

Stakeholder Comments Template

Submitted by	Company	Date Submitted
Steven Kelly, Director of Policy steven@iepa.com (916) 448-9499	Independent Energy Producers	August 22, 2013

Please use this template to provide your comments on the Interconnection Process Enhancements Straw Proposal posted on July 18 and as supplemented by the presentation and discussion during the August 8 stakeholder meeting.

Submit comments to GIP@caiso.com

[Comments are due August 22, 2013 by 5:00pm](#)

The Straw Proposal posted on July 18 may be found at:

http://www.caiso.com/Documents/StrawProposal-Topics1-5_13-15_InterconnectionProcessEnhancements.pdf

The presentation discussed during the August 8 stakeholder meeting may be found at:

http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancements080813.pdf

Please provide your comments following each of the topics listed below.

Topic 1 – Future downsizing policy

Comments:

Although IEP would have desired that the downsizing proposal be enacted this year so as to allow projects whose COD would arrive between now and the time that this downsizing would be in effect, IEP supports the on-going downsizing proposal made by the ISO in its July 18, 2013 Straw Proposal. In conjunction with Topic #2 (“Failure of a Second Phase”), IEP requests that the ISO acknowledge on both Topics #1 and #2 that a sizeable number of projects could be left out due to timing alone, since downsizing will not be available until November 2014 – to be implemented in 2015. Any estimate of how many IC’s could get caught in this

timing trap based on queue information alone is highly uncertain. With that caveat, and assuming that IR's with Current On-Line Dates between January 1, 2014 and October 31, 2014 could potentially be candidates for downsizing, IEP estimates that 42 interconnection requests representing 5,738 MWs could be faced with that risk.

On that point, IEP further suggests that the ISO revise its proposal to cease material modification as a path towards downsizing and maintain the availability of material modification as a means for IC's to downsize their projects until such a time as the downsizing initiative envisioned with this proposal is fully functional.

PTO's voiced an opinion during the August 8, 2013 stakeholder meeting that downsizing requests should be limited in size, citing the example of a 400 MW generator that downsized to a 0.5 MW project. While that specific scenario may be an extreme example, the fact that the project no longer drives transmission studies and potential stranded upgrades for the other 399.5 MW that apparently wasn't going to be built should be embraced and not discouraged by such a limit. Additionally, IEP finds the PTO's suggestion about limiting the number of times that an IC could downsize to be contrary to the purpose and value of downsizing; namely, aligning commercial realities with the number of projects in the queue. IEP recommends that the ISO place no limit on the number of times an IC can request downsizing on its project. We don't expect that the number of times project requests downsizing will be excessive, and we expect that such commercial flexibility will be to the benefit of both buyer and the seller.

During the stakeholder call PG&E also voiced the opinion that serial projects that apply to downsize under the program anticipated under this initiative should be governed by the queue cluster portions/appendices of the tariff. IEP does not agree with that position and requests that the ISO not adopt such a provision. The ISO should conclude that additional burdens (i.e. having to follow cluster tariff, etc), and in effect applying a different portion of the tariff after the fact, should not be imposed on projects that are trying their best to stay/become viable, and instead the ISO should simply replicate the rules followed for the 1-time downsizing approach used earlier.

Finally, IEP appreciates the ISO's continued consideration of the applicability of downsizing to queue clusters 5 and later. We encourage the ISO to reconsider the limitation of downsizing to only C4 and earlier projects at the time when the impacts of the original downsizing initiative are fully understood and GIDAP has produced results sufficient to make a determination about its effectiveness.

Topic 2 – Disconnection of first phase of project for failure to build later phase

Comments:

IEP appreciates that the ISO is attempting to find a balanced position between the draconian option of disconnection of a working phase versus removal of all consequences for phased projects that don't reach COD for their secondary phases. The ISO offers two proposals on this topic, not including a third proposal (Proposal #3) to increase the safe harbor provision which IEP fully supports.

Proposal #1 indicates that GIA termination and operational phase disconnection would not be undertaken solely due to the lack of an IC to reach COD on its full IR megawatts. Proposal #2 indicates that a customer who cancels a later portion of a project, and who hasn't taken advantage of its right through available means to reduce its project size, will be responsible for all postings and costs associated with the full IR megawatts of the project and will forfeit the right of reimbursement for a pro rata share of postings and costs associated with the cancelled portion of the project.

