

## Stakeholder Comments Template

### Generator Interconnection Procedures Phase 3 (“GIP 3”)

Issue Paper, posted March 1, 2012

**Please submit comments (in MS Word) to [GIP3@caiso.com](mailto:GIP3@caiso.com) no later than the close of business on March 23, 2012.**

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, which were discussed in the Generator Interconnection Procedures Phase 3 (“GIP 3”) Issue Paper posted on March 1, 2012, and during the stakeholder meeting on March 15, 2012. **Please submit your comments in MS Word to [GIP3@caiso.com](mailto:GIP3@caiso.com) no later than the close of business on March 23, 2012.** For the seven topics listed below, we ask that you rank each with a score of 0, 1, 2, or 3 in the space indicated (a more detailed description of each topic is contained in the issue paper posted at <http://www.caiso.com/informed/Pages/StakeholderProcesses/GeneratorInterconnectionProceduresPhase3.aspx>).

Please ascribe the following definitions to your scores:

- 3: For topics that are high priority and urgent (i.e., the topic is a candidate for the first phase of GIP 3).
- 2: For topics that are high priority but of less urgency than a score of 3 (i.e., the topic is a candidate for the second phase of GIP 3).
- 1: For topics that have low priority (i.e., the topic could wait until the next GIP stakeholder initiative subsequent to GIP 3).
- 0: For topics that are not appropriate to address in a GIP enhancement initiative.

Stakeholders need not score, or comment on, every topic but are encouraged to do so where they have an opinion. The ISO will assume that a stakeholder has “no opinion” on issues for which no score is provided.

In addition to scoring each topic on which you have an opinion, please also provide your comments on each. Also, if you disagree with the characterization of any particular topic in the issue paper, please explain how you describe the issue, how this compares to the existing rules, and what the objective on that topic should be in this initiative. Also, provide specific proposals to address each of the topics you have given a score of 3 (i.e., high priority and urgent topics).

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For those topics you have given a score of 3, please provide the reasons and the business case for your perspective on the relative priority of the topic (e.g., explain the commercial impacts of not treating the topic as a Phase 1 high priority item in GIP 3).

Please also identify those topics which you believe may require a long time to address and therefore be candidates for work groups.

Please also provide any additional topics that you believe should be considered within the scope of the GIP 3 initiative; but, do not provide a score for these (the ISO will compile these into one composite list and use a survey process to request stakeholders to score them). For any additional topics that you provide in your comments, please provide specific proposals to address them.

Your comments in this regard will assist the ISO in the development of the Straw Proposal (on the Phase 1 high priority items) to be posted on April 10, 2012.

#### **Comments on Items listed in GIP 3 Issue Paper:**

1. **Downsizing** The potential need for an Interconnection Customer (“IC”) to downsize or and/or delay in the late stages of the interconnection process may arise for various reasons (both for commercial reasons and those beyond an IC’s control). An IC’s primary recourse may be to withdraw from the queue and re-enter a later cluster. The current tariff prohibits the ability to downsize or delay the commercial operation date if a later queued project is adversely affected. There is no allowance for an IC to build in the option to downsize or, compensate/indemnify materially affected later-queued projects, or to remedy material impact in any way. The objective of this topic would be to identify and explore potential remedies.

Score 0-3: 3

#### Comments:

The issue of terminating an entire LGIA when a material portion of the project is constructed and in operation (often referred to as “partial termination”) is a serious issue and needs to be addressed as the top priority within the GIP3 process. There are many issues that can cause the need for downsizing and/or delaying the COD for a project particularly where power purchase agreements are needed before a project can move ahead. Projects in the CAISO should be allowed to downsize their project size and delay their COD for any reason, particularly after receiving the Phase II study results, but also after executing the LGIA. However, Tenaska recognizes that some limitations may have to be imposed as to the timing and amount of downsizing, the amount of cash reimbursement, and the amount of time that a COD may be delayed.

For example, an acceptable resolution to the issue of downsizing and the impact on cash reimbursement could take the following framework:

Prior to the beginning of the Phase II study – Any amount of downsizing is accepted, its cost responsibility for network upgrades shall be reduced proportionately, and such downsizing will have no impact on cash reimbursement for the reduced amount of network upgrades.

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Prior to the execution of an LGIA – A project may be downsized up to 50% of its original interconnection request, its cost responsibility for network upgrades will be reduced proportionately, and the project will receive full cash reimbursement for its revised cost responsibility for network upgrades.

After the execution of the LGIA – A project may be downsized up to 50% of its original interconnection request, its cost responsibility for network upgrades will NOT be reduced proportionately, and the project will receive cash reimbursement in proportion to the percentage amount of the downsizing. The project, since it paid for the upgrades, will also be allowed to maintain the extra transmission capacity defined in the LGIA. It may utilize the capacity itself or sell such transmission capacity to another entity.

