

## Stakeholder Comments Template

### Subject: Generation Interconnection Procedures Phase 2 (“GIP 2”)

Submitted by	Company	Date Submitted
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This template was created to help stakeholders structure their written comments on topics detailed in the July 5, 2011 *Revised Draft Final Proposal for Generation Interconnection Procedures 2 (GIP 2) Proposal* (at <http://www.caiso.com/2b21/2b21a4fe115e0.html>).

We ask that you please submit your comments in MS Word to [GIP2@caiso.com](mailto:GIP2@caiso.com) *no later than the close of business on July 14, 2011* so that there will be time to include them in Board documents.

Your comments will be most useful if you provide the reasons and the business case for your preferred approaches to these topics.

Please also respond to the question “Do you support the proposal?” for each item listed below.

**Comments on topics listed in GIP 2 Draft Final Proposal:****Work Group 1**

The ISO has determined that WG 1 topics should be taken out of the GIP 2 scope and addressed in a separate initiative with its own timeline

The ISO determined that these topics should be taken out of the GIP-2 scope and addressed in a separate initiative with its own timeline. BAMx has previously expressed its opposition to this change because of concerns about the impact of delay in implementing the envisioned changes. Despite the representations of the CAISO that this delay does not lessen its commitment to implementing this crucial change to the current Tariff in a timely manner, it is hard to understand why such an important change obtains less priority than some of the relatively insignificant ones being that remain in the GIP-2 process. We continue to be very disappointed in the lack of progress in this area. In the April 14, 2011 straw proposal and the fact that there was no definitive proposal made for an economic test. Thus far, none has been presented by the CAISO. There has not even been a clear delineation of what the CAISO expects from the economic test. In our comments to the CAISO dated May 5<sup>th</sup>, BAMx and CCSF had jointly proposed a three-Step Implementation to create an economic test. Our proposal still seems workable to us and we have received little feedback from anyone. We understand that there is nothing to be done about these concerns now with the passage of time and the official start of a new process but we urge the CAISO to proceed rapidly with the new Stakeholder process that begins next week..

As we indicated before, there may be other, superior ways to accomplish a meaningful economic test but the process of developing a consensus around one needs to be expedited. Otherwise, precious time will be wasted, as more LGIP/LGIA based network upgrades will go forward. This either means wasting tremendous efforts at the CPUC just to turn down unneeded transmission projects or worse yet, approval and construction of unneeded transmission projects leading to stranded or underutilized transmission projects with their tremendous adverse environmental and rate impacts. It is very critical that this major issue be given top priority..

Also, as previously indicated, BAMx proposes another matter that should be resolved as soon as possible. It could be construed as related to the economic test or thought of as a separate issue. We believe that all delivery network upgrades should be paid for by the generator/interconnecting customer. Clearly, the benefit to the capacity value created by the delivery network upgrade flows to the purchaser of the power that faces an obligation to meet the local/regional/system capacity obligations that are tied to serving load on the CAISO grid. The value of that capacity to the purchaser of the power should determine whether the deliverability upgrade is made. So we would propose that deliverability upgrades should be paid for by the generator/interconnecting customer whether the proposed interconnection network upgrade meets the economic test or not.

**Work Group 2**

1. Participating Transmission Owner (PTO) transmission cost estimation procedures and per-unit upgrade cost estimates;

Do you support the proposal?

Comments:

No comments at this time.

2. Generators interconnecting to non-PTO facilities that reside inside the ISO Balancing Area Authority (BAA);

Do you support the proposal?

Comments:

No comments at this time.

3. Triggers that establish the deadlines for IC financial security postings.

Do you support the proposal?

Comments:

No comments at this time.

4. Clarify definitions of start of construction and other transmission construction phases, and specify posting requirements at each milestone.

Do you support the proposal?

Comments:

No comments at this time.

5. Improve process for interconnection customers to be notified of their required amounts for IFS posting

Do you support the proposal?

Comments:

No comments at this time.

6. Information provided by the ISO (Internet Postings)

Do you support the proposal?

Comments:

No comments at this time.

**Work Group 3**

7. Develop pro forma partial termination provisions to allow an IC to structure its generation project in a sequence of phases.

Do you support the proposal?

