Straw Proposal

Remote Resource Interconnection

CAISO Straw Proposal
July 23, 2007
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1 EXECUTIVE SUMMARY

On January 25, 2007 the California ISO (“CAISO”) filed a Petition with FERC for a Declaratory Order seeking conceptual approval of a new financing mechanism to facilitate the construction of interconnection facilities for location-constrained resources. On April 19, 2007, FERC granted the CAISO’s petition and accepted the design concepts proposed therein, thereby paving the way for the CAISO to file tariff language for implementing this important initiative. The Remote Resource Interconnection (“RRI”) policy straw proposal contains feedback that the CAISO received from stakeholders, as well as the guidance the CAISO received from FERC in its April 19 Order, and lays out the first draft of a proposal with the expectation of developing tariff language to be filed with FERC no later than October 31, 2007.

The CAISO’s proposal which was accepted by FERC contains the key principles which are the basis for this straw proposal and ultimately the October 2007 tariff filing. They are:

1. The transmission project must not otherwise be eligible for rate treatment that allows costs to be incorporated into the Transmission Access Charge (TAC).

2. The transmission project would permit wholesale transmission access to an area not readily accessible where there is a significant energy resource that is not transportable.

3. The transmission project will to be turned over to the CAISO’s operational control.

4. The transmission project is designed to serve multiple power plants.

5. The transmission project is evaluated within a prudent grid planning process involving the CAISO, affected utilities and stakeholders.

6. There will be a rate impact cap imposed to ensure the TAC rates mitigate the short-term cost impact on ratepayers.

7. The transmission project will be able to demonstrate adequate commercial interest among multiple generation developers.

While the Order Granting the Petition for Declaratory Order confirmed the policy objectives of the CAISO’s proposal, a number of details still need to be addressed out through a comprehensive stakeholder process. On June 3rd, 2007 the CAISO began that process by posting a template requesting stakeholder input on a number of the outstanding issues related to this initiative. Several stakeholders submitted comments on these issues providing quality input that was used in preparing this straw proposal. The comments have been summarized in the body of this paper; further, the stakeholders’ submissions have been posted on the CAISO website. A stakeholder meeting is set for July 27th and further opportunities for stakeholder input are planned.

The following is a summary of the issues that are being worked out with the aid stakeholder feedback:

- **Adequate Commercial Interest** – The CAISO proposed a two-pronged test to demonstrate that there is enough serious commercial interest in a potential RRI Facility (“RRIF”) prior to
beginning construction. The first assessment is an indication of the minimum percentage of the total capacity of the project that executed a Large Generator Interconnection Agreement (“LGIA”). FERC preliminarily accepted the CAISO proposal of 25% - 30% but requested that the CAISO further define this requirement. Stakeholder input on this issue varied widely from a minimum of 10% to as much as a minimum of 50%. In keeping the FERC accepted proposal as well as taking into account the stakeholder input, the CAISO proposes to set this minimum percentage at 25%.

The second evaluation is to gauge the amount of additional interest in the project. This concept gives rise to two questions – what actions can be construed to be a high enough level of commitment to demonstrate serious intent and what is the minimum percentage of additional interest that should be shown for a project before construction can commence? The CAISO proposes four types of actions or “showings” that could be counted toward the additional interest requirement:

- LGIAs (If the LGIA capacity requirement on an RRI project exceeds the 25% minimum )
- Signed Power Purchase Agreements
- A project that is the interconnection queue and has reached the Facilities Study phase
- A combination of:
  - Project resides in the interconnection queue,
  - Has a declaration of intent, or
  - Participates in an open season
  And
  - Submits a deposit based on $/kw of the project’s capacity,
  - Own the land,
  - Own the mineral rights, or
  - Submit payment for the System Impact Study ($50,000)

The CAISO proposes to set the minimum percentage of additional interest at 35%. Combining this with the requirement that at least 25% minimum of the capacity be subject to executed LGIAs should provide adequate protection for ratepayers, while at the same time provide an attainable threshold for developers. Stated differently, ratepayers should be adequately protected if there is a demonstrated commercial interest in more than 60% of the capacity before construction can commence.

- **Transmission Planning Considerations** – The CAISO considers the Remote Resource Interconnection Facility (“RRIF”) to be a critical transmission infrastructure development component in the CAISO Transmission Plan, along with the existing categories of reliability and economic driven projects that are currently encompassed in the CAISO Annual Transmission Plan. As such, the CAISO proposes that the RRI should include several key elements to ensure that it can be effectively implemented into the CAISO’s transmission planning process. These elements are (1) establishment of the Energy Resource Area; (2) inclusion in the CAISO Transmission Plan; (3) Prioritization among various Energy Resource Areas; (4) a flexible and robust transmission plan for remote resource interconnection facilities, and (5) interaction with Non-PTO’s potential transmission plans for accessing location-constrained resources.

Additional factors that must be considered to ensure an efficient and cost interconnection are (1) a flexible and robust RRIF master plan; (2) “Least Cost” solution analysis; (3) achievement of State RA and RPS goals; (4) resource diversity (e.g. an area with wind and solar energy potential), and (4) potential synergy with other TO’s transmission plans.
CAISO Straw Proposal

- **Energy Resource Areas** – In its Order, FERC required that the CAISO to clarify how Energy Resource Areas will be selected. Many interested parties (CAISO, CPUC, CEC, et al.) are working together to determine (1) who will be responsible for creating ERAs; and (2) what criteria will be used for identifying these areas. This effort, known as the California Renewable Energy Transmission Initiative (CRETI) is tasked with laying out these issues. The CAISO will be able to benefit from the output of this group in further developing our proposal.

- **Benefit to Wheel-Through Customers** – FERC also encouraged the CAISO to clarify what, if any, benefits this initiative will have on wheel-through customers. Many stakeholders argued that wheel-through customers will benefit from RRIFs and therefore they should be included in the wheel-through rates. The CAISO believes that wheel-through customers will benefit in several ways from RRI projects. Some of these additional benefits include:
  - Increased reliability and supply diversity
  - Additional resource interconnections help relieve congestion
  - Provides additional opportunities to meet the State’s RPS goals
  - The CAISO operates an integrated transmission system. The integrated system is used to serve all customers in the most efficient manner.
  - The facilities will improve system flexibility and reliability thereby benefiting all customers.

- **Clustering Interconnection Studies** – Virtually all stakeholders commenting on “clustering” of Interconnection Studies supported modifying the tariff to the extent necessary to ensure that CAISO possessed sufficient flexibility to efficiently respond to requests for interconnection. The CAISO agrees that greater flexibility should be pursued in the Tariff.

