

Stakeholder Process: Small and Large Generator Interconnection Procedures

Summary of Submitted Comments

Stakeholders submitted three rounds of written comments to the ISO on the following dates:

- Round One: Issues Paper, 04/27/10
- Round Two: Straw Proposal, 06/22/10
- Round Three: Draft Final Proposal, 08/04/10

Stakeholder comments are posted at: <http://www.caiso.com/275e/275ed48c685e0.html>

Other stakeholder efforts include:

- Conference call to discuss the addendum to the draft final proposal 08/20/10
- Three in-person stakeholder meetings (discussed issues paper, draft proposal, final draft proposal)
- Four in-person volunteer stakeholder working group meetings
- Fifteen teleconference working group team meetings.

Note: The ISO has endeavored to present the positions of the parties as to the various elements of the proposal as accurately as possible. However, the nature of the matrix and the need to generalize requires simplification that makes nuances in positions difficult to convey.

Stakeholders who provided comments on the final draft proposal included: California Energy Commission (CEC), California Public Utilities Commission (CPUC), Axio Power, Inc., Wellhead Electric, Sierra Pacific Industries, Sempra Generation, First Solar, Recurrent Energy, Pacific Valley, LS Power Development, LLC, enXco Development Corporation, The California Department of Water Resources State Water Project (CDWR), Bay Area Municipal Transmission Group (BAMx), Large-Scale Solar Association (LSA), California Wind Energy Association (CALWEA), California Solar Energy Industries Association (CALSEIA), Center for Energy Efficiency And Renewable Technologies (CEERT), Solutions for Utilities, Inc., Interstate Renewable Energy Council (IREC), Californians for Renewable Energy, Inc. (CARE), Energy Climate Committee Sierra Club California, Feed In Tariff Coalition (FIT), FuelCell Energy, Inc., San Diego Gas and Electric (SDGE), Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE).

Management Proposal	Generally Supports	Does not Support	Management Response
<p>Create a single, unified cluster interconnection process, for all projects regardless of size</p> <ul style="list-style-type: none"> • Annual window and study process • 2 study phases (approx 420 calendar days) • Single application and study deposit • Network upgrade costs shared proportionately • Provides cost certainty 	<p>CEC, AXIO, Wellhead, Sierra Pacific Industries, Sempra Generation, First Solar, Recurrent Energy, enXco, CDWR, LSA, CALWEA, CALSEIA, SDGE, PG&E, SCE</p>	<p>Pacific Valley, Solutions for Utilities, Inc., IREC, CARE, Sierra Club California, FIT</p>	<p>Management believes that it is appropriate to study all interconnection requests together. The allocated upgrade costs are proportionate to the project's contribution to the required upgrade. Most stakeholders that interconnect and study generation are supportive.</p>
<p>Provide an independent study processing track</p> <ul style="list-style-type: none"> • Apply any time of year • Accelerated process for qualified projects • 2 study phases (approx 240 calendar days) • Single application and study deposit • Full cost responsibility for network upgrades 	<p>CEC, CPUC, Axio, Wellhead, Sierra Pacific Industries, Sempra Generation, First Solar, Recurrent Energy, enXco, CDWR, LSA, SDGE, PG&E, SCE</p>	<p>Stakeholders that feel eligibility criteria is too restrictive: Pacific Valley, CALWEA, CALSEIA, IREC, Sierra Club, FIT</p> <p>Stakeholders who completely oppose: CARE</p>	<p>Current proposal strikes a balance among stakeholder interests. The independent study process is designed to be a useful tool for developers who need to move quickly and have selected a location where they are independent of other projects. Management recommends that the eligibility criteria be included in a business practice manual and the tariff include only a generic outline so that changes can be made as needed to ensure that this is a viable option.</p>
<p>Retain the existing fast track interconnection option (including the low study deposits) of the current small generation interconnection procedures with the following modifications:</p>	<p>CEC, CPUC, Axio, Pacific Valley, enXco, CDWR, LSA, CALWEA, CALSEIA, IREC, FuelCell Energy, Inc., SDGE (would like study fees increased), PG&E, SCE</p>	<p>Stakeholders that would like MW limit to be increased to a level more than 5MW and other modifications to the fast track screens: CEERT, Sierra Club, FIT</p>	<p>Possible changes to screens will be reviewed in the 2011 stakeholder process.</p>