Comments:

No comments at this time.

8. Reduction in project size for permitting or other extenuating circumstances

Do you support the proposal?

Comments:

No comments at this time.

9. Repayment of IC funding of network upgrades associated with a phased generation facility.

Do you support the proposal?

Comments:

No comments at this time.

10. Clarify site exclusivity requirements for projects located on federal lands.

Do you support the proposal?

Comments:

No comments at this time.

11. CPUC Renewable Auction Mechanism

Do you support the proposal?

Comments:

No comments at this time.

12. Interconnection Refinements to Accommodate QF conversions, Repowering, Behind the meter expansion, Deliverability at the Distribution Level and Fast Track and ISP improvements

a. Application of Path 1-5 processes

Do you support the proposal?

Comments:

No comments at this time.

b. Maintaining Deliverability upon QF Conversion

Do you support the proposal?

Comments:

No comments at this time.

c. Distribution Level Deliverability

Do you support the proposal?

Comments:

No comments at this time.

#### Work Group 4

13. Financial security posting requirements where the PTO elects to upfront fund network upgrades.

Do you support the proposal?

Comments:

No comments at this time.

14. Revise ISO insurance requirements (downward) in the pro forma Large Generation Interconnection Agreement (LGIA) to better reflect ISO's role in and potential impacts on the three-party LGIA.

Do you support the proposal?

Comments:

No comments at this time.

15. Standardize the use of adjusted versus non-adjusted dollar amounts in LGIAs.

Do you support the proposal?

Comments:

No comments at this time.

16. Clarify the Interconnection Customers financial responsibility cap and maximum cost responsibility

Do you support the proposal?

Comments:

No comments at this time.

17. Consider adding a "posting cap" to the PTO's Interconnection Facilities

Do you support the proposal?

Comments:

No comments at this time.

18. Consider using generating project viability assessment in lieu of financial security postings

Do you support the proposal?

Comments:

No comments at this time.

19. Consider limiting interconnection agreement suspension rights

Do you support the proposal?

Comments:

No comments at this time.

20. Consider incorporating PTO abandoned plant recovery into GIP

Comments:

As indicated earlier, BAMx opposes the CAISO proposal to incorporate PTO abandoned plant recovery into the GIP, which could lead to automatic pre-approval for abandoned plant recovery for network upgrades. As SCE has acknowledged in its straw proposal, the GIP does not require the PTO to fund network upgrades. SCE's (PTO) primary concern is about whether it might face cost exposure for continued construction of a TPP-approved —upsized of a network upgrade if interconnection customers dropped out of the GIP queue after the Phase II interconnection studies and SCE were required to step in, upfront fund the facilities, and construct the facilities – a situation where SCE has involuntarily been required to do this.

However, transmission customers (load) have no opportunity for direct input in the GIP process as it is currently structured and have no ability to manage risks of abandoned plant under the GIP process. It therefore would be inappropriate to shift all risks of abandoned plant costs to load. There may be good reasons for that risk not to be shouldered by the PTO, but it should not be transferred to ratepayers either. If the PTO is to be relieved of the risk for non-performance of the generator/IC community, the CAISO needs to find ways for the generator/IC community to shoulder the risk.

At minimum, the GIP should avoid SCE's request for 100% pre-approval of abandoned plant cost recovery and instead preserve the prospect that FERC may initiate public proceedings to determine cost responsibility. SCE's argument that FERC and the PTOs might be overwhelmed by such FERC proceedings is troubling, as is the implication that simply burdening transmission customers with the costs is a suitable alternative.

## Work Group 5

21. Partial deliverability as an interconnection deliverability status option.

Do you support the proposal?

Comments:

No comments at this time.

22. Conform technical requirements for small and large generators to a single standard

Do you support the proposal?

Comments:

No comments at this time.

23. Revisit tariff requirement for off-peak deliverability assessment.

Do you support the proposal?

Comments:

No comments at this time.

24. Operational partial and interim deliverability assessment



Do you support the proposal?

Comments:

No comments at this time.

25. Post Phase II re-evaluation of the plan of service

Do you support the proposal?

Comments:

No comments at this time.

**Other Comments:**

1. If you have other comments, please provide them here.