- **Additional Stakeholder Concerns** – A number of stakeholders took the opportunity to provide additional comments regarding information that was not explicitly requested in the CAISO template which was provided. A listing of these comments can be found on pages 24 and 25 of this document.

2 INTRODUCTION

2.1 **CAISO Petition for Declaratory Order**

On January 25, 2007 the CAISO filed a Petition with FERC for a Declaratory Order seeking conceptual approval of a new financing mechanism to facilitate the construction of interconnection facilities for location-constrained resources. On April 19, 2007, FERC granted the CAISO’s petition and accepted the design concepts proposed therein, thereby paving the way for the CAISO in cooperation with its stakeholders to develop and file tariff language for implementing this important policy initiative. The Remote Resource Interconnection (RRI) policy straw proposal contains feedback that the CAISO received from stakeholders, as well as the guidance the CAISO received from FERC in its April 19 Order, and lays out the first draft of a proposal which will be turned into tariff language and filed with FERC no later than October 31, 2007.
The CAISO’s proposal can best be described as follows:

Participating Transmission Owners would pay the up-front costs of constructing Remote Resource Interconnection transmission facilities, i.e., RRIFs. The costs for the unsubscribed portion of qualifying RRIFs will be rolled into the CAISO’s TAC, which is paid by all users of the CAISO Controlled Grid. As additional generation resources are developed in the area and connect to the RRIFs, cost recovery will be transferred on a going forward basis to those new generation owners on a “pro rata” basis, and the costs included in TAC will be reduced accordingly. Once the anticipated generation is fully developed, the going forward costs of the project will be borne entirely by generation developers and will not be included in the TAC. Thus, under the CAISO’s proposal, the costs associated with the unsubscribed portion of the qualifying facilities will be included in TAC, until additional generators are interconnected, at which time costs will be directly assigned to such generators.

The proposal allows for multiple developers to pay for their share of the capacity of a line as they come on-line. The CAISO’s proposal will allow transmission interconnection facilities into remote regions to be optimally sized in order to capture efficiencies in areas with large potential for location-constrained resources. As more generation is developed in the area, the revenue requirement for the facilities would be transferred from the TAC to the specific generation developers until such time as the developers are fully responsible for the entire cost of the transmission facilities, similar to the current cost treatment for generator tie-lines.

The petition which the CAISO filed FERC contained the following principles¹:

1. **The transmission project must not otherwise be eligible for rate treatment that allows costs to be incorporated into the Transmission Access Charge (TAC).** This cost treatment applies only to non-network transmission facilities that connect the generators to the CAISO grid.

2. **The transmission project would permit wholesale transmission access to an area not readily accessible where there is a significant energy resource that is not transportable.** The transmission project must permit wholesale transmission access to an area that is not readily accessible to the CAISO Grid and in which there is a significant amount of energy resources that are not transportable. To qualify for the treatment proposed herein, a line must connect to location-constrained resources, including, but not limited to the following types of resources -- wind, solar, biomass, geothermal, photovoltaic, hydroelectric, fuel cells using renewable fuels, digestor gas, municipal solid waste, landfill gas, ocean wave, ocean thermal tidal current. - Once the facility qualifies as an RRIF and is constructed, other generation can connect to the line and receive the same rate treatment accorded to location constrained resources. The CAISO contemplates relying on state entities such as the California Energy Commission (“CEC”) to identify and assess areas where non-transportable energy resources like wind, geothermal and solar present the best opportunities for practical development.

3. **The transmission project will to be turned over to the CAISO’s operational control.** This proposal is targeted toward High-Voltage transmission facilities that are expected to

¹ http://www.caiso.com/1b71/1b71d1263dad0.pdf
be under CAISO operational control. The proposal applies to “wires” facilities and not to generation facilities.

4. **The transmission project is designed to serve multiple power plants.** The CAISO envisions this unique cost treatment for only for large capacity transmission lines that can efficiently serve multiple generating resources that will come on-line over a period of time.

5. **The transmission project is evaluated within a prudent grid planning process involving the CAISO, affected utilities and stakeholders.** A project would have to be evaluated and approved by the CAISO in the context of the CAISO transmission planning process, thereby ensuring that the project will result in a cost effective and efficient interconnection of resources to the grid.

6. **There will be a rate impact cap imposed to ensure the TAC rates mitigate the short-term cost impact on ratepayers.** The total investment in interconnection facilities that can be included in the TAC cannot exceed 15 percent (15%) of the sum total of the net high-voltage transmission plant of all Participating Transmission Owners (“PTOs”) as reflected in their Transmission Revenue Requirements (“TRRs”) and in the TAC.

7. **The transmission project will be able to demonstrate adequate commercial interest among multiple generation developers.** As an additional safeguard to ensure the viability of these types of transmission projects and to mitigate the risk of stranded costs, a demonstration of commercial interest will be required for this alternative cost treatment. The CAISO proposed a two-pronged test: (a) the CAISO will require that a minimum percentage of the capacity of the new RRIF be “subscribed” pursuant to executed Large Generator Interconnection Agreements (“LGIAs”) prior to commencement of construction of the RRIF (in the range of 25-35%); and (b) there will need to be showing of additional interest in the project (in the range of 25-35% of the capacity) above and beyond the percentage capacity that is covered by (a).

### 2.2 ORDER GRANTING PETITION FOR DECLARATORY ORDER

On April 19, 2007 FERC granted the CAISO’s petition for Declaratory Order. FERC agreed with a number of the proposals and left others open for consideration during the stakeholder process.

The Commission made the following determinations:

- “Proposed rate treatment is not unduly preferential or discriminatory and includes protections to customers that are just and reasonable” (P2)
- “Strikes a reasonable balance that addresses the barriers to development of location-constrained resources and includes appropriate ratepayer protections” (P3)
- “the CAISO’s proposal is consistent with and supports state, federal and a regional policies that encourage the types of clean, renewable generation that are often location-constrained” (P68)
- “the CAISO proposal should be limited to ‘wires only,’ and that the CAISO’s proposal is still subject to Commission review under FPA section 205 when the CAISO files tariff provision to implement the proposal” (P88)
• All resources meeting the definition of location constrained should be eligible under the CAISO's proposal (PP 74-75)

Needs to be resolved:
• “clarify in its eventual tariff filing what if any costs would be allocated to wheel-through customers and their corresponding benefits” (P86)
• Subscription levels and the rate impact cap – FERC declined to rule but stated that “we preliminarily accept the ranges proposed as they strike an appropriate balance between encouraging the development of location constrained resources on one hand and protecting ratepayers on the other” and “the overall requirements should be finalized in the stakeholder process” (P89)
• “The process for identifying an energy resource area under the CAISO's proposal is ambiguous…We expect eventual tariff provision will make clear how these areas will be selected”. (P90)

