The following represents revised proposed text showing changes to the CAISO Tariff intended to implement the Proposed Changes to the Large Generator Interconnection Procedures Cluster Processing. This revision is intended to incorporate the clarifications to the proposal contained in the Update to Final Proposal posted on September 4, 2009. The California ISO reserves the right to make changes to this proposed text prior to submittal to FERC.

Large Generator Interconnection Procedures (LGIP)
for Interconnection Requests in a Queue Cluster Window
GIPR (Appendix Y)
Fourth Replacement CAISO Tariff
September 15, 2009
CAISO TARIFF APPENDIX Y
Large Generator Interconnection Procedures (LGIP)
for Interconnection Requests in a Queue Cluster Window

Section 6 Interconnection Studies.

6.3 Identification and Cost Allocation Methods for Network Upgrades in Phase I Interconnection Study.

6.3.1 Reliability Network Upgrades.

The CAISO, in coordination with the applicable Participating TO(s), will perform short circuit and stability analyses for each Interconnection Request either individually or as part of a Group Study to preliminarily identify the Reliability Network Upgrades needed to interconnect the Large Generating Facilities to the CAISO Controlled Grid. The CAISO, in coordination with the applicable Participating TO(s), shall also perform power flow analyses, under a variety of system conditions, for each Interconnection Request either individually or as part of a Group Study to identify Reliability Criteria violations, including applicable thermal overloads, that must be mitigated by Reliability Network Upgrades.

The estimated costs of all Reliability Network Upgrades identified in the Phase I Interconnection Study shall be estimated in accordance with LGIP Section 6.4. The estimated costs of short circuit related Reliability Network Upgrades identified through a Group Study shall be assigned to all Interconnection Requests in that Group Study pro rata on the basis of the short circuit duty contribution of each Large Generating Facility. The estimated costs of all other Reliability Network Upgrades identified as a result of an Interconnection Request studied separately shall be assigned solely to that Interconnection Request.

6.7.2 Modifications.

6.7.2.1 Notwithstanding the above, at any time, during the course of the Interconnection Studies, the Interconnection Customer, the applicable Participating TO(s), or the CAISO may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to the applicable Participating TO(s), the CAISO, and Interconnection Customer, such acceptance not to be unreasonably withheld, the CAISO shall modify the Point of Interconnection and/or configuration in accordance with such changes without...
altering the Interconnection Request’s eligibility for participating in Interconnection Studies.

6.7.2.2  
At the Phase I Interconnection Study Results Meeting, the Interconnection Customer should be prepared to discuss any desired modifications to the Interconnection Request. Within five (5) Business Days following the Phase I Interconnection Study Results Meeting, the Interconnection Customer shall submit to the CAISO, in writing, modifications to any information provided in the Interconnection Request. The CAISO will forward the Interconnection Customer’s modification to the applicable Participating TO(s) within one Business Day of receipt. The Interconnection Customer shall remain eligible for the Phase II Interconnection Study if the modifications are in accordance with LGIP Sections 6.7.2.1 or 6.7.2.2.

Notwithstanding the above, during the course of the Interconnection Studies, the Interconnection Customer, the applicable Participating TO(s), or the CAISO may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to the applicable Participating TO(s), the CAISO, and Interconnection Customer, such acceptance not to be unreasonably withheld, the CAISO shall modify the Point of Interconnection and/or configuration in accordance with such changes without altering the Interconnection Request’s eligibility for participating in Interconnection Studies.

6.7.2.4  
Modifications permitted under this Section 6.7.2 shall include specifically: (a) a decrease in the electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration.

6.7.2.2  
For any modification other than those specifically permitted by LGIP Section 6.7.2.1 these, the Interconnection Customer may first request that the CAISO evaluate whether such modification is a Material Modification. In response to the Interconnection Customer's request, the CAISO, in coordination with the affected Participating TO(s) and, if applicable, any Affected System Operator, shall evaluate the proposed modifications prior to making them and the CAISO shall inform the Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except for that specified by the CAISO in an Interconnection Study or otherwise allowed under this LGIP Section 6.7.2, shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

The Interconnection Customer shall remain eligible for the Phase II Interconnection Study if the modifications are in accordance with this LGIP Section 6.7.2.2.

