Stakeholder Comments Template

Generator Interconnection Procedures Phase 3 ("GIP 3")

Issue Paper, posted March 1, 2012

Please submit comments (in MS Word) to GIP3@caiso.com no later than the close of business on March 23, 2012.

Submitted by	Company	Date Submitted
Deral Danis ddanis@cleanlineenergy.com	Centennial West Clean Line LLC ("Clean Line")	3/23/12

This template is for submission of stakeholder comments on the topics listed below, which were discussed in the Generator Interconnection Procedures Phase 3 ("GIP 3") Issue Paper posted on March 1, 2012, and during the stakeholder meeting on March 15, 2012. **Please submit your comments in MS Word to GIP3@caiso.com *no later than the close of business on March 23, 2012*.** For the seven topics listed below, we ask that you rank each with a score of *0, 1, 2, or 3* in the space indicated (a more detailed description of each topic is contained in the issue paper posted at http://www.caiso.com/informed/Pages/StakeholderProcesses/GeneratorInterconnectionProceduresPhase3.aspx).

Please ascribe the following definitions to your scores:

3: For topics that are high priority and urgent (i.e., the topic is a candidate for the first phase of GIP 3).

2: For topics that are high priority but of less urgency than a score of 3 (i.e., the topic is a candidate for the second phase of GIP 3).

1: For topics that have low priority (i.e., the topic could wait until the next GIP stakeholder initiative subsequent to GIP 3).

0: For topics that are not appropriate to address in a GIP enhancement initiative.

Stakeholders need not score, or comment on, every topic but are encouraged to do so where they have an opinion. The ISO will assume that a stakeholder has "no opinion" on issues for which no score is provided.

In addition to scoring each topic on which you have an opinion, please also provide your comments on each. Also, if you disagree with the characterization of any particular topic in the issue paper, please explain how you describe the issue, how this compares to the existing rules, and what the objective on that topic should be in this initiative. Also, provide specific proposals to address each of the topics you have given a score of 3 (i.e., high priority and urgent topics).

For those topics you have given a score of 3, please provide the reasons and the business case for your perspective on the relative priority of the topic (e.g., explain the commercial impacts of not treating the topic as a Phase 1 high priority item in GIP 3).

Please also identify those topics which you believe may require a long time to address and therefore be candidates for work groups.

Please also provide any additional topics that you believe should be considered within the scope of the GIP 3 initiative; but, do not provide a score for these (the ISO will compile these into one composite list and use a survey process to request stakeholders to score them). For any additional topics that you provide in your comments, please provide specific proposals to address them.

Your comments in this regard will assist the ISO in the development of the Straw Proposal (on the Phase 1 high priority items) to be posted on April 10, 2012.

Comments on Items listed in GIP 3 Issue Paper:

1. **Downsizing** The potential need for an Interconnection Customer ("IC") to downsize or and/or delay in the late stages of the interconnection process may arise for various reasons (both for commercial reasons and those beyond an IC's control). An IC's primary recourse may be to withdraw from the queue and re-enter a later cluster. The current tariff prohibits the ability to downsize or delay the commercial operation date if a later queued project is adversely affected. There is no allowance for an IC to build in the option to downsize or, compensate/indemnify materially affected later-queued projects, or to remedy material impact in any way. The objective of this topic would be to identify and explore potential remedies.

   Score 0-3: 3

   Comments: Clean Line generally supports modifications to the Tariff allowing ICs to downsize and/or change the commercial operation date (COD) for their projects, so long as the reasons, commercial or otherwise, are substantive. If an IC downsizes or modifies its COD before the beginning of Phase I, no penalty should be assessed.

   If an IC changes its COD after the beginning of Phase II, it should be required to demonstrate substantive reason(s) for the change in COD. Potential reasons for a delay in COD may include:

   - Delays in regulatory permitting
   - Delays in environmental permitting
   - Delays in construction or equipment lead times

   These causes for delay in COD should be substantiated with sufficient evidence indicating that the interconnection customer could not have avoided such delays (that is, the delays were not the cause of the customer).

As referenced above, projects should be allowed to downsize at any time before the Phase II studies have begun. This is especially important when considering projects that have chosen "Option A" through the GIP and therefore are reliant on Transmission Planning (TP) deliverability. If these projects are only able to obtain some portion of TP deliverability and therefore decide to downsize to that portion, there should not be a penalty. Although "Option A" projects are used as an example here, the ability to downsize should be offered to any GIP projects until the Phase II study begins.

After the Phase II study has begun, the ability to downsize should be limited to some percentage of the original project size (60% seems like a good starting point for discussion), and this modification should only be allowed subject to the mitigation of any negative impacts on other queue requests.

2. **Distribution of forfeited funds** Non-refundable portions of the IC study deposits and financial security postings are distributed in the same manner as are penalties assessed market participants (i.e., distributions are made to scheduling coordinators). Current procedures provide for retention of certain portions of IC study deposits and financial security postings upon withdrawal from the queue. The objective of this topic would be to investigate/explore whether there is a more appropriate way to distribute these funds.

