



**California ISO**  
Shaping a Renewed Future

# **Interconnection Process Enhancements (IPE) 2015**

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## **Issue Paper/Straw Proposal**

March 23, 2015

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# Interconnection Process Enhancements 2015

## Issue Paper/Straw Proposal

### 1 Executive Summary

The Interconnection Process Enhancements (“IPE”) 2015 initiative is the latest in a series of stakeholder processes that the CAISO has conducted over the past several years to continuously review and improve the generator interconnection process and associated interconnection agreements. Similar to the previous iteration of the IPE initiative, IPE 2015 includes several different topics that the CAISO is proposing to improve or clarify the interconnection process. There are a total of eleven improvements currently proposed for this year’s initiative. Topics range from clarifications, to re-setting deposits based on experience, to significant changes to the negotiation of agreements. The CAISO hopes to complete the stakeholder process for all topics included in this initiative by the fall of 2015.

### 2 Introduction

California’s ambitious renewable portfolio standards and environmental goals have resulted in significant development of new generation projects in recent years, especially new renewable solar and wind projects. The majority of these projects request interconnection to facilities under the operational control of the CAISO. The CAISO is now in a position where continuous improvement to the interconnection process is required to manage projects in the current interconnection queue and to provide additional structure and clarification for projects seeking to interconnect in future queue clusters.

The CAISO is committed to continuously reviewing potential enhancements to its interconnection process to reflect changes in the industry and to better accommodate the needs of interconnection customers. As a demonstration of this commitment, the CAISO has conducted a series of stakeholder processes over the past several years to improve the interconnection process. These include Generation Interconnection Process Reform (“GIPR”) held in 2008-2009, Generation Interconnection Procedures Phase 1 (“GIP 1”) in 2010, Generation Interconnection Procedures Phase 2 (“GIP 2”) in 2011 and early 2012, Generation Interconnection Procedures Phase 3 (“GIP 3”) in 2012, and the first iteration of IPE in 2013-2014.

To identify a set of topics for the scope of this initiative, the CAISO assembled a list of potential topics from a number of sources, including:

- Outstanding topics that were not included in the IPE initiative conducted in 2013-2014;

- CAISO Management’s commitment to its Board of Governors for a stakeholder process to refine the Affected System process; and
- Input from internal CAISO business units.

The CAISO then narrowed the list of topics for inclusion to the following eleven items described in Table 1 below. In addition, to make its proposals more clear, the CAISO has included proposed draft<sup>1</sup> tariff language for each topic in this issue paper/straw proposal.

<b>Table 1 –Scope of topics</b>	
Topic No.	Topic Description
1	Affected Systems
2	Time-In-Queue Limitations
3	Negotiation of Generator Interconnection Agreements
4	Deposits Interconnection Request Study Deposits Limited Operation Study Deposits Modification Deposits Repowering Deposits
5	Stand-Alone Network Upgrades and Self Build Option
6	Allowable Modifications Between Phase I and Phase II Study Results
7	Conditions for Issuance of Study Reports
8	Generator Interconnection Agreement Insurance
9	Interconnection Financial Security Process Clarifications Posting Clarifications TP Deliverability Affidavit Impacts
10	Forfeiture of Funds for Withdrawal During Downsizing Process
11	TP Deliverability Option B Clarifications

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<sup>1</sup> The tariff language is “draft” tariff language. Stakeholders may submit comments or proposed edits and the CAISO may revise it. As with all draft tariff language in the stakeholder process, the CAISO reserves the right to revise the tariff language, including up to the time of filing.

### 3 Stakeholder Process Next Steps

Table 2 summarizes the anticipated stakeholder process schedule for the IPE 2015 initiative.

Table 2 – Stakeholder process schedule		
Step	Date	Milestone
Issue Paper/Straw Proposal	March 23, 2015	Issue Paper/Straw Proposal
	March 30, 2015	Stakeholder meeting (web conference)
	April 10, 2015	Stakeholder comments due
Revised Straw Proposal	May 7, 2015	Revised Straw Proposal
	May 18, 2015	Stakeholder meeting (web conference)
	June 1, 2015	Stakeholder comments due
Draft Final Proposal (if needed)	June 26, 2015	Draft Final Proposal
	July 9, 2015	Stakeholder meeting (web conference)
	July 23, 2015	Stakeholder comments due
Final Proposal to Board	September 17-18, 2015	Board of Governors Meeting

## 4 Topics

### 4.1 Topic 1 – Affected Systems

#### 4.1.1 Background

In the 2014 stakeholder process to clarify the affected system coordination language in the Business Practice Manual (“BPM”) for the Generator Interconnection and Deliverability Allocation Procedures (“GIDAP”), the CAISO committed to the following:

*The ISO understands that the Interconnection Customers desire a definitive time by which an electric system operator identifies themselves as an Affected System. The ISO does not currently have tariff authority to provide this definitive time. The ISO proposes to include in the IPE a topic that would propose a tariff amendment establishing a timeframe and process similar to the WECC Project Coordination and Path Rating Process.*

This proposal is the result of that commitment.

#### 4.1.2 *Current Tariff Language*

The current Tariff language regarding coordination with Affected Systems is contained in Section 3.7 of Appendix DD of the CAISO tariff.

##### **3.7 Coordination With Affected Systems**

The CAISO will notify the Affected System Operators that are potentially affected by the Interconnection Customer's Interconnection Request or Group Study within which the Interconnection Customer's Interconnection Request will be studied. The CAISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators, to the extent possible, and, if possible, the CAISO will include those results (if available) in its applicable Interconnection Study within the time frame specified in this GIDAP. The CAISO will include such Affected System Operators in all meetings held with the Interconnection Customer as required by this GIDAP. The Interconnection Customer will cooperate with the CAISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems, including providing consent to CAISO's identification to Interconnection Customer's name, Generating Facility project name, and release of information which the Interconnection Customer provided as part of its Interconnection Request to the Affected System, participating in any coordinating activities and communications undertaken by the Affected System or CAISO, signing separate study agreements with Affected System owners and paying for necessary studies. An entity which may be an Affected System shall cooperate with the CAISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems

The current tariff language requires the CAISO to notify and coordinate with the Affected System Operators during the CAISO generation interconnection study process, and states that an entity that may be an Affected System shall cooperate with the CAISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems. There is no definitive timeframe in which an Affected System must identify itself and determine any network upgrade modifications required to mitigate impacts caused by the new generator. This allows an electric system operator that may be an Affected System to enter the process very late—well after CAISO notice—and cause both schedule and cost uncertainty for CAISO interconnection customers.

#### 4.1.3 *Current Business Process Manual Language*

Based upon extensive stakeholder input, in 2014 the CAISO outlined the CAISO responsibility and ability to coordinate with Affected Systems in Section 6.1.4 of the GIDAP BPM:

##### **6.1.4 Coordination with Affected Systems<sup>2</sup>**

###### **6.1.4.1 Electric System Listing**

The CAISO will maintain a listing of Potentially Affected Systems for each study area and will make this information publicly available on its website. The listing will contain contact information for Potentially Affected Systems and the CAISO will use this for notification purposes and for other purposes described in this BPM.

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<sup>2</sup> GIDAP Section 3.7.

#### 6.1.4.2 Affected System Notification and Declaration

The CAISO will provide notice to Potentially Affected Systems at the beginning of the cluster or independent study process of each Interconnection Request that may impact their systems within a sufficient time period so that each Potentially Affected System operator has the opportunity to participate in Scoping Meetings and study Result Meetings to obtain a better understanding of each project. This notification will include timeline information from the CAISO's interconnection process, including possible study coordination dates during the CAISO's interconnection study process that would facilitate timely resolution of any Identified Affected System issues.

The CAISO will invite Potentially Affected System operators for each study area to all of the Scoping Meeting for that area. The Scoping Meeting for each Interconnection Request will take place within 60 calendar days from the close of the Interconnection Request window. At the Scoping Meeting, participants will discuss the project details and schedule for both the applicable study and the project including the timing of Base Case and study results postings. If, following notice from the CAISO, a Potentially Affected System operator believes it will be impacted by the proposed interconnection, the CAISO will expect such operator to make every effort to conduct its interconnection studies in parallel with the CAISO's GIDAP process to facilitate a timely determination of upgrades that may be needed on the Identified Affected System to resolve any impact of the interconnection and avoid any delays in the project's timelines.

The CAISO will share its study plans and Base Cases with Potentially Affected System operators as described further below. Potentially Affected System operators must enter into non-disclosure agreements with the CAISO to access Base Case and study plan data, and to participate in Scoping/Results Meetings. The CAISO will work with the Participating TOs and Potentially Affected System operators to facilitate the exchange of network models and other information needed for the Potentially Affected System operators to assess impacts on their systems and determine if they are an Affected System. The CAISO includes WDAT projects in its studies and within CAISO group reports and Base Cases.

The CAISO will invite all Potentially Affected System for each study area to all of the Phase I Study Results Meetings for that area. The Phase I Study Results Meetings for each Interconnection Request will take place within 30 calendar days of providing the Phase I Study report to the Interconnection Customer. Interconnection Customers electing to move forward in the study process must post their initial Interconnection Financial Security within 90 calendar days after issuance of their Phase I Interconnection Study Report, consistent with the CAISO Tariff. The CAISO will notify the applicable Potentially Affected System operators which project(s) have made their initial Interconnection Financial Security, and which projects did not and withdrew from the study process.

Starting with Cluster 8, the CAISO will request that Potentially Affected System operators, within 30 calendar days after receiving notice of which projects have posted their initial Interconnection Financial Security, advise the CAISO in writing that either: 1) the CAISO should consider the electric system to be an Identified Affected System (whether or not a system impact study has been conducted); or 2) the electric system is not an Affected System. If the Potentially Affected System operator does not make an affirmative representation within 30 calendar days of the initial Interconnection Financial Security notification, the CAISO will assume that the electric system is not an Affected System. Affected Systems wishing to become Identified Affected Systems shall notify the CAISO and the Interconnection Customer. For each Interconnection Request, the CAISO shall establish a list of the Identified Affected Systems and shall provide the list and any revisions to the Interconnection Customer as soon as practicable.

Projects greater than or equal to 200 MW must comply with WECC Progress Report Policies and Procedures, regardless of whether any Potentially Affected System operators have identified themselves as Affected Systems. That WECC process is described at: [http://www.wecc.biz/library/Documentation Categorization Files/Guidelines/Project Coordination and Path Rating Processes.pdf](http://www.wecc.biz/library/Documentation/Categorization%20Files/Guidelines/Project%20Coordination%20and%20Path%20Rating%20Processes.pdf).

The CAISO, together with the Participating TOs, will facilitate and assist generator project sponsor efforts to comply with this reporting process and to assess impacts on potentially affected WECC paths if concerns are identified by operators of other systems.<sup>3</sup>

The CAISO will notify Identified Affected System operators when individual and group Phase II Study results are available, and will invite them to attend each Phase II Study Results Meetings for each project they have identified that may impact their electric systems. The CAISO will list the Identified Affected Systems in the Phase II Interconnection Study Reports.

Once the GIA is executed, the list of Identified Affected Systems may be modified over time. Notification of such changes will be in accordance with the process identified in the GIA. The GIA will also direct the Interconnection Customer to affirmatively contact the Identified Affected System operators to address system impacts, if any. The CAISO will provide Interconnection Customer contact information to Identified Affected System operators and the CAISO will provide Identified Affected System operator contact information for the Interconnection Customer. Identified Affected System operators will be notified when study plans and Base Cases are posted on the CAISO secure website using the market participant portal. As discussed further below, the CAISO's Queue Management group is available to assist Interconnection Customers through the Affected System process.

