

## Stakeholder Comments Template

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

Submitted by	Company	Date Submitted
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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](mailto: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.

Comments:

- The proposal completely unwinds the 2008 GIPR allowance for an IC's ability to have "early-on certainty of cost exposure" (i.e., Phase I cost cap) by allowing the RTTP results to determine a project's actual costs (i.e., reimbursable and non-reimbursable Network Upgrades) which comes as the very last step of a 2+ year process). The very purpose of introducing the GIPR's Phase 1 Cost Cap was so a project could decide whether or not to invest any more significant efforts in a project's development. Too much time and financial resources will have been expended by the time the RTTP results are completed.
  - Projects currently in the study process should **NOT** be subjected to the economic benefit test in the RTPP because these projects did not have information from previous RTPP results that ultimately will incent developers to site projects in efficient locations (as future clusters will have). In addition, introduction of new cost exposures this late in the game could likely disrupt current financing and development efforts.
  - In addition the CAISO's proposed implementation of transmission cost allocation should not upset current commercial transactions required to meet the state's RPS objectives. Sempra Generation suggests the CAISO consider an orderly transition to implement cost allocation that grandfathers existing queue participants and allows commercial transactions to adapt within the ongoing CAISO transmission planning and CPUC resource procurement cycles.
2. Clarify Interconnection Customer (IC) cost and credit requirements when GIP network upgrades are modified in the transmission planning process (per the new RTPP provisions)

Comments:**Work Group 2**

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

Comments:

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

Comments:

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

Comments:

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

Comments:

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

Comments:

8. Information provided by the ISO (Internet Postings)

Comments:

### Work Group 3

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

Comments:

- Sempra Generation has a number of serious concerns with the proposed partial termination concept. At the most basic level, the proposal seems to be a “solution in search of a problem.” The notion that the CAISO could terminate an Interconnection Agreement and disconnect a project for failure to construct every MW in the interconnection request is fundamentally at odds with the commercial realities facing developers of renewable generation attempting to assist the State’s utilities in meeting the 33% RPS requirement. As the CAISO is no doubt aware, the majority of the generation development activities in the State are focused on renewable generation, which is typically developed in phases that come on-line over a period of many months, or even years, unlike more conventional generation, which can go from 0 to 600 MW overnight. Once a renewable generation developer isolates a suitable site and undertakes other preliminary steps, the developer’s next step, in order to establish its place in the queue, is to submit an interconnection request for a project, and the request is sized based on the generation that can be accommodated on the entire site.

## Comments Template for April 14, 2011 Straw Proposal

- Generation developers with projects designed to serve California are competing for an ever-dwindling source of demand, as the State's IOUs continue to make progress toward the 33% mandate. Where the CAISO's assumptions diverge from commercial reality is the CAISO's failure to account for the fact that the developer will not build **any** phase of that project – much less the entire project – absent a PPA, which in turn determines the size of the individual phases of a project because most IOUs contract in smaller increments.
- For this reason, it is likely that a significant majority of the Interconnection Agreements entered into by renewable developers in recent months will fail to reach the end-state project size contemplated in the IA. At a basic level, the CAISO would likely be subject to significant scrutiny by the State's policymakers if it were to actually start terminating IAs and disconnect existing projects serving the State, solely because the total MW amount called for in the IA milestones was not reached in time by the developers.
- At most, the CAISO should consider whether, in certain circumstances, an IA could be re-formed to be limited to the size of the project in place at time of the failure to reach the milestone called for in the IA similar to other BAA Generator Interconnection Agreements. (The CAISO should also consider reimbursement options/protocols if unused generator sponsored transmission upgrades are later found to be utilized by others or found to be cost effective.)

### 10. Reduction in project size for permitting or other extenuating circumstances

Comments:

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

Comments:

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

Comments:

### 13. 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**

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

Comments:

15. 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:

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

Comments:

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

Comments:

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

Comments:

**Work Group 5**

19. Partial deliverability as an interconnection deliverability status option.

Comments:

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

Comments:

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

Comments:

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

Comments:

23. 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.

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