   Score 0-3:

   Comments:

3. **Independent study process** The determination of independent study process ("ISP") eligibility heavily relies on cluster study results which can result in delays meeting tariff timelines. Under existing rules, interconnection requests ("IRs") must satisfy the eligibility criteria set forth in Section 4 of the GIP (Appendix Y). The objective of this topic would be to investigate the potential for improving the ISP determination process to allow projects that are electrically independent to move forward on a faster pace than the annual cluster process would provide.

   Score 0-3:

   Comments:

4. **Fast track study process** The current eligibility screens were designed for distribution rather than transmission. Under existing rules, an IR must satisfy the eligibility screens set forth in Section 5 of the GIP (Appendix Y). The objective of this topic would be to investigate eligibility screens that may better suit the intent of the fast track study process (i.e., allow qualified projects to move forward on a faster pace than the provided by the annual cluster study process).

Score 0-3:

Comments:

5. **Behind the meter expansion** Some stakeholders have expressed interest in behind-the-meter ("BTM") expansion for phased generation interconnection projects. Under existing rules BTM expansion meeting business and technical criteria is studied using the independent study process track; however, the expansion can only happen after the original facility is in service. The objective of this topic would be to investigate/explore criteria and procedures that could enable BTM expansion before the entire original facility is in service.

   Score 0-3: 1

   Comments: Clean Line supports the idea of more flexible BTM expansion but would need to know more about the terms under which such expansion would be permitted.

6. **External transmission lines** Generator projects interconnecting to a gen-tie external to the ISO-controlled grid cannot obtain deliverability on the ISO grid (either directly or through the gen-tie developer). The objective of this topic would be to investigate/explore the development of rules under the GIP enabling the developer of such a gen-tie to offer deliverability (on the ISO grid) to generating projects interconnecting to the gen-tie.

   Score 0-3: 3

   Comments: This issue is of critical importance to Clean Line and does not apply only to generation ties. Clean Line's Centennial West Clean Line project is an example of a controllable HVDC transmission project external to the ISO-controlled grid that cannot obtain deliverability under the current process. This obstacle has important commercial consequences for the development of the project, especially if no option for obtaining deliverability exists before Clean Line potentially spends millions of dollars to enter a Phase II study. For a more detailed discussion of Clean Line's efforts to obtain deliverability for the Centennial West Clean Line project, please see the additional comments at the end of this document.

7. **Timeline for tendering draft GIAs** The large volume of IRs is making it difficult to tender draft GIAs within the 30-day timeline of the GIP. Under current rules, section 11 of the GIP requires tendering a draft GIA within 30 days after the ISO provides the final phase II results. The objective of this topic would be to investigate/explore potential modifications to the timeline for tendering a draft GIA.

Score 0-3:

Comments:

Other Comments:

1. Please list any additional topics that you believe should be considered for the scope of GIP 3; but, do not assign a score (the ISO will use a subsequent survey process to invite stakeholders to score additional topics). For any additional topics that you suggest, please provide the reasons and the business case for your perspective on the relative priority of the topic (e.g., explain the commercial impacts of not treating the topic as a Phase 1 high priority item in GIP 3). Also, identify those topics which you believe may require a long lead time to address and therefore be candidates for work groups. And lastly, please provide specific proposals to address each additional topic you have suggested.

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

Clean Line would like to thank the CAISO for the opportunity to provide these comments, and for the continuing efforts made by ISO staff to work with Clean Line on a means for projects like Clean Line's Centennial West HVDC line to obtain deliverability. As an HVDC project, Centennial West will be fully controllable, with generating resources attached through dedicated collector systems to the converter station(s) on the eastern sides of the project (NM and AZ). This configuration will result in up to 3500 MW of deliverable power to the CAISO grid from high quality wind and solar resource development. As outlined in previous comments and in-person discussions, the requirements for receiving deliverability, even through the newly integrated TPP-GIP process, are impossible for an inter-state HVDC facility to meet. Issue 6 above is a welcome step towards addressing the issue, but Clean Line remains concerned about the timeline anticipated by the ISO. If a means for inter-state HVDC lines to obtain deliverability is not apparent by the beginning of the Centennial West Clean Line's Phase II study, Clean Line would need to risk substantial capital to remain in an interconnection process with no discernible end benefit to the project. On the other hand, if Centennial West waits for Issue 6 to be addressed before filing its interconnection request, the associated delay could harm the project's ability to secure capacity customers.

To mitigate these risks, Clean Line will file an interconnection request for its Centennial West HVDC project in the Cluster 5 window and simultaneously work through the GIP Phase 3 stakeholder process to advocate for a timely resolution to Issue 6. Ideally, this resolution would involve a modified Generator Interconnection Agreement designed expressly for new, controllable transmission facilities attempting to tie generation located outside the ISO footprint to the ISO grid.

In the spirit of CAISO's request for specific proposals to facilitate solutions for the Issues of interest, Clean Line notes an example of the aforementioned "modified GIA". In April 2011, the NYISO, Consolidated Edison, and Hudson Transmission Partners (HTP) cooperatively modified (and filed with FERC) the NYISO pro-forma LGIA creating a Large Facility Interconnection Agreement (LFIA) to provide an opportunity for HTP's HVDC project to

interconnect to the NYISO system with the same rights as a generation project. See FERC Docket ER11-3479.