

Stakeholder Comments Template

Subject: Generation Interconnection Procedures Phase 2 ("GIP 2")

Submitted by	Company	Date Submitted
Sky Stanfield sstanfield@keyesandfox.com 510-314-8204	Interstate Renewable Energy Council	3/11/11

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 *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.

The issues that the Interstate Renewable Energy Council (IREC) believes are high priority for consideration are identified in the comment section below. We take no position on the priority of the other issues already identified by CAISO at this time, though we do plan to participate in the work groups on certain of the issues identified.

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:

Comments:

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:

Comments:

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

Rank 0-3:

Comments:

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.

Rank 0-3:

Comments:

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

Rank 0-3:

Comments:

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

Rank 0-3:

Comments:

7. Clarify ISO information provision to assist ICs.

Rank 0-3:

Comments:

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

Rank 0-3:

Comments:

9. Develop pro forma partial termination provisions to allow an IC to structure its generation project in a sequence of phases.

Rank 0-3:

Comments:

10. Provide for partial repayment of IC funding of network upgrades upon completion and commercial operation of each phase of a phased project.

Rank 0-3:

Comments:

11. Applying Section 25 of the tariff to conversions of grandfathered generating units to compliance with ISO tariff.

Rank 0-3:

Comments:

12. Clarify site exclusivity requirements for projects located on federal lands.

Rank 0-3:

Comments:

13. Specify appropriate security posting requirements where the PTO elects to upfront fund network upgrades.

Rank 0-3:

Comments:

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.

Rank 0-3:

Comments:

15. Clarify posting requirements for an IC that is already in operation and is applying only to increase its MW capacity.

Rank 0-3:

Comments:

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

Rank 0-3:

Comments:

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

Rank 0-3:

Comments:

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.

Rank 0-3:

Comments:

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

Rank 0-3:

Comments:

20. Include operational impacts in assessing generation interconnection impacts.

Rank 0-3:

Comments:

21. Revise provisions for transferring queue position to a new IC.

Rank 0-3:

Comments:

Other Comments:

1. *Are the five workgroups and their topic areas organized properly?*

IREC has made its suggestion that the CAISO include small generator issues under the umbrella of Work Group 2.

2. *Are there other topics that you believe should be considered for the scope of GIP 2?*

In addition to the topics identified above, IREC suggests that the GIP II reform is the appropriate time to make further adjustments to improve the interconnection process for small generators. IREC requests that the CAISO utilize Work Group 2 to consider small generator issues, including shortening the timeline for the cluster study, and removing the Commercial Operation Deadline (COD) from the eligibility criteria for the Independent Study Process (ISP).

The CAISO has stated that GIP II reform is intended to “focus primarily on issues that were not able to be resolved during the 2010 reform process due to the aggressive schedule of reform process that was needed to resolve the small project study process as quickly as possible.”¹ IREC’s position is that small generator issues were not resolved with the FERC

¹ See CAISO Combined Q4 2010 Quarterly Progress and Comprehensive Status Report at p.22 (filed at FERC 1/31/11).

Order Conditionally Approving GIP.² As discussed below, FERC noted several areas that it expected CAISO to address in future reform efforts or through the stakeholder process. The CAISO should take this opportunity to work with stakeholders to resolve the unfinished business of GIP reform to better accommodate small generators, an important market segment in California's energy planning.

A. Shortening the Cluster Study

In December 16, 2010, FERC issued its Order Conditionally Approving CAISO's GIP. In its Order, FERC ordered the CAISO to further consider small generators in future GIP reforms. With regard to the cluster study process, FERC noted that "the Joint Solar Parties suggestion of adding an additional cluster window or shortening the cluster study process for small generators merits further consideration as CAISO works with market participants to consider possible future enhancements to the GIP process."³

IREC believes that this issue merits high priority in GIP II reform and that FERC has already ordered the CAISO to further consider the issue. At the risk of understating, the market for small generators is rapidly expanding in California, as several substantial wholesale distributed generation programs are reaching the implementation stage. The duration of the cluster study process is being raised in nearly every forum as a severe hurdle for projects seeking to connect as a part of these programs. Apart from the reality that a new flood of interconnection requests will hit the California market in the next year—many of which are required to obtain full capacity deliverability status—FERC has already noted that accommodating small generators by modifying the cluster study process is important. In fact, it was one of only a handful of considerations that FERC put to the CAISO to consider for future reform.

In light of FERC's clear indication that it expects the CAISO to take the issue up, there can be little argument that there is a more compelling time than now to "work with stakeholders to create solutions that will allow generators to proceed through the cluster study as quickly as possible." *Id.* The increasing intensity of DG programs in California makes clear that cluster study reform for small generators should be a high priority item for the GIP II reform.

