

# 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 February 24, 2011 *Issue Paper 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 March 10, 2011*. For the 21 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* at the link, above).

- **3: For topics that are high priority and urgent.**
- **2: For topics that are high priority but not urgent.**  
**(i.e., topic could wait until a subsequent GIP stakeholder initiative).**
- **1: For topics that have low priority.**
- **0: For topics in which “the ISO need not bother.”**

Stakeholders need not rank 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 rank is provided.

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

**Comments on Items listed in GIP 2 Issue Paper:**

**1. Develop procedures and tariff provisions for cost-benefit assessment of network upgrades.**

**Rank 0-3: 0**

**Comments:**

The CAISO has not demonstrated a need for this proposal. We understand that generation procurement activities by CPUC-jurisdictional Load-Serving Entities (LSEs) already consider transmission costs; it is difficult or impossible in this market to build generation without a power-purchase agreement (PPA), so effectively that process already serves as a check against uneconomic CAISO transmission investment. That process considers generation and transmission together; any CAISO assessment of transmission economics would be missing that complete picture, and without it, the results of that analysis will not be valid.

**2. Clarify Interconnection Customer (IC) cost and credit requirements when GIP network upgrades are modified in the transmission planning process (per the new RTPP provisions)**

**Rank 0-3: 3**

**Comments:**

The first group of projects whose large upgrades will be considered in the TPP (Clusters 1 and 2) is nearly to that point. Moreover, other generators need clarity about this GIP feature before they put up Interconnection Financial Security (IFS).

**3. Provide additional transparency regarding Participating Transmission Owner (PTO) transmission cost estimation procedures and per-unit upgrade cost estimates;**

**Rank 0-3: 3**

**Comments:**

We believe that the CAISO should take charge of this process, instead of leaving it up to each PTO to develop its own cost estimates using its own methodologies. The CAISO should establish policies on “starting points,” adjustment factors for terrain and other factors, escalation practices, and contingencies. The current cost estimates for SCE and SDG&E, in particular, are so inflated (35% contingency adder and 10% adder for “agents”) that the Phase I cost estimates do not provide a meaningful cost cap.

**4. Clarify applicability of GIP for a generator connecting to a non-PTO that is inside the ISO Balancing Area Authority (BAA) and wants to have full capacity deliverability status.** No comment.

**5. Explore potential modifications to the triggers that establish the deadlines for IC financial security postings.**

**Rank 0-3: 3**

**Comments:**

We would like to see the CAISO revise the deadline for making the Second IFS Posting to base it on the time that a study is actually final, or at is no longer subject to changes by the CAISO or PTO. (We understand why changes made by the Interconnection Customer might not count, to avoid situations where ICs continually make changes just to delay their postings.) The IC is supposed to have 180 days to make the decision about posting and, if the decision is positive, make the necessary financial arrangements; we have heard of situations where ICs were still unsure about their financial responsibility as late as the week before the due date.

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

**Rank 0-3: 3**

**Comments:**

These clarifications are needed as soon as possible, because the timing of such postings could influence a decision on whether or not to proceed earlier postings. This item should include both a better definition of the “start of construction” and the ability to phase the third posting based on start dates for major upgrades.

**7. Clarify ISO information provision to assist ICs.**

**Rank 0-3: 2**

**Comments:**

We support the CAISO’s tentative proposal to post the non-confidential portions of interconnection cluster studies. The CAISO should also include the data and analyses supporting those reports.

**8. Consider partial capacity as an interconnection deliverability status option.**

**Rank 0-3: 2**

**Comments:**

**Option 2** (partial-deliverability election before Phase II Study) is the best of the CAISO-provided options, since the IC will have some basis for making that election from the Phase I Study.

9. **Develop pro forma partial termination provisions to allow an IC to structure its generation project in a sequence of phases.** No comment.
10. **Provide for partial repayment of IC funding of network upgrades upon completion and commercial operation of each phase of a phased project.** No comment.
11. **Applying Section 25 of the tariff to conversions of grandfathered generating units to compliance with ISO tariff.** No comment.
12. **Clarify site exclusivity requirements for projects located on federal lands.** No comment.
13. **Specify appropriate security posting requirements where the PTO elects to upfront fund network upgrades.**

**Rank 0-3: 2**

**Comments:**

The CAISO should either clarify that the current tariff does not require IFS from ICs under those circumstances, or change the tariff to ensure that result if it thinks that the tariff is not already clear. ICs should not be required to post security for upgrades that they are not funding, because there is no recovery risk to the PTO from the IC.

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.** No comment.
15. **Clarify posting requirements for an IC that is already in operation and is applying only to increase its MW capacity.** No comment.

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

**Rank 0-3: 3**

**Comments:**

The PTOs' practices should be standardized, so that all PTOs use the same conventions, and the cost estimates in the interconnection studies and GIAs are consistent.

17. **Clarify how GIP applies to storage facilities and behind-the-meter expansion of existing facilities.**

**Rank 0-3: 3**

**Comments:**

The CAISO should consider pumped storage in this initiative, including whether longer-duration (multi-hour) storage resources can substitute for transmission, on a transitional or longer-term basis. For example, that type of storage could be used to reduce transmission requirements in areas where generation development is heavily weighted toward one technology (e.g., wind or solar), where most units would be peaking simultaneously.

Ideally, changes in this area would be available for application for Cluster 4 studies.

- 18. Conform technical requirements for small and large generators to a single standard, and develop study methodology to determine voltage impacts pursuant to FERC's 2010 order on ISO's proposed new interconnection standards.** No comment.

- 19. Revisit tariff requirement for off-peak deliverability assessment.**

**Rank 0-3: 3**

**Comments:**

Even if the requirement for this assessment is retained, the CAISO should consider exempting longer-duration storage from any upgrades that would be triggered, because of the high likelihood that those generating facilities will be pumping when congestion occurs under those conditions.

- 20. Include operational impacts in assessing generation interconnection impacts.**  
No comment.

- 21. Revise provisions for transferring queue position to a new IC.** No comment.