

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the Interconnection Process Enhancements (IPE) Draft Final Proposal for Topics 4, 5, and 13 posted on March 25 and as supplemented by the presentation and discussion during the April 2 stakeholder meeting.

Submit comments to GIP@caiso.com

Comments are due April 16, 2014 by 5:00pm

The Draft Final Proposal for Topics 4, 5, and 13 posted on March 25 may be found at:

http://www.caiso.com/Documents/DraftFinalProposal-Topics_4-5-13-InterconnectionProcessEnhancements.pdf

The presentation discussed during the April 2 stakeholder meeting may be found at:

http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancementsApr2_2014.pdf

Please provide your comments on the ISO's proposal for each of the topics listed below.

Topic 4 – Improve Independent Study Process

The ISO's draft final proposal to improve the Independent Study Process (ISP) addresses four areas:

- Criteria for ISP eligibility
- Process and timeline enhancements
- Tests for electrical independence

- Clarification on behind-the-meter (BTM) expansion and its impact on net qualifying capacity (NQC)

Please select one of the following options to indicate your organization's overall level of support for the ISO's draft final proposal addressing the ISP:

1. Fully support;
2. Support with qualification; or,
3. Oppose.

If you choose (1) please provide reasons for your support. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal. If you choose (3) please explain why you oppose the proposal.

SCE supports with qualification the CAISO's draft final proposal regarding improvements to the Independent Study Process. First, SCE appreciates the CAISO's clarification that ISP projects will be required to execute a combined SIS/FAC agreement, as this alleviates SCE's concern that, while 120 calendar days should be sufficient time to complete both studies, it may be insufficient time if the two studies were to be performed separately. SCE also appreciates the CAISO agreeing that BTM expansions are not eligible for separate ownership. Among other concerns, as the CAISO points out, different ownership may present opportunities to bypass the standard interconnection study processes that the BTM was not designed to substitute. SCE looks forward to addressing this BTM issue, as the CAISO has suggested, through the BPM process.

SCE's support for the proposed enhancements to the Independent Study Process is qualified in that the CAISO should reaffirm that BTM capacity additions for an existing project can only be done through the BTM Expansion process, and not through a Material Modification Analysis (MMA) as was suggested by a stakeholder during the CAISO's April 2 conference call to discuss the draft final proposal. Once a generation facility has achieved its commercial operation, any subsequent BTME must be evaluated through the proper study process to ensure that it is interconnected in a safe and reliable manner. The MMA should not be used to circumvent the existing technical study requirements of the Cluster, Fast Track, or Independent Study Process. The Material Modification Process was intended to address technology changes, changes in POI, etc., but never a capacity increase. The material modification evaluation looks at specific details of the proposed changes. If the MMA is used as a means for a BTM capacity addition, it may not identify all associated concerns to ensure a safe and reliable interconnection. This is a misuse of an application of the material modification evaluation.

Any incremental capacity increase should be studied, and placed in queue. There is a well-established process through the ISP BTME that allows for proper study of such a request,

within reasonable timelines, while maintaining the queue order. Opening the MMA to process capacity additions would contradict the essence of treating all generators indiscriminately, as those that are deemed “not a material modification” will be allowed to jump ahead in line without a queue date in front of other customers already going through the generation interconnection process. This may open other issues where upgrades may be inadvertently passed on to unsuspecting interconnection customers or ultimately to the PTO. If Capacity Increases were allowed to be requested via MMA’s, there may occur another issue where a large influx of material modifications for capacity increases may be requested at any point in time and may delay cluster studies and related timelines in order to evaluate each of the individual material modification requests.

In order for the MMA to capture all implications of a capacity increase, a full study would be needed to vet that incremental addition. This process already exists within the ISP’s BTME. There is no need to reinvent the wheel when there is a rubric for proper measure. SCE is concerned that it appeared, based on the discussion resulting from this topic during the conference call, that the CAISO was willing to revisit this issue, on a case by case basis, and open it up for further stakeholder comments, with a possible alternate outcome. The CAISO should retain its policy position, which it clarified on page 17 of the final draft proposal, and it should not entertain any requests for capacity increase under the MMA umbrella.