3 ISSUES TO BE RESOLVED

On June 3rd, 2007 the CAISO posted a template requesting stakeholder input on a number of the outstanding issues related to this initiative. Comments were submitted by the Bay Area Municipal Transmission Group (“BAMx”), California Municipal Utilities Association (“CMUA”), The California Public Utilities Commission (“CPUC”), California Wind Energy Association/American Wind Energy Association (“CalWEA/AWEA”), Cannon Power Corporation (“Cannon”), Pacific Gas and Electric (“PG&E”), Imperial Irrigation District (“IID”), Northern California Power Authority, (“NCPA”), Sacramento Municipal Utility District (“SMUD”), San Diego Gas and Electric (“SDG&E”), Sempra Generation (“Sempra”), and Southern California Edison (“SCE”). The following section outlines each question, summarizes the stakeholder comments and lays out the current straw proposal for each topic. The template and the complete set of stakeholder comments are located on the CAISO website at: http://www.caiso.com/1816/1816d22953ec0.html. These topics will be the subject of a stakeholder meeting on July 27th 2007. Stakeholders will be able to provide additional input during this meeting and there will be an opportunity for stakeholders to provide additional written comments prior final proposal.

3.1 WHAT IS THE MINIMUM PERCENTAGE OF CAPACITY OF ELIGIBLE PROJECTS THAT MUST BE SUBSCRIBED PURSUANT TO EXECUTED LARGE GENERATOR INTERCONNECTION AGREEMENTS BEFORE CONSTRUCTION CAN COMMENCE?

3.1.1 Stakeholder Comments

Stakeholders had a wide range of responses to this question. The lowest proposed minimum capacity subscription percentage that should be required before beginning construction was 10% - 20% (Clipper) while the most stringent requirement was for a minimum of 50% of the capacity subscribed (CMUA, IID, BAMx and NCPA). CalWEA/AWEA and Sempra agreed with the CAISO that somewhere in the range of 25% - 30% would be appropriate. Some respondents suggested linking the minimum percentage of capacity subscription required with amount of additional interest required (see 3.1.3) to establish an overall requirement for eligibility (PG&E, SCE).
SCE’s view, as mentioned above, is that this requirement should be considered in concert with the expressions of additional interest. SCE felt that a 15% of the capacity should be subscribed through executed LGIAs and that there be additional interest shown for 25% of the capacity thereby resulting in a minimum requirement that least 40% of the capacity of a qualifying remote renewable resource interconnection facility be supported by a demonstration of commercial interest.

PG&E suggested that the requirement should be a minimum of the 35% of total line capacity. They argue that this level is high enough to balance the increase in the TAC rate and the possibility of stranded costs borne by customers while low enough to realistically move the project forward. PG&E also suggested considering “total interest” which the sum of the initial LGIAs plus additional interest.

SDG&E stated that at least 50% of the capacity of eligible projects should require a signed Purchased Power Agreement (“PPA”) as the contract requirement for eligibility instead of using executed LGIAs.

The CPUC agreed with the concept of requiring some level of LGIA commitment plus other tangible demonstrations of interest, but the CPUC also suggested that there should be an additional “lesser demonstration of commitment” somewhere before construction but after the feasibility studies.

SMUD commented that they would require additional information regarding the Congestion Revenue Rights (“CRRs”) associated with an eligible project in order to determine the correct level of commitment required.

3.1.2 CAISO Proposal

The CAISO proposal in the Declaratory Order for the minimum percentage of capacity that must be subscribed pursuant to executed LGIAs before commencing construction was in the range of 25 – 30%. FERC preliminarily accepted this range; so this was the starting point for developing the CAISO straw proposal. The CAISO agrees with respondents that this percentage should be considered in coordination with the expressions of additional interest. The CAISO proposes a combined “commercial interest” showing of 60% before construction can commence. With respect to the executed LGIA requirement the percentage should to be low enough to spur investment in RRI facilities (recognizing that renewable resources generally come on line over a period of many years, i.e., a large percentage of the capacity may not be subscribed on day one), but high enough to show a solid commitment for the line. The CAISO proposes 25% as the minimum level of capacity accounted for by signed LGIAs from multiple applicants plus with the appropriate showing of additional interest (which is detailed in sections 3.2 and 3.3).

3.2 WHAT ARE THE APPROPRIATE CRITERIA FOR DEMONSTRATING “ADDITIONAL INTEREST” (I.E., INTEREST MORE THAN THE REQUISITE MINIMUM PERCENTAGE OF LGIAs) FOR AN ELIGIBLE PROJECT?

3.2.1 Stakeholder Comments
Stakeholders offered a variety of proposals for demonstrating additional interest. All agreed that there needed to be a showing that would reflect a firm level of commitment, while not constituting a barrier to development. These are some of the more common responses that from stakeholders:

- Valid Interconnection Requests arising from an open season process (PG&E, CPUC, Clipper)
- LGIP
  - Documentation of partial progress toward an LGIA (BAMx, CPUC)
  - Initial $10,000 deposit (PG&E)
  - In the queue (SDG&E, SCE, Clipper, CalWEA/AWEA)
  - System Impact Study (SCE)
  - $100,000 study deposit (SDG&E)
  - A signed Interconnection Facilities Study Agreement (SDG&E)
- Monetary Deposit
  - Additional deposit on a $/kW basis (of project’s capacity for each generator). This deposit would be credited to the generators share of the cost of the interconnection facilities (PG&E)
  - 10% of the generator’s pro-rata share of the cost of the facility (or bond) (SCE)
- Documentation
  - A contractual obligation which includes a financial commitment (NCPA)
  - A signed PPA (SCE, CPUC, CalWEA/AWEA)
  - A formal declaration of intent (PG&E, CPUC)
  - A plan of service (CPUC)
  - Confirmation of ability to finance proposed project (IID, NCPA)
  - CEC Studies (Clipper, CalWEA/AWEA, CPUC)
- Renewables requirements
  - Verified Renewable Capacity (IID)
  - Ownership of or Rights to renewable resource (i.e., mineral rights to geothermal extraction) (IID)
  - Demonstrated demand for additional renewable resources (IID)
- Land
  - Acquisition of site control (PG&E, CPUC)
  - Actively developed land under contract (Clipper, CalWEA, IID)
- Other
  - Amount of interest and the diversity of LSEs that will be served by the additional capacity (CMUA, NCPA)

3.2.2 CAISO Proposal

The CAISO proposal includes many of the ideas suggested by stakeholders. The CAISO believes that there are several types of “showings” that should count for purposes of meeting the 35% additional interest requirement. Some of these “showings” can stand on their own merits, and others can be combined to demonstrate sufficient additional interest and commitment to a project.