* * *

7.3  Finance of Reliability Network Upgrades.

The responsibility to finance final Reliability Network Upgrades identified in the Phase II Interconnection Study of an Interconnection Request studied separately shall be assigned solely to that Interconnection Request up to the cost assignment for Reliability Network Upgrades under LGIP Section 6.3.1. The responsibility to finance final short circuit related Reliability Network Upgrades identified through a Group Study in the Phase II Interconnection Study shall be assigned to all Interconnection Requests in that Group.
Study pro rata on the basis of short circuit duty contribution of each Large Generating Facility up to the cost assignment for Reliability Network Upgrades under LGIP Section 6.3.1. The responsibility to finance all other final Reliability Network Upgrades identified through a Group Study in the Phase II Interconnection Study shall be assigned to all Interconnection Requests in that Group Study pro rata on the basis of the maximum megawatt electrical output of each proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of each existing Generating Facility as listed by the Interconnection Customer in its Interconnection Request up to the cost assignment for Reliability Network Upgrades under LGIP Section 6.3.1.

* * *

9.1 Types of Interconnection Financial Security.

The Interconnection Financial Security posted by an Interconnection Customer may be any combination of the following types of Interconnection Financial Security provided in favor of the applicable Participating TO(s):

(a) an irrevocable and unconditional letter of credit issued by a bank or financial institution that has a credit rating of A or better by Standard and Poors or A2 or better by Moody’s;

(b) an irrevocable and unconditional surety bond issued by an insurance company that has a credit rating of A or better by Standard and Poors or A2 or better by Moody’s;

(c) an unconditional and irrevocable guaranty issued by a company that has a credit rating of A or better by Standard and Poors or A2 or better by Moody’s;

(d) a cash deposit standing to the credit of the applicable Participating TO(s) in an interest-bearing escrow account maintained at a bank or financial institution that is reasonably acceptable to the applicable Participating TO(s);

(e) a certificate of deposit in the name of the applicable Participating TO(s) issued by a bank or financial institution that has a credit rating of A or better by Standard and Poors or A2 or better by Moody’s; or

(f) a payment bond certificate in the name of the applicable Participating TO(s) issued by a bank or financial institution that has a credit rating of A or better by Standard and Poors or A2 or better by Moody’s.

Interconnection Financial Security instruments as listed above shall be in such form as the CAISO and applicable Participating TO(s) may reasonably require from time to time by notice to Interconnection Customers or in such other form as has been evaluated and approved as reasonably acceptable by the CAISO and applicable Participating TO(s).

The CAISO shall publish and maintain standardized forms related to the types of Interconnection Financial Security listed above on the CAISO Website. The CAISO shall require the use of standardized forms of Interconnection Financial Security to the greatest extent possible. If at any time the guarantor of the Interconnection Financial Security fails to maintain the credit rating required by this LGIP Section 9.1, the Interconnection Customer shall provide to the CAISO-applicable Participating TO(s) replacement Interconnection Financial Security meeting the requirements of this LGIP Section 9.1 within five (5) Business Days of the change in credit rating.

Interest on a cash deposit standing to the credit of the CAISO-applicable Participating TO(s) in an interest-bearing escrow account under subpart (d) of this LGIP Section 9.1
will accrue to the Interconnection Customer’s benefit and will be added to the Interconnection Customer’s account on a monthly basis.

On or before ninety (90) calendar days after publication of the final Phase I Interconnection Study report, Interconnection Customers must post, with notice to the CAISO, two separate Interconnection Financial Security instruments.

First, the Interconnection Customer shall post an Interconnection Financial Security instrument in an amount equal to the lesser of (i) the amount of twenty fifteen percent (2015%) of the total cost responsibility assigned to the Interconnection Customer in the final Phase I Interconnection Study for Network Upgrades, (ii) $20,000 per megawatt of electrical output of the Large Generating Facility, including any requested modifications thereto, or (iii) $7,500,000, but in no event less than $500,000, or $500,000, whichever is greater, and (ii) in the

The Interconnection Customer shall also post an Interconnection Financial Security instrument in the amount of twenty percent (20%) of the total cost responsibility assigned to the Interconnection Customer in the final Phase I Interconnection Study for Participating TO’s Interconnection Facilities.

The failure by an Interconnection Customer to timely post, and notify the CAISO of the posting of, the Interconnection Financial Security required by this LGIP Section 9.2 shall result in the Interconnection Request being deemed withdrawn and subject to LGIP Section 3.8. The Interconnection Customer shall provide the CAISO and the Participating TO with written notice that it has posted the required Interconnection Financial Security no later than the applicable final day for posting.

