

Stakeholder Comments Template

Submitted by	Company	Date Submitted
Meg McNaul mmcnaul@thompsoncoburn.com 202.585.6940	The Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (the “Six Cities”)	Jan. 15, 2019

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

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

The Six Cities have the following comments on the topics in the Second Addendum to the Draft Final Proposal:

1. Maximum Cost Exposure adjustment downward: The Six Cities take no position on the CAISO’s proposal to implement upward and downward adjustments to the Maximum Cost Exposure (“MCE”) due to reassessments as described in the Addendum.

2. Identification and treatment of ISRNU: The Six Cities support the CAISO’s proposal that 100% of an Interconnection Service Reliability Network Upgrade (“ISRNU”) will remain within a project’s MCE and do not oppose the proposal that the ISRNU will only be included in a project’s Maximum Cost Responsibility (“MCR”) and Current Cost Responsibility (“CCR”) to the extent of its allocated portion of the ISRNU cost, which is subject to adjustment depending upon project withdrawals.

3. PTO network upgrade cost responsibility milestone to posting of third IFS: The Six Cities acknowledge that the CAISO is attempting to strike a balance between the competing views expressed by the Participating TOs and resource developers. However, the Six Cities have concerns about the CAISO’s proposal to have the Participating TO assume responsibility for the cost of network upgrades upon execution of the Generator Interconnection Agreement (“GIA”), as is the case now, but to remove execution of the interconnection agreement from the deliverability retention requirements. What was the original purpose of including execution of the GIA as a component of the Transmission Plan Deliverability (“TPD”) retention criteria, and what are the expected impacts on deliverability retention that might result from removing this element? How confident is the CAISO that its currently-proposed approach will not result in additional cost shifting to transmission customers? The CAISO’s prior proposal to have the responsibility for network upgrades shift to the Participating TO upon the third Interconnection Financial Security posting appeared to substantially address concerns regarding premature shifts in network upgrade cost responsibility to the Participating TOs, while the current proposal may not address these concerns and, as noted above, raises new questions.

Also, with respect to the deliverability retention criteria, if the CAISO elects to proceed with removing execution of an interconnection agreement from the retention criteria in Section 8.9.3 of Appendix DD, the Six Cities recommend that the CAISO leave in the criteria that an interconnection customer be in good standing with respect to the interconnection agreement, if one has been executed.

4. CANU allocation treatment in the Phase I study: The Six Cities do not oppose the CAISO’s proposal to provide the initial MCE, inclusive of an allocated share of Conditionally Assigned Network Upgrade (“CANU”) costs, following the Phase I study on a “preliminary” basis and to fix the allocated share of CANU costs based on the Phase II studies, which could result in an increase in the initial CANU cost allocation from Phase I to Phase II. As the CAISO points out, it may reduce potential concerns about the relatively large number of projects in the Phase I studies potentially diluting the Phase I CANU cost allocations.

5. Projects needing to fund a PNU or CANU early to achieve COD or deliverability: The Six Cities support the CAISO’s proposal to require interconnection customers that wish to achieve a commercial operation date that is earlier than certain CANUs are scheduled for completion should fund such upgrades where no prior project that has currently been assigned the CANUs has executed an interconnection agreement. Participating TOs should not be required to finance network upgrades that would otherwise be subject to financing by an interconnection customer in order to accommodate an accelerated in service date for a subsequently queued project.

It appears that, with respect to Precursor Network Upgrades (“PNUs”), it may be reasonable for the subsequently queued project to pay only acceleration costs if a PNU is needed early.

6. RNU reimbursement cap impacts from CANU-to-ANU conversion: The Six Cities support the CAISO’s proposal to require CANUs that are subsequently converted to Assigned Network Upgrades (“ANUs”) to be subject to the Reliability Network Upgrade (“RNU”) reimbursement cap. The Six Cities agree that the Participating TOs (and, ultimately, transmission customers) should not be required to reimburse interconnection customers for CANU costs in excess of the reimbursement cap.

7. Additional developer reimbursement when later-queued projects utilize RNU previously developed: The Six Cities support the CAISO’s proposal not to develop and implement at this time a mechanism for later-queued projects to provide reimbursement to prior project developers when the later-queued project uses an RNU.

10. Additional Comments

The Six Cities have no additional comments.