

Stakeholder Comments Template

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

Submitted by	Company	Date Submitted
Barry R. Flynn Pushkar G. Waglé	Flynn Resource Consultants Inc. on behalf of the Bay Area Municipal Transmission Group (BAMx). BAMx consists of Alameda Municipal Power, City of Palo Alto Utilities, and the City of Santa Clara’s Silicon Valley Power	June 15, 2011

This template was created to help stakeholders structure their written comments on topics detailed in the May 27, 2011 *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 no later than the close of business on June 10, 2011.

Your comments on any these issues are welcome and will assist the ISO in the development of the revised draft final proposal. Your comments will be most useful if you provide the reasons and the business case for your preferred approaches to these topics.

Your input will be particularly valuable to the extent you can provide comments that address any concerns you foresee implementing these proposals.

Please note there are new topics in this comments template that have been introduced for the first time in the draft final proposal - Item # 18, 19, 20, 25, 26 & 27

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

Based on the last round of work group meetings and our review of stakeholder comments, the ISO has determined that WG 1 topics should be taken out of 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 is very concerned with this determination. 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 are very disappointed in the lack of progress in this area. In the April 14, 2011 straw proposal, 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 5th, 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 believe that the CAISO needs to respond to this proposal at the earliest possible time.

There maybe 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, not put aside while some relatively minor improvements to the Generator Interconnection Process are developed.

BAMx proposes another matter 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;

Comments:

No comments at this time.

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

Comments:

No comments at this time.

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

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.

Comments:

No comments at this time.

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

Comments:

No comments at this time.

6. Information provided by the ISO (Internet Postings)

Comments:

Under GIP Section 3.6 of the tariff, the CAISO is required to post its interconnection study information on the ISO website. We support the CAISO's proposal to modify the tariff to clarify the language so that it clearly states what information the ISO is to consider confidential and to be posted to a protected ISO web site. In the past, the CAISO has delayed the posting of both the Phase I and the Phase II Interconnection

Studies on its secured website. We request the CAISO to post them promptly as they become available. For example, we encourage the CAISO to post all the Cluster 4 studies as they are completed this summer.

Work Group 3

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

Comments:

No comments at this time.

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

Comments:

No comments at this time.

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

Comments:

No comments at this time.

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

Comments:

No comments at this time.

11. CPUC Renewable Auction Mechanism

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

No comments at this time.

- a. Application of Path 1-5 processes

Comments:

- b. Maintaining Deliverability upon QF Conversion

Comments:

- c. Distribution Level Deliverability

Comments:

Work Group 4

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

Comments:

BAMx does not believe the PTO should be allowed to reduce the obligations of the interconnecting customer by agreeing to reduce the requirement to fund network upgrades. But if it does, there should be no reduction in the amounts posted. It is becoming increasingly clear that there is a tremendous pool of renewable generation developers that want to accomplish the State's renewable generation goal/s. In this environment, it makes no sense to make it easier for early proposers to retain valuable rights to interconnect while other potentially more viable projects cannot connect to the grid.

- 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.

Comments:

No comments at this time.

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

Comments:

No comments at this time.

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

Comments:

No comments at this time.

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

Comments:

No comments at this time.

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

Comments:

BAMx does not believe the CAISO should look at reducing the financial security postings. It is becoming increasingly clear that there is a tremendous pool of renewable generation developers that want to compete to fill the State's renewable generation goal/s. In this environment, it makes no sense to make it easier for early proposers to retain valuable rights to interconnect while other potentially more viable projects cannot connect to the grid.

19. Consider limiting interconnection agreement suspension rights

Comments:

BAMx favors limiting interconnection agreement suspension rights in order to promote the ability of the most viable projects to obtain a timely interconnection to the CAISO grid.

20. Consider incorporating PTO abandoned plant recovery into GIP

Comments:

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.

Work Group 5

21. Partial deliverability as an interconnection deliverability status option.

Comments:

No comments at this time.

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

Comments:

No comments at this time.

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

Comments:

No comments at this time.

24. Operational partial and interim deliverability assessment

Comments:

No comments at this time.

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

Comments:

No comments at this time.

New Topics since straw proposal

26. Comments on the LS Power issue raised in their comments submitted May 9, 2011 – Re. Conforming ISO tariff language to the FERC 2003-C LGIA on the treatment of transmission credits in Section 11.4 of Appendix Z.

Comments:

No comments at this time.

27. Correcting a broken link in the tariff regarding the disposition of forfeited funds.

Comments:

No comments at this time.

Other Comments:

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