The CAISO will provide the following assistance with Affected System contacts and coordination to pre-Cluster 8 interconnection customers. For each Interconnection Customer, the CAISO will contact Potentially Affected System operators and ascertain whether they are an Identified Affected System. The CAISO will provide a list to the Interconnection Customer of the Identified Affected System(s), and the Interconnection Customer must meet the documentation requirements set forth in Section 6.1.4.3 below. The list may change over time. If no electric system identifies themselves to the CAISO as an Identified Affected System, then the CAISO will notify the Interconnection Customer that there are no Identified Affected Systems.

#### **6.1.4.3 Study Process and Affected System Contact Documentation**

No later than six months prior to its generating unit's Initial Synchronization Date, an Interconnection Customer must provide documentation to the CAISO confirming that Identified Affected System operators have been contacted, that any system reliability impacts have been addressed (or that there are no system impacts), or that the Interconnection Customer has taken all reasonable steps to address potential reliability system impacts with the Identified Affected System operator but has been unsuccessful. The Identified Affected System list will be used in the CAISO's queue management process to check that the Interconnection Customer has contacted and worked with all Identified Affected System operators. The Interconnection Customer should be coordinating with the CAISO through its quarterly/monthly report via the following web address: [QueueManagement@caiso.com](mailto:QueueManagement@caiso.com) and raising any concerns so that they can be resolved, to avoid any delay in synchronization of the Generating Facility.

If the Interconnection Customer has been unsuccessful in resolving Identified Affected System issues at the time of the above demonstration, the documentation must provide sufficient details about all contacts and other attempts to work with the Identified Affected System and address system impacts. The CAISO will not allow generation projects to be energized on the CAISO controlled grid until Identified Affected System issues are resolved. If impacts cannot be mitigated within the CAISO controlled grid, the CAISO will advise the Interconnection Customer and the Identified Affected System operator that the interconnection cannot proceed. If an Interconnection Customer makes a

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<sup>3</sup> If an Identified Affected System has concerns that the Accepted Rating of its WECC Path may be impacted, the scope of this Path impact path study must be included in the study agreements between the Identified Affected System and generation project sponsors potentially causing the impacts.

unilateral decision that an affected system agreement is not necessary and does not reasonably attempt to address the issue with the Identified Affected System operator, the CAISO will advise the Interconnection Customer that the interconnection will not be allowed to move forward with synchronization and commercial operation unless the issue is resolved.

However, if the Interconnection Customer's reasonable coordination efforts with the Identified Affected System operator do not result in the Identified Affected System operator moving forward on a timely basis, and the CAISO determines that possible impacts on the Identified Affected System can be mitigated within the CAISO Controlled Grid, the CAISO will advise the Identified Affected System operator and the Interconnection Customer that the interconnection can proceed without affirmative agreement by the Identified Affected System. If the Interconnection Customer and Identified Affected System disagree about the methodology used to determine the need for mitigation, upon request, the CAISO will confer with the parties in an attempt to resolve the differences.

If it becomes necessary for the CAISO and/or the relevant Participating TO to take actions related to infrastructure improvements within the CAISO controlled grid to mitigate possible impacts on an Identified Affected System as a result of the Identified Affected System operator not moving forward with the resolution of any such impacts on a timely and/or reasonable basis despite efforts by the Interconnection Customer, then the Interconnection Customer will be responsible for paying any costs attributable to the Interconnection Customer or the Participating TO, consistent with the CAISO Tariff.

To the extent that possible impacts on the Identified Affected System can be mitigated within the CAISO Controlled Grid without the need for infrastructure improvement, the CAISO will work with the Identified Affected System in advance of the Interconnection Customer's project being energized to develop operating procedures or take other necessary mitigation actions. Consistent with the CAISO Transmission Planning Process and operating procedures, the CAISO will continue to monitor the effectiveness of non-infrastructure solutions after the project is energized and coordinate with Affected Systems.

If requested by the Interconnection Customer or the Identified Affected System operator, the CAISO may review the reasonableness of the studies conducted and study results issued by the Identified Affected System operator. If the CAISO has concerns, the CAISO may review whether the Identified Affected System has used the information on the CAISO system that the CAISO provided to the Identified Affected System, and may make suggestions to the identified Affected System.

If requested by the Interconnection Customer or the Identified Affected System operator, the CAISO will review Affected System agreements, tendered to Interconnection Customers and made available to the CAISO, to determine whether they contain terms and conditions that could be problematic for the CAISO.

The CAISO will review other issues on a case-by-case basis, either upon the request of the Interconnection Customer or the Identified Affected System operator, or where the CAISO deems it appropriate including any reliability issues raised by Affected System operators identified outside the timeframes defined above.

The current BPM language thus outlines the roles and expectations of the CAISO, the Interconnection Customer, and Affected Systems. It also sets a timeframe in which the Affected Systems should identify themselves in the process. The BPM states that "if the Potentially Affected System operator does not make an affirmative representation within 30 calendar days of the initial Interconnection Financial Security notification, the CAISO will assume that the electric system is not an Affected System." To provide greater visibility, the CAISO is proposing to include additional Affected System language in the CAISO tariff.

#### 4.1.4 *Past Stakeholder Input*

In the 2014 BPM Stakeholder process, the Large-Scale Solar Association (“LSA”) stated that Affected Systems should identify themselves and their reliability problems within reasonable deadlines as part of the CAISO interconnection process. LSA proposed handling Affected System issues similar to WECC Project Coordination and Path Rating Processes. The processes establish timeframes for announcing new projects and conducting joint studies of the potential impacts. Once the prescribed timeframe for participation in the project review group has passed, systems that declined to participate in the study group no longer have an opportunity to join in the studies or any right to invoke their rights to mitigation of adverse impacts contained in these procedures.

The Independent Energy Producers also suggested that the CAISO reasonably bind the timeframe in which Affected Systems may raise their concerns, and establish that the absence of participation by an Affected System within this timeframe is evidence of no impact by the Interconnection Customer on the neighboring system.

#### 4.1.5 *Proposal*

The CAISO agrees that there should be a timeline established in the CAISO tariff for an electric system operator to engage in the CAISO generator interconnection process and affirmatively respond if it is an actual Affected System. After notification by the CAISO, the absence of any affirmative response from the potentially Affected System within this timeline would be evidence it is not an actual Affected System. If the electric system operator comes forward after the established timeline as an Affected System, any mitigation required to mitigate the impacts identified by the Affected System will be the responsibility of the Affected System, and not of the CAISO, the Participating Transmission Owner(s), or the Interconnection Customer.

To be consistent with the 2014 BPM stakeholder effort, the following are the proposed edits to Section 3.7 of Appendix DD of the CAISO tariff:

### **3.7 Coordination With Affected Systems**

The CAISO will notify the Affected System Operators that are potentially affected by the Interconnection Customer’s Interconnection Request or Group Study within which the Interconnection Customer’s Interconnection Request will be studied. The CAISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators, to the extent possible, and, if possible, the CAISO will include those results (if available) in its applicable Interconnection Study within the time frame specified in this GIDAP. The CAISO will include such Affected System Operators in all meetings held with the Interconnection Customer as required by this GIDAP. The Interconnection Customer will cooperate with the CAISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems, including providing consent to CAISO’s identification to Interconnection Customer’s name, Generating Facility project name, and release of information which the Interconnection Customer provided as part of its Interconnection Request to the Affected System, and participating in any coordinating activities and communications undertaken by the Affected System or CAISO. The CAISO will provide notice to the Affected System Operators that are potentially affected by the Interconnection Customer’s Interconnection Request or Group Study, within thirty (30) calendar days after determining which projects in each study cluster have posted their initial Interconnection Financial Security. Within thirty (30) calendar days of notification from the CAISO,

the Affected System Operator shall advise the CAISO in writing that either: 1) the CAISO should consider the electric system to be an Identified Affected System; or 2) the electric system is not an Affected System. If the electrical system operator does not make an affirmative representation within thirty (30) calendar days of notification, the CAISO will assume that the electric system is not an Affected System. If an electric system operator comes forward after the established timeline as an Affected System, any mitigation required for a project identified by the Affected System will be the responsibility of the Affected System and not the CAISO, the Participating Transmission Owner(s), or the Interconnection Customer. If required by the Identified Affected System, the Interconnection Customer will signing separate study agreements with Identified Affected System owners and paying for necessary studies. An entity which may be an Identified Affected System shall cooperate with the CAISO in all matters related to the conduct of studies and the determination of modifications to Identified Affected Systems.

## Appendix A Master Definition Supplement

- Identified Affected System  
An Affected System operator who either stated that it should be considered an Affected System or whose electric system has been identified by the CAISO as potentially impacted by a generator interconnection through the applicable study process.

## 4.2 Topic 2 – Time-In-Queue Limitations

### 4.2.1 Background and current process

When Interconnection Customers request an extension to a Generating Facility’s Commercial Operation Date (“COD”) the CAISO evaluates the request under the Material Modification Assessment (“MMA”) process. For Generating Facilities studied in the serial study process, the In-Service Date (“ISD”) shall not exceed ten (10) years from the date the Interconnection Request is received by the CAISO. For Generating Facilities studied in the cluster study process, the COD shall not exceed seven (7) years from the date the Interconnection Request is received by the CAISO.<sup>4</sup>

In addition to receiving confirmation from the CAISO that the request to extend the COD for the Generating Facility beyond the 7/10 year thresholds is not a Material Modification, Interconnection Customers requesting COD extensions beyond the 7/10 year thresholds must clearly demonstrate that:

- Engineering, permitting, and construction will take longer than the applicable maximum period; and
- That circumstances that caused the delay were beyond the control of the Interconnection Customer.

The CAISO and Participating TO will not unreasonably withhold agreement to this extension, but the Interconnection Customer must provide sufficient documentation to support the request in its modification request. All of the Generating Facilities in the CAISO’s Generator Interconnection

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<sup>4</sup> See Appendix U, Section 3.5.1; Appendix Y, Section 3.5.1.4; Appendix DD, Section 3.5.1.4; as applicable.

Queue that have received MMA approvals for COD extensions beyond the 7/ 10 year thresholds met the standards above, but many of those Generating Facilities still appear not to be progressing to construction and commercial operation. The CAISO's philosophy on queue management is set forth in the Business Practice Manual for Generator Management<sup>5</sup> and the Technical Bulletin for Generator Interconnection Queue Management.<sup>6</sup> Unviable Generating Facilities in the queue are a burden to truly viable Generating Facilities because the former may hold transmission capacity that viable later queued Generating Facilities could use, and, if made available to later queued Generating Facilities, could avoid transmission ratepayers paying for new transmission infrastructure that may never be needed.

#### 4.2.2 *Proposed changes*

In order to support viable Generating Facilities in the Generator Interconnection Queue and avoid unnecessary network upgrades, the CAISO is proposing to require that Generating Facilities meet and maintain certain commercial viability criteria in order to extend their ISD or COD beyond the 7/10 year thresholds. These criteria will be applied to Generating Facilities that may request milestone extensions beyond the 7/10 year thresholds in the future. The CAISO proposes to approve milestone extensions beyond the 7/10 year thresholds, only on the Interconnection Customer's demonstration that the Generating Facility meets the following commercial viability criteria:

- Having, at a minimum, applied for the necessary governmental permits or authorizations and that the permitting authority has deemed such documentation "as data adequate" for the authority to initiate its review process;
- Having an executed power purchase agreement, attesting that the Generating Facilities will be balance-sheet financed, or otherwise receiving a binding commitment of project financing;
- Demonstrating Site Exclusivity for 100% of the property necessary to construct the facility and the duration of Site Exclusivity extends at least to the Generating Facility's Commercial Operation Date specified in its Interconnection Request (in lieu of a Site Exclusivity Deposit);
- Having executed a Generator Interconnection Agreement ("GIA"); and
- Being in good standing with its GIA such that neither the Participating TO nor the CAISO has provided the Interconnection Customer with a Notice of Breach of the GIA (where the breach has not been cured or the Interconnection Customer has not commenced sufficient curative actions).

