

## Stakeholder Comments Template

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

Submitted by	Company	Date
G. Alan Comnes Director, Transmission	SunPower Corporation	May 5 <sup>th</sup> , 2011
Greg Blue, Director, Government Affairs		

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.

**(Please see the comments of SunPower Corporation beginning on the next page.)**

**Comments on topics listed in GIP 2 Straw Proposal:**

SunPower Corporation (SunPower) is a member of the Large Scale Solar Association (LSA) and supports the comments of LSA concurrently filed comments.

SunPower's only comment at this time that it makes independently of the LSA is in regards to CAISO's proposal for a partial termination charge (PTC) to be allowed as an option at the time of GIA negotiation for phased projects meeting certain conditions (Section 5.3.1 of the GIP 2 Straw Proposal).

**Work Group 3**

1. Develop pro forma partial termination provisions to allow an IC to structure its generation project in a sequence of phases. (Section 5.3.1 of the GIP 2 Straw Proposal)

Comments:

SunPower supports CAISO's proposal to allow Interconnection Customers (ICs) with phased projects that meet certain conditions to have the option, at the time of GIA negotiation, for the inclusion of a Partial Termination Charge (PTC) to address termination of later project phases. The proposal is a positive first step toward recognizing and addressing the unique issues that ICs face in developing phased generating facilities, and SunPower appreciates CAISO's efforts to address these issues. SunPower offers some suggestions regarding CAISO's proposal and offers an alternative solution of allowing for multiple GIAs as a way to address the underlying issues that led to the PTC proposal.

As a preliminary comment, SunPower believes that the CAISO's current interpretation of the GIP and GIA, *i.e.*, that an IC's failure to build out any portion of the Generating Facility can constitute an event of default and lead to disconnection (exemplified in the GIP Straw Proposal where CAISO identifies the risk of "breach" at p. 29), is at odds with FERC precedent as well as approaches taken by other transmission providers around the nation. GIA termination cannot be an outcome for a project that entered into a GIA in good faith and met its obligations reasonably under its control. Solar PV and other renewable resource projects are highly scalable and, because of land requirements, subject to considerable permitting risk. Long build out schedules for network upgrades also create project viability issues because they diminish marketability and the ability to get financing. CAISO must develop solutions that address issues reasonably outside of the developers' control without resorting to declaring a project to be in breach. This requires both a PTC option for phased projects that meet eligibility requirements and the ability to adjust project size for non-phased projects. (The latter solution is addressed in LSA's comments to GIP 2 Straw Proposal Section 5.3.2 and is not discussed further here.)

There are several reasons why a project developer, CAISO, and PTO should have the option of a PTC in the course of negotiating a GIA. First many developers have large projects that, in turn, require extensive network upgrades that may require different project phases or timelines. It is unreasonable to expect that a developer should be required to build out 100% of its project if it will take several years for the PTO network upgrades to be ready to accept power from the full build-out. There will be difficulties financing a single project that has no clear path for deliverability for

output above a certain amount. Creating project phases that can be canceled for a known cost (the PTC) is a reasonable way to address this risk.

SunPower's alternative solution to a PTC is that the CAISO allow multiple GIAs associated with single interconnection as a way to address project phasing. Provided the same eligibility criteria exist (e.g., prolonged build-out of network upgrades and an IC project construction schedule that has a significant duration), CAISO should allow the IC to interconnect each phase with a separate GIA. Each GIA could have its own milestones, security requirements, and termination charges that would be the functional equivalent of a phased project with a PTC under a single GIA. The need for multiple GIAs is that a project subject to phasing will also face challenges marketing the output in a single PPA (off take agreements). Once multiple phases are a reality, the project is very likely to have separate PPAs and a project company supporting each phase. It would be much better (improved finance-ability, reduce contracting costs) to simply have a GIA for each project phase. Note that this proposal of separate GIAs should not create metering or other technical issues. CAISO currently allows multiple project phases to be separately metered and have separate Master Files even though they share the same interconnection (gen tie). It would be reasonable for the separate GIAs to reference other GIAs at the same interconnection if there are common technical obligation such as reactive power provision. The GIP/GIA should provide for partial termination for a relatively broad set of circumstances that affect an IC's ability to bring a generating facility online in a timely manner.

Finally, SunPower offers the following specific comments to CAISO's PTC Straw Proposal:

1. SunPower conceptually supports the identified required criteria for eligibility for a PTC, listed as items i. through v. on pp. 30-31. In criterion iv, however, SunPower notes that the timing buildout criterion should not be limited to "network upgrades to achieve Full Capacity Deliverability Status." First, this proposal should not be limited to Full Capacity projects. Second, for phased projects reliability network upgrades may also be built over a period of time that creates project risk that necessitates project phasing and a PTC.
2. SunPower appreciates the development of a methodology for determining the PTC (p. 31-32) but cautions against putting any formula charge in the tariff. CAISO's methodology should be a guideline and flexibility should be afforded to GIA parties in the course of negotiations. Some of the inputs to the PTC formula, such as "generation in the queue" is subject to considerable interpretation and would change quickly as each queue steps through its request/study/posting cycle. One way to improve fairness and consistency absent a mechanistic formula rate would be to require the PTC to be posted in some manner even if the GIA is conforming and not subject to FERC approval. Unlike IC, PTOs are not held to strict milestones under the GIA and, instead, are only required to make reasonable efforts. Because PTOs have less risk in breaching a GIA for failure to meet a timeline, the PTC should reflect the relative risks of breach by ICs and PTOs.
3. Regarding PTC triggers (p. 32), SunPower recognizes the need for identifying reasonable project milestones. However, if a developer fails to meet a milestone, it should have the option of committing to fully finance its share of the costs of the Network Upgrades and avoid unilateral termination by the CAISO or PTO. The time allowed by the developer to reach project completion should be reasonable and similar to current GIA suspension guidelines which already afford the developer limited flexibility to meet LGIA obligations when subjected to a schedule delay.