Topic 5 – Improve Fast Track

The ISO’s draft final proposal to improve the Fast Track (FT) process addresses two areas:

- Revisions to the processing fees and study deposit, timelines, customer options meeting, and the supplemental review, among others.
- Compliance with FERC Order 792.

Please select one of the following options to indicate your organization’s overall level of support for the ISO’s draft final proposal addressing the FT process:

1. Fully support;
2. Support with qualification; or,
3. Oppose.

If you choose (1) please provide reasons for your support. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal. If you choose (3) please explain why you oppose the proposal.

SCE fully supports the CAISO’s draft final proposal regarding improvements to the Fast Track process as well as the proposal to comply with FERC Order 792.

Topic 13 – Clarify timing of transmission cost reimbursement

The March 25 paper contains the ISO's second revised straw proposal on this topic. As a reminder, the ISO's proposal is comprised of the following three elements:

1. Reimbursement for required network upgrades already in service will commence upon the generating facility or the phase that requires those upgrades achieving commercial operation, as specified in the generator interconnection agreement.
2. Reimbursement for required network upgrades placed in service subsequent to the generating facility or phase achieving commercial operation (including those under construction at the time of the commercial operation date of the project or project phase) will commence at the beginning of each calendar year for those required network upgrades placed in the service during the prior year calendar year.
3. The ISO proposes to revise the tariff to apply these new rules on a going-forward basis to both phased and non-phased projects. The ISO believes that the appropriate balance between harmonizing the repayment rules and existing customer expectations is to apply this new policy beginning with customers who have not yet received a generator interconnection agreement. However, in order to avoid a situation in which customers in the same cluster, or even in the same study group, could be subject to different repayment rules, the ISO proposes to apply these new rules beginning with the customers in the first cluster in which all projects have not yet been tendered a generator interconnection agreement at the time of FERC approval of the ISO proposal on this topic.

Please indicate your organization's overall level of support for these three proposal elements as a whole (i.e., together these three elements comprise the ISO's proposal).

In addition, please also comment on your organization's view regarding the feasibility of the second proposal element. Some stakeholders have expressed concern about the potential for multiple reimbursement periods and accounts that this second proposal element may entail. Others have questioned whether these multiple reimbursement periods will each be of five year duration. The ISO asks stakeholders to comment on these questions. The ISO is also specifically interested in whether your organization believes that the additional complexity – due to reimbursements commencing at the beginning of each calendar year for those network upgrades placed in service during the prior year calendar year – is outweighed by the benefits to interconnection customers of reimbursement commencement not having to wait until the last required network upgrade is placed in service.

SCE supports the CAISO's draft final proposal concerning the timing of transmission costs reimbursement. SCE agrees with the proposal that the reimbursement of costs to ICs for network upgrades already placed in service would commence upon the generating facility or the phase of a generating facility that requires those network upgrades achieving commercial operation. With respect to the reimbursement of costs for network upgrades that are energized after the project or project phase achieves commercial operation, while SCE's preference is to commence such reimbursements once the final network upgrade is placed into service so as to not impose additional administrative burdens on the PTOs of processing the repayments on potentially more frequent intervals, SCE should be able to implement this element of the proposal. Each reimbursement schedule for the network upgrades in-service when the generating facility or phase achieves COD as well as subsequent reimbursement schedules should be of five years duration.

SCE agrees that in order to not have ICs in the same study cluster, or even the same study group, negotiate an interconnection agreement and operate under disparate reimbursement rules, that this new policy should be applied on a going-forward in the first cluster in which all projects have not yet been tendered a generation interconnection agreement at the time of FERC approval of the CAISO proposal on this topic.