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<sup>5</sup> <http://www.caiso.com/rules/Pages/BusinessPracticeManuals/Default.aspx>

<sup>6</sup> [http://www.caiso.com/Documents/TechnicalBulletin-GeneratorInterconnectionQueueManagementOct18\\_2011.pdf](http://www.caiso.com/Documents/TechnicalBulletin-GeneratorInterconnectionQueueManagementOct18_2011.pdf)

#### ***4.2.2.1 Annual Review***

In order to ensure that Generating Facilities maintain the level of commercial viability that the MMA approval was conditioned on, the CAISO will perform an annual review of the Generating Facility's commercial viability during the transmission plan deliverability allocation process. Interconnection Customers with active projects studied by the CAISO for deliverability, regardless of study process, are already required to submit affidavits to the CAISO attesting to their commercial viability each November.<sup>7</sup> Failure to maintain commercial viability will result in loss of Full Capacity Deliverability Service ("FCDS") or Partial Capacity Deliverability Status ("PCDS").

#### ***4.2.2.2 Consequences of Failure to Meet Commercial Viability Criteria***

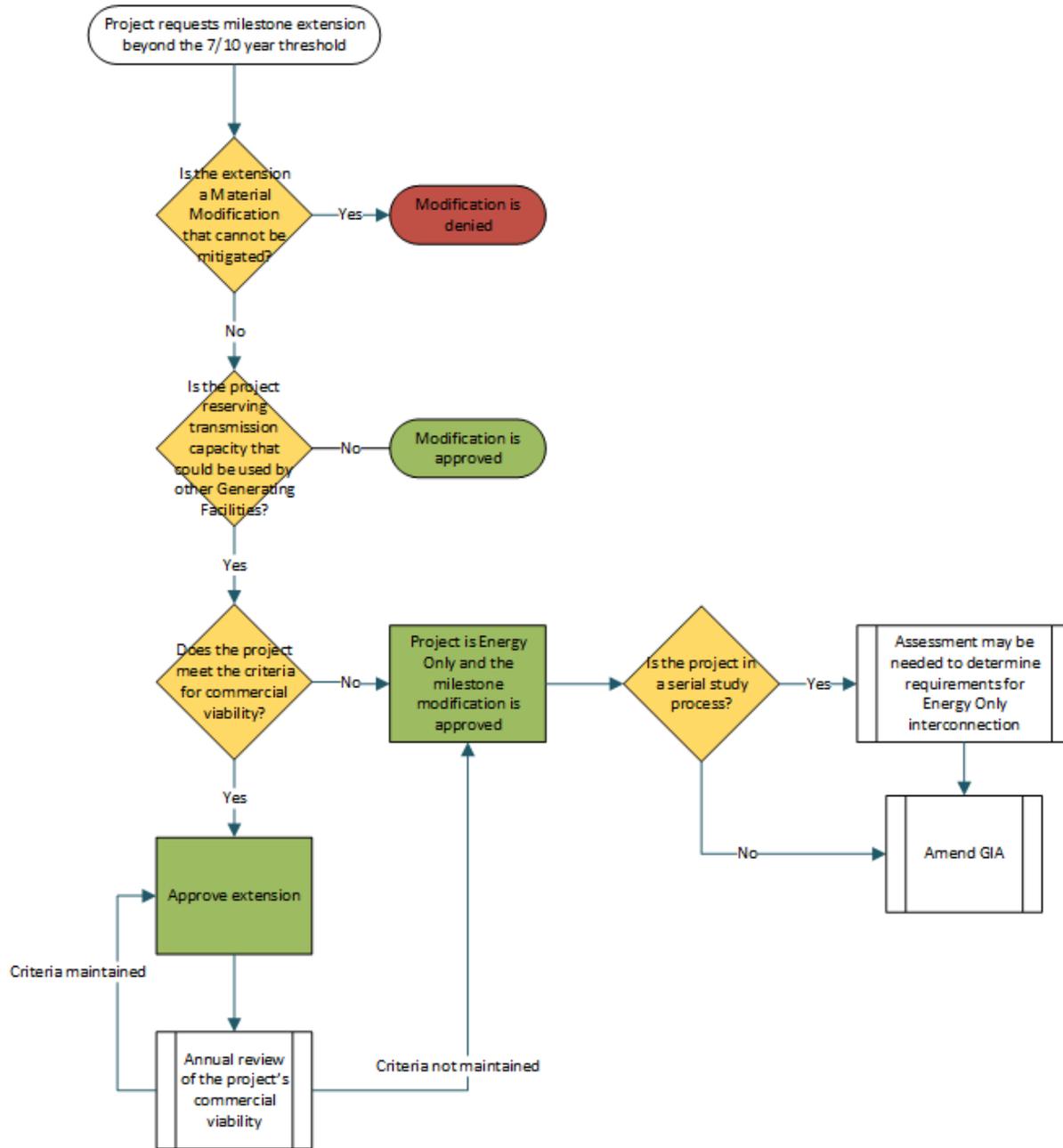
Generating Facilities requesting a COD extension beyond the 7/10 years thresholds and that either are serial or requested FCDS or PCDS reserve transmission capacity that could be used by other Generating Facilities. If such Generating Facilities do not meet the commercial viability criteria, they will not be deemed withdrawn from the Generator Interconnection Queue. Instead, the Generating Facility's deliverability status will be changed to Energy Only. If FCDS or PCDS is still desired or required for the Generating Facility, the Interconnection Customer will have to pursue that option through the Annual Full Capacity Deliverability Option in accordance with section 9.2 of Appendix DD.

Generating Facilities studied under the serial study process also will be subject to these consequences. Some of the serial studies were completed prior to the CAISO process of distinguishing Reliability Network Upgrades from Deliverability Network Upgrades. Because the serial study process did not contemplate the separation of network upgrades into the categories of Reliability Network Upgrades and Deliverability Network Upgrades, Generating Facilities studied under the serial study process that are subject to the consequences of failure to meet commercial viability criteria may also be required to undergo re-study in accordance with Section 8.5 of CAISO Tariff Appendix U to determine what network upgrades and corresponding GIA amendments will be required to interconnect their proposed Generating Facility as Energy Only.

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<sup>7</sup> See Appendix DD, Section 8.9.1

4.2.3 *Process Graphic*



4.2.4 *Tariff Language*

In addition to the tariff language proposed below, the CAISO will include the detail and implementation process described in the sections above, including how commercial viability is defined in this circumstance, in the applicable Business Practice Manuals. The CAISO is proposing to modify tariff language regarding time in the queue as follows:

### Appendix S, Section 1.3.3 Interconnection Request

The Interconnection Customer shall submit its Interconnection Request to the CAISO, together with the processing fee or deposit specified in the Interconnection Request. The Interconnection Request shall be date- and time-stamped upon receipt. The original date and time stamp applied to the Interconnection Request at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Interconnection Customer shall be notified of receipt by the CAISO within three (3) Business Days of receiving the Interconnection Request. The CAISO shall notify the Interconnection Customer within ten (10) Business Days of the receipt of the Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the CAISO shall provide a notice that the Interconnection Request is incomplete, along with a written list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Customer will have ten (10) Business Days after receipt of the notice to submit the listed information or to request an extension of time to provide such information. If the Interconnection Customer does not provide the listed information or a request for an extension of time within the deadline, the Interconnection Request will be deemed withdrawn. An Interconnection Request will be deemed complete upon submission of the listed information to the CAISO.

The expected In-Service Date of the new Small Generating Facility shall not exceed seven years from the date the Interconnection Request is received by the CAISO, unless the Interconnection Customer demonstrates that the Generating Facility is commercially viable, and that engineering, permitting and construction of the new Small Generating Facility or increase in capacity of the existing Generating Facility will take longer. The In-Service Date may exceed the date the Interconnection Request is received by the CAISO by a period up to ten years, or longer where the Interconnection Customer, the applicable Participating TO and the CAISO agree, such agreement not to be unreasonably withheld.

#### 1.3.3.1 Commercial Viability

The CAISO's agreement to an extension of the proposed In-Service Date and proposed Commercial Operation Date is predicated on the Generating Facility maintaining the criteria on which commercial viability is based. Commercial viability shall be defined as:

- a. Having, at a minimum, applied for the necessary governmental permits or authorizations and that the permitting authority has deemed such documentation "as data adequate" for the authority to initiate its review process;
- b. Having an executed power purchase agreement, attesting that the Generating Facilities will be balance-sheet financed, or otherwise receiving a binding commitment of project financing;
- c. Demonstrating Site Exclusivity in lieu of any Site Exclusivity Deposit; and
- d. Being in good standing with its SGIA such that neither the Participating TO nor the CAISO has provided the Interconnection Customer with a Notice of Breach of the SGIA (where the breach has not been cured or the Interconnection Customer has not commenced sufficient curative actions).

#### 1.3.3.2 Annual Assessment

The CAISO will perform an annual review of the Generating Facility's commercial viability. If the Interconnection Customer fails to maintain the level of commercial viability on which the Commercial Operation Date approval was based, the Deliverability status of the Generating Facility corresponding to the Interconnection Request shall convert to Energy Only Deliverability Status.

An assessment may be required to identify the Interconnection Facilities or Network Upgrades required for the Energy Only interconnection. Upon receipt of such notice, the Interconnection Customer shall provide the CAISO within ten (10) Business Days a written request that the CAISO either (i) terminate the assessment and withdraw the Interconnection Request; or (ii) continue the assessment. Costs incurred for this assessment by the Participating TO and CAISO (if any) shall be at the expense of the Interconnection Customer. The results of such an assessment will serve as a basis for amendments to the Generating Facility's GIA.

**Appendix U, Section 3.5.1 Initiating an Interconnection Request**

To initiate an Interconnection Request, the Interconnection Customer must submit all of the following: (i) a \$10,000 deposit, (ii) a completed application in the form of LGIP Appendix 1, and (iii) demonstration of Site Control or a posting of an additional deposit of \$10,000. Such deposits may be applied toward any Interconnection Studies pursuant to the Interconnection Request. If the Interconnection Customer demonstrates Site Control within the cure period specified in LGIP Section 3.5.3 after submitting its Interconnection Request, the additional deposit shall be refundable; otherwise, all such deposit(s), additional and initial, become non-refundable.

The expected In-Service Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility shall be no more than the process window for the regional expansion planning period (or in the absence of a regional planning process, the process window for the CAISO's expansion planning period) not to exceed seven years from the date the Interconnection Request is received by the CAISO, unless the Interconnection Customer demonstrates that the Generating Facility is commercially viable, and that engineering, permitting and construction of the new Large Generating Facility or increase in capacity of the existing Generating Facility will take longer than the regional expansion planning period. The In-Service Date may succeed the date the Interconnection Request is received by the CAISO by a period up to ten years, or longer where the Interconnection Customer, the applicable Participating TO and the CAISO agree, such agreement not to be unreasonably withheld.

**3.5.1.1 Commercial Viability**

The CAISO's agreement to an extension of the proposed In-Service Date and proposed Commercial Operation Date is predicated on the Generating Facility maintaining the criteria on which commercial viability is based. Commercial viability shall be defined as:

- a. Having, at a minimum, applied for the necessary governmental permits or authorizations and that the permitting authority has deemed such documentation "as data adequate" for the authority to initiate its review process;
- b. Having an executed power purchase agreement, attesting that the Generating Facilities will be balance-sheet financed, or otherwise receiving a binding commitment of project financing;
- c. Demonstrating Site Exclusivity in lieu of any Site Exclusivity;
- d. Having an executed Generator Interconnection Agreement ("GIA"); and
- e. Being in good standing with its GIA such that neither the Participating TO nor the CAISO has provided the Interconnection Customer with a Notice of Breach of the GIA (where the breach has not been cured or the Interconnection Customer has not commenced sufficient curative actions).