IEP requests that the ISO consider a hybrid of its proposals in Topic #1 and Topic #2 as a means to address the need for commercial flexibility while maintaining the ISO's need to manage the queue and recover cost. Specifically, IEP suggests changing the ISO's proposal so that when an IC informs the ISO that its secondary phase(s) will not reach COD per the GIA, the IC can elect to (A) cancel the incomplete project phases and be responsible for all security postings and costs associated with the full MW size of the project as stated in the GIA, and forfeit the pro rata portion of posting and costs associated with the cancelled portion of the project, or (B) elect to submit the incomplete portion of the IR to downsizing in the next downsizing cycle and become responsible for all costs associated with that process. The outcome relative to the queue would be essentially the same regardless of the option taken by the IC, albeit with a difference in timing, and for the ISO and PTO's, cluster study assumptions that had included the full MW of the cancelled project could be revised. In addition, cost reimbursement would be in accordance with both the downsizing process and Proposal #2 in this topic.

Topic 3 – Clarify tariff and GIA provisions related to dividing up GIAs into multiple phases or generating projects

Comments:

IEP supports the ISO's proposal not to limit the number of phases into which an interconnection request may be split. IEP considers the worst case scenario brought up in the stakeholder meeting – where a 100 MW project splits into 100 phases of 1 MW – is highly improbable and, as stated in our prior comments, believes that commercial considerations will effectively self-limit the number of phases to a reasonable number.

During the stakeholder meeting on August 8th participants discussed the concept of splitting a project into phases with non-affiliated but contractually bound parties owning separate phases under the same GIA – provided they agree to joint and several liability. IEP generally supports concepts that provide for additional commercial flexibility and in this matter would support tariff provisions that allowed a project to split into phases that are “owned” by parties that are affiliated, non-affiliated, or both. This would entail all parties, affiliated or not, agreeing to joint and several liability which would provide the ISO with the contractual protection it desires while offering a valuable option for generators to make commercial arrangements that get projects funded, built, and an into operation for California.

Topic 4 – Improve Independent Study Process

Comments:

During the August 8th stakeholder meeting the ISO asked whether or not stakeholders believe there would be value for deliverable projects that use the ISP to come on-line as energy only while waiting for available deliverability. IEP would support a proposal by the ISO that aims to allow energy-only capability while an ISP project awaits cluster study outcomes that would assign deliverability. While nearly all PPA's would require deliverability to satisfy contractual obligations, IEP can envision scenarios where a project could avail itself of market sales opportunities if it had the opportunity to transact on an energy-only basis before their network upgrades were in service.

Topic 5 – Improve Fast Track

Comments:

None at this time

Topic 13 – Clarify timing of transmission cost reimbursement

Comments:

IEP supports the status quo, triggering repayment on the COD of the IC's generation only and not on the combination of generator COD and transmission upgrade in service date. As stated in our prior comments, generators would be placed unnecessarily at risk if their repayment for funding transmission upgrades were to be tied to engineering, procurement, construction and testing schedules for network upgrades over which they have no direct control.

Topic 14 – Distribution of forfeited funds**Comments:**

In an ideal allocation methodology IEP believes that those entities that were impacted directly by the withdrawal of the project – assuming that impact can indeed be determined – would receive funds to compensate that cost. The fact that project withdrawal may drive an impact up to the system-wide level, IEP reiterates its preference for forfeited funds to be applied to the ISO's TAC. In this scenario, all ratepayers would benefit equally from the distribution and this allocation would be more appropriate than attempting to determine which select set of customers should get the ultimate benefit.

Irrespective of the distribution method chosen by the ISO, and assuming there is an excess of funds after the initial distribution, IEP would suggest that the ratepayers of the PTO receive the benefit of the remaining distribution via application of those monies to reduce interconnection-specific costs in the TAC of the PTO territory affected by the withdrawal.

Topic 15 – Inverter/transformer changes (material modification process)**Meeting Notes:****Comments:**

The ISO requested stakeholders to comment on this topic by providing a listing of the kinds of IR changes that should be considered as applicable for an “automatic” approval – effectively, “non-material” modifications. Rather than attempt to provide a listing of all potential changes that the ISO should consider as non-material for the sake of this topic, IEP suggests that the ISO utilize the 94 modification requests of the 100 requests filed that it indicates were approved to identify which of those should be categorized as non-material. Additionally, and as necessary, IEP suggests that the ISO maintain that listing – as documented in the applicable tariff or BPM – of non-material or “automatic” changes as new requests are filed and approved, such that the listing is dynamic and responds to changes in commercial and regulatory circumstances.