

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 May 27, 2011 *Draft Final 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 June 10, 2011.

Your comments on any these issues are welcome and will assist the ISO in the development of the revised 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 comments that address any concerns you foresee implementing these proposals.

Please note there are new topics in this comments template that have been introduced for the first time in the draft final proposal - Item # 18, 19, 20, 25, 26 & 27

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

Based on the last round of work group meetings and our review of stakeholder comments, the ISO has determined that WG 1 topics should be taken out of GIP 2 scope and addressed in a separate initiative with its own timeline

Work Group 2

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

Comments:

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

Comments: The Six Cities support the ISO's proposed process and criteria for conducting deliverability assessments for generators interconnecting to non-PTO facilities within the ISO's BAA.

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

Comments: The Six Cities support the ISO's proposals to allow Interconnection Customers to submit comments on draft study reports and to allow the indicated extensions to security posting deadlines when there are material changes to study reports.

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

Comments: The Six Cities continue to oppose the ISO's suggested modification of security posting requirements to allow interconnection customers to negotiate deferred posting of security for later stages of phased construction projects. Even where a transmission project will be constructed in phases, the risk that lack of funding may lead to abandoned plant costs is driven by the entire cost of the project, not individual stages. Allowing construction of a project to begin before full funding is secured increases the risk to transmission customers (especially when the PTO seeks one hundred percent recovery of abandoned plant costs) as well as to other interconnection customers that also are relying on completion of the project.

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

Comments:

6. Information provided by the ISO (Internet Postings)

Comments:

Work Group 3

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

Comments: The Six Cities generally support the concept of a partial termination provision that would allow generators to phase their projects subject to a partial termination charge that is based on the risk to ratepayers of stranded investment. However, there should be no *a priori* cap on the partial termination charge at 50% of the interconnection customer's responsibility for network upgrades. If an interconnection customer's project is the primary driver for network upgrades, that customer should remain fully responsible for non-avoidable upgrade costs even if it chooses not to build out the project to the size originally planned. However, it would be reasonable to consider a mechanism to refund some portion of the termination charge if subsequent projects in fact utilize the network upgrades funded by the termination charge.

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

Comments: The Six Cities support the ISO's proposed treatment of requests to reduce project size due to environmental or permitting restrictions and, in particular, support the proposed principle that downsizing a project will not reduce the interconnection customer's network funding obligation, accelerate repayment of funding for network upgrades, or modify posting requirements.

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

Comments: Repayment of interconnection customer funding for network upgrades should not begin until the all network upgrades for which the customer is responsible are complete and have been placed in service. Beginning repayment for network upgrades prior to completion of the upgrades would reduce funds available to support completion of the upgrades and increase the risk of abandonment.

Once the network upgrades for which the interconnection customer is responsible have been completed and placed in service, then it would be appropriate to begin partial repayment of the funding for the upgrades based on the terms and criteria set forth in the Draft Final Proposal.

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

Comments:

11. CPUC Renewable Auction Mechanism

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. Application of Path 1-5 processes

Comments:

b. Maintaining Deliverability upon QF Conversion

Comments:

c. 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: The Six Cities do not oppose the ISO's proposal to apply the same posting requirements for PTO Interconnection Facilities as are applicable to network upgrades.

18. Consider using generating project viability assessment in lieu of financial security postings

Comments: The Six Cities support the ISO's proposal not to include an option for interconnection customers to demonstrate alternative evidence of project viability in lieu of financial security postings.

19. Consider limiting interconnection agreement suspension rights

Comments:

20. Consider incorporating PTO abandoned plant recovery into GIP

Comments: The Six Cities strongly oppose incorporating into the GIP any automatic pre-approval for abandoned plant recovery for any network upgrades. Transmission customers have no opportunity for direct input in the GIP process and no ability to manage risks of abandoned plant under GIAs. It therefore would be inappropriate to

shift all risks of abandoned plant costs to transmission customers. To the extent the ISO chooses to consider any proposal to modify the current allocation of risk for abandoned plant costs, such consideration should be incorporated into the topics to be addressed by Work Group 1, as it may be affected by improved coordination of the GIP and the TPP.

Work Group 5

21. Partial deliverability as an interconnection deliverability status option.

Comments: The Six Cities support the ISO's proposal for development of partial deliverability options.

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

Comments:

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

Comments:

24. Operational partial and interim deliverability assessment

Comments: The Six Cities support the ISO's proposal relating to operational partial and interim deliverability assessments.

25. Post Phase II re-evaluation of the plan of service

Comments: The Six Cities support the proposal for adoption of explicit provisions allowing PTOs to request re-evaluation of the post-Phase 2 Plan of Service, including removal of network upgrades that are no longer required due to withdrawing generation from the pre-cluster base cases for future cluster studies. The Cities agree with the ISO that this topic logically relates to improved coordination of the GIP and TPP and, therefore, should be included among the topics to be addressed by Work Group 1.

New Topics since straw proposal

26. Comments on the LS Power issue raised in their comments submitted May 9, 2011 – Re. Conforming ISO tariff language to the FERC 2003-C LGIA on the treatment of transmission credits in Section 11.4 of Appendix Z.

Comments:

27. Correcting a broken link in the tariff regarding the disposition of forfeited funds.

Comments:**Other Comments:**

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

The Six Cities do not oppose the ISO's proposal to initiate a dedicated stakeholder initiative to address the topics originally covered by Work Group 1. However, the topics to be addressed under the GIP/TPP integration process are critical, and the effort should begin as promptly as possible. As part of that stakeholder initiative, the ISO should develop measures to increase coordination and integration of the GIP and TPP processes consistent with the objectives listed on page 18 of the Draft Final Proposal. The coordination measures should include evaluating as part of the TPP all network upgrades identified in the GIP as necessary to support generator interconnections, rather than just a subset of such upgrades. In addition, the coordination measures should include evaluation and allocation of risks associated with abandoned projects or underutilized transmission.