**3.5.1.2 Annual Assessment**

The CAISO will perform an annual review of the Generating Facility's commercial viability. If the Interconnection Customer fails to maintain the level of commercial viability on which the Commercial Operation Date approval was based, the Deliverability status of the Generating Facility corresponding to the Interconnection Request shall convert to Energy Only Deliverability Status. A Re-Study pursuant to LGIP Section 8.5 may be required to identify the Network Upgrades required for the Energy Only interconnection. The results of the Re-Study will serve as a basis for amendments to the Generating Facility's GIA.

**Appendix Y, Section 3.5.1.4 Proposed Commercial Operation Date**

The proposed Commercial Operation Date of the new Generating Facility or increase in capacity of the existing Generating Facility shall not exceed seven years from the date the Interconnection Request is received by the CAISO, unless the Interconnection Customer demonstrates, and the applicable Participating TO(s) and the CAISO agree, such agreement not to be unreasonably withheld, that the Generating Facility is commercially viable, and that engineering, permitting and

construction of the new Generating Facility or increase in capacity of the existing Generating Facility will take longer than the seven year period.

#### 3.5.1.4.1 Commercial Viability

The CAISO's agreement to an extension of the proposed Commercial Operation Date is predicated on the Generating Facility maintaining the criteria on which commercial viability is based.

Commercial viability shall be defined as:

- a. Having, at a minimum, applied for the necessary governmental permits or authorizations and that the permitting authority has deemed such documentation "as data adequate" for the authority to initiate its review process;
- b. Having an executed power purchase agreement, attesting that the Generating Facilities will be balance-sheet financed, or otherwise receiving a binding commitment of project financing;
- c. Demonstrating Site Exclusivity for 100% of the property necessary to construct the facility and the duration of Site Exclusivity extends at least to the Generating Facility's Commercial Operation Date specified in its Interconnection Request; a Site Exclusivity Deposit is not sufficient to satisfy this criteria
- d. Having an executed Generator Interconnection Agreement ("GIA"); and
- e. Being in good standing with its GIA such that neither the Participating TO nor the CAISO has provided the Interconnection Customer with a Notice of Breach of the GIA (where the breach has not been cured or the Interconnection Customer has not commenced sufficient curative actions).

#### 3.5.1.4.2 Annual Assessment

The CAISO will perform an annual review of the Generating Facility's commercial viability. If the Interconnection Customer fails to maintain the level of commercial viability on which the Commercial Operation Date approval was based, the Deliverability status of the Generating Facility corresponding to the Interconnection Request shall convert to Energy Only Deliverability Status.

### Appendix DD, Section 3.5.1.4 Proposed Commercial Operation Date

The proposed Commercial Operation Date of the new Generating Facility or increase in capacity of the existing Generating Facility shall not exceed seven years from the date the Interconnection Request is received by the CAISO, unless the Interconnection Customer demonstrates, and the applicable Participating TO(s) and the CAISO agree, such agreement not to be unreasonably withheld, that the Generating Facility is commercially viable, and that engineering, permitting and construction of the new Generating Facility or increase in capacity of the existing Generating Facility will take longer than the seven year period. The CAISO's agreement to an extension of the proposed Commercial Operation Date does not relieve the Interconnection Customer from compliance with the requirements of any of the criteria in Section 8.9.3 for retention of TP Deliverability.

#### 3.5.1.4.1 Commercial Viability

The CAISO's agreement to an extension of the proposed Commercial Operation Date is predicated on the Generating Facility maintaining the criteria on which commercial viability is based.

Commercial viability shall be defined as:

- a. Having, at a minimum, applied for the necessary governmental permits or authorizations and that the permitting authority has deemed such documentation "as data adequate" for the authority to initiate its review process;
- b. Having an executed power purchase agreement, attesting that the Generating Facilities will be balance-sheet financed, or otherwise receiving a binding commitment of project financing;
- c. Demonstrating Site Exclusivity in lieu of any Site Exclusivity Deposit;
- d. Having an executed Generator Interconnection Agreement ("GIA"); and
- e. Being in good standing with its GIA such that neither the Participating TO nor the CAISO has provided the Interconnection Customer with a Notice of Breach of the GIA (where the breach has not been cured or the Interconnection Customer has not commenced sufficient curative actions).

#### 3.5.1.4.2 Annual Assessment

The CAISO will perform an annual review of the Generating Facility's commercial viability. If the Interconnection Customer fails to maintain the level of commercial viability on which the Commercial Operation Date approval was based, the Deliverability status of the Generating Facility corresponding to the Interconnection Request shall convert to Energy Only Deliverability Status.

## 4.3 Topic 3– Negotiation of Generator Interconnection Agreements

### 4.3.1 Background and current process

The Interconnection Customer's GIA is currently tendered 30 calendar days after either the Phase II study report is published for Energy-Only projects or after the TP Deliverability is determined for the remaining projects. Once tendered, the Interconnection Customer has 120 calendar days to negotiate and execute the GIA. This timing often conflicts with the timing of the Interconnection Customer's actual need for an effective GIA. In many cases where an Interconnection Customer has not secured a power purchase agreement or a commitment of financing, the Interconnection Customer is not eager to negotiate and execute the GIA, to say the least. A challenge therefore arises because the CAISO and the Participating TO must attempt to meet the tariff timelines for negotiation and execution of the GIA with an unmotivated Interconnection Customer. To address these issues, the CAISO proposes to reverse the start of the negotiation timeline by tendering the draft GIA based on the Generating Facility's In-Service Date for the project and the longest lead-time it takes to construct all required facilities (plus sufficient time to negotiate and execute the GIA).

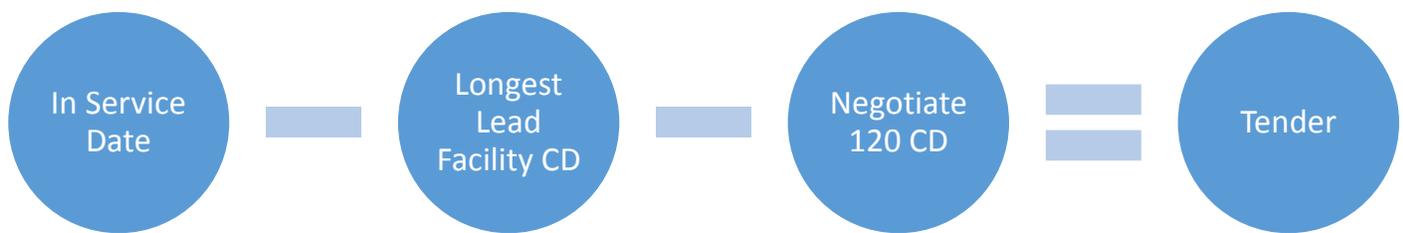
In addition, under current negotiation provisions, only the Interconnection Customer can declare that negotiations of the GIA are at an impasse. This is problematic because GIAs are inherently three-party agreements, and it is often the Interconnection Customer that has ceased negotiating terms but still wants a prolonged negotiation period so that it can make further attempts to secure a power purchase agreement or financing. Consistent with the changes described above, the CAISO proposes to add tariff language clarifying that the CAISO or the Participating TO may declare that negotiations are at an impasse.

Finally, existing tariff provisions do not require an Interconnection Customer to keep the ISD and COD up-to-date for its project. Reconciling these dates typically is done as part of the GIA negotiation; however, in many cases Interconnection Customers remain in the interconnection queue or negotiate their GIAs with CODs that have already passed. The CAISO is proposing to hold Interconnection Customers responsible for extending their ISDs and CODs as appropriate while in the ISO interconnection queue.

### 4.3.2 Proposed Changes

#### Tender

Agreements will be tendered by the Participating TO to the Interconnection Customer and the CAISO based on the Interconnection Customer’s requested In-Service Date, the estimated time to construct the longest lead Network Upgrade, Interconnection Facility or Generating Facility, and the time needed to negotiate the GIA. Timeframes may be shortened to accommodate other CAISO tariff processes such as TP Deliverability requirements or earlier dates may be requested by the Interconnection Customer to meet their needs.



Tender Timeline Examples

The longest lead time could be associated with Interconnection Facilities, Network Upgrades or Generating Facilities.

	<b>In service Date</b>	<b>Longest Lead Facility CD</b>	<b>Negotiate CD</b>	<b>Tender</b>
New GIA longest lead 27 mos	3/29/2018	837	120	8/15/2015
New GIA longest lead 6 mos	12/15/2016	186	120	2/13/2016
New GIA longest lead 3 years	7/1/2020	1116	120	2/11/2017

Negotiation

The CAISO is proposing to also permit the Participating TO and the CAISO to declare negotiations to be at an impasse. Declaring an impasse will trigger the Interconnection Customer to request an unexecuted filing of the agreement or initiate dispute resolution.

Outdated Interconnection Request

If the Interconnection Customer’s ISD is not achievable any time after issuance of the Phase II Study report based on the estimated time to construct the longest lead Network Upgrade,

Interconnection Facility or Generating Facility, and the time needed to negotiate the GIA, the Interconnection Request will be deemed withdrawn pursuant to the process described in section 3.8 of Appendix DD. The CAISO will make Interconnection Customers aware of the date upon which their project's ISD will be outdated. As an example, the Interconnection Request may include an ISD or COD that is not achievable based on the earliest possible construction timelines of the Participating TO. The Interconnection Customer will have thirty (30) calendar days from the notice of deemed withdrawal to cure all outdated information by submitting a complete request for modification.

#### 4.3.3 *Tariff Language*

The following are the proposed edits to section 13 of Appendix DD and similar edits will appear in section 4.8 of Appendix UU, section 4.3 of Appendix W, and section 11 of Appendix Y:

### **Section 13 Generator Interconnection Agreement (GIA)**

#### **13.1 Tender**

##### **13.1.1**

The applicable Participating TO shall tender a draft GIA, together with draft appendices, to the CAISO and Interconnection Customer no later than the sum of (i) 150 Calendar Days and (ii) the estimated time to construct the Interconnection Facilities and Network Upgrades indicated in the applicable study report, prior to the In Service Date. The draft GIA shall be in the form of the FERC-approved form of GIA set forth in CAISO Tariff Appendix EE or Appendix FF, as applicable.