The CAISO has identified the following four types of “showings” that should count toward the additional interest requirement:
• LGIAs – If the LGIA capacity requirement on an RRI project exceeds the 25% minimum (see 3.1.2), the CAISO believes that the additional LGIA capacity should count toward the showing of additional interest.

• PPAs – Projects that are supported by signed firm power purchase agreements demonstrate a degree of commitment and should count toward the showing of additional interest.

• An RRI project that is the interconnection queue at the Facilities Study phase has required the expenditure of significant time and resources and should count toward the showing of additional interest.

• The CAISO has developed two categories of potential “showings”. The CAISO believes that if generation developers can demonstrate that they have satisfied at least one of the conditions in each category, this will constitute a sufficient showing of commitment to the project. To count toward the additional showing requirement, a generation project must:
  o Reside in the interconnection queue,
  o Sign a declaration of intent, or
  o Participate in an open season

And
  o Submit a deposit based on $/kw of the project’s capacity,
  o Own the land,
  o Own the mineral rights, or
  o Submit payment for the System Impact Study ($50,000)

3.3 WHAT IS THE MINIMUM PERCENTAGE OF “ADDITIONAL INTEREST” THAT SHOULD BE SHOWN FOR AN ELIGIBLE PROJECT BEFORE CONSTRUCTION CAN COMMENCE?

3.3.1 Stakeholder Comments

Once again, the responses to this question (as in the question related to percentage of eligible capacity with LGIAs) were wide ranging. CalWEA/AWEA stated that due to the strong policies in favor of renewable generation that there should be no hard numeric test to determine additional interest. Other respondents provided percentages from as low as 10%- 20% (Clipper) up to a proposed requirement that the remainder of the excess identified as eligible capacity meet the additional interest requirement prior to beginning construction (IID). For example if the percentage of eligible capacity requirement is 25%, then the percentage of additional interest will need to cover the remaining 75% prior to beginning construction. Most responses were in the range of 20% - 35%.

3.3.2 CAISO Proposal

The CAISO proposed in the Declaratory Order that the minimum percentage of additional interest should be in the range of 25% - 35% which FERC accepted preliminarily. The CAISO proposes to set the minimum percentage of additional interest at 35%. Combining this with the requirement that at least 25% minimum of the capacity be subject to executed LGIAs should provide adequate protection for ratepayers, while at the same time provide an attainable threshold for developers. Stated differently, ratepayers should be adequately protected if there is a demonstrated commercial interest in more than 50% of the capacity before construction can commence. The proposal also recognizes that many location constrained resources typically
are developed over a period of many years. As such, the commercial interest showing requirement in the early stages of a project cannot be so high as to constitute a barrier to the development of RRIFs.

### 3.4 DO WHEEL-THROUGH CUSTOMERS RECEIVE BENEFITS FROM A REMOTE RESOURCE INTERCONNECTION FACILITY (“RRIF”)? SHOULD THE COSTS OF A REMOTE RESOURCE INTERCONNECTION FACILITY BE INCLUDED IN WHEEL-THROUGH RATES? WHY OR WHY NOT?

#### 3.4.1 Stakeholder Comments

Many stakeholders argued that wheel-through customers will benefit from RRIFs and therefore they should be included in the wheel-through rates (Clipper, SCE, PG&E, CalWEA/AWEA). For example, PG&E stated that all CAISO grid users benefit from the diversification of generation offerings and that every power purchaser has the potential to procure Energy and Ancillary Services from these generators. SCE pointed to increased reliability and supply diversity as the additional benefits of RRIFs.

BAMx and SDG&E agreed that to the extent that the RRIF benefits wheel through customers, that they should be included in the rates.

Sempra and IID did not agree that these facilities should be included in the wheel-through rates.

SMUD stated that the question was too ambiguous to answer.

#### 3.4.2 CAISO Proposal

The CAISO believes that wheel-through customers will benefit in several ways from RRI projects including those listed above. Additional benefits include:

- Additional resource interconnections help relieve congestion
- Provides additional opportunities to meet the State’s RPS goals
- The CAISO operates an integrated transmission system. The integrated system is used to serve all customers in the most efficient manner.
- The facilities will improve system flexibility and reliability thereby benefiting all customers.

### 3.5 WHAT ARE THE KEY ELEMENTS OF AND CONSIDERATION FOR A TRANSMISSION PLANNING PROCESS FOR THE REMOTE RESOURCE INTERCONNECTION POLICY?

#### 3.5.1 Stakeholder Comments

Many of the stakeholders suggested that the planning process should be a coordinated process that includes consideration of remote resource interconnection facilities in the overall CAISO transmission planning process. The stakeholders also suggested that the planning process should be open and transparent so that all stakeholders can participate and provide input into the transmission system development.
BAMx, PG&F, SCE, IID, and CPUC all suggested that the remote interconnections should be integrated into the over-all planning process and access for grid reliability impacts on a global basis. SCE and CPUC also suggested a staged/phased approach for the planning process that can help build the system slowly both in terms of the remote resource region and size of the projects.

BAMx and NCPA suggested that the transmission planning process should address the issue of deliverability of the resources to load pockets. NCPA believes that by incorporating economic cost/benefit analysis as a core fundamental element, the projects are not evaluated solely for feasibility, but also for the economic value it provides to the overall CAISO transmission customers.

SCE also suggested that the planning process should not duplicate the CAISO annual planning process or the California Sub regional Planning Process that is currently being developed. Rather, the RRI process should be developed in concert with existing or developing planning processes within California.

BAMx also suggested that the planning process should consider the cost collection for a project through TAC.

SCE and NCPA suggest that the process should provide formulation of an overall plan (for a resource area) that is technically efficient and cost effective. SCE also recommends that the plan should be complete and identify all network upgrades that will be need to deliver the remote resource reliably to the load center.

SCE recommended that the planning process should also align closely with the physical needs of the grid over the appropriate planning horizon. This process is prudent and allows interconnection in an organized way. The process must provide long term plans for an area suitable for remote resource but also must recognize to build upon the short-term plan and needs.

