

Generator Interconnection Procedures Phase 3 (“GIP 3”)

Issue Paper, posted March 1, 2012

Please submit comments (in MS Word) to GIP3@caiso.com no later than the close of business on March 23, 2012.

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, which were discussed in the Generator Interconnection Procedures Phase 3 (“GIP 3”) Issue Paper posted on March 1, 2012, and during the stakeholder meeting on March 15, 2012. **Please submit your comments in MS Word to GIP3@caiso.com no later than the close of business on March 23, 2012.** For the seven topics listed below, we ask that you rank each with a score of 0, 1, 2, or 3 in the space indicated (a more detailed description of each topic is contained in the issue paper posted at <http://www.caiso.com/informed/Pages/StakeholderProcesses/GeneratorInterconnectionProceduresPhase3.aspx>).

Please ascribe the following definitions to your scores:

- 3: For topics that are high priority and urgent (i.e., the topic is a candidate for the first phase of GIP 3).
- 2: For topics that are high priority but of less urgency than a score of 3 (i.e., the topic is a candidate for the second phase of GIP 3).
- 1: For topics that have low priority (i.e., the topic could wait until the next GIP stakeholder initiative subsequent to GIP 3).
- 0: For topics that are not appropriate to address in a GIP enhancement initiative.

Stakeholders need not score, or comment on, every topic but are encouraged to do so where they have an opinion. The ISO will assume that a stakeholder has “no opinion” on issues for which no score is provided.

In addition to scoring each topic on which you have an opinion, please also provide your comments on each. Also, if you disagree with the characterization of any particular topic in the issue paper, please explain how you describe the issue, how this compares to the existing rules, and what the objective on that topic should be in this initiative. Also, provide specific proposals to address each of the topics you have given a score of 3 (i.e., high priority and urgent topics). For those topics you have given a score of 3, please provide the reasons and the business case

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for your perspective on the relative priority of the topic (e.g., explain the commercial impacts of not treating the topic as a Phase 1 high priority item in GIP 3).

Please also identify those topics which you believe may require a long time to address and therefore be candidates for work groups.

Please also provide any additional topics that you believe should be considered within the scope of the GIP 3 initiative; but, do not provide a score for these (the ISO will compile these into one composite list and use a survey process to request stakeholders to score them). For any additional topics that you provide in your comments, please provide specific proposals to address them.

Your comments in this regard will assist the ISO in the development of the Straw Proposal (on the Phase 1 high priority items) to be posted on April 10, 2012.

Comments on Items listed in GIP 3 Issue Paper:

1. **Downsizing** The potential need for an Interconnection Customer (“IC”) to downsize or and/or delay in the late stages of the interconnection process may arise for various reasons (both for commercial reasons and those beyond an IC’s control). An IC’s primary recourse may be to withdraw from the queue and re-enter a later cluster. The current tariff prohibits the ability to downsize or delay the commercial operation date if a later queued project is adversely affected. There is no allowance for an IC to build in the option to downsize or, compensate/indemnify materially affected later-queued projects, or to remedy material impact in any way. The objective of this topic would be to identify and explore potential remedies.

Score 0-3: 3

Comments:

As the March 1, 2012 issue paper describes, the current tariff protocol does not allow for downsizing a project’s capacity after entering phase 2 of the interconnection process. The commercial reality is that the contracted quantity of a project’s capacity is frequently less than the project’s interconnection request, as load serving entities right-size and right-time their renewable purchases for least-cost and renewable portfolio standard compliance. The implementation of a downsizing option allows generators to incorporate the results of the procurement practices in the interconnection process and avoid issues related to reaching project milestones and substantial completion of the full project interconnection request (i.e. avoids the need to build excess generation capacity simply to reach substantial completion and be eligible to receive reimbursement for network upgrades as defined in the generator interconnection agreement). Thus, the downsizing option allows generators to effectively reduce project costs, while reducing transmission upgrade costs for ratepayers. This is particularly important given the large amount of generation capacity being studied in Clusters 3 and 4.

