Update to Final Proposal
Proposed Changes to Large Generator Interconnection Procedures (LGIP) Cluster Processing

This document outlines certain clarifying points to the California ISO’s (ISO) Final Proposal for amendments to the Large Generation Interconnection Procedures (LGIP) that will be presented to the ISO Board of Governors ISO at the September 10-11 board meeting. This update does not include draft tariff language incorporating the points into the LGIP.

Re Final Proposal Item--(2) Customer Modifications to Interconnection Requests

1) With regard to the initial financial security posting for projects that increase or decrease their MW value (lesser of $20K/MW or 7.5 million). When an interconnection customer requests to modify its interconnection request to either increase or decrease the MW value of its interconnection request, the $20K/MW calculation amount will be based upon the MW value of the project as modified, on the new requested amount, not the MW value of the original interconnection request.

For example, if a customer submitted an interconnection request for a 300MW project, and then requests (pursuant to Section 6.7.2) to modify its request to decrease the MW value from 300MW to 200MW, then for determining the posting amount for the initial financial security a 200 MW value would be used, and the required amount would be $20K multiplied by 200MW = $4 million, which is less than $7.5 million.

2) This point applies to Modifications available to Transition Cluster only under the Proposed LGIP Amendments.

Cost Responsibility for interconnection customers that request to modify their interconnection request to increase the project MW value or change deliverability status from ‘Energy Only’ to ‘Full Capacity’. Customers selecting one of these two options will assume full cost responsibility for any increment increase of network upgrades caused by their election.

During the Phase II studies, in the case where the customer’s requested project change triggers the need for an incremental upgrade within the group in which it was studied, the customer will assume cost responsibility for the entire amount of this incremental upgrade. The cost responsibility for this incremental upgrade. is not allocated to the unchanged projects in the study group, because their costs have been fixed at Phase I. In situations where two or more customers within a study group have elected to modify their requests (change to Full Capacity or increase MWs), the cost responsibility for the incremental upgrade will be apportioned among those interconnection customers who requested the change pro rata, on the basis of the MW value of their projects (in the case of reliability network upgrades, in accordance with Section 6.3.1) or on the basis of generation shift factors (in the case of delivery network upgrades, in accordance with Section 6.3.2).

For example, assume a study group composed of 4 customer interconnection requests (4 projects), and that during the Phase I studies, the 4 projects were assigned network upgrade costs of $80 million or $20 million each.

Also assume that one project requests to increase MW value (increase output) or to change from energy only to full capacity, and the resulting required network upgrades as determined in Phase II are $100 million.
Since three customers did not select any changes for their projects, their Phase I cap would apply. Accordingly the unchanged projects are unchanged and have a cost responsibility of $20 million each or $60 million. The remaining $40 million ($100 million minus the $60 million for the other customers, which is capped) will be assigned to the customer who requested the modification. For the interconnection customer that requested the change, the 2nd and 3rd postings would be based on this $40 million cost responsibility amount.

3) **Timing for Interconnection Customer Modifications**—Existing LGIP Section 6.7.2 requires interconnection customers to submit to the ISO any requested modifications to the interconnection request within 5 days after the customer’s Phase I results meeting.

The ISO proposes to extend the time for submitting modification requests for the transition cluster to a date which is either 5 days following the issuance of a FERC Order accepting the ISO’s LGIP amendment or December 1, 2009, whichever is earlier.

Logically, the extension of time should only be needed by those customers who may wish to avail themselves of the option to modify their interconnection request to increase MW value, decrease MW value, or switch deliverability capacity. Accordingly, the ISO’s preference is that customers unaffected by the change would submit any modification request at the earliest possible date.

**Re Final Proposal Item (3)--Installment Structure And Amounts of the Financial Security Instrument (FSI) Postings**

1) **With regard to the second posting of Financial Security Instruments (FSI)**—at the second posting, interconnection customers are required to post that amount which brings the customer’s total amount of FSI up to thirty percent. The Proposal does not require customers to post thirty percent (30%) over and above the initial FSI posting amount.