

## 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 Straw Proposal posted on July 18 and as supplemented by the presentation and discussion during the August 8 stakeholder meeting.

Submit comments to [GIP@caiso.com](mailto:GIP@caiso.com)

**[Comments are due August 22, 2013 by 5:00pm](#)**

The Straw Proposal posted on July 18 may be found at:

[http://www.caiso.com/Documents/StrawProposal-Topics1-5\\_13-15\\_InterconnectionProcessEnhancements.pdf](http://www.caiso.com/Documents/StrawProposal-Topics1-5_13-15_InterconnectionProcessEnhancements.pdf)

The presentation discussed during the August 8 stakeholder meeting may be found at:

[http://www.caiso.com/Documents/Agenda\\_Presentation-InterconnectionProcessEnhancements080813.pdf](http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancements080813.pdf)

Please provide your comments following each of the topics listed below.

### **Topic 1 – Future downsizing policy**

#### **Comments:**

Silverado generally supports the CAISO's proposal for this topic, which includes many of the features that Silverado recommended previously. However, Silverado believes that the CAISO should consider revising the proposal in two areas:

- **Removal of downsizing requests from the Material Modification Assessment (MMA) process:** This proposal should not be implemented until the first downsizing window opens in late 2014. This would address IEP's concerns (stated at the August 8<sup>th</sup> stakeholder meeting) about lack of any downsizing option between now and then. In addition, the CAISO should still consider downsizing requests through the MMA process if the developer can demonstrate a valid reason why it cannot wait until the next window.

- **Applicability to C5+ projects:** GIDAP projects should also be eligible for the annual downsizing option. It is true that GIDAP projects can downsize if not awarded the requested level of deliverability; however, they may need to downsize for the same other reasons as other projects – e.g., loss of a Power Purchase Agreement (PPA) for part of the project.

Silverado does not believe that PG&E’s concerns about projects downsizing to reduce their financial-security postings before dropping out of the queue warrants a change in the CAISO’s proposal. As the CAISO stated at the August 8th meeting, the benefits of removing non-viable capacity from the interconnection queue make up for the potential problems with this approach. Moreover, the other proposed provisions under Topics 1-3 – e.g., requirement that projects continue to fund upgrades needed for later-queued projects – would help ensure that the project reduction would not adversely impact other projects.

## **Topic 2 – Disconnection of first phase of project for failure to build later phase**

### **Comments:**

Silverado generally supports the CAISO’s proposal for this topic. However, the CAISO should consider revising the proposal in these areas:

- **The CAISO should better define “adverse consequences” in the tariff**, i.e.: (1) cost increases or operational impacts that the IC cannot or will not mitigate; and/or (2) unavoidable Commercial Operation Date (COD) delays of other projects.
- **The Interconnection Customer (IC) should not be responsible for security postings and costs for upgrades that are no longer needed**, and/or if the projects that need them later drop out of the interconnection queue before the upgrades are built.
- **The IC should be entitled to reimbursement for transmission** to the extent that:
  - The facilities are clearly needed for the project capacity that was or will be built (e.g., RNUs needed for the first project phase); and/or
  - The facilities are used for later-queued projects. The CAISO should consider using the same approach taken in LGIA Article 11.4.1.4 (Failure to Achieve Commercial Operation). That provision states as follows (emphasis added) for projects that are cancelled entirely:
 

If the Large Generating Facility fails to achieve Commercial Operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, the Participating TO shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades...

The CAISO must perform an analysis in the above situations to determine whether another project later “makes use” of transmission associated with a failed generation project. It could use that same methodology to assess whether another project later “makes use” of transmission associated with cancelled/project capacity or phases.
- **Silverado opposes the 25% downsizing limit for the revised “safe harbor” provision**, since a 10 MW reduction to either a large project or a small project would likely have the same financial and operational impacts.

