

Stakeholder Comments Template

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Please use this template to provide your written comments on the 2018 IPE stakeholder initiative Straw Proposal posted on May 9, 2018.

Submit comments to InitiativeComments@CAISO.com

Comments are due June 4, 2018 by 5:00pm

The straw proposal posted on May 9, 2018 and the presentation discussed during the May 21, 2017 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.

4. Deliverability

4.1 Transmission Plan Deliverability Allocation

PG&E is supportive of the CAISO's TPD allocation proposal which combines topics 4.1, 4.3, 4.5 and 9.2. PG&E is supportive of the proposal as it provides projects with commercial viability an advantage in applying for deliverability. PG&E believes that this change will result in only projects with deliverability moving forward with construction which will clean up the project queue and prevent PG&E from investing resources on generation projects or upgrades associated with commercially unviable projects.

4.2 Balance Sheet Financing

PG&E is supportive of the CAISO's TPD allocation proposal which eliminates balance sheet financing as part of the commercial viability process and incorporates it into the TPD allocation process. PG&E hopes that the inclusion of balance sheet financing as part of the TPD allocation process will result in only commercially viable projects proceeding through the Interconnection Queue because projects that are not viable will not receive TPD allocation or eventually lose it. Additionally, by providing projects with PPA's a slightly higher prioritization than projects that plan to BSF, the CAISO further aligns itself with the project development process, which was its goal in this initiative.

4.3 Participating in the Annual Full Capacity Deliverability Option

PG&E is supportive of the CAISO's TPD allocation proposal which allows customers to apply for TPD allocation via affidavit on an annual basis.

4.4 Change in Deliverability Status to Energy Only

PG&E is supportive of the CAISO's TPD allocation proposal which allows projects the opportunity to request energy only deliverability status at any time after the Phase II study. PG&E is especially supportive of the utilization of the reassessment to determine the effects of cost responsibility on customers. This process will prevent the unfair requirement of rate payers funding the upgrades of generators which decide to change their projects to Energy Only from Full Capacity Deliverability Status well into the project's life.

4.5 Energy only Projects' Ability to Re-enter the CAISO Queue for Full Capacity

PG&E is supportive of the CAISO's TPD allocation proposal which allows generation projects to apply for deliverability allocation, but utilizes 7 different project statuses to prioritize TPD allocation based on the commercial viability of the applying project. PG&E is in support of existing energy only projects being eligible to apply, but having the lowest priority of all project types.

4.6 Options to Transfer Deliverability

PG&E is supportive of the CAISO's clarification(s) to an Interconnection Customer's opportunities to transfer deliverability during the repowering process, between generating units with the same POI, between generating units on the same Interconnection Request and, transfer for behind-the-meter capacity expansion.

5. Energy Storage

5.2 Replacing Entire Existing Generator Facilities with Storage

PG&E is supportive of the CAISO's exploration and explanation of the various facets of energy storage in section 5.2 of the 2018 IPE Straw Proposal. PG&E understands that while a bright-line test for the maximum amount of transferred generation capacity from the original generation type to energy storage is not possible, the CAISO is open to generators transferring generation capacity more than 10%, depending on the specifics of the request.

6. Generator Interconnection Agreements

6.1 Suspension Notice

PG&E is supportive of the CAISO's requirement to Interconnection Customer's to submit the start and end date of their requested suspension in the suspension notice delivered to the CAISO and PTO. This change will allow the CAISO and PTO to confirm the suspension of the Project will not adversely affect the interconnection other Interconnection Customers.

6.2 Affected Participating Transmission Owner

PG&E is supportive of the CAISO's proposal to separate maximum cost responsibility for each PTO in the event that another PTO is affected by the interconnection of a generation project. This change will prevent the unlikely scenario where PTO's do not track the reimbursement of generators and might unintentionally pay the Interconnection Customer above the \$60,000 / MW reimbursement cap all GIDAP Interconnection Customers are limited to. PG&E is appreciative of the clarification that the \$60,000 MW reimbursement cap is per project and not per PTO.

6.3 Clarify New Resource Interconnection Requirements

PG&E has no comment on the CAISO's intention to clarify tariff language surrounding the New Resource Implementation (NRI) process and how various types of Interconnection Customers, Qualifying Facility or otherwise, must interact with the NRI.

6.4 Ride-through Requirements for Inverter based Generation

PG&E is supportive of the CAISO's proposals for Ride-through Requirements for Inverter based Generation as they are intended to prevent the unnecessary tripping of generation.

7. Interconnection Financial Security and Cost Responsibility

7.1 Maximum Cost Responsibility for NUs and Potential NUs

PG&E is generally supportive of this proposal, but has concerns associated with the protections provided by Potential Network Upgrades as well as how revisions to Potential Network Upgrades tables in studies will be handled. Within its response, the CAISO states that the goal of incorporating Potential Network Upgrades costs in Maximum Cost Responsibility is to protect the PTO from being financial responsible for network upgrades should an Interconnection Customer withdraw prior to executing a GIA. PG&E appreciates this initial protection, but is concerned with the assumption that if an IC signs a GIA, that they are expected to move forward with its project and constructing the NUs that are required of them. Our experience has proven that execution of a GIA does not guarantee that a project will progress towards completion in a timely manner. PG&E requests that the trigger for the removal of Potential Network Upgrades not be the execution of the GIA, but rather, receipt of final financial postings and written authorization to proceed from the Interconnection Customer.

Additionally, the straw proposal appears to require the PTOs and CAISO to make revisions to Phase II studies to updates the Potential Network Upgrades table as projects negotiate and execute GIA's. The

CAISO should not submit study revisions to changes with Network Upgrades as this would be an onerous requirement for the CAISO and PTO engineering teams.

