

## **Study Process for Interconnection Facilities Cost Estimates and Associated Posting Amounts**

Straw Proposal

First Solar and BrightSource Energy

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### **Existing Policy**

- Section 7.1 of the GIP identifies that the Scope of the Phase II Interconnection Study includes the following: "provide a +/- 20% estimate for each Interconnection Request of the final Participating TO's Interconnection Facilities"

### **Principles**

- The study methodology that certain PTOs employ includes "desktop assumptions" on the quantity of EH&S studies needed, the use of telecom lines, the need for obtaining additional easements, and the need for rebuilding distribution lines to accommodate telecommunication lines or higher rated wires. Due to these desktop assumptions, the resulting cost estimates are in some cases not meeting the +/- 20% Tariff requirement.
- The Phase I study timeline is tight and the PTOs may not be able to investigate the costs in more detail at this stage of the process. However, cost estimates that are high simply because adequate review has not been performed yet should not cause ICs undue posting burdens. Therefore, the Tariff should be updated to cap the required first Interconnection Financial Security posting for Interconnection Facilities.
- The Phase II study timeline is also tight. A cap would be welcome here as well. However, having costs continue to be estimated with desktop assumptions becomes increasingly problematic for the project sponsor, as these costs are an important part of assessing project viability.
- There have been certain Interconnection Facilities scope items that are being included in the PTO Interconnection Facilities costs estimates, but which are regularly performed by ICs, such as completing the environmental and cultural surveys, or are subsequently eliminated by the ICs, such as redundant telecom lines. There is value to the ICs in having the PTO estimate the cost to perform this scope, however, the scope selected by the IC should be reflected in the study results and posting requirements.
- In some cases, a limited number of additional assumption uncertainties are driving a significant amount of cost uncertainty. For these cases, the inability to address these uncertainties is impeding the PTOs ability to provide +/-20% cost estimates.

### **Proposal**

- Add a cap to the first IFS posting for Interconnection Facilities. The amount of this cap would be equal to the cap for Network Upgrades: 15% of the estimate, \$20,000 / MW, or \$7.5 million.
- Add additional detail to the Phase II Study Report on the components of the Interconnection Facilities costs, including a breakdown of the elements and costs for the EH&S and the Property Rights sections. Items which can be performed by the IC should be noted as "optional". If the IC elects to perform those activities, the related costs would not be included in the Interconnection Facilities cost estimates for purpose of the IFS postings.

- At any time after the publication of the Phase I Study Report and prior to 7 days after the Phase II Results Meeting, the IC can request a Facilities Assessment of the PTO Interconnection Facilities and Distribution Upgrades.
  - The Facilities Assessment would be provided for in the Generator Interconnection Study Process Agreement and would not require a separate agreement;
  - The scope of this Facilities Assessment will include any of the following at the election of the IC: review of the easements to determine the need to enhance existing easements if telecom lines are added to existing electric poles, a field survey and engineering study to determine which electric poles would require replacement.
- The "later of" dates listed in Straw Proposal section 5.2.3 for the Second Posting will include:
  - 60 days after the publication of the Interconnection Facilities and Distribution Upgrades Facilities Assessment, (so long as the study is requested within the timeframe listed above).
- If the Interconnection Facilities and Distribution Upgrades cost estimates or in-service dates change due to the Facilities Assessment by more than the thresholds identified in Straw Proposal section 5.2.3, then the final report date will be revised accordingly. (added here to clarify interaction with other elements of the straw proposal document)