

## 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

SPower generally supports the changes in the CAISO's 2018 Interconnection Process Enhancements (IPE) Draft Final Proposal Addendum 2 (Addendum 2) from the first Addendum. Additional clarifications would be helpful in some areas, however. These points are covered further below.

SPower strongly supports retention of the current milestone for when a Conditionally Assigned Network Upgrade (CANU) becomes a Precursor Network Upgrade (PNU), and cannot be assigned to a later cluster – i.e., when at least one project assigned the upgrade executes a GIA – instead of the prior proposed milestone of when at least one project assigned the upgrade makes the third Interconnection Financial Security (IFS) posting.

There has been no demonstration that PTOs or ratepayers have actually been harmed when projects drop out between GIA execution and the third IFS posting. This is especially true given the large forfeit amounts (since GIAs are often executed after the second posting is made) after the second posting and upgrades no longer needed.

Certain PTOs opposed this change on the January 3<sup>rd</sup> conference call. However, no new evidence was offered supporting the position that the milestone should be changed. Moreover, as the CAISO explained on the call, the removal of GIA execution as a Transmission Plan (TP) Deliverability requirement should postpone the milestone for PTO assumption of financial responsibility until projects are genuinely ready to proceed.

SPower also supports the following Addendum 2 changes:

- **Including a project’s “allocated” Phase I Study CANU costs on a preliminary basis in the Maximum Cost Exposure (MCE)** until the Phase II Study is issued (when CANU allocations would be finalized), instead of including 100% of each estimated CANU cost in each project’s MCE in the Phase I Study. As developers said in the last round of comments, this change will help developers trying to market projects sooner, since they will have worst-case cost responsibility estimates earlier.
- **Reducing MCE when the Maximum Cost Responsibility (MCR) is reduced** (per GIDAP Section 7.4), and noting that it could increase later due to (extremely rare) “system changes” – consistent with the current policy – instead of keeping it the same (“true” maximum).

SPower also requests that the CAISO clarify two elements of the proposed ISRNU treatment for upgrades shared among several projects.

First, inclusion of 100% of an ISRNU cost in a project’s MCR and Maximum Cost Exposure (MCE) would only be for the purpose of “making room,” in case the other sharing projects drop out and the remaining project(s) must bear additional costs for the ISRNU. In other words, it should not be used to “make room” for reallocation of any other Network Upgrade costs in annual Reassessments. This would retain complete protection for PTOs without penalizing developers for seeking to share ISRNUs, which is actually a benefit to the grid.

Second, the extra ISRNU above the allocated cost (the “unallocated” ISRNU cost) should be removed from the MCR/MCE of projects sharing an ISRNU once those sharing projects have executed GIAs and make the third security posting for those ISRNUs.

The PTO would thus have complete protection, and there is no need to “leave room” for any further reallocation. (SPower notes that this proposal would require the CAISO or PTO to notify other projects sharing the ISRNU that the third posting has been made for that upgrade.)

## 10. Additional Comments