

Stakeholder Comments Template

Subject: Generation Interconnection Procedures Phase 2 (“GIP 2”)

Submitted by	Company	Date Submitted
Sandeep Arora sarora@lspower.com 925 201 5252	LS POWER DEVELOPMENT LLC	May 9, 2011

This template was created to help stakeholders structure their written comments on topics detailed in the April 14, 2011 *Straw Proposal for Generation Interconnection Procedures 2 (GIP 2) Proposal* (at <http://www.caiso.com/2b21/2b21a4fe115e0.html>). We ask that you please submit your comments in MS Word to GIP2@caiso.com no later than the close of business on May 5, 2011.

Your comments on any these issues are welcome and will assist the ISO in the development of the draft final proposal. Your comments will be most useful if you provide the reasons and the business case for your preferred approaches to these topics.

Your input will be particularly valuable to the extent you can provide greater definition and clarity to each of the proposals as well as concerns you may have with implementation or effectiveness.

Comments on topics listed in GIP 2 Straw Proposal:**Work Group 1**

1. Develop procedures and tariff provisions for cost assessment provisions.

Clarify Interconnection Customer (IC) cost and credit requirements when GIP network upgrades are modified in the transmission planning process (per the new RTPP provisions)

Comments:

LS Power is generally okay with the concept of bringing RTPP and GIP closer together for transmission planning, however LS Power does not support the proposal in its current format. While LS Power understands that the straw proposal is conceptual, has several unanswered questions at this point and is subject to further discussions and revisions, LS Power has concerns that the proposal can be detrimental to the development of viable projects.

Per the proposal, some Interconnection Customers (ICs) may be required to fund network upgrades without getting reimbursements, if the network upgrades required to interconnect are deemed not needed per the RTPP plan. In lieu of network upgrade cost reimbursement, CRRs are being considered to be awarded to these projects. This proposal can pose additional risks for development of some projects. CRRs have typically not been a viable commercial alternative and shifting the cost burden for network upgrades to the ICs could potentially lead viable projects to fail. In addition, the current proposal adds a lot of uncertainty for the ICs in terms of interconnection costs. Projects will have to wait until RTPP process is complete to find what their cost exposure is and how much of that will be reimbursable. Not reimbursing ICs for Network upgrades will be against the principles outlined under FERC Order 2003, which allows ICs spending money building network upgrades that benefit entire grid to get reimbursed.

LS Power recommends further discussion on this proposal. Further LS Power recommends that “transition rules” should be crafted in such a way that this proposal does not negatively impact the development of projects that are already in CAISO queue.

Work Group 2

2. Participating Transmission Owner (PTO) transmission cost estimation procedures and per-unit upgrade cost estimates;

Comments:

3. Generators interconnecting to non-PTO facilities that reside inside the ISO Balancing Area Authority (BAA);

Comments:

4. Triggers that establish the deadlines for IC financial security postings.

Comments:

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

Comments:

6. Improve process for interconnection customers to be notified of their required amounts for IFS posting

Comments:

7. Information provided by the ISO (Internet Postings)

Comments:

Work Group 3

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

Comments:

9. Reduction in project size for permitting or other extenuating circumstances

Comments:

10. Repayment of IC funding of network upgrades associated with a phased generation facility.

Comments:

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

Comments:

12. Interconnection Refinements to Accommodate QF conversions, Repowering, Behind the meter expansion, Deliverability at the Distribution Level and Fast Track and ISP improvements

a. Fast Track application to facility repowerings

Comments:

b. QF Conversion

Comments:

c. Behind the meter expansion

Comments:

d. Distribution level deliverability

Comments:

Work Group 4

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

Comments:

14. Revise ISO insurance requirements (downward) in the pro forma Large Generation Interconnection Agreement (LGIA) to better reflect ISO's role in and potential impacts on the three-party LGIA.

Comments:

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

Comments:

16. Clarify the Interconnection Customers financial responsibility cap and maximum cost responsibility

Comments:

17. Consider adding a "posting cap" to the PTO's Interconnection Facilities

Comments:

Work Group 5

18. Partial deliverability as an interconnection deliverability status option.

Comments:

19. Conform technical requirements for small and large generators to a single standard

Comments:

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

Comments:

21. Annual updating of ISO's advisory course on partial deliverability assessment

Comments:

22. CPUC Renewable Auction Mechanism requirement for projects to be in an interconnection queue to qualify

Comments:

Other Comments:

1. Provide comments on proposals submitted by stakeholders.
2. If you have other comments, please provide them here.

LS Power has one additional comment regarding Section 11.4 of pro forma GIA.

Currently Article 11.4 of CAISO's pro forma GIA allows Interconnection Customer to make a one-time election to request CRRs. This language is not in compliance with the latest version of Standard FERC LGIA (Order 2003-C). CAISO's current Article 11.4 language appears to be based on an old version of FERC's Standard LGIA (Order 2003-B).

LS Power recommends CAISO conform the pro forma GIA language for Article 11.4 with the latest version of Standard FERC LGIA. LS Power recommends this as the current language may not comply with IRS Rev. Proc. 2005-35. The specific changes are to delete the "Transmission Credits" section and add the word "cash" before repayment in second line of Article 11.4.1.

Also, with these comments, we have attached a copy of this language from FERC's Standard LGIA.