

## Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your written comments on the 2018 IPE stakeholder initiative **Addendum #2 to the Draft Final Proposal** posted on December 21, 2018.

Submit comments to [InitiativeComments@CAISO.com](mailto:InitiativeComments@CAISO.com)

**Comments are due January 11, 2019 by 5:00pm**

The Addendum #2 to the draft final proposal posted on December 21, 2018 and the presentation discussed during the January 3, 2019 stakeholder meeting can be found on the CAISO webpage at the following link:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/InterconnectionProcessEnhancements.aspx>

Please use this template to provide your written comments on the Issue Paper topics listed below and any additional comments you wish to provide. The numbering is based on the sections in the Issue Paper for convenience.

## 7. Interconnection Financial Security and Cost Responsibility

### 7.1 Maximum Cost Responsibility for NUs and Potential NUs

#### Comments in Support of Changes to Interconnection Financial Security and Cost Responsibility

First Solar appreciates clarity that CAISO has provided to its financial security and cost responsibility framework. CAISO's new definitions are extremely helpful, as is the greater transparency into how the cost responsibility and related financial security postings are determined and evolve over time. We applaud the CAISO on the process, staff's openness to accepting stakeholder input and willingness to modify the proposal to address stakeholder concerns.

First Solar recognizes that CAISO must navigate competing interests and priorities as it revises and refines these rules. Although we remain concerned with some of the provisions related to the reliability network upgrade reimbursement limitations, discussed further below, and about the fact that an interconnection customer will not have the final number for maximum cost exposure set until the Phase II study, we believe that CAISO has made appropriate accommodations on other concerns and struck a reasonable balance in this second addendum to the Draft Final Proposal.

First Solar acknowledges the hard work that went into these revisions and refinements to the CAISO's cost responsibility framework, particularly the complex task of addressing allocation of earlier triggered upgrades that are not yet covered under an executed generator interconnection agreement.

Specifically, First Solar supports the following revisions made in second addendum to the Draft Final Proposal:

- 1. Maximum Cost Exposure adjustment downward:** Adjusting the MCE downward with the MCR pursuant to Appendix DD Section 7.4 improves project clarity around likely cost exposure. This is a positive change that will provide value to interconnection customers. Even though rare circumstances could result in a later upward adjustment, this change is consistent with a theme that First Solar has advocated throughout this process, namely events that are extremely rare should not be driving actual or potential cost responsibility for every interconnecting project.
- 2. Allocated and non-allocated ISRNU:** Using allocated ISRNUs to drive cost responsibility within the CCR and MCR addressed First Solar's concerns with full allocation of 100% responsibility to every interconnection customer.

- 3. PTO network upgrade cost responsibility milestone:** First Solar agrees with CAISO’s proposal that the milestone remain linked to GIA execution, and with the CAISO’s proposal that GIA execution no longer be required as a condition of retaining deliverability. As CAISO noted on the stakeholder call, moving execution of the GIA closer to construction timelines will both eliminate the potential complication and uncertainty around using the third posting as a trigger and align the GIA execution better with project development timelines. This change also remedies concerns that First Solar has previously expressed to the CAISO and in the technical conference convened by FERC related to the timelines for understanding affected system costs and requirements. With the obligation for early execution of the GIA removed, we believe that CAISO and the PTOs will see fewer withdrawals following execution of the GIA.
- 4. Allocation of non-ISRNU CANUs consistent with Appendix DD, Sections 8.3 and 8.4.** First Solar advocated for a pro rata allocation framework for CANUs and a structure that avoided the concern about “headroom” associated with 100% cost responsibility. CAISO’s revisions address these concerns. Even though the result is a chance that the MCE can increase in Phase II if project withdrawals cause CANUs to be allocated as ANUs, First Solar believes that the balance achieved with the CAISO’s second addendum is reasonable.

#### Comments Urging Additional Revisions

First Solar urges the CAISO to evaluate two issues for further revision: 1) the RNU reimbursement cap and associated with a CANU-ANU conversion and 2) the remaining “headroom” issue associated with ISRNUs. We offer further comments and a suggestion for improving the framework.

#### RNU Reimbursement Cap & associated CANU-ANU conversion:

First, we reiterate the policy concern that we articulated in our December 6, 2018 comments:

Interconnection customers that choose locations where available capacity exists on facilities being planned as a result of earlier projects entering the queue should not be burdened with non-reimbursable reliability network upgrade costs should the earlier-queued customer later drop out. CAISO should be encouraging interconnection customers to locate in areas where planned transmission facilities have room to accommodate new generation. Where a customer does not trigger an upgrade but is later responsible for the costs, that customer should receive full reimbursement of the RNU even if it exceeds the cap.

We continue to believe that an Interconnection Customer should be encouraged to choose locations where upgrades triggered by other projects create “room” on the transmission system to accommodate additional. We urge CAISO to revisit its determination that costs that later become the responsibility of later-queued customers not be reimbursed above the RNU

cap. One potential solution would be to only apply the reimbursement cost cap to CANUs that are ISRNUs. Another improvement would be to consider deliverability-triggered RNUs to be fully recoverable by the Interconnection Customer.

We request that CAISO make clear to Interconnection Customers with identified CANUs what portion of those CANUs are RNUs and what portion are LDNUs. This would provide the Interconnection Customer with a better understanding of the potential exposure to non-reimbursable costs.

First Solar also requests that the CAISO consider RNU reimbursement for customers based on percentage share of the cost allocation for ISRNUs, rather than the megawatt size of the project. Alternatively, the original allocation of ISRNUs could be determined on percentage share per MW, where the reimbursement is ultimately based on how it was originally allocated as it is for all other RNUs. To offer a brief example, if a 20 MW and 100 MW project together trigger an upgrade, the cost responsibility is allocated 50% to each project. However, when the time comes around for reimbursement, the larger project is able to recover a greater percentage of the costs, and the smaller project may be subject to non-reimbursable costs because the formula is based on project size.

ISRNU Headroom Concern: First Solar endorses LSA's comments and proposed solution to this concern. First Solar had also previously made comments similar to LSA's and we suggest that the protection to the PTOs would be intact without allowing this additional room for increased costs in other areas within the MCR/MCE.

## 10. Additional Comments

We understand that CAISO has determined that additional reimbursement to developers when later-queued projects utilize RNUs, seen foremost in the case of ISRNUs and funded by the earlier project, is not in scope for this proceeding. However, we urge CAISO to keep this proposal on its list for examination in a future stakeholder initiative.

Again, First Solar appreciates the CAISO's consideration to First Solar's comments, CAISO staff's dedication to sorting through the complex issues and engaging with stakeholders, and the general direction of providing greater clarity and transparency around a complex process.