CPUC also recommends a long-term plan that includes the “big picture” of the plan to interconnect all resources including the remote resources. CPUC recommends that the process should first identify the location of remote resources that are viable. This resource identification should be based upon economics, investment interest and transmission obstacles. CPUC suggests that the process should also develop and evaluate conceptual plans for accessing renewable resource areas and, where warranted, and move towards development and approval of a plan of service. CPUC recommends that the final stages of the process would include construction approval of proposed projects and cost allocation of the projects to participating parties and/or stakeholders.

CPUC envisions the remote resource planning process would start with relatively low-cost, efficient assessments of resource potential and transmission costs/difficulties, at the feasibility study level. Both CPUC and IID suggest that while such assessments could and in some instances would likely be done outside of the CAISO, they should be coordinated with the CAISO’s planning process. Such initial assessments should involve stakeholders and actual market information, not just academic or research analyses, although the latter are also valuable.
CPUC also recommends that the state wide planning process should be used when the projects move from being conceptual to specific high priority projects.

CPUC anticipates that the planning process should not only be staged with feasibility studies and resource area assessments preceding development of actual transmission projects; but additionally, the process should be sufficiently broad in its initial stages. In other words, barring unusual or urgent circumstances there should not be a premature narrowing of focus on a limited transmission concept without adequately assessing and ranking multiple resource areas and transmission options, considering the roles and activities of different market players (e.g., including LADWP, SMUD and IID) and considering the interaction of different transmission projects and resource areas.

SDG&E anticipates that the planning process to encourage developers and the CPUC to get involved. SDG&E foresees that the new category of transmission facilities may help make developers’ queue positions more transparent and potentially allow for their earlier involvement in the processes associated with the transmission planning. SDGE also anticipates that the planning process will provide for the California Public Utilities Commission to approve either the determination to build a transmission facility or the recovery of the facility’s costs, SDG&E recommends that the Commission’s involvement in or approval of the transmission planning process for a particular facility should be specified by FERC before the new RRI process takes effect. SDG&E recommends that the RRI process should result in an efficient process for licensing of the facilities. SDG&E also suggests that the transmission planning process for RRI will need to address how proposed purchase power agreements are evaluated in conjunction with RRI transmission costs to determine if they are the “least cost” options.

PG&E and CalWEA/AWEA recommended clustered studies to be part of the planning process. This will allow a study a large number of resources to be considered as a single study. CalWEA/AWEA further recommended that the clustering be done in queue order in specific geographic area, along with additional resources in those areas identified in an open season process. CalWEA/AWEA believes queue applications are the best indicator of resource areas that have the most commercial promise for development.

CalWEA/AWEA recommends that the transmission studies should first focus on potential network upgrade interconnections for the clustered resources. Only if network upgrades are not feasible or cost-effective should non-network upgrades be considered. CalWEA/AWEA goes into further details on how the cost of projects must be distributed among the participating owners.

PG&E is also anticipating the process to produce plans that are flexible and scalable. PG&E also recommends that the process must consider a minimum number of non-affiliated developers for a project to be a viable project.

IID further recommends that the existing transmission plans of non participating transmission owners must be considered in the global planning process so that there is no duplication of efforts for the developing transmission services. IID also recommends that the planning process for remote resource interconnections should be no less rigorous than the existing WECC/NERC planning and review processes.
3.5.2 CAISO Proposal

The CAISO considers the proposed Remote Resource Interconnection Policy (RRI) to be an integral mechanism to assist LSEs in meeting the State of California’s RPS goals of 20% and 33% by 2010 and 2020, respectively. The integration of renewables into California’s transmission and resource infrastructure is important and critical to California achieving its long-term environmental goals. As such, the CAISO considers the RRI policy to be a critical component of the CAISO’s overall Transmission Plan, along with the existing categories of reliability and economic driven projects that are currently encompassed in the CAISO Annual Transmission Plan. As such, the CAISO proposes that the RRI should include several key elements to assure that it can be effectively implemented into the CAISO’s transmission planning process. These key elements are:

1) Establishment of the Remote Energy Resource Areas (“ERAs”)
   As discussed in Section 3.7, the CAISO proposes to utilize the designation of the ERAs from the California regulatory agencies (i.e., CEC and/or CPUC) for the purpose of planning for the development of RRIFs. The establishment of the ERAs is a critical and necessary first step in the planning process for identifying potential RRIF transmission alternatives to connect resources in these areas to the CAISO bulk transmission system for delivery to the load centers.

2) Inclusion in the CAISO Transmission Plan
   Once the ERAs are designated by the California regulatory agencies, transmission studies to identify and select transmission infrastructure additions should be completed through the CAISO’s transmission planning process. Through this process, the PTOs and/or third party or merchant transmission entities can include their project proposals in the annual CAISO Transmission Plan by submitting their proposals through the open season which ends on December 31 of each year. As permitted by the CAISO’s transmission planning process, additional stakeholder meetings can be made available for evaluating proposed RRIF transmission plans as they are needed. Depending on the complexity of these RRIF projects, the CAISO anticipates that the evaluation process can last anywhere between 6 months to one year prior to a final recommendation on a preferred transmission plan.

3) Interaction of Various ERAs
   It is possible that the California State regulatory agencies designate several areas as ERAs and a relative ranking may be needed to determine which areas and RRIFs can provide the most benefit to the California ratepayers and consumers. In order to evaluate the rankings of the designated ERAs and RRIFs, the CAISO proposes the following key principles for consideration:
   a. Maximum potential capacity for location-constrained generation (obtained from the State regulatory agencies);
   b. Maximum potential energy for meeting the State RPS goals;
c. Total capacity of generation projects that are in the CAISO generation queue for each of the ERA;

d. Fuel diversity (as an example, an ERA for wind energy is selected in conjunction with either geothermal and/or solar energy to provide fuel diversity portfolio;

e. Distance to the nearest possible CAISO transmission bulk facility (for connection to the CAISO controlled grid);

f. Potential viable transmission route;

g. Order of magnitude of transmission cost per MW for the RRIFs to deliver renewable energy to the load centers;

h. Realistic commercial operating dates for location-constrained projects and the transmission RRIFs;

i. Potential impact on the TAC;

j. Potential operational/congestion/reliability benefits of the facility;

k. Stranded cost risk and potential impact;

l. Alternative means of transmission access from the ERA to the CAISO grid (including cost considerations and availability/accessibility of the resource to the CAISO grid).

4) Flexible and Robust Transmission Plan for RRIFs

The CAISO supports stakeholders’ comments for planning robust RRIFs that can be expanded to network facilities in the future to accommodate potential maximum build-out of the location-constrained energy resources in an ERA, yet flexible to accommodate the initial proposed location-constrained generation interconnections. Various transmission alternatives are needed to determine the most economic transmission plan. Renewable generation projects are the most likely projects to initially benefit from this plan. To the extent that the majority of these generation projects can be counted toward the State’s Resource Adequacy (RA) purpose, additional transmission upgrades needed for deliverability to the aggregate of load will be evaluated.