Given the important benefits of the downsizing option, development of this topic should be sufficiently accelerated to allow for implementation immediately following the phase 2

studies associated with Clusters 3 and 4. The issue paper's current schedule for the FERC filing associated with high priority items is August 31, 2012. This allows for FERC action on the tariff proposal within the following 60 days, or the end of October, 2012. Phase 2 study results for Clusters 3 and 4 are also due to be completed by the CAISO at the end of October. If these dates are met, it will allow the CAISO to smoothly implement restudy of the downsized queue without significant delay to the interconnection process.

Given the potential to avoid significant transmission upgrades, it is critical that the CAISO adhere to the proposed schedule for completion of the downsizing topic, and if necessary, proceed with FERC filing of the downsizing protocol separately, in the event that other priority 1 topics remain unresolved by the end of August 2012.

2. **Distribution of forfeited funds** Non-refundable portions of the IC study deposits and financial security postings are distributed in the same manner as are penalties assessed market participants (i.e., distributions are made to scheduling coordinators). Current procedures provide for retention of certain portions of IC study deposits and financial security postings upon withdrawal from the queue. The objective of this topic would be to investigate/explore whether there is a more appropriate way to distribute these funds.

Score 0-3:

Comments:

3. **Independent study process** The determination of independent study process ("ISP") eligibility heavily relies on cluster study results which can result in delays meeting tariff timelines. Under existing rules, interconnection requests ("IRs") must satisfy the eligibility criteria set forth in Section 4 of the GIP (Appendix Y). The objective of this topic would be to investigate the potential for improving the ISP determination process to allow projects that are electrically independent to move forward on a faster pace than the annual cluster process would provide.

Score 0-3:

Comments:

4. **Fast track study process** The current eligibility screens were designed for distribution rather than transmission. Under existing rules, an IR must satisfy the eligibility screens set forth in Section 5 of the GIP (Appendix Y). The objective of this topic would be to investigate eligibility screens that may better suit the intent of the fast track study process (i.e., allow qualified projects to move forward on a faster pace than the provided by the annual cluster study process).

Score 0-3:

Comments:

5. **Behind the meter expansion** Some stakeholders have expressed interest in behind-the-meter (“BTM”) expansion for phased generation interconnection projects. Under existing rules BTM expansion meeting business and technical criteria is studied using the independent study process track; however, the expansion can only happen after the original facility is in service. The objective of this topic would be to investigate/explore criteria and procedures that could enable BTM expansion before the entire original facility is in service.

Score 0-3:

Comments:

6. **External transmission lines** Generator projects interconnecting to a gen-tie external to the ISO-controlled grid cannot obtain deliverability on the ISO grid (either directly or through the gen-tie developer). The objective of this topic would be to investigate/explore the development of rules under the GIP enabling the developer of such a gen-tie to offer deliverability (on the ISO grid) to generating projects interconnecting to the gen-tie.

Score 0-3:

Comments:

7. **Timeline for tendering draft GIAs** The large volume of IRs is making it difficult to tender draft GIAs within the 30-day timeline of the GIP. Under current rules, section 11 of the GIP requires tendering a draft GIA within 30 days after the ISO provides the final phase II results. The objective of this topic would be to investigate/explore potential modifications to the timeline for tendering a draft GIA.

Score 0-3:

Comments:

Other Comments:

1. Please list any additional topics that you believe should be considered for the scope of GIP 3; but, do not assign a score (the ISO will use a subsequent survey process to invite stakeholders to score additional topics). For any additional topics that you suggest, please provide the reasons and the business case for your perspective on the relative priority of the topic (e.g., explain the commercial impacts of not treating the topic as a Phase 1 high priority item in GIP 3). Also, identify those topics which you believe may require a long lead time to address and therefore be candidates for work groups. And lastly, please provide specific proposals to address each additional topic you have suggested.

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2. If you have other comments, please provide them here.