Lastly, reasonable limitations on extensions to the COD could also be considered. For example:

Prior to the beginning of the Phase II study – any extension is accepted

Prior to executing the LGIA – an extension of up to 5 years is accepted

After execution of the LGIA – an extension of up to 3 years is accepted

Tenaska sincerely wishes for the downsizing and partial termination issues to be resolved during the GIP3 process. The CAISO should note the comments made by Tenaska at the end of this template under “Other Comments”.

2. **Distribution of forfeited funds** Non-refundable portions of the IC study deposits and financial security postings are distributed in the same manner as are penalties assessed market participants (i.e., distributions are made to scheduling coordinators). Current procedures provide for retention of certain portions of IC study deposits and financial security postings upon withdrawal from the queue. The objective of this topic would be to investigate/explore whether there is a more appropriate way to distribute these funds.

Score 0-3: 3

Comments:

The proceeds from Study Deposits and Interconnection Financial Security (IFS) should be distributed to other developers of projects in the same cluster study group on a pro rata basis with the MW amount of their executed LGIA. As the CAISO is recovering enough funds to cover the cost of remaining projects in the queue, this distribution would help offset the cost of studies for remaining projects.

3. **Independent study process** The determination of independent study process (“ISP”) eligibility heavily relies on cluster study results which can result in delays meeting tariff timelines. Under existing rules, interconnection requests (“IRs”) must satisfy the

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eligibility criteria set forth in Section 4 of the GIP (Appendix Y). The objective of this topic would be to investigate the potential for improving the ISP determination process to allow projects that are electrically independent to move forward on a faster pace than the annual cluster process would provide.

Score 0-3: 0

Comments: No comments.

4. **Fast track study process** The current eligibility screens were designed for distribution rather than transmission. Under existing rules, an IR must satisfy the eligibility screens set forth in Section 5 of the GIP (Appendix Y). The objective of this topic would be to investigate eligibility screens that may better suit the intent of the fast track study process (i.e., allow qualified projects to move forward on a faster pace than the provided by the annual cluster study process).

Score 0-3: 0

Comments: No comments.

5. **Behind the meter expansion** Some stakeholders have expressed interest in behind-the-meter (“BTM”) expansion for phased generation interconnection projects. Under existing rules BTM expansion meeting business and technical criteria is studied using the independent study process track; however, the expansion can only happen after the original facility is in service. The objective of this topic would be to investigate/explore criteria and procedures that could enable BTM expansion before the entire original facility is in service.

Score 0-3: 0

Comments: No comments.

6. **External transmission lines** Generator projects interconnecting to a gen-tie external to the ISO-controlled grid cannot obtain deliverability on the ISO grid (either directly or through the gen-tie developer). The objective of this topic would be to investigate/explore the development of rules under the GIP enabling the developer of such a gen-tie to offer deliverability (on the ISO grid) to generating projects interconnecting to the gen-tie.

Score 0-3: 0

Comments: No comments.

7. **Timeline for tendering draft GIAs** The large volume of IRs is making it difficult to tender draft GIAs within the 30-day timeline of the GIP. Under current rules, section 11

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of the GIP requires tendering a draft GIA within 30 days after the ISO provides the final phase II results. The objective of this topic would be to investigate/explore potential modifications to the timeline for tendering a draft GIA.

Score 0-3: 2

Comments:

Tenaska believes that the PTOs should have a some deadline to provide such an agreement. If 30 days is not an acceptable deadline, then a later deadline, not to exceed 60 days, is workable. In conjunction with this change, however, should be a change regarding the date for the second posting of security. Tenaska believes the second posting of security should be tied to the execution of the LGIA and not when the Phase II study is posted. An acceptable arrangement would be no later than 60 days after the execution of the LGIA unless a different date that is acceptable to both parties is included in the executed LGIA.

**Other Comments:**

1. Please list any additional topics that you believe should be considered for the scope of GIP 3; but, do not assign a score (the ISO will use a subsequent survey process to invite stakeholders to score additional topics). For any additional topics that you suggest, please provide the reasons and the business case for your perspective on the relative priority of the topic (e.g., explain the commercial impacts of not treating the topic as a Phase 1 high priority item in GIP 3). Also, identify those topics which you believe may require a long lead time to address and therefore be candidates for work groups. And lastly, please provide specific proposals to address each additional topic you have suggested.
2. If you have other comments, please provide them here.

Partial Termination: The issue of terminating an entire LGIA when a material portion of the project is constructed and in operation is a serious issue. We expect that any partial termination issue will be handled in item #1. If not, then it should be a separate item handled as a very high priority in the GIP3 process.