5) Interaction with Other Non-PTO’s Potential Transmission Plans for Accessing Renewable Energy Resources

To address concerns from non-PTOs (TOs that are not part of the CAISO) where duplicative transmission projects may be proposed to access the same ERA, the CAISO proposes to have the projects be presented and evaluated at the California Sub Regional Planning Group (CASPG) forum for an evaluation of the competing transmission options and a recommendation regarding the most advantageous option or hybrid.

3.6 WHAT PRINCIPLES SHOULD BE APPLIED AND FACTORS CONSIDERED TO ENSURE THAT A PROPOSED REMOTE RESOURCE INTERCONNECTION
FACILITY WILL RESULT IN A COST EFFECTIVE AND EFFICIENT INTERCONNECTION OF RESOURCES TO THE GRID?

3.6.1 Stakeholder Comments

Cost-Benefit Analysis

There appears to be agreement among the stakeholders that cost benefit analysis should be conducted and some stakeholders indicate it should go beyond simply the costs and benefits of remote resource interconnection.

BAMx states that cost benefit analysis should be part of the economic analysis and it should include values in addition to renewables, such as contributions to System and Local Resource adequacy; it should also include evaluation of other projects that would meet the renewable requirements and that could possibly be more cost effective.

SCE states that benefit/cost analysis as well as economic analysis should be conducted using all costs and benefits associated with remote resources. The remote resources should then be compared on a common basis to local resources after all aspects of interconnection costs are factored into the valuation process. SCE also suggests that power procurement valuation methodologies could help determine if the proposed remote renewable resource interconnection facility will result in cost-effective and efficient interconnection.

PG&E states that the economic analysis should take into account how the resources in the remote area can best fit into the total resource portfolio to supply the CAISO grid users. Costs should include integration costs (including costs to resolve potential grid operation problems) and deliverability costs. Choosing the “least cost” solution must be a primary principle in the evaluation. To ensure the least cost solution, factors such as existing transmission external to the CAISO must be evaluated and should be done in coordination with the external entity.

CMUA suggests that the analysis should consider whether the remote resource will contribute to local and system capacity requirements in a significant way. It should also analyze if there other resources that can interconnect to the grid at these areas.

NCPA suggests that in principle, all Remote Resource Interconnection Facilities should be compared against other alternative investments to determine if the remote resource will contribute to local and or system capacity needs in a comparable manner.

Master Plan

The need for a Master Plan is underlined by some stakeholders.

SCE states that the master plan must be sufficiently comprehensive to interconnect the entire economically feasible renewable resource potential (in MW) of the targeted renewable resource area. The master plan must include the most cost-effective transmission plan for achieving such interconnection.
CAISO Straw Proposal

PG&E states that the plan should consider whether sufficient resources are available and whether forward procurement contracts exist. It should also consider if there a high probability of full generation development.

CPUC states that cost effective and efficient interconnection of resources would be ensured (or at least maximized) by conducting the proper planning process and, most importantly, by integrating the interconnection process (especially clustering) with the transmission planning process.

**Phasing of Implementation**

Phasing of the project is suggested in view of gradual interconnection by renewable resources.

SDG&E states that new transmission facilities should be designed so that their capacity matches the resource capacity for a given region. Additionally, to the extent possible, the transmission should be implemented in phases to minimize unallocated capacity.

SCE states that to the greatest extent possible, the master plan must be able to be implemented in phases as generators come on-line to minimize the risk of creating stranded investment. SCE also states that transmission should be prioritized to interconnect the most cost-effective generation first.

CalWEA/AWEA suggests that cost-effective, upgrades should be designed to be built in phases, with construction of later phases triggered when full utilization of earlier phases becomes clear. It also suggests that the CAISO could consider as evidence that a proposed facility will be used whether a significant fraction of proposed projects that would use the facility have signed power purchase agreements, as well as the total unfulfilled market for renewable energy stemming from state renewable energy requirements.

**Resource Diversity**

SDG&E states that various generation technologies (e.g., solar combined with wind) should be mixed within each region to optimize use of the transmission facilities.

**Scope of Participation**

SMUD suggests that at a minimum there has to be a fair and open participation process so that PTOs are not favored over other parties in the development of renewable resources connected through a Remote Resource Interconnection Facility.

IID maintains that a critical principle is to ensure a global perspective in evaluating cost and efficiency. Existing infrastructure and in-progress upgrades external to the CAISO system must be considered as alternatives to any new “trunkline” proposals and appropriately evaluated. For example, the renewable portfolio standard has created much interest in developing geothermal potential within the IID balancing authority. However, most of the focus has been on building new transmission from southern California toward the boundary with IID. While this may be appropriate for long term reliability needs within the CAISO, it may not be the most efficient approach to meet near term renewable goals.
IID continues that a reasonable principle to follow should be the collaboration with the balancing authority where the renewable resources reside and the utilization of that balancing authority’s transmission assets to the fullest extent possible to transmit renewable energy to the market.

3.6.2 CAISO Proposal

Many of the principles and factors for consideration of an efficient and cost effective Remote Resource Interconnection Facility were discussed in Section 3.5.2. These as well as additional considerations discussed below, can be taken into account.

1) Flexible and Robust RRIF Master Plan

The proposed RRIF transmission plan needs to include proposals for future upgrades to connect the potential maximum location-constrained generation capacity as identified by the State regulatory agencies. Various transmission alternatives need to be evaluated for the ultimate plan. The ultimate transmission plan also needs to include proposed phasing of the ultimate RRIFs.

2) “Least Cost” Solution

The CAISO proposes that a “least cost solution” analysis be performed to compare various RRIF transmission alternatives. The total cost should include renewable energy integration cost as well as potential delivery cost. The CAISO proposes to compare various transmission alternatives based on the estimated cost of X dollars of transmission cost per MW ($/MW) of renewable generation interconnection.

3) Inclusion in RA and RPS Goals

Other factors should include the potential amount of generation capacity that can be eligible for meeting RA procurement and State RPS goals.

4) Resource Diversity

An additional factor to be considered in the evaluation of an RRIF is its ability to provide transmission interconnection to a region that has resource diversity, such as wind and solar energy. The transmission facility can be utilized much more efficiently to account for the diversity from different location-constrained generation technologies.