B. ISP-Removing COD requirement

Due to the importance of providing an expedited path to interconnection for small generators with limited grid impacts, IREC believes that the ISP needs further refinement during the GIP II reform process. CAISO committed to FERC that it would address stakeholder concerns and refine the new ISP process. FERC forcefully agreed with IREC and other parties that the stakeholder process was the "best approach for addressing areas in need of refinement," noting that it "will hold CAISO to its commitment."⁴

² *California Independent System Operator Corporation*, Order Conditionally Accepting Tariff Revisions, 133 FERC ¶ 61,223 (December 16, 2010).

³ *Id.* at P 84.

⁴ *Id.* at P 98.

As IREC noted at the FERC in the GIP docket, the requirement that an interconnection customer demonstrate a commercial operation deadline is not feasible for many of California's wholesale distributed generation programs nor does it appear to be a necessary requirement. IREC has also pursued this concern in the IOUs WDAT reform processes and is pleased that both SCE and PG&E have removed the COD requirement for the ISP processes they are seeking to have approved at FERC. IREC believes that this is a significant improvement that will make the ISP an option for more projects and is one that the CAISO should adopt as well. The next phase of GIP reform should seek to synchronize with the other FERC approved tariffs to the maximum extent possible. The IOUs intended to mirror the GIP, but as a result of stakeholder input have succeeded in making several improvements. Matching this particular improvement—the removal of the COD requirement for the ISP process—should be a high priority in the next GIP tariff filing at FERC.

D. Reporting Requirements (Contents of Quarterly LGIP Reports)

In addition to the issues above that require tariff modification, IREC suggests that the stakeholder process for GIP II could help the CAISO reach some “low hanging fruit” that will help facilitate developer's understanding of the ISP and Fast Track screens and ultimately aid them making more effective planning and siting decisions. First, it is important to revisit FERC's directive to the CAISO:

“As discussed below, because we share FIT's interest in seeing how the Fast Track and ISP mechanisms develop as they are integrated into the new GIP, we will require CAISO to incorporate an informational update on these two processes as a part of CAISO's existing LGIP quarterly reports benefits from additional measures and we encourage CAISO to consider how it may further improve the efficiency of its process in the future”⁵

As this information becomes available, it is imperative that CAISO develop a method of making the informational useful to stakeholders and developers, not just regulators. Information about the CAISO's experience with the cluster study, ISP and Fast Track will help illuminate successful strategies for project interconnection and help stakeholders evaluate areas in need of reform. Developing a data source of projects that have succeeded or failed under the ISP or Fast Track will help interconnection customers understand the CAISO's application of Fast Track and ISP standards. In addition, providing information on the number of applications for each process, the time it takes to process the applications and conduct the necessary studies (incrementally so each step in the process can be evaluated), and the upgrades completed as a result of the study process will help developers in planning their projects and will help to highlight areas where process improvements are needed. CAISO is obligated by the FERC GIP Order to:

“provide informational updates relating to the use of this process in its LGIP quarterly reports on the progress in processing interconnection requests to the Commission. CAISO should include in its reports the size and type of generator,

⁵ *Id.* at P.97.

the number of requests that did not pass the screens, and which screens the generator developer failed.”⁶

In addition to this mandatory information, CAISO should consider whether offering additional information about its administration of this process would benefit all parties by giving interconnection customers real-world examples of CAISO’s application of standards.

3. *If you have other comments, please provide them here.*

A. Internal Measures to Improve Interconnection Efficiency

During the March 3rd call, representatives of the ISO referred to “low hanging fruit,” or measures that could be taken to improve the interconnection process that would not require tariff modification or FERC approval. IREC would like to suggest one measure at this time that could improve the process for interconnection customers and the ISO. Similar to what is being required of the California IOU’s participating in the CPUC’s Renewable Auction Mechanism, the CAISO should make information available about the current state of the transmission system and the queue such that developers can help identify the preferred locations for interconnection.

B. The GIP Reform Stakeholder Process Should Build in More Time

IREC appreciates the opportunity to participate in GIP II reform discussions and the stakeholder process, but is concerned that compressed timeframes proposed are so onerous as to limit meaningful participation by stakeholders. For example, the schedule has work groups meeting less than 3 days after these comments are submitted. Given the intervening weekend, for some groups there will be only one business day to review the comments of other stakeholders. IREC understands the need for proceeding quickly to identify issues so that there can be a thorough vetting of proposed modifications, but this process may undermine the importance of choosing the right issues to consider.

IREC fully supports CAISO’s goal to enable California’s aggressive renewable energy goals. Because California’s energy goals increasingly rely on smaller generators, who may not traditionally have been CAISO stakeholders, it is important to address these new entrants’ concerns. IREC suggests that CAISO attempt to structure a stakeholder process that allows meaningful participation by a wider range of stakeholders.

⁶ *Id.* at P.117.