

Stakeholder Comments Template

**Integration of Transmission Planning and Generation  
Interconnection Procedures (TPP-GIP Integration)  
Straw Proposal, July 21, 2011**

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, covered in the TPP-GIP Integration Straw Proposal posted on July 21, 2011 and discussed during the stakeholder meeting on July 28, 2011.

Please submit your comments below where indicated. At the end of this template you may add your comments on any other aspect of this initiative not covered in the topics listed. If you express support for a preferred approach for a particular topic, your comments will be most useful if you explain the reasons and business case behind your support.

Please submit comments (in MS Word) to TPP-GIP@caiso.com no later than the close of business on Tuesday, August 9, 2011.

1. The ISO has laid out several objectives for this initiative. Please indicate whether your organization believes these objectives are appropriate and complete. If your organization believes the list to be incomplete, please specify what additional objectives the ISO should include.

*CMUA strongly supports this initiative commenced by the CAISO after delay in previously GIP reform initiatives. CMUA specifically supports many of the objectives set forth by the CAISO at page 6-7 of the Straw Proposal. CMUA is supportive of the holistic planning approach, increased reliance on the TPP instead of the GIP, and efforts to provide appropriate cost allocation that will result in price signals to generators to seek efficient interconnection locations. CMUA is also supportive of fostering transparency in how transmission upgrade decisions are analyzed, including underlying data with respect to generation assumptions. While CMUA members have several clarifying questions, we are supportive of Objectives 1-6.*

2. At the end of the Objectives section (section 4) of the straw proposal, the ISO lists seven previously identified GIP issues that may be addressed within the scope of this initiative.

- a. Please indicate whether your organization agrees with any or all of the identified topics as in scope. If not, please indicate why not.

*To the extent that deposit, study, and other queue issues are **necessary** to be resolved as part of the TPP/GIP, CMUA has no objection. However, similar to the reasoning the CAISO used to separate out this issue from the broader GIP reform initiative, CMUA would be concerned if these issues were to delay action on the main objectives of TPP/GIP integration. The CAISO created a separate process for this issue, and additional complex questions should not cause delay.*

- b. Please identify any other unresolved GIP issues not on this list that should be in scope, and explain why.

*CMUA has no position on this issue at this time.*

3. Stage 1 of the ISO's proposal offers two options for conducting the GIP cluster studies and transitioning the results into TPP.

- a. Which option, Option 1A or Option 1B, best achieves the objectives of this initiative, and why? Are there other options the ISO should consider for structuring the GIP study process?

*CMUA has no position on this issue at this time.*

- b. What, if any, modifications to the GIP study process might be needed?

*CMUA has no position on this issue at this time.*

4. Stage 2 of the straw proposal adds a step to the end of the TPP cycle, in which the ISO identifies and estimates the costs of additional network upgrades to meet the interconnection needs of the cluster. Please offer comments and suggestions for how to make this step produce the most accurate and useful results.

*One issue that has vexed the transmission planning process is accurate cost metrics to evaluate network upgrade cost responsibility. Repeatedly, we have seen major transmission segments run significantly over cost estimates, diminishing the value and viability of the planning process. Accurate cost metrics in the planning process would assist the development of useful results.*

*Second, CMUA supports the general outline of Stage 2 as proposed in the Straw Proposal. CMUA is less concerned how remaining Interconnection Customers will decide to proceed forward if they are not part of the generation needed to meet the public policy requirement.*

*Third, CMUA remains concerned that even under this improved proposal, the CAISO process may still result in overbuilding. It is unclear that the CAISO will have the requisite information to determine the correct facilities to approve to meet the policy requirement. CMUA suggests further consideration of procurement/planning coordination improvements, in order to make the least-cost choices for policy driven projects.*

5. Stage 3 of the straw proposal identifies three options for allocating ratepayer funded upgrades to interconnection customers in over-subscribed areas.

*CMUA has no position on this issue at this time.*

- a. Please identify which option, Option 3A, 3B, or 3C, your organization prefers and why. Are there other options the ISO should consider?
  - b. If Option 3A is selected, what are appropriate milestones to determine which projects are the “first comers?”
  - c. If Option 3B is selected, what is the appropriate methodology for determining pro rata cost shares?
  - d. If Option 3C is selected, how should such an auction be conducted and what should be done with the auction proceeds from the winning bidders?
6. The straw proposal describes how the merchant transmission model in the current ISO tariff could apply to network upgrades that are paid for by an interconnection customer and not reimbursed by transmission ratepayers. Do you agree that the merchant transmission model is the appropriate tariff treatment of such upgrades, or should other approaches be considered? If you propose another approach, please describe the business case for why such approach is preferable.

*CMUA supports the use of the merchant transmission model to apply to interconnection customer-funded network upgrades not reimbursed by transmission ratepayers.*

7. Stage 3 of the proposal also addresses the situation where an IC pays for a network upgrade and later ICs benefit from these network upgrades.

*CMUA has no position on this issue at this time.*

- a. Should the ISO’s role in this case be limited to allocating option CRRs to the IC that paid for the upgrades?

- b. Should the ISO include provisions for later ICs that benefit from network upgrades to compensate the earlier ICs that paid for the upgrades?
8. In order to transition from the current framework to the new framework, the ISO proposes Clusters 1 and 2 proceed under the original structure, Cluster 5 would proceed using the new rules, and Clusters 3 and 4 would be given an option to continue under the new rules after they receive the results their GIP Phase 1 studies.
  - a. Please indicate whether you agree with this transition plan or would prefer a different approach. If you propose an alternative, please describe fully the reasons why your approach is preferable.

*CMUA would encourage further discussion at the next stakeholder meeting as to the impact of the timing on current projects in the queue. CMUA is unclear as to what reasonable expectations the CAISO is attempting to balance against immediate effectiveness. Clearly, Tariff changes are part and parcel of doing business within the CAISO markets. CMUA is concerned that there may already be enough transmission approved through the CAISO process for the CAISO Balancing Authority Area that will allow achievement of 33% renewables. These figures should be reviewed in order to make a reasonable determination that balances expectations against imprudent approval and construction of transmission for which there is no Public Power Requirement. Given the billions of dollars already being borne by consumers, it is essential that the new methodology be put in place as soon as reasonable possible.*

- b. If the straw proposal for the transition treatment of clusters 3 and 4 is adopted and a project in cluster 3 or 4 drops out instead of proceeding under the new rules, should the ISO provide any refunds or other compensation to such projects? If so, please indicate what compensation should be provided and why.

*CMUA has no position on this issue at this time.*

9. Some stakeholders have expressed a need for the ISO to restudy the need for and costs of network upgrades when projects drop out of the queue. The ISO seeks comment on when and restudies should be conducted, in the context of the proposed new TPP-GIP framework.

*CMUA has no position on this issue at this time*

10. Some stakeholders have suggested that there may be benefits of conducting TPP first and then have developers submit their projects to the GIP based on the

TPP results. Does your organization believe that conducting the process in such a manner is useful and reasonable?

*CMUA would support further consideration of this suggestion. If this suggestion resulted in generation siting decisions following the “least regrets” transmission plan, this could be a benefit.*

11. Please comment below on any other aspects of this initiative that were not covered in the questions above.