5) Potential Synergy with Other TO’s Transmission Plan

To the extent that other TOs such as neighboring balancing authorities also plan for transmission projects to access the location-constrained generation resource in a designated ERA, the CAISO proposes that the Project Sponsors of the similarly situated projects present and explore options together for a common transmission project. Once the formation of sub-regional planning groups has occurred, it is possible that the coordination can be expedited through these groups.
3.7 HOW SHOULD ENERGY RESOURCE AREAS BE SELECTED?

3.7.1 Stakeholder Comments

General consensus is that it is important to identify clearly in the Tariff, as specified within the FERC Order, how the Energy Resource Areas will be designated. Most stakeholders made the point that this needs to be an open, transparent process that allows for stakeholder expertise and input to inform the resource designation process. Several stakeholders note that this process should be integrated with the CAISO grid planning process and other efforts that are underway to study renewable resource areas.

The CPUC stated ERAs should be selected with broad, open and collaborative planning process based on realistic market and commercial information, transmission and transmission obstacles. They also suggest consistency of methods and assumptions across the assessments; consider a broad range of areas to avoid a premature focus or narrowing; and balance the need for minimizing risk that future changes could invalidate a resource area and the need to allow flexibility to include areas that have high promise but some risk.

SCE proposed the use of an open process integrated with the CAISO planning process which involves state agencies as well as California LSEs.

PG&E suggests making use of CEC resource studies; LSEs and CAISO interconnection queue can help identify resource areas that are likely prospects for development; selection of ERAs should take place through a Renewable Transmission Planning Process with LSE input; the CA Sub-Regional Planning Group may have a role in selecting ERAs.

Clipper and Cannon recommend that the Tariff specify and clarify that eligible ERAs may be located adjacent to or overlapping the borders of the CAISO control area, as long as the interconnection facilities that would be subject to the rate treatment approved by the Order are located within CAISO control areas. They submit this clarification is important noting that some potential areas border Mexico, Nevada or other neighboring balancing authorities and that remote resource areas that may interconnect with the CAISO to serve California customers do not fall neatly within CAISO boundaries.

CalWEA/AWEA believe that ERAs should be studied based on the MW already in the queue; would like to see aggressive clustering of queue applications.

CMUA stated that development of ERAs should include state agencies and Local Regulatory Authorities, and possibly FERC.

NCPA asserted that the areas that will provide the greatest benefit to all grid users should be given priority.

IID stressed that ERAs should be subject to requirements related to curtailment hours similar to the WECC requirement for establishment of a qualified path per WECC Unscheduled Flow (USF) procedure; there should be no existing plans to build transmission; ERAs outside the CAISO balancing authority should require coordination with the other balancing authorities and/or WECC approval to proceed.
3.7.2 CAISO Proposal

A process will be developed by an appropriate California energy agency (or agencies) to certify Energy Resource Areas (ERAs) for purposes of qualifying for CAISO RRIP rate treatment.

Background: The State of California is currently embarking on a process called the California Renewable Energy Transmission Initiative (CRETI) including the CEC, CPUC, CAISO, Renewable Developers and Public and Private Utilities, the purpose of which is to identify priority renewable energy areas (or “renewable energy zones” to use the Texas analogy) and then plan for associated transmission needs. Akin to the Tehachapi transmission effort, this is a collaborative effort meant to be open, transparent and all inclusive and integrated with the CAISO transmission planning process as well as the Sub-Regional Transmission Planning Process identified in FERC Order 890.

While it is very likely that this is the perfect process to produce the ERAs associated with the FERC RRI Order, the CRETI group itself may not be formal or durable enough to weave into the CAISO Tariff. The current situation is sufficiently fluid that the state agencies, CAISO and stakeholders should spend some more time discussing the appropriate language to insert into the CAISO Tariff in this regard.

3.8 SHOULD THE CAISO CONSIDER TARIFF CHANGES TO ITS EXISTING AUTHORITY TO “CLUSTER” INTERCONNECTION STUDIES TO ENHANCE ITS ABILITY TO EFFICIENTLY EVALUATE LOCATIONALLY-CONSTRAINED RESOURCE AREAS?

3.8.1 Stakeholder Comments

Virtually all stakeholders commenting on “clustering” of Interconnection Studies supported modifying the tariff to the extent necessary to ensure the CAISO possessed sufficient flexibility to efficiently respond to requests for interconnection. Only Sempra Generation expressly stated that the current tariff provided the necessary flexibility. All other stakeholders that commented on this issue asserted that some form of tariff refinements were required.

BAMx: Tariff changes are required for the CAISO to implement the transmission planning principles of FERC Order No. 890, where transmission users request that the CAISO perform certain economic studies, including clustering of potential renewable resources.

SDG&E: Tariff must be modified to expand the use of clustering beyond the Interconnection System Impact Study to other Interconnection Studies and potentially for negotiation of Large Generator Interconnection Agreements.

SCE: Revisions to the clustering are supported. The 180-day Queue Cluster Window may need to be expanded to account for the fact that renewable resources may develop in small increments over a substantial period of time. PTOs should support any new approach. Tariff changes may also be necessary to address potential conflicts between clustering and the current queue-based process for both generation and transmission interconnections.
PG&E: Tariff changes may facilitate greater flexibility in the Generator Interconnection Queue. Generators that join the queuing process at different times may face situations that require waivers to remain in the queue (in order to wait for additional generators to “catch up”) or worse, lose queue position altogether. Streamlining the process for generators earmarked for remote resource projects would alleviate potential coordination and timing problems.

IID: Clustering should be limited to locations with the CAISO balancing authority.

CALWEA/AWEA: Tariff modifications are necessary to give the CAISO more flexibility to conduct cluster studies. For example, clustered studies should be enabled on a retrospective basis as well as on a prospective “open season” basis. Clustering would: (1) promote the efficient use of CAISO analytical resources, allowing the CAISO to accommodate more study requests; and (2) better account for the interaction between the different requests, e.g., where more than one request would affect power flows in a given area.

CPUC: Tariff changes should be considered. Clustering and the Large Generator Interconnection Process (LGIP) in general should be more closely coordinated and synchronized with the transmission planning process. Interconnection requests should be clustered in a manner (e.g., geographic and temporal) that is consistent with the best current information and projections regarding transmission expansion. The CAISO should consider explicit retroactive clustering, including optional retroactive clustering for existing customers dependent on the full disclosure of the consequences of not participating in the cluster.