7.5 Shared SANU and SANU Posting Criteria Issues

PG&E is supportive of the proposal associated with Shared SANU and SANU posting criteria issues as long as each PTO has the freedom to establish its own criteria for SANU cost allocation or make the determination on a case-by-case basis. PG&E agrees with the CAISO's comment that splitting the cost responsibility of the SANU would unnecessarily put a PTO at risk if one of the generators was to withdraw its portion of the project.

7.6 Clarification on Posting Requirements for PTOs – Final Proposal

PG&E is supportive of this Final Proposal which exempts PTOs from the posting financial securities to themselves in cases where the Interconnection Customer is also the PTO. PG&E understands that when withdrawing a project from the Queue, the PTO will still be required to submit non-refundable funds in accordance with tariff.

7.7 Reliability Network Upgrade Reimbursement Cap

PG&E is supportive of the CAISO's proposal for the Reliability Network Upgrade Reimbursement Cap that closes the loophole by which an Interconnection Customer with projects in different clusters that need the same Network Upgrades can get rate payers to pay for the entire cost of the Network Upgrades, and not just the \$60,000 / MW limit on reimbursement, by withdrawing their project after IA execution. Section 14.2.2 of the tariff requires that any upgrade associated with a generation project with an executed IA that withdraws to have those upgrades built and paid for by the PTO, and thus rate payers are required to fund the entire Network Upgrade and not just the \$60,000 / MW limit on the reimbursement they would have been subject to, had the Interconnection Customer built the upgrade in question. PG&E agrees that in the place of the PTO, customers dependent on the upgrade should pay costs surpassing the \$60,000 / MW reimbursement cap.

7.9 Impact of Modifications on Initial Financial Security Posting

PG&E is generally supportive of the CAISO's proposal to allow customers to post Initial financial security postings less the value of upgrades that can be definitively removed as a result to project withdrawals. PG&E is, however, concerned that the test to allow for the avoidance of financial securities utilizes the uncapitalized term "engineering judgement." While PG&E agrees that there is a select number of cases where an upgrade from a Phase I study report is no longer needed, PG&E is concerned that a far larger number of cases where there is no clear engineering judgement on the PTO or the CAISO's behalf. In those scenarios, PG&E foresees a situation whereby a customer is convinced that an upgrade is not required, but the PTO or CAISO do not definitively agree resulting in a protracted process whereby the PTO or CAISO's already impacted staff are required to communicate with Interconnection Customer's to defend its ruling.

8. Interconnection Request

8.1 Study Agreement – Final Proposal

PG&E has no comment on the Study Agreement Final Proposal as the issue is directly related to two-party agreements between the CAISO and Interconnection Customer. PG&E believes that this issue should be driven and decided by the CAISO and Interconnection Customers as they are directly affected by the proposed change.

8.4 Project Name Publication

PG&E has no comment on the CAISO's Project Name Publication proposal as the issue has to do with the confidentiality of Interconnection Customer information. PG&E believes that this issue should be driven and decided by Interconnection Customers as they are directly affected by the proposed change.

9. Modifications

9.1 Timing of Technology Changes

PG&E is supportive of the CAISO's proposal on the Timing of Technology Changes because current tariff provisions do not provide detailed limitations on the timing or types of technology and fuel changes that Interconnection Customers are allowed. The CAISO's proposed absolute prohibition on technology changes that change fuel type for projects that have or are requesting commercial operation beyond the 7 year threshold in the tariff will prevent customers from queue-hogging by preventing project reinvention at the end of its time in queue. Additionally, the CAISO proposes to incorporate commercial viability criteria for every MMA requested by a project whose milestones are beyond the 7 year threshold. This change will further limit customers from staying in the queue with projects that are not commercially viable, as they will be unable to make large scale changes to their project at the end of its queue life.

9.2 Commercial Viability – PPA Path Clarification

PG&E is supportive of the CAISO's TPD allocation proposal which combines topics 4.1, 4.3, 4.5 and 9.2. Specifically, PG&E is supportive of incorporating the commercial viability criteria associated with a PPA, or Balance Sheet Financing (BSF), into the deliverability allocation process. As a result, customers with either a PPA or that intend to finance their projects themselves are prioritized in the first two groups of allocation and will be more likely to move ahead with the implementation of projects. This will prevent PG&E from investing time and resources into projects that are not likely to proceed.

9.3 PPA Transparency – Final Proposal

PG&E is supportive of the CAISO's Final Proposal on PPA Transparency which requires that the project PPA and the generation project share the same POI, MW capacity, fuel type and technology, and project location when demonstrating commercial viability criteria.

9.4 Increase Repowering and Serial Re-Study Deposit– Final Proposal

PG&E is supportive of the CAISO's Final Proposal on the revision of Repowering and Serial Re-Study deposits from \$10,000 to \$50,000. The CAISO has observed that the majority of these studies cost over

\$25,000. By increasing the deposit past the average cost of the study, the CAISO ensures that billing and payment, between the PTOs and the CAISO, can typically be done without requesting additional funds from the Interconnection Customer.

9.5 Clarify Measure for Modifications After COD – Final Proposal

PG&E is supportive of the CAISO's Final Proposal on Modifications to Generating Facilities after COD where the CAISO clarifies that the Material Modification Process, Article 5.19, is for modifications prior to COD, while changes after COD are managed by the Modification process described in Section 25 of the CAISO tariff.

9.6 Short Circuit Duty Contribution Criteria for Repower Projects

PG&E is supportive of the CAISO's proposal on bringing the requirements for Short Circuit Duty Contribution (SCDS) for Repower Projects in line with the SCDS requirements for Material Modification Assessments. Prior to this change, the SCDS requirements for repowers were more stringent than those used for MMA's.

10. Additional Comments