9.3 Second and Third Posting of Interconnection Financial Security.

9.3.1 Second Posting of Interconnection Financial Security.

On or before one hundred eighty (180) calendar days after publication of the final Phase II Interconnection Study report or at the start of Construction Activities of Network Upgrades or Participating TO’s Interconnection Facilities, whichever is earlier, the Interconnection Customer must post, with notice to the CAISO, two separate Interconnection Financial Security instruments.

First, the Interconnection Customer shall post an Interconnection Financial Security instrument such that the total Interconnection Financial Security posted by the Interconnection Customer for Network Upgrades equals thirty percent (30%) of the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in either the final Phase I Interconnection Study or final Phase II Interconnection Study, whichever is lower, but in no event less than $500,000.

The Interconnection Customer shall also post an Interconnection Financial Security instrument such that the total Interconnection Financial Security posted by the Interconnection Customer for Participating TO Interconnection Facilities equals thirty percent (30%) of the total cost responsibility assigned to the Interconnection Customer in the final Phase II Interconnection Study for Participating TO’s Interconnection Facilities.

one hundred percent (100%) of the total cost responsibility assigned to the Interconnection Customer (i) in the final Phase I Interconnection Study for Network Upgrades, if greater than $500,000, and (ii) in the final Phase II Interconnection Study for Participating TO’s Interconnection Facilities.
If the start date for Construction Activities of Network Upgrades or Participating TO’s Interconnection Facilities on behalf of the Interconnection Customer is prior to one hundred eighty (180) calendar days after publication of the final Phase II Interconnection Study report, that start date must be set forth in the Interconnection Customer’s LGIA if that start date, and the Interconnection Customer shall make its second posting of Interconnection Financial Security pursuant to LGIP Section 9.3.2 rather than LGIP Section 9.3.1 is prior to one hundred eighty (180) calendar days after publication of the final Phase II Interconnection Study report.

The failure by an Interconnection Customer to timely post the Interconnection Financial Security required by this LGIP Section 9.3.12 shall constitute grounds for termination of the LGIA pursuant to LGIA Article 2.3.

9.3.2 Third Posting of Interconnection Financial Security.

On or before the start of Construction Activities for Network Upgrades or Participating TO’s Interconnection Facilities on behalf of the Interconnection Customer, whichever is earlier, the Interconnection Customer shall modify the two separate Interconnection Financial Security instruments posted pursuant to LGIP Section 9.3.1 as follows. With respect to the Interconnection Financial Security Instrument for Network Upgrades, the Interconnection Customer shall modify this Instrument so that it equals one hundred percent (100%) of the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in either the final Phase I Interconnection Study or Phase II Interconnection Study, whichever is lower, but in no event less than $500,000. With respect to the Interconnection Financial Security Instrument for Participating TO Interconnection Facilities, the Interconnection Customer shall modify this instrument so that it equals one hundred percent (100%) of the total cost responsibility assigned to the Interconnection Customer for Participating TO Interconnection Facilities in the final Phase II Interconnection Study.

The failure by an Interconnection Customer to timely post the Interconnection Financial Security required by this LGIP Section 9.3.2 shall constitute grounds for termination of the LGIA pursuant to LGIA Article 2.3.

9.4 General Effect of Withdrawal of Interconnection Request or Termination of the LGIA on Interconnection Financial Security.

Except as set forth in LGIP Section 9.4.1, withdrawal of an Interconnection Request or termination of an LGIA shall allow the applicable Participating TO(s) to liquidate the Interconnection Financial Security, or balance thereof, posted by the Interconnection Customer for Network Upgrades at the time of withdrawal. To the extent the amount of the liquidated Interconnection Financial Security plus capital, if any, separately provided by the Interconnection Customer to satisfy its obligation to finance Network Upgrades in accordance with LGIP Section 12.3 exceeds the total cost responsibility for Network Upgrades assigned to the Interconnection Customer by the final Phase I or Phase II Interconnection Study, whichever is lower, Phase I Interconnection Study, the applicable Participating TO(s) shall remit to the Interconnection Customer the excess amount.