~~If the Interconnection Customer requested Full Capacity Deliverability Status or Partial Deliverability Status, then within thirty (30) Calendar Days after the CAISO provides the updated Phase II Interconnection Study report (or by an earlier date, if all parties agree) which includes the allocation of TP Deliverability to the Interconnection Customer, the applicable Participating TO shall tender a draft GIA, together with draft appendices. If the Interconnection Customer requested Energy-Only Deliverability Status, then within thirty (30) Calendar Days following the results meeting for the final Phase II Interconnection Study (or by an earlier date, if all parties agree), Facilities Study, or system impact and facilities study, the applicable Participating TO shall tender a draft GIA, together with draft appendices. The draft GIA shall be in the form of the FERC-approved form of GIA set forth in CAISO Tariff Appendix EE or Appendix FF, as applicable. The Interconnection Customer shall provide written comments, or notification of no comments, to the draft appendices to the applicable Participating TO(s) and the CAISO within (30) calendar days of receipt.~~

**13.1.2** Consistent with Section 13.1.1, when the transmission system of a Participating TO, in which the Point of Interconnection is not located, is affected, such Participating TO shall tender an Affected Participating TO Upgrade Facilities Agreement to the CAISO and the Interconnection Customer. ~~a separate agreement, in the form of the GIA, as appropriately modified.~~

#### **13.2 Negotiation**

~~Notwithstanding Section 13.1, at the request of the Interconnection Customer, the applicable Participating TO(s) and CAISO shall begin negotiations with the Interconnection Customer concerning the appendices to the GIA at any time after the CAISO provides the Interconnection Customer with the final Phase II Interconnection Study report. The applicable Participating TO(s) and CAISO and the~~

Interconnection Customer shall negotiate concerning any disputed provisions of the appendices to the draft GIA for not more than one hundred twenty (120) calendar days after the Participating TO CAISO provides the Interconnection Customer and CAISO with the draft GIA final Phase II Interconnection Study report, or the system impact and facilities study report. If the Interconnection Customer, the Participating TO, or CAISO determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft GIA pursuant to Section 13.1. Upon such request, the Interconnection Customer shall ~~and request~~ submission of the unexecuted GIA with FERC or initiate Dispute Resolution procedures pursuant to Section 15.5. ~~If the Interconnection Customer requests termination of the negotiations, but, within one hundred twenty (120) calendar days after the draft GIA was tendered pursuant to Section 13.1~~ issuance of the final Phase II Interconnection Study report, ~~fails to request either the filing of the unexecuted GIA with FERC or initiate Dispute Resolution procedures pursuant to Section 15.5, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Interconnection Customer has not executed and returned the GIA, requested filing of an unexecuted GIA, or initiated Dispute Resolution procedures pursuant to Section 15.5 within one hundred twenty (120) calendar days after issuance of the draft GIA final Phase II Interconnection Study report, it shall be deemed to have withdrawn its Interconnection Request.~~ The CAISO shall provide to the Interconnection Customer a final GIA within ten (10) Business Days after the completion of the negotiation process and receipt of all requested information.

13.2.1 Any time after the Phase II Study report is issued, if the Interconnection Customer's In-Service Date is not achievable based on the estimated time (i) to construct the longest lead Network Upgrade, Interconnection Facility or Generating Facility as set forth in the Interconnection Customer's study reports, and (ii) the time needed to negotiate the GIA, the Interconnection Request shall be deemed withdrawn pursuant to Section 3.8.

### **13.3 Execution And Filing**

The Interconnection Customer shall either: (i) execute the ~~appropriate number of originals of the tendered GIA, amendment, or UFA~~ as specified in the directions provided by the CAISO and return them to the CAISO, as directed, for completion of the execution process; or (ii) request in writing that the applicable Participating TO(s) and CAISO file with FERC a GIA, amendment, or UFA in unexecuted form. The GIA, amendment, or UFA shall be considered executed as of the date that all three Parties have signed the GIA, amendment, or UFA. As soon as practicable, but not later than ten (10) Business Days after receiving ~~either the executed originals signature pages of the tendered GIA, amendment, or UFA~~ (if it does not conform with a FERC-approved standard form of interconnection agreement) or the request to file an unexecuted GIA, amendment, or UFA as described in Section 13.3.7, ~~the~~ The applicable Participating TO(s) and CAISO shall file the GIA, amendment, or UFA with FERC, as necessary, together with an explanation of any matters as to which the Interconnection Customer and the applicable Participating TO(s) or CAISO disagree ~~and support for the costs that the applicable Participating TO(s) propose to charge to the Interconnection Customer under the GIA, amendment or UFA.~~ An unexecuted GIA, amendment, or UFA should contain terms and conditions deemed appropriate by the applicable Participating TO(s) and CAISO for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted GIA, amendment, or UFA, they may proceed pending FERC action.

Tariff Appendix A Revisions:

### **Appendix A Master Definition Supplement**

- Affected Participating TO Upgrade Facilities Agreement  
The agreement applicable to an Interconnection Request pertaining to a Generating Facility processed under the interconnection procedures set forth in Appendix Y or DD where the system of a Participating TO, in which the Point of Interconnection is not located, is affected.

-UFA

Affected Participating TO Upgrade Facilities Agreement

## 4.4 Topic 4 -Deposits

The CAISO has extensively reviewed the deposit structure for Interconnection Requests in relation to the actual costs incurred for the interconnection study. The CAISO has found that current deposit requirements for small generators are slightly insufficient to meet the actual costs incurred. In addition, with the new GIDAP structure for studies and small generators' desire to acquire TP Deliverability and participate in related studies, the actual costs incurred by a small generator is no different from a large generator and therefore the original rate structure is no longer appropriate. Under the current structure, the CAISO and the Participating TOs are in the position of having to invoice small generator Interconnection Customers beyond their original deposits. This process is an administrative burden for all parties, and it diminishes Interconnection Customers' reliance on the deposit amounts as an accurate estimate of their study costs.

In addition, the CAISO tariff and the GIA allow Interconnection Customers additional studies (e.g., repowering, modification, and limited operation) both prior to and after COD. In each of these instances the Interconnection Customer is responsible for actual costs incurred for the study, but neither the tariff nor the GIA provide a mechanism to obtain a deposit for the study consistent with the other studies in the interconnection process. The following sections will discuss each issue in detail with proposed tariff language.

### 4.4.1 *Interconnection Request Study Deposits*

The current Cluster and Independent Study Interconnection Request Process study deposit structure has proven insufficient to cover actual study costs for the majority of projects. Specifically, the rate of \$50,000 plus \$1,000 per requested MW is insufficient to cover the actual costs of the interconnection study and reassessment, especially for smaller generators. The average study cost for large and small generators in Cluster 5 projects was \$156,500. Specifically the cost for small Generating Units completing the entire study process averaged \$190,798 with a range of study costs from \$60,339 to \$233,749. The cost for large Generating Units completing the entire study process averaged \$146,395 with a range of study costs from \$57,265 to \$242,266. This results in part because the GIDAP study processes do not distinguish between large and small Generating Units. The original intent of a MW-based study deposit was to assist the Interconnection Customer in "right-sizing" the project. Now that the CAISO allows an annual downsizing process and study costs for each study process are allocated *pro rata* across all projects

in the cluster, large and small, the \$/MW adder does not make sense. However, the CAISO needs to ensure that all projects post a sufficient deposit to cover realistic costs based on past studies. Although section 3.5.1.2 of Appendix DD of the CAISO tariff states that an Interconnection Customer shall pay all actual costs of the interconnection study that exceed its study deposit, the Interconnection Customer often is (understandably) surprised to receive an invoice for overages because it made the reasonable assumption that the deposit was structured to cover typical study costs. The current deposit structure underestimates the study costs that Interconnection Customers anticipate and requires the CAISO to invoice the majority of Interconnection Customers—an avoidable task for the CAISO and surprise to the Interconnection Customer. Changing to a flat rate of \$150,000 for all projects, both large and small, provides Interconnection Customers a more realistic estimate of the study costs.

The following are the proposed edits to part (i) of section 3.5.1 of Appendix DD:

### **3.5.1 Initiating an Interconnection Request.**

- (i) An Interconnection Study Deposit equal to ~~\$50,000~~ **\$150,000**, plus ~~\$1,000 per MW of electrical output of the Generating Facility, up to a maximum of \$250,000.~~  
...

### **4.4.2 Limited Operation Study Deposit**

Section 5.9 of the Large Generator Interconnection Agreement provides for a limited operation study if any of the Participating TO's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation of the Electric Generating Unit. The limited operation study allows the Participating TO and/or the CAISO to determine the extent to which the Electric Generating Unit may operate in advance of completion of the Participating TO's Interconnection Facilities or Reliability Network Upgrades. The section also provides that such studies will be performed at the "request and the expense of the Interconnection Customer." However, the tariff does not currently specify the deposit required to effect such a study.

The following is a proposed new section to append to section 14.2 of Appendix DD.

### **14.2.4 Limited Operation Study**

#### **14.2.4.1**

Pursuant to Article 5.9 of the Large Generator Interconnection Agreement set forth in Appendix V, BB, CC and EE, Generating Facilities may request a limited operation study if any of the Participating TO's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Generating Unit. The Participating TO and/or the CAISO, as applicable, shall, upon the request and at the expense of the Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Generating Unit and the Interconnection Customer's Interconnection Facilities may operate prior to the completion of the Participating TO's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice. The Participating TO and the CAISO shall permit the Interconnection Customer to operate the Generating Unit and

the Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.

#### **14.2.4.2**

The Generating Unit owner shall provide the CAISO a \$10,000 deposit for the limited operation study at the time the request is submitted. Except as provided below, any limited operation study will be concluded, and a response provided to the Generating Unit owner in writing, within forty-five (45) calendar days from the date the CAISO receives all of the following: the Generating Unit owner's written notice for a limited operation study, technical data required to assess the request, and payment of the \$10,000 deposit. If the limited operation study cannot be completed within that time period, the CAISO shall notify the Generating Unit owner and provide an estimated completion date and an explanation of the reasons why additional time is required.

#### **14.2.4.3**

The Generating Unit owner will be responsible for the actual costs incurred by the CAISO and applicable Participating TO(s) in conducting the modification assessment. If the actual costs of the limited operation study are less than the deposit provided by the Generating Unit owner, the Generating Unit owner will be refunded the balance. If the actual costs of the limited operation study are greater than the deposit provided by the Generating Unit owner, the Generating Unit owner shall pay the balance within thirty (30) days of being invoiced. The CAISO shall coordinate the request with the Participating TO(s). The Participating TO(s) shall invoice the CAISO for any limited operation study work within seventy-five (75) calendar days of completion of the study, and, within thirty (30) days of payment of the Participating TO(s) invoice, the CAISO shall issue an invoice or refund to the Generating Unit owner, as applicable, based upon such submitted Participating TO invoices and the CAISO's costs for the assessment.

### **4.4.3 *Modification Deposits***

The Large Generator Interconnection Agreement and the Small Generator Interconnection Agreement provide options for modifications to the project after it has achieved COD. The agreements also provide that the Generating Unit owner requesting the modification is required to pay the costs incurred by the CAISO and Participating TO to determine the impact of the modification to the system. However, the tariff does not currently specify the deposit required to effect such a study.

The following is a proposed new subsection to be added to section 25 of the tariff:

#### **25.5 Modifications to Generating Facilities**

Pursuant to Article 5.19 of the Large Generator Interconnection Agreement set forth in Appendix V, BB, CC and EE, or Article 1.3.4 of the Small Generator Interconnection Agreement set forth in Appendix S and FF, Generating Facilities may make modifications to their Generating Facilities where the CAISO and the Participating TO are notified at least ninety (90) calendar days in advance of commencement of work and sufficient information is provided such that the CAISO and the Participating TO(s) have determined that the modification is not a Material Modification.

##### **25.5.1**

Prior to making any modification, the Generating Unit owner must first request that the CAISO evaluate whether such modification is a Material Modification. In response to the Generating Unit owner's request, the CAISO, in coordination with the affected Participating TO, shall evaluate the proposed modification. The CAISO may engage the services of the applicable Participating TO to assess the modification. The CAISO shall inform the

Generating Unit owner in writing whether the modification would constitute a Material Modification. Costs incurred by the Participating TO and the CAISO (if any) shall be borne by the party making the request under Section 25.5, and such costs shall be included in any CAISO invoice for modification assessment activities.

#### **25.5.2**

The Generating Unit owner shall provide the CAISO a \$10,000 deposit for the modification assessment at the time the request is submitted. Except as provided below, any modification assessment will be concluded, and a response provided to the Generating Unit owner in writing, within forty-five (45) calendar days from the date the CAISO receives all of the following: the Generating Unit owner's written notice to modify the project, technical data required to assess the request, and payment of the \$10,000 deposit. If the modification assessment cannot be completed within that time period, the CAISO shall notify the Generating Unit owner and provide an estimated completion date and an explanation of the reasons why additional time is required.