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<ul style="list-style-type: none"> Remove screen 10 (makes it easier to qualify for Fast Track) Increase the MW limit from 2MW to 5MW. 			
<p>Provide deliverability assessment opportunities for all projects including current energy only projects</p> <ul style="list-style-type: none"> New projects of any size can request full deliverability One time only option for previously processed energy only generators to re-enter the queue for a deliverability assessment Ongoing annual deliverability assessments to allocate available capacity to energy only generators (\$10,000 fee) 	<p>Axio, Sempra, First Solar, Pacific Valley, enXco, LSA, CALWEA, FIT, SDGE</p> <p>Supports one time only option and not the ongoing annual availability option: Wellhead, LS Power</p> <p>Supports ongoing option to allocate available capacity: CALSEIA</p>	<p>PG&E and SCE (allow energy only projects to enter the queue at any time to obtain a deliverability assessment, just as a new resource is allowed), CARE</p>	<p>The proposed solution balances the stakeholder interests. There is concern that if the process allows projects to enter the queue at any time to obtain deliverability after the project is online, that required transmission would not be economical and will be approved under the generation interconnection process instead of being properly evaluated in the transmission planning process.</p>
<p>Study deposits changed from tiered (LGIP) or per study estimate (SGIP) to fixed plus volumetric for all applications except fast track projects</p> <ul style="list-style-type: none"> \$50,000 plus \$1000 per MW Applies to all future and in process applications Deposit amount above actual costs are refunded if customer executes an interconnection agreement Full to partial refundability upon withdrawal 	<p>Axio, Wellhead, Sempra, LS Power, enXco, LSA, CALWEA, SDGE, PG&E, SCE</p> <p>Support but concerns about refundability: Pacific Valley</p>	<p>CALSEIA, Solutions for Utilities, Inc., IREC, CARE</p>	<p>Study deposit amounts were adjusted many times based on stakeholder input throughout the stakeholder process. The proposed \$50,000 minimum deposit amount was set to cover actual study costs on average and is based on data from recently completed projects for the smaller projects. The incremental increase of \$1,000 per megawatt is to incent project “right sizing”.</p>
<p>Proposed transition into the process is based on the milestones achieved in the existing process</p> <ul style="list-style-type: none"> Projects allowed to stay in existing serial process need to have a system impact or 	<p>Sempra, Recurrent Energy, enXco, CALWEA, PG&E (with clarifications), SCE</p>	<p>Axio (concerns about the SGIP transition cluster). Pacific Valley (disagrees with serial cutoff date), LS Power (concern that transition cluster projects will be completed before serial group projects), CARE, FIT</p>	<p>The transition plan was changed many times based on stakeholder input throughout the stakeholder process. PTO’s want the serial group small so they can be completed in a timely manner; however developers want to stay in the serial process. Management believes the final proposal is a balanced and fair approach that places the right</p>

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<p>Facilities study agreement by July 31, 2010</p> <ul style="list-style-type: none"> Projects allowed to join the SGIP transition cluster must have applied by October 1, 2010, this includes projects that qualify to stay in the existing serial process, but opt not to. Any project may select to wait and be studied in the new cluster process. 			<p>number of projects in the serial group and transition cluster where all projects will complete their study process in the timeliest manner.</p>
<p>Financial security postings of the combined GIP align with the existing LGIP, however projects 20 MW and less will have lower posting caps and minimum levels than projects greater than 20 MW</p>	<p>Sierra Pacific Industries, Sempra Generation, LS Power, FIT, SCE</p> <p>Supports but would like to see even lower caps: Pacific Valley, enXco, LSA, CALWEA</p>	<p>CALSEIA, CARE, PG&E (use a graduated scale to incent right-sizing of projects)</p>	<p>Management believes financial security postings are key elements and screening tools to determine project viability. The proposed amounts were discussed and proposed by the stakeholder working groups as a middle ground. Management believes that the proposed amounts will discourage speculative projects, but will not be enough of a burden to discourage viable projects.</p>