Withdrawal of an Interconnection Request or termination of an LGIA shall result in the release to the Interconnection Customer of any Interconnection Financial Security posted by the Interconnection Customer for Participating TO’s Interconnection Facilities, except with respect to any amounts necessary to pay for costs incurred or irrevocably committed by the applicable Participating TO(s) on behalf of the Interconnection Customer for the Participating TO’s Interconnection Facilities and for which the applicable Participating TO(s) has not been reimbursed.

9.4.2.1 Up to One Hundred Eighty Days After Final Phase II Interconnection Study Report.

If, at any time after the initial posting of the Interconnection Financial Security for Network Upgrades under LGIP Section 9.2 and on or before one hundred eighty (180) calendar days after the date of issuance of the final Phase II Interconnection Study report, the Interconnection Customer withdraws the Interconnection Request or terminates the LGIA, as applicable, in accordance with LGIP Section 9.4.1, the applicable Participating TO(s) shall liquidate the Interconnection Financial Security for Network Upgrades under LGIP Section 9.2 and reimburse the Interconnection Customer in an amount of (i) any posted amounts less fifty percent (50%) of the value of the posted Interconnection Financial Security for Network Upgrades (with a maximum of $10,000 per requested and approved megawatt value of the Generating Facility Capacity at the time of withdrawal being retained by the Participating TO(s)), or, (ii) if the Interconnection Financial Security has been drawn down to finance Pre-Construction Activities for Network Upgrades on behalf of the Interconnection Customer, the lesser of the remaining balance of the Interconnection Financial Security or the amount calculated under (i) above. If the Interconnection Customer has separately provided capital apart from the Interconnection Financial Security to finance Pre-Construction Activities for Network Upgrades, the applicable Participating TO(s) will credit the capital provided as if drawn from the Interconnection Financial Security and apply (ii) above.

9.4.2.2 Between One Hundred Eighty-One Days and Three Hundred Sixty-Five Days After Final Phase II Interconnection Study Report and the Commencement of Construction Activities.

If, at any time between one hundred eighty-one (181) calendar days and three hundred sixty-five (365) calendar days after the date of issuance of the final Phase II Interconnection Study report and the commencement of Construction Activities for either Network Upgrades or Participating TO's Interconnection Facilities, the Interconnection Customer withdraws the Interconnection Request or terminates the LGIA, as applicable, in accordance with LGIP Section 9.4.1, the applicable Participating TO(s) shall liquidate the Interconnection Financial Security for Network Upgrades under LGIP Section 9.3 and reimburse the Interconnection Customer in an amount of (i) any posted amounts less fifty percent (50%) of the posted value of the posted Interconnection Financial Security for Network Upgrades (with a maximum of $20,000 per requested and approved megawatt value of the Generating Facility Capacity at the time of withdrawal being retained by the Participating TO(s)), or, (ii) if the Interconnection Financial Security has been drawn down to finance Pre-Construction Activities for Network Upgrades on behalf of the Interconnection Customer, the lesser of the remaining balance of the Interconnection Financial Security or the amount calculated under (i) above. If the Interconnection Customer has separately provided capital apart from the Interconnection Financial Security to finance Pre-Construction Activities for Network Upgrades, the applicable Participating TO(s) will credit the capital provided as if drawn from the Interconnection Financial Security and apply (ii) above.

9.4.2.3 [Not Used] Between Three Hundred Sixty-Six Days and Five Hundred Forty-Five Days After Final Phase II Interconnection Study Report.

If, at any time between three hundred sixty-six (366) calendar days and five hundred forty-five (545) calendar days after the date of issuance of the final Phase II Interconnection Study report, the Interconnection Customer withdraws the Interconnection Request or terminates the LGIA, as applicable, in accordance with LGIP...
Section 9.4.1, the applicable Participating TO(s) shall liquidate the Interconnection Financial Security for Network Upgrades under LGIP Section 9.3 and reimburse the Interconnection Customer in an amount of (i) twenty percent (20%) of the posted value of the Interconnection Financial Security for Network Upgrades, or, (ii) if the Interconnection Financial Security has been drawn down to finance Pre-Construction Activities for Network Upgrades on behalf of the Interconnection Customer, the lesser of remaining balance of the Interconnection Financial Security or the amount calculated under (i) above. If the Interconnection Customer has separately provided capital apart from the Interconnection Financial Security to finance Pre-Construction Activities for Network Upgrades, the applicable Participating TO(s) will credit the capital provided as if drawn from the Interconnection Financial Security and apply (ii) above.