#### **25.5.3**

The Generating Unit owner will be responsible for the actual costs incurred by the CAISO and applicable Participating TO(s) in conducting the modification assessment. If the actual costs of the modification assessment are less than the deposit provided by the Generating Unit owner, the Generating Unit owner will be refunded the balance. If the actual costs of the modification assessment are greater than the deposit provided by the Generating Unit owner, the Generating Unit owner shall pay the balance within thirty (30) days of being invoiced. The CAISO shall coordinate the modification request with the Participating TO(s). The Participating TO(s) shall invoice the CAISO for any assessment work within seventy-five (75) calendar days of completion of the assessment, and, within thirty (30) days of payment of the Participating TO(s) invoice, the CAISO shall issue an invoice or refund to the Generating Unit owner, as applicable, based upon such submitted Participating TO invoices and the CAISO's own costs for the assessment.

#### **4.4.4 Repowering Deposits**

Section 25.1.2 of the CAISO tariff allows Generating Facilities to repower so long as the total generating capability and electrical characteristics of the facility are substantially unchanged. The tariff also provides that the Generating Unit owner requesting the modification is required to pay the costs incurred by the CAISO and the Participating TO to determine the impact of the repowering to the system. However, the tariff does not currently specify the deposit required to effect such a study.

The following are proposed edits to section 25.1.2 of the CAISO tariff:

##### **25.1.2 Affidavit Requirement**

If the owner of a Generating Unit described in Section 25.1(d), or its designee, represents that the total generating capability and electrical characteristics of the Generating Unit will be substantially unchanged, then that entity must submit an affidavit to the CAISO and the applicable Participating TO representing that the total generating capability and electrical characteristics of the Generating Unit have remained substantially unchanged. The owner of the Generating Unit must include with the affidavit the complete technical data required to assess the repowering and a \$10,000 deposit for the repowering study. However, if there is any change to the total generating capability and electrical characteristics of the Generating Unit, the affidavit shall include supporting information describing any such changes. The CAISO, in coordination with and the applicable Participating TO shall evaluate ~~have the right to verify~~ whether or not the total generating capability or electrical characteristics of the Generating Unit have substantially changed or will substantially change. The CAISO may engage the services of the applicable Participating TO in conducting such verification activities. Costs incurred by

the CAISO and Participating TO (if any) shall be borne by the party making the request under Section 25.1.2, and such costs shall be included in a CAISO invoice for verification activities.

#### **25.1.2.1**

Upon receipt of the affidavit, the complete technical data, and the deposit, the CAISO will issue a draft study plan to the Generating Unit owner within ten (10) Business Days. Upon receipt of an executed study plan the CAISO will commence the repowering study. The CAISO will complete the repowering study within ninety (90) calendar days from the date the CAISO receives the signed study plan. If the CAISO cannot complete the repowering study within that time period, the CAISO shall notify the Generating Unit owner and provide an estimated completion date and an explanation of the reasons why additional time is required. The CAISO will issue a final study report to the Generating Unit owner upon completion of the study. Any and all costs of the repowering study shall be borne by the Generating Unit owner requesting the study.

#### **25.1.2.2**

The Generating Unit owner will be responsible for the actual costs incurred by the CAISO and applicable Participating TO(s) in conducting the repowering study. If the actual costs of the repowering study are less than the deposit provided by the Generating Unit owner, the Generating Unit owner will be refunded the balance. If the actual costs of the repowering study are greater than the deposit provided by the Generating Unit owner, the Generating Unit owner shall pay the balance within thirty (30) days of being invoiced by the CAISO. The Participating TO(s) shall invoice the CAISO for any repowering study work within seventy-five (75) calendar days of completion of the study, and, within thirty (30) days of payment of the Participating TO(s) invoice, the CAISO shall issue an invoice or refund to the Generating Unit owner, as applicable, based upon such submitted Participating TO invoices and the CAISO's costs for the repowering study.

## **4.5 Topic 5 - Stand-Alone Network Upgrades and Self-Build Option**

When an Interconnection Customer is assigned one hundred percent of the cost responsibility of a Network Upgrade and no other Interconnection Customer has the Network Upgrade identified as a requirement for its project, the Network Upgrade may qualify as a Stand Alone Network Upgrade (“SANU”). A SANU is defined in the Large Generator Interconnection Agreement (“LGIA”) as a Network Upgrade that the Interconnection Customer may construct without affecting day-to-day operations of the CAISO Controlled Grid or Affected Systems during construction. The LGIA defines criteria under which an Interconnection Customer may opt to build SANUs, and the Participating TO, the CAISO, and the Interconnection Customer must agree on which Network Upgrades qualify as SANUs by identify them in Appendix A to the LGIA.

Current policy allows for an Interconnection Customer building SANUs to forgo posting Interconnection Financial Security for the SANUs because only the Participating TO is able to draw from Interconnection Financial Security postings. This has proven problematic where an Interconnection Customer that initially opts to self build does not perform as anticipated, and the Participating TO then has to build the SANUs for either the Interconnection Customer or another project that was relying on the SANU as a precursor upgrade. In addition, if the Interconnection Customer that was building the SANU withdraws without ever having posted the Interconnection

Financial Security, the Participating TO is at risk for the SANU costs. There also have been cases where the SANU is a switchyard that a later queued project selects as its point of interconnection, but the Interconnection Customer building the SANU does not meet the anticipated construction timeline, thereby adversely impacting the later queued project's Commercial Operation Date.

In response to this issue, the CAISO proposes language intended to clarify the process and outline explicit financial obligations for ICs that elect to self build a SANU.

The following is a proposed new subsection appended after section 11.3.1.4.3 of Appendix DD:

**11.3.1.4.4 Posting Related to Interconnection Customer's Opting to build Stand Alone Network Upgrade(s)**

If an Interconnection Customer elects to self build Stand Alone Network Upgrades and the Participating TO and the CAISO agree, no posting of Interconnection Financial Security will be required for costs associated with the Stand Alone Network Upgrade and the Interconnection Customer's requirements associated with the design, procurement, and construction of the Stand Alone Network Upgrade will be documented in the GIA. If at any time the responsibility for constructing the Stand Alone Network Upgrade reverts back to the Participating TO, the Interconnection Customer will be required to make the appropriate Interconnection Financial Security posting within thirty (30) calendar days of determining that the Participating TO will build the Stand Alone Network Upgrade. Failure to make timely posting will result in the withdrawal of the Interconnection Request in accordance with Section 3.8. If an Interconnection Customer elects to self build Stand Alone Network Upgrades and later withdraws, the amount of the Interconnection Financial Security that is determined to be refundable under Section 11.4.2 will be reduced by the amount of the Interconnection Financial Security posting the Interconnection Customer avoided through the self build option.

The following are proposed edit for Section 11.4.2.1 (a) and 11.4.2.2 (a) of Appendix DD:

- a. the Interconnection Financial Security plus (any other provided security plus any separately provided capital) less (all costs and expenses incurred or irrevocably committed to finance Pre-Construction Activities for Network Upgrades on behalf of the Interconnection Customer, and any postings avoided due to Interconnection Customer's election to self build Stand Alone Network Upgrades.), or

The following are proposed edits to Article 5.2 of Appendix EE:

**5.2 General Conditions Applicable to Option to Build.**

If the Interconnection Customer assumes responsibility for the design, procurement, and construction of the Participating TO's Interconnection Facilities and Stand Alone Network Upgrades, (1) within six (6) months of the execution of this LGIA, or at a later date agreed to by the Parties, the Interconnection Customer shall submit to the CAISO and the Participating TO a milestone schedule for the design, procurement, and construction of the Stand Alone Network Upgrades that supports the Interconnection Customer's Commercial Operation Date. The Appendix B Milestones will be amended to include the milestone schedule for the Stand Alone Network Upgrade.

[Because there are currently eleven paragraphs in the Article, the proposed edit would be numbered first and the existing paragraphs would be re-numbered (2) through (12).]

## 4.6 Topic 6 - Allowable Modifications Between Phase I and Phase II Study Results

Section 6.7.2.2 of Appendix DD allows for an Interconnection Customer to make the following specific modifications to its project from the time the Phase I study report is issued until 10 Business Days following the Phase I Study results meeting: (a) decreasing the electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Generating Facility technology or the Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. These modifications do not require a material modification review if the Interconnection Customer elects any of them during this period. After the Phase I study report is published, the Interconnection Customer, the Participating TO, and the CAISO will have a better idea of the timeframe required to construct Network Upgrades, and therefore may want to revise the Commercial Operation Date defined in the Interconnection Request. Because Commercial Operation Date is not specifically defined in the list cited above, it is proposed that Commercial Operation Date be added to this list of specific allowable modifications. Commercial Operation Date, along with the related In-Service Date and Trial Operation Date, are elements of the Generator Interconnection Study Process Agreement Appendix B. These dates are frequently adjusted to reflect the construction timeline provided in the Phase I study results or possibly due to changes in the project's business model but are still limited by the time in queue requirement. To qualify, the requested Commercial Operation Date still would be required to meet the criteria set forth in section 3.5.1.4 of Appendix DD.

The following are the proposed edits to paragraph two of section 6.7.2.2 of Appendix DD. Because this language obviates the need for Section 7.1 of Appendix DD, it will be deleted in its entirety:

### 6.7.2.2 ...

Modifications permitted under this Section shall include specifically: (a) a decrease in the electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Generating Facility technology or the Generating Facility step-up transformer impedance characteristics; ~~and~~ (c) modifying the interconnection configuration; (d) change of In-Service Date, Trial Operation Date, and/or Commercial Operation Date that meets the criteria set forth in Section 3.5.1.4 and is acceptable to the applicable Participating TO(s) and the CAISO, such acceptance not to be unreasonably withheld; (e) change in Point of Interconnection; and (f) change in Deliverability Status from Full Capacity Deliverability Status to Energy Only Deliverability Status or to Partial Capacity Deliverability Status; from Partial Capacity Deliverability Status to Energy Only Deliverability Status or to a lower fraction of Full Capacity Deliverability Status....

### 7.1 ~~[Not Used] Confirmation or Modification of Deliverability Status~~

~~Within such Appendix B, the Interconnection Customer shall either~~

~~(a) confirm the desired Deliverability Status that the Interconnection Customer had previously designated in the completed form of Appendix A to the Generator Interconnection Study Process Agreement (Assumptions Used in Conducting the Phase I Interconnection Study); or~~

~~(b) change the desired Deliverability Status in one of the following ways:~~

~~(i) from Full Capacity Deliverability Status to Energy Only Deliverability Status;~~

~~(ii) from Full Capacity Deliverability Status to Partial Capacity Deliverability Status with a specified fraction of Full Capacity Deliverability Status;~~

~~(iii) from Partial Capacity Deliverability Status to Energy Only Deliverability Status; or~~

- (iv) ~~reduce Partial Capacity Deliverability Status to a lower fraction of Full Capacity Deliverability Status.~~

**Modify Appendix B to Appendix 3 GENERATOR INTERCONNECTION STUDY PROCESS AGREEMENT FOR QUEUE CLUSTERS as follows:**

Point of Interconnection: \_\_\_\_\_  
 Other Modification: \_\_\_\_\_  
 (*Change these two date descriptions to align with the original IR and RIMS*)  
~~Generator step up transformer receives back feed power~~ In-Service Date:  
~~Generation Testing Trial Operation~~ Date:

**Modify Appendix B to Appendix 6 Independent Study Process Study Agreement as follows:**

Point of Interconnection: \_\_\_\_\_  
 Other Modification: \_\_\_\_\_  
 (*Change these two date descriptions to align with the original IR and RIMS*)  
~~Generator step up transformer receives back feed power~~ In-Service Date:  
~~Generation Testing Trial Operation~~ Date:

## 4.7 Topic 7 – Conditions for Issuance of Study Reports

Addenda to final interconnection study reports are sometimes used to correct non-substantial errors or omissions in the final interconnection studies. However, there have been other circumstances that have triggered other updates to the final interconnection study. It is necessary to properly document such updates and clarify how they may impact the Interconnection Financial Security posting requirements and maximum cost responsibility.