### Topic 3 – Clarify tariff and GIA provisions related to dividing up GIAs into multiple phases or generating projects

#### Comments:

Silverado generally supports the CAISO’s proposal for this topic. However, the CAISO should consider revising the proposal in these areas:

- **The CAISO should clarify in the tariff that project phasing can be added as one of the changes allowed after the Phase I Study** without submission of a Material Modification Assessment (MMA) request, as discussed at the August 8<sup>th</sup> meeting.
- **The CAISO should remove the condition that the last project phase reach COD by the latest approved COD for the project**, since in our experience that is likely to be physically impossible. The COD for the project is often dependent on completion of the Interconnection Facilities and RNUs for the project, i.e., the COD cannot usually be accelerated. Thus, if the project is then phased, it is not possible for the last project phase to come on-line by that date unless all the phases have the same COD, which would negate a key benefit of phasing a project.
- **The CAISO should reconsider allowing splitting of a project into multiple GIAs**, and without “joint and several liability” provisions as long as all obligations to the CAISO and PTO are covered. This approach would be much simpler than the current multiple-LLC structure and could also address the problems associated with cancellation of later project phases above (since an entire LGIA for that project/phase could be canceled).

While the CAISO has stated its reluctance to consider this alternative, it has not adequately explained its objections, and it should do so to allow stakeholders to consider those objections and address them. There is no obvious reason why, for example, splitting a 100 MW project into two separate 50-MW projects, with their own separate LGIAs and attendant obligations, would leave the CAISO at greater risk than if those projects had submitted separate Interconnection Requests at the beginning, as long as all of the financial-security and payment obligations under the original agreement are apportioned between the new projects.

Silverado believes that the CAISO itself is partly responsible for the high level of developer interest in this potential option, by indicating that there may be restrictions on the number of separate CAISO meters and/or Resource IDs for phased projects. Splitting projects into phases can make them more viable by allowing separate PPAs and buyers for each phase, but those benefits would be greatly reduced if the phases cannot be scheduled and settled separately.

In other words, if CAISO does not allow splitting a project into multiple GIAs, it should at least clarify that each project phase can be separately metered and scheduled/settled under its own unique Resource ID.

- **The CAISO should allow projects to combine** (e.g., to facilitate construction of Stand-Alone Network Upgrades), if all obligations to the CAISO and PTO are covered – an options discussed earlier in this initiative but dropped in the Straw Proposal.

### Topics 4-5 and 13

#### Comments:

Silverado has no comments on these issues at this time.

## Topic 14 – Distribution of forfeited funds

### Comments:

Silverado believes that forfeited funds should be distributed as follows:

- **Forfeited Study Deposit funds should be used to offset study costs for the projects remaining in the same study cluster.** Since the CAISO divides study costs by the number of projects in each study cluster, the dropout would like cause those remaining projects to pay more for the remaining studies in the interconnection process. The CAISO’s Option 7 is closest to this position.

Any excess funds after studies are complete for that cluster should be used to offset processing costs for Material Modification requests and other study-related activities. (if this is already how it is handled Susan, please dismiss)

- **Forfeited Interconnection Financial Security should be used to help fund the costs for shared Network Upgrades in that cluster that are still needed after the project drops out.** In other words, they should offset costs that the PTO would otherwise have to cover. The CAISO’s Option 4 is closest to this position.

## Topic 15 – Inverter/transformer changes (material modification process)

### Comments:

The “automatic approvals” in the Proposal (and whether or not they require an MMA) should be explicitly listed in the tariff.

Silverado also proposes to add an additional item – “COD change required by timing of PTO completion of Network Upgrades” – to the automatic approval list, preferably without any required MMA request (or, if one is required, the PTO should be required to submit it and notify the developer). This recommendation is appropriate for the following three reasons:

- The IC should not be required to submit an MMA request for a change that it does not desire and is not responsible for. IC submittals can be misinterpreted by PPA counterparties, especially where projects have tight timelines to reach COD.
- There is no alternative to approval of the change, unless the CAISO is willing to require the PTO to expedite the NU construction (which seems unlikely)
- This will free up resources to better enable the CAISO to meet its 45-day MMA processing target. In Silverado’s experience, MMA processing of even relatively simple changes (e.g., inverter or transformer changes) have sometimes taken months, and there is no need to waste resources when the change must be made regardless.