* * *

9.4.2.6 Notification to CAISO and Accounting by Applicable Participating TO(s).

The applicable Participating TO(s) must notify the CAISO within one (1) Business Day of liquidating any Interconnection Financial Security. Within twenty (20) calendar days of any liquidating event, the applicable Participating TO(s) must provide the CAISO and Interconnection Customer with an accounting of the disposition of the proceeds of the liquidated Interconnection Financial Security and remit to the CAISO all proceeds not otherwise reimbursed to the Interconnection Customer or applied to costs incurred or irrevocably committed by the applicable Participating TO(s) on behalf of the Interconnection Customer in accordance with this LGIP Section 9.4. All non-refundable portions of the Interconnection Financial Security remitted to the CAISO in accordance with this LGIP Section 9.4 shall be treated in accordance with CAISO Tariff Section 37.9.4.

* * *

Appendix 2 to

Large Generator Interconnection Procedures (LGIP)
Relating to the Transition Cluster

* * *

4.3.1 Modifications.

Proposed modifications to the Interconnection Request shall be evaluated as set forth in LGIP Section 6.7.2, except that for projects in the Transition Cluster (i) the modifications permitted under this Section shall also include: (d) an increase in the MW value above the Generating Facility Capacity set forth in the Interconnection Request, not to exceed thirty percent (30%) of the original amount (i.e., not to exceed 130% of the Generation Facility Capacity set forth in the original Interconnection Request); and (e) a change in the requested deliverability status set forth in the Interconnection Request from Energy Only to full capacity, and (ii) any modifications requested for projects in the Transition Cluster must be made within five (5) business days of the effective date of this tariff sheet.

4.4 Cost Allocation Methods for Reliability Network Upgrades in Phase I Interconnection Study.

The estimated costs for Reliability Network Upgrades identified in the Phase I Interconnection Study for the Transition Cluster shall be allocated as set forth in LGIP Section 6.3.1, except that the estimated costs of short circuit related Reliability Network Upgrades identified through the Phase I Interconnection Study shall be assigned to all Interconnection Requests in that Study pro rata on the basis of the maximum megawatt electrical output of each proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of each
existing Generating Facility as listed by the Interconnection Customer in its Interconnection Request.

* * *

5.3 Financing of Reliability Network Upgrades Identified in Phase II Interconnection Study

The responsibility for financing final Reliability Network Upgrades identified in the Phase II Interconnection Study for the Transition Cluster shall be determined as set forth in LGIP Section 7.3, except that (i) the responsibility for financing final short circuit related Reliability Network Upgrades identified in the Phase II Interconnection Study shall be assigned to all Interconnection Requests in that Study pro rata on the basis of the maximum megawatt electrical output of each proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of each existing Generating Facility as listed by the Interconnection Customer in its Interconnection Request, up to the cost assignment for Reliability Network Upgrades under LGIP Section 6.3.1 and Section 4.4 of this Appendix 2, and (ii) to the extent that modifications made by one or more Interconnection Customers for either of the reasons specified in Section 4.3.1 of this Appendix 2 causes the need for additional upgrades within the applicable Transition Cluster study group beyond those identified in the Phase I Interconnection Study, the responsibility for financing such incremental upgrades shall be assigned solely to those Interconnection Customers making such modifications pro rata as set forth in LGIP Section 6.3.1 and Section 4.4 of this Appendix 2.

* * *


The provisions of LGIP Section 9 shall apply to the Transition Cluster, except that (i) the initial posting of Interconnection Financial Security under LGIP Section 9.2 in Appendix Y shall be required on or before the later of ten (10) business days after the effective date of this tariff sheet or one hundred twenty (120) calendar days after publication of the Phase I Interconnection Study report, but in no event later than December 15, 2009; and (ii) any Interconnection Customer who has been permitted a modification for either of the reasons specified in Section 4.3.1 of this Appendix 2 shall make its first posting of Interconnection Financial Security for Network Upgrades pursuant to LGIP Section 9.2 in an amount equal to the lesser of $20,000 per megawatt of electrical output of the Large Generating Facility, including any modifications thereto, or $7,500,000, but in no event less than $500,000, and shall make its second and third postings of Interconnection Financial Security for Network Upgrades pursuant to LGIP Section 9.3 based on the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in the Phase II Interconnection Study.

* * *