Below is a summary of all the types of updates to the final interconnection study reports:

1. Updates due to errors or omissions: The CAISO will issue a revised report or addendum pursuant to section 6.8 of Appendix DD;
2. Updates due to system condition changes covered in the annual reassessment: The CAISO will issue a reassessment report pursuant to section 7.4 of Appendix DD; and
3. Updates due to modification by the Interconnection Customer or the Participating TO(s): The CAISO will issue a facilities reassessment report to the Interconnection Customer. The modifications should be a result of a material modification analysis. Once approved, the CAISO, in coordination with the applicable Participating TOs, will assess any resulted changes to the scope, schedule, and cost of the Interconnection Facilities and Network Upgrades assigned to the Interconnection Customer.

The CAISO's proposal here focuses only on item 3 because items 1 and 2 are already evident in Appendix DD. Under this proposal, depending on the timing of modification approval, the updated scope, schedule, and cost of Interconnection Facilities and Network Upgrades will be treated as follows:

- If the modification is requested and approved between the Phase I and Phase II studies, the scope and cost of Interconnection Facilities and Network Upgrades will be evaluated in the

Phase II study. The Phase I final report remains the same. A modification resulting in higher Network Upgrades costs shall be deemed as material because it shifts costs to the Participating TO due to the Phase I cost cap.

- If the modification is requested after the Phase II study, the CAISO in coordination with the applicable Participating TO will determine whether a facility reassessment is needed. If needed, the timeline for completing the material modification analysis will include an additional 45 calendar days. A facilities reassessment report will be attached to the modification approval letter to update the scope and costs of the Interconnection Facilities and Network Upgrades. For the Network Upgrade changes, their impacts to maximum cost responsibility and Interconnection Financial Security will be evaluated pursuant to section 7.4.3 of Appendix DD. For the Interconnection Facility changes, the Interconnection Financial Security is re-calculated with the costs in the facilities reassessment report.

The following is a proposed new paragraph to be appended to the end of section 6.7.2.2 of the Appendix DD, and edits to the first paragraph of Section 6.7.2.3 of Appendix DD:

#### 6.7.2.2 ...

If any requested modification after the Phase II Interconnection Study Report would change the scope, schedule, or cost of the Interconnection Facilities or Network Upgrades, the CAISO will issue a facilities reassessment report to the Interconnection Customer.

- 6.7.2.3** The Interconnection Customer shall provide the CAISO a \$10,000 deposit for the modification assessment at the time the request is submitted. Except as provided below, any modification assessment will be concluded, and a response provided to the Interconnection Customer in writing, within forty-five (45) calendar days from the date the CAISO receives all of the following: the Interconnection Customer's written notice to modify the project, technical data required to assess the request and payment of the \$10,000 deposit. If the modification request results in a change to the Interconnection Facilities or Network Upgrades the modification assessment could take up to ninety (90) calendar days. If the modification assessment cannot be completed within these time periods, the CAISO shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

## 4.8 Topic 8 - Generator Interconnection Agreement Insurance

The current insurance provisions of the LGIA describe the types of insurance coverage the Participating TO, the CAISO, and the Interconnection Customer must secure. Based on discussions with Interconnection Customers and industry insurance carriers, some of the existing insurance coverage provisions of the LGIA are anachronistic or no longer available. The changes proposed below seek to update insurance terms and conditions to current industry standards.

The CAISO is proposing to revise section 18.3 of Appendix EE as follows. The same language would also be included in Article 18.3 of Appendices V, BB, and CC.

**18.3 Insurance.** As indicated below, the designated Party shall, at its own expense, maintain in force throughout the periods noted in this LGIA, and until released by the other Parties, the following minimum

insurance coverages, with insurers rated no less than A- VII by A.M. Best ~~(with a minimum size rating of VII) by Bests' Insurance Guide and Key Ratings~~ and authorized to do business in the state where the Point of Interconnection is located, except in the case of any insurance required to be carried by the CAISO, the State of California:

- 18.3.1 Employer's Liability and Workers' Compensation Insurance.** The Participating TO and the Interconnection Customer shall maintain such coverage from the commencement of any Construction Activities providing statutory benefits for workers compensation coverage and coverage amounts of no less than One Million Dollars (\$1,000,000) for employer's liability for each employee for bodily injury by accident and \$1,000,000 for each employee for bodily injury by disease in accordance with the laws and regulations of the state in which the Point of Interconnection is located. The Participating TO shall provide the Interconnection Customer with evidence of such insurance within thirty (30) days of any request by the Interconnection Customer. The Interconnection Customer shall provide evidence of such insurance thirty (30) days prior to entry by any employee or contractor or other person acting on the Interconnection Customer's behalf onto any construction site to perform any work related to the Interconnection Facilities or Generating Facility.
- 18.3.2 Commercial General Liability Insurance.** The Participating TO and the Interconnection Customer shall maintain commercial general liability insurance commencing within thirty (30) days of the effective date of this LGIA, including premises and operations, personal injury, ~~broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification),~~ products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, ~~coverage for pollution to the extent normally available and punitive damages to the extent normally available and a no cross liability endorsement exclusions,~~ with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage. If the activities of the Interconnection Customer are being conducted through the actions of an Affiliate, then the Interconnection Customer may satisfy the insurance requirements of this Section 18.3.2 by providing evidence of insurance coverage carried by such Affiliate and showing the Participating TO and CAISO as an additional insured, together with the Interconnection Customer's written representation to the Participating TO and the CAISO that the insured Affiliate is conducting all of the necessary preconstruction work. Within thirty (30) days prior to the entry of any person on behalf of the Interconnection Customer onto any construction site to perform work related to the Interconnection Facilities or Generating Facility, the Interconnection Customer shall replace any evidence of Affiliate Insurance with evidence of such insurance carried by the Interconnection Customer, naming the Participating TO and CAISO as additional insured.
- 18.3.3 Business Automobile Liability Insurance.** Prior to the entry of any such vehicles on any construction site in connection with work done by or on behalf of the Interconnection Customer, the Interconnection Customer shall provide evidence of coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage. ~~Upon the request of the Participating TO, the~~ The Interconnection Customer shall name the Participating TO and CAISO as an additional insured on any such policies.
- 18.3.4 Excess Public Liability Insurance.** Commencing at the time of entry of any person on its behalf upon any construction site for the Network Upgrades, Interconnection Facilities, or Generating Facility, the Participating TO and the Interconnection Customer shall maintain Excess excess public Liability liability insurance over and above the Employer's Liability Commercial General Liability and Business Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate. Such insurance carried by the Participating TO shall name the Interconnection Customer and CAISO as an additional insured, and such insurance

carried by the Interconnection Customer shall name the Participating TO and CAISO as an additional insured. The requirements of Section 18.3.2 and 18.3.4 may be met by any combination of general and excess liability insurance.

- 18.3.5** The Commercial General Liability Insurance, Business Automobile Insurance and Excess ~~Public~~-Liability Insurance policies shall name the other Parties identified in the sections above, their parents, ~~their subsidiaries, associated and Affiliate companies and their respective~~ directors, officers, agents, servants and employees ("Other Party Group") and the CAISO as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group ~~and provide thirty (30) Calendar Days advance written notice to the Other Party Group of cancellation in coverage or condition.~~ If any Party can reasonably demonstrate that coverage policies containing provisions for insurer waiver of subrogation rights, or advance written notice are not commercially available, then the Parties shall meet and confer and mutually determine to (i) establish replacement or equivalent terms in lieu of subrogation or notice or (ii) waive the requirements that coverage(s) include such subrogation provision or require advance written notice from such insurers.
- 18.3.6** The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess ~~Public~~ Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.
- 18.3.7** The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess ~~Public~~ Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.
- 18.3.8** The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA. 18.3.9 Within ten (10) Calendar Days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) Calendar Days thereafter, ~~the Participating TO and the Interconnection Customer each Party~~ shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.
- 18.3.10** Notwithstanding the foregoing, each Party may self-insure a) to meet the minimum insurance requirements of Article 18.3.1, to the extent that it maintains a self-insurance program that is a qualified self insurer within the state in which the Point of Interconnection is located, under the laws and regulations of such state; and b) to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior unsecured debt or issuer rating is BBB-, or better, as rated by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior unsecured debt rating and issuer rating are both unrated by Standard & Poor's or are both rated at less than BBB- by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. c) in the event that a Party is permitted to self-insure pursuant to this Article 18.3.10, it shall notify the other Parties that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

**18.3.11** The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage including within the scope of coverage of such insurance whether or not such coverage is sought arising out of this LGIA.

## 4.9 Topic 9 -Interconnection Financial Security

The CAISO has reviewed the structure for Interconnection Financial Security in relation to the timing and deadlines associated with the existing process. The CAISO has found that clarification is needed on the earliest date when Interconnection Financial Security can be posted, as well as the impact that study report revisions can have on Interconnection Financial Security posting dates. In addition, a review of the TP Deliverability affidavit process has revealed the need to recognize that statements made in the affidavit process should ultimately impact potential Interconnection Financial Security refunds. The following sections will discuss each issue in detail with proposed tariff language.

### 4.9.1 Process Clarifications

There are three separate Interconnection Financial Security postings identified under the tariff. Each posting is required “on or before” a specified date that is triggered as a result of a specific interconnection activity, such as the publication of an Interconnection Study report or the Reassessment report. It has been suggested that additional clarification is needed regarding the Interconnection Financial Security postings, specifically, the earliest date that a posting may be made by an Interconnection Customer.

To address this issue, the CAISO proposes the following edits to the second paragraph after subsection Section 7.4.3, the first paragraph of Section 11.2.2, the first paragraph of section 11.3.1.2, and the first paragraph of section 11.3.2 of Appendix DD to the CAISO tariff:

#### 7.4.3 ...

The posted Interconnection Financial Security required of the Interconnection Customer for Network Upgrades shall be adjusted to correspond to ~~each change to~~ any increase in the Interconnection Customer’s estimated cost responsibility any time after but no later than sixty (60) calendar days after issuance of a resulting from a reassessment report based on the Interconnection Financial Security posting rules set forth in the applicable CAISO interconnection procedures. An Interconnection Customer that receives a downward adjustment to its current maximum cost responsibility pursuant to this Section may choose to ~~decline the corresponding adjustment to its posted~~ decline the corresponding adjustment to its posted Interconnection Financial Security ~~requirement by so notifying the CAISO in writing within sixty ten (60+10) calendar days of the issuance of the reassessment report that resulted in the downward adjustment of the Interconnection Customer’s maximum cost responsibility.~~

**11.2.2 Timing of Postings.** The postings set forth in this Section shall be made ~~on or before~~ any time after the issuance of the final Phase I Interconnection Study report but no later than ninety (90) calendar days after issuance of the final Phase I Interconnection Study report for Interconnection Customers in a Queue Cluster.

**11.3.1.2 Timing of Posting**

The ~~second~~ postings set forth in this Section for Interconnection Customers in a Queue Cluster shall be made ~~on or before~~ any time after issuance of the final Phase II Interconnection Study report but no later than one hundred eighty (180) calendar days after issuance of the final Phase II Interconnection Study report.

The initial postings for Interconnection Customers in the Independent Study Process shall be made any time after issuance of the final System Impact and Facilities Study report under the ISP but no later than ~~or on or before~~ one hundred twenty (120) calendar days after the CAISO provides the results of the System Impact and Facilities Study.

**11.3.2 Third Posting for Queue Cluster Customers and Second Posting for Independent Study Process Customers**

~~On or before~~ After the second posting for a Queue Cluster has been made but no later than 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 Section 11.3.1.

After the first posting for Independent Study Process Customers has been made but not later than 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 Section 11.3.1.