3.8.2 CAISO Proposal

The number of requests for generator interconnection in the CAISO Control Area has accelerated recently. Many of the requests include similar anticipated dates of operation and affect the same local areas. For generation projects that do not pose potential “seams” issues, i.e., impacts on neighboring transmission systems, the CAISO’s Large Generator Interconnection Procedures (LGIP) delegates the responsibility to perform System Impact Studies (SISs) (with some qualifications) to the relevant Participating Transmission Owner (“PTO”). SISs have traditionally been performed serially in accordance with the Interconnection Customer’s Queue position. However, the serial approach has proven increasingly problematic for several reasons relating to the high and geographically concentrated volume of interconnection requests.

Section 4.2 of the CAISO’s LGIP provides for Clustering as follows:

> Clustering shall be implemented on the basis of Queue Position. If the ISO elects, in coordination with applicable Participating TO(s), to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed 180 days Calendar Days, hereinafter referred to as the “Queue Cluster Window” shall be studied together without regard to the nature of the underlying Interconnection Service. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with LGIP Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. The ISO may agree to conduct the study of an Interconnection Request separately to
the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on the ISO Home Page beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster window that is to be modified.

Clustering under the current CAISO tariff is based on Queue Position, which is a temporal concept related to the date an Interconnection Request is received. All Interconnection Requests received within a Queue Cluster Window - a period “not to exceed 180 days – may be studied collectively as a cluster. The Queue Cluster Window is not subject to variation, but rather is rigidly limited to a “fixed time interval” that cannot be modified absent an advance posting 180 days ahead of the date change. Notwithstanding the temporal nature of Clustering, the CAISO does have some flexibility to geographically restrict the scope of the Cluster study based on the “electrical remoteness” of the requesting interconnection. This raises the question, as noted by Sempra Generation, whether the current language is adequate. Most stakeholders think not, and the CAISO agrees that greater flexibility should be explicitly pursued.

Additional flexibility in the Clustering process could be obtained through changes to the permitted geographic parameters and study timelines. From a geographic standpoint, the CAISO believes it may be beneficial to establish predefined “Cluster Study Zones” that establish areas that are deemed electrically remote from other such zones. The advantage of this approach is to permit greater flexibility in the timing of the Cluster studies and potentially allow discrete studies to commence at different times. In that regard, the CAISO proposes to consider abandoning a formal fixed Queue Cluster Window in favor of the approach adopted by the Midwest ISO. The Midwest ISO is permitted to study interconnection requests “serially or in groups.” While “Group Studies” are implemented on the basis of Queue Position, the Midwest ISO may perform a Group Study when: (1) a backlog develops of two or more Interconnection Requests that are waiting in the Queue in an area that electrically affect one another, (3) at the request of the affected Interconnection Customers, (3) in connection with a resource solicitation process, and (4) performed in connection with another Affected System. However, the determination to pursue a Group Study does not relieve the Transmission Provider from meeting the timelines required by the LGIP. Thus, contrary to SCE’s desire, an issue exists whether the Group Study approach could extend the timing of the Cluster beyond the current 180 day Queue Cluster Window. Further discussion on this issue is warranted.

Another issue relates to the determination of “common facilities” under a Group Study or Clustering approach. Currently, the construction of Deliverability Network Upgrades is voluntary for the Interconnection Customer. To the extent an optimally sized project resulting from a Clustered study identifies common facilities that could be categorized as Deliverability Network Upgrades, what obligation with the Interconnection Customer have to contribute to the costs of such facilities.

**3.9 OTHER STAKEHOLDER COMMENTS**

This section contains other stakeholder comments and concerns that were not covered in the information outlined above. To the extent that the project team has some initial thoughts on an
issue they are offered below. These issues can be discussed further during the stakeholder process.

**PG&E**
- Would like to discuss the following additional items
  - Development of cost recovery safeguards in the case of an abandoned project or stranded costs
  - Will 15% cap proposed by CAISO be subject to stakeholder discussion **CAISO Response:** The instant straw proposal does not propose a change to the 15% cap, but the CAISO is prepared to discuss this issue further with stakeholders,
  - Will renewable resource generation projects have higher priority than other generation projects once the minimum thresholds for construction are met?

**SCE**
- The title of this policy should be limited to “renewable” resources. **CAISO Response:** FERC ruled that all resources meeting the definition of location-constrained should be eligible under the proposal. FERC also stated that once the initial criteria are satisfied and the facilities are constructed, it would be unduly discriminatory to prevent other types of resources from contracting for unused capacity.
- Need to reexamine the 15% rate impact cap. **CAISO Response:** See above.

**SDG&E**
- RRI should be implemented soon and vigorously. **CAISO Response:** The CAISO agrees and intends to file a tariff amendment by October 31, 2007.

**CalWEA/AWEA**
- Suggests that the CAISO can expedite interconnection for renewable projects through cluster studies and conditional firm service.

**CPUC**
- To have meaningful delivery, generation accessed by a trunkline may also require downstream network upgrades. Consideration should be given to the broader issues and reconciled or accommodated.
- Under MRTU what is the deliverability standard for interconnection over a trunkline as opposed to network transmission?
- Will RRIFs be designed for simultaneous full deliverability of the capacity or will there be some other type of deliverability measure?

**IID**
- How will non-renewable generation be treated if they request to connect to a trunkline? **CAISO Response:** See the response to SCE Comments
- Address the issue of potential cost shifting and adverse financial impacts. **CAISO Response:** As FERC indicated in its order, issues pertaining to potential stranded investment would be addressed the regional planning process.

**BAMx**
- Supports encouraging additional renewables in California. They encourage the CAISO to pursue cost effective solutions and reminds that resources spent and stranded on underused remote resource interconnections are resources that will no longer be available to achieve the State’s RPS Goals
4 NEXT STEPS

The following table outlines the current plan for the stakeholder input in the development of the RRI project:

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity or Milestone</th>
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<tbody>
<tr>
<td>July 20</td>
<td>Post Straw Proposal</td>
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<tr>
<td>July 27</td>
<td>Stakeholder Meeting to discuss Straw Proposal</td>
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<tr>
<td>July 30</td>
<td>Deadline for Stakeholder Comments on the Straw Proposal</td>
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<tr>
<td>August 6</td>
<td>Post Final Proposal/White Paper</td>
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<td>August 13 (tentative)</td>
<td>Stakeholder Conference to review Final Proposal</td>
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<tr>
<td>September 5</td>
<td>Post Draft Tariff Language</td>
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<td>September 19</td>
<td>Stakeholder Comments Due on Tariff Language</td>
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<tr>
<td>September 25</td>
<td>Stakeholder Conference Call on Tariff Language</td>
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<tr>
<td>October 17, 18</td>
<td>CAISO Board of Governors Meeting</td>
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<tr>
<td>Before October 31</td>
<td>File Transmittal Letter and Tariff Language</td>
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