbursement of these security postings after commercial operation begins will align with whether the project was allocated TP deliverability and then meets the criteria to retain the allocation.

We support the requirement for projects to post IFS for their shares of RNU and LDNU as well as to pay a share of ADNU costs for Phase II.

5. The allocation of TP deliverability to generation projects under this proposal will occur for the first time at the end of the GIP phase 2 study process for cluster 5, i.e., during the first quarter of 2014. Before the ISO allocates TP deliverability to any cluster 5 projects, the ISO will first determine how much of the TP deliverability provided by the most recent transmission plan must be encumbered by projects in the existing queue (serial through cluster 4) that are in good standing with respect to their PPAs and GIAs, any expansion of MIC that was addressed in the TPP, and any deliverability for distributed generation (DG) allocated to regulatory authorities under the DG Deliverability initiative in progress. After accounting for these encumbrances, the remaining amount of TP deliverability will be available for qualified projects in cluster 5.

Per the CAISO's latest proposal, allocation of TP Deliverability post GIP phase 2 has two steps. Step 1 includes reserving TP deliverability for the existing queue (serial through cluster 4), prior cluster allocations, MIC expansion and distributed generation. If the total deliverability encumbered is less than TP deliverability, the remainder will be available for allocation in step 2 of the process. On the other hand, if the total deliverability encumbered is greater than TP deliverability, there is no further TP deliverability to allocate to new projects. We support this element of the CAISO proposal.

The second step of allocation of TP Deliverability post GIP phase 2 allocates available TP deliverability to current projects cluster  $N$  projects and "parked" cluster  $N-1$  (category A) projects. In this step, only a subset of Serial through Cluster 4 projects is offered a TP deliverability based on their milestone status. The remaining TP deliverability is made available to (Cluster 5) category A and category B projects. However, since Serial through Cluster 4 projects are not covered under the new framework, they do not have any "parking" restrictions like category A projects. Therefore, it is likely that they could achieve the required milestones in a later year and would then demand TP deliverability. In those instances, the CAISO would need to expand TPP transmission funded by ratepayers. We urge the CAISO to implement a cost containment mechanism such as the one explained below that minimizes a chance that an excessive amount of TP deliverability to Cluster 5 (and later clusters) category A projects would trigger the need for additional ratepayer funded transmission in the later years.

The above discussion reinforces the need to make the new TPP-GIP integration framework effective for all past GIAs that are now inactive as well as unsigned GIAs under Serial through Cluster 4. In the absence of such comprehensive TPP-GIP integration, BAMx/CCSF recommends that the CAISO revises its GIAs with the Serial through Cluster 4 projects that have not yet signed their GIAs. These revised GIAs should include GIA milestone criteria at least as stringent as those the CAISO plans to apply to category A projects (Cluster 5 onwards) under the new initiative. Although these more stringent and consistent GIA milestones would be applicable only to those Serial through Cluster 4 projects with unsigned GIAs, we believe it would provide for a much more effective cost containment mechanism than would occur absent such changes in the GIAs. In addition, such changes to the GIAs would significantly contribute towards unlogging the existing generation interconnection queue.

6. If there is some TP deliverability available for allocation to projects in the current cluster and to option (A) projects in the prior cluster that opted to park for a year, such projects

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must at least meet the minimum threshold criteria of being included on an active LSE short list and having submitted the necessary permit applications in order to be eligible for the allocation of TP deliverability.

See comments to Section 2-5 above. Furthermore, BAMx and CCSF believe that the two minimum threshold criteria are not sufficiently robust and would result in having excessive numbers of interconnecting projects that satisfy these criteria, and would thus remain in the queue. This would defeat one of the primary objectives of this initiative, which is to minimize the unnecessary and stranded transmission funded by ratepayers that is triggered by generation projects that are neither viable nor proven to be economical.

7. If the volume of projects that meet the threshold exceeds the amount of TP deliverability available, the ISO will calculate a numerical score for each project based on the criteria and point values presented in the proposal, and will allocate deliverability to the highest scoring projects without regard to whether the project chose option (A) or (B).

No Comments at this time.

8. A project that is allocated TP deliverability under the proposed approach will be required to demonstrate annually that it meets the criteria for retaining the allocation; i.e., (i) no regression with respect to criteria on which it received the allocation; (ii) executed GIA is in good standing (no ISO notification of breach); (iii) no delay of COD unless for reasons beyond customer's control. If a project loses its allocation, it must either withdraw from the queue or convert to energy only deliverability status.

BAMx and CCSF support this element of the proposal. As mentioned in Section 2-5 comments, having more stringent GIA milestones would contribute significantly towards unlogging the interconnection queue.

9. An option (A) project that does not receive TP deliverability after parking for one year must either withdraw from the queue or execute an energy only GIA. To allow parking for a longer period would complicate the GIP study process by maintaining a backlog of projects to be studied for RNU and LDNU that may not be making progress but have little incentive to withdraw.

As indicated earlier, BAMx/CCSF oppose allowing option (A) projects to park for over a year and, in turn, be allocated TP deliverability without adequate cost containment mechanisms in place. However, should the CAISO decide to implement option (A), BAMx/CCSF agree with the CAISO that allowing parking for a longer period would complicate the GIP study process by maintaining a backlog of projects to be studied for RNU and LDNU that may not be making progress but have little incentive to withdraw. There should not be any further relaxation of parking criteria.

10. An option (B) project that does not receive TP deliverability within the allocation process immediately following its phase 2 study results must either withdraw from the queue or execute a GIA committing it to pay its share for all required network upgrades without ratepayer reimbursement.

BAMx and CCSF support this element of the CAISO proposal.

11. Projects that withdraw from queue after the phase 2 study results may be eligible for partial refund of their first financial security postings in accordance with existing tariff provisions, as expanded by the following new eligibility conditions: (1) An (A) project will be eligible if it fails to be allocated TP deliverability; the period for “early” withdrawal under this condition will be 18 months from phase 2 study results. (2) A (B) project will be eligible if its phase 2 cost estimate for ADNU exceeds its phase 1 estimate by the smaller of 20 percent or \$20 million. The “early” withdrawal period will be 180 days from phase 2 study results.

No Comments at this time.

12. The ISO will maintain the March 31, 2012 closing date for the cluster 5 request window, in contrast to April 30 as stated in the previous proposal. In recognition of the possibility that FERC’s order may significantly modify the proposal that the ISO Board rules on in March and the ISO files shortly thereafter, the ISO’s filing will include a provision to allow parties to withdraw requests up to 10 days after the FERC order without any penalty applied to the refund of their initial study deposits.

No Comments at this time.

**Section 3. Please provide any additional comments on major structural components of the proposal.**

13. GIP Phase 1

No Comments at this time.

14. Transition from Phase 1 to Phase 2

No Comments at this time.

15. GIP Phase 2

Those parties that choose to sign GIAs after Phase 2 should sign a revised GIA as described in Section 2-5.

16. Allocation of TP Deliverability Post Phase 2

See Comments in Section 2-5.

17. Subsequent to the Allocation Process

[See Comments in Section 2-5.](#)

**Section 4. Please use the space below to offer comments on any other aspect of the proposal not covered above.**