**4.9.2 Posting Clarification**

Currently, Phase I and Phase II study report revisions *may* result in an adjustment to the posting dates under section 6.8.3 of Appendix DD. Several Interconnection Customers recently have expressed concern regarding whether this section pertains to study report changes occurring after the Initial and Second Interconnection Financial Security postings have been made.

The CAISO proposes to revise section 6.8.3 of Appendix DD to clarify that use of this section only applies to report revisions made prior to the Initial and Second Interconnection Financial Security postings.

The following revision to section 6.8.3 of Appendix DD clarifies and limits the use of errors and omissions to the purpose for which they were originally intended.

**6.8.3 Only Substantial Errors or Omissions Adjust Posting Dates**

Only substantial errors and omissions related to the Phase I and Phase II study reports can make adjustments to Interconnection Financial Security posting due dates. Once the initial and second Interconnection Financial Security posting due dates as described in this section have passed, the error or omission provisions described in this Section 6.8.3 no longer apply. Unless the error or omission is ~~a~~ substantial, ~~error~~ resulting in the issuance of a revised final Phase I or Phase II Interconnection Study report, the correction of an error or omission shall not operate to delay any deadline for posting Interconnection Financial Security set forth in Section 11. In the case of a substantial error or omission resulting in the issuance of a revised final Phase I or Phase II Interconnection Study report, the deadline for posting Interconnection Financial Security shall be extended as set forth in Sections 11.2.2 and 11.3.1.2. In addition to issuing a revised final report, the CAISO will promptly notify the Interconnection Customer of any revised posting amount and extended due date occasioned by a substantial error or omission.

### 4.9.3 TP Deliverability Affidavits Impacts

The affidavit requirement for the current queue cluster in the TP Deliverability Allocation process set forth in section 8.9.2 of Appendix DD has three project elements that the Interconnection Customer must attest to: (1) permitting status, (2) project financing status, and (3) land acquisition. The CAISO assigns points based on the status of each of these categories, then ranks the ICs in order to allocate TP Deliverability in the event there is not enough TP Deliverability for all ICs in the cluster to receive it.

Projects that attest to balance-sheet financing receive the most points because the Interconnection Customer has declared that the project is willing to self-finance and move forward even without a power purchase agreement. The CAISO believes that ICs sometimes game this process by later reversing this attestation and then, upon withdrawal, taking advantage of a higher recovery of Interconnection Financial Security for Network Upgrades pursuant to section 11.4.1(a) of Appendix DD. Accordingly, the CAISO proposes to add the stipulation that projects that attest to balance-sheet financing will be ineligible to receive a partial recovery of their Network Upgrades Interconnection Financial Security upon withdrawal by claiming they were unable to secure a power purchase agreement.

Following are the proposed edits to sections 8.9.2(2)(a) and 11.4.1(a) of Appendix DD:

#### **8.9.2 Second Component: Allocating TP Deliverability To The Current Queue Cluster**

- (2) Project financing status. An Interconnection Customer's Generating Facility must meet at least one of the following criteria:
  - a. The Generating Facility will be balance-sheet financed or has otherwise received a commitment of project financing, and the Interconnection Customer represents to the CAISO that either it has a regulator approved power purchase agreement or that the Interconnection Customer is proceeding to commercial operation without a power purchase agreement.

Projects that attest at any time to this status will be precluded from exercising rights in accordance with Section 11.4.1(a) as a condition for partial recovery of the Network Upgrade Interconnection Financial Security if the project withdraws or is withdrawn.

#### **11.4.1 Conditions for Partial Recovery of Interconnection Financial Security Upon Withdrawal of Interconnection Request or Termination of GIA**

A portion of the Interconnection Financial Security shall be released to the Interconnection Customer, consistent with Section 11.4.2, if the withdrawal of the Interconnection Request or termination of the GIA occurs for any of the following reasons:

- (a) Failure to secure a power purchase agreement. At the time of withdrawal of the Interconnection Request or termination of the GIA, the Interconnection Customer demonstrates to the CAISO that it has failed to secure an acceptable power purchase agreement for the Energy or capacity of the Generating Facility after a good faith effort to do so. A good faith effort can be established by demonstrating participation in a competitive solicitation process or bilateral negotiations with an entity other than an Affiliate that progressed, at minimum, to the mutual exchange by all counter-parties of proposed term sheets.

Withdrawn projects that attested on the TP Deliverability Affidavit under Section 8.9.2, part (2), subpart (a) are ineligible to claim this condition for partial recovery of Interconnection Financial Security.

## 4.10 Topic 10 - Forfeiture of Funds for Withdrawal During Downsizing Process

The current tariff provisions on the Generator Downsizing Process set forth in section 7.5 of Appendix DD have resulted in conflicting interpretations regarding when an Interconnection Customer may withdraw its Interconnection Request based upon the downsized capacity it applied for in the Generator Downsizing Process. To clarify this perceived ambiguity, the CAISO proposes to bolster its current language to more explicitly require Interconnection Requests in the Generator Downsizing Process to remain in the downsizing process until completion of the downsizing study. This approach is consistent with the CAISO's original intent, and it allows time for the technical analysis needed to determine which Network Upgrades are still necessary for remaining Interconnection Customers. Of course, to avoid unnecessary costs for Network Upgrades, the CAISO will continue its practice of notifying the relevant Participating TO once a downsizing request has been validated so that, to the extent possible, work on Network Upgrades can be suspended.

This clarification also should bolster the CAISO's original intent: If the Interconnection Customer chooses to withdraw the project from the queue after its downsizing request has been validated but before the downsizing study has been completed, any partial Interconnection Financial Security refund amount will be calculated based on its pre-downsizing MW size pursuant to section 7.4.6 of Appendix DD.

The following are the proposed edits to section 7.5.6 of Appendix DD:

### 7.5.6 Withdrawal of Generator Downsizing Request

An Interconnection Customer may withdraw its Generator Downsizing Request anytime before the close of the applicable Generator Downsizing Request Window, but may not do so thereafter. Following a timely withdrawal under this ~~Section 7.5.6~~, the CAISO will refund the Generator Downsizing Deposit of the Interconnection Customer, less any costs incurred by the CAISO, applicable Participating TO(s), and/or third parties at the direction of the CAISO or applicable Participating TO(s) in validating the Generator Downsizing Request. If the Interconnection Customer's Interconnection Request is withdrawn or deemed withdrawn after the close of the applicable Generator Downsizing Request Window, the Interconnection Customer's Generator Downsizing Request will also be deemed withdrawn and the Interconnection Customer will forfeit its Generator Downsizing Deposit. Any partial recovery of the Interconnection Financial Security for Network Upgrades under Sections 11.4.2.1 and 11.4.2.2 will therefore be calculated based on the Interconnection Customer's most recent MW capacity prior to its downsizing request.

## 4.11 Topic 11 - TP Deliverability Option B Clarifications

The interconnection process requires Interconnection Customers requesting TP Deliverability to select allocation Option A or B after their Phase I Interconnection Study Results Meeting. Option A allows Generating Facilities that have requested but who do not receive TP Deliverability to withdraw, convert to Energy Only, or park their Interconnection Request pursuant to section 8.9.4

of Appendix DD. An Interconnection Customer choosing Option B, on the other hand, represents that if it does not receive its deliverability allocation, it will assume cost responsibility for all Delivery Area Network Upgrades (both Area and Local) without cash repayment under section 14.3.2 of Appendix DD.

Recently, several Interconnection Customers have chosen TP Deliverability Option B even though there were no Area Delivery Network Upgrades (ADNUs) identified in their Phase I Interconnection Study reports. The ability to select Option B in such a case is misleading, because the selection will not provide value to the Interconnection Customer, and actually limits its ability to move forward if the Generating Facility does not qualify to receive a TP Deliverability allocation in their Cluster's allocation cycle following the Phase II studies. Specifically, the current tariff provides that Option B Generating Facilities with no ADNUs identified and that do not receive a TP Deliverability allocation are only left with the option to withdraw their Interconnection Request. If that same Interconnection Customer had selected TP Deliverability Option A for its Generating Facility, and that Generating Facility had not qualified for or been allocated any TP Deliverability in its Cluster's allocation cycle, it could have: changed its deliverability status to Energy Only ("EO"), parked and sought an allocation for TP Deliverability in the next Cluster's allocation cycle (in lieu of withdrawing), or withdrew.

The CAISO proposes here to clarify that only Interconnection Customers with ADNUs identified in their Phase I Interconnection Study reports may select TP Deliverability Option B. Furthermore, if Interconnection Customers select Option B and their Phase II Interconnection Study reports show no ADNUs and their Generating Facilities received no TPD allocation, they should have the same allocation options as an Option A Generating Facility: change their deliverability status to Energy Only ("EO"), park and seek an allocation for TP Deliverability in the next Cluster's allocation cycle, or withdraw.

The CAISO further seeks to clarify that all Generating Facilities must still meet the minimum criteria identified in section 8.9.2 of Appendix DD to be eligible to receive a TP Deliverability allocation.

Currently, all Interconnection Customers receiving a partial allocation, including those that selected TP Deliverability Option B, are permitted to pursue deliverability for their remaining Energy Only capacity through the annual full capacity process. Since not all Interconnection Customers may realize this process also pertains to Option B Generating Facilities, clarifying language regarding eligibility to participate is also proposed for section 8.9.5 of Appendix DD.

Following are the proposed edits to paragraph 4 of Section 7.2, paragraph 3 of section 8.9.2, the title and first paragraph of section 8.9.4, and the addition of another paragraph to the end of section 8.9.5 of Appendix DD:

## **7.2 Full/Partial Capacity Deliverability Options for Interconnection Customers**

Option (B), which means that the Interconnection Customer will assume cost responsibility for Delivery Network Upgrades (both ADNUs and LDNUs, to the extent applicable) without cash repayment under Section 14.2.1 to the extent that sufficient TP Deliverability is not allocated to the Generating Facility to provide its requested Deliverability Status. Only Generating Facilities where ADNUs have been identified in the Phase I studies may select Option (B). If the Interconnection Customer selects Option (B) then the Interconnection Customer shall be required to make an initial posting of Interconnection Financial Security under Section 11.2 for the cost responsibility assigned to it in the Phase I Interconnection Study for RNUs, LDNUs and ADNUs. To qualify to receive any allocation of TP Deliverability, Interconnection Customers selecting Option (B) must still meet the minimum criteria identified in Section 8.9.2.

#### **8.9.2 Second Component: Allocating TP Deliverability to the Current Queue Cluster**

The CAISO shall allocate available TP Deliverability to Option (A) and Option (B) Generating Facilities according to the Interconnection Customers' demonstration of having met the criteria listed below for all or a portion of the full MW generating capacity of the Generating Facility as specified in the Interconnection Request. Where a criterion is met by a portion of the full MW generating capacity of the Generating Facility, the eligibility score associated with that criterion shall apply to the portion that meets the criterion. The demonstration must relate to the same proposed Generating Facility as described in Appendix A to the Interconnection Request. The Generating Facility shall be assigned a numerical score reflecting the Interconnection Customer's demonstration of having met the criteria below under the methodology set forth in the Business Practice Manual. At a minimum, the Generating Facility must meet (1)d and either (2)a or (2)d.

#### **8.9.4 Parking for ~~Option (A)~~ Generating Facilities**

For an ~~Option (A)~~ Generating Facility in the current Interconnection Study Cycle which either was allocated less TP Deliverability than requested or does not desire to accept the amount allocated, the Interconnection Customer shall select one of the following options:

#### **8.9.5 Partial Allocations of Transmission Based Deliverability to Option (A) and Option (B) Generating Facilities**

Interconnection Customers accepting a partial allocation of TP Deliverability may pursue additional deliverability through the Annual Full Capacity Deliverability Option under Section 9.2.