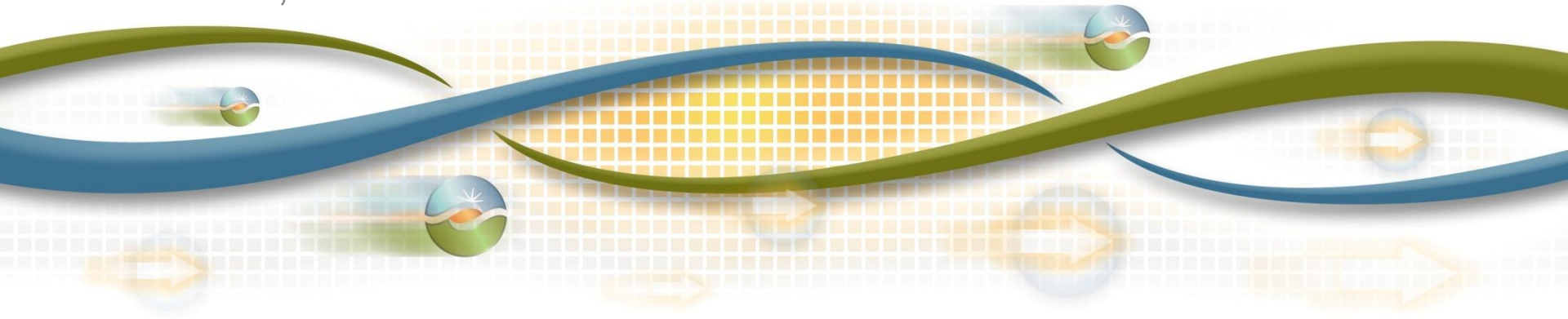


Interconnection Process Enhancements Initiative

Draft Final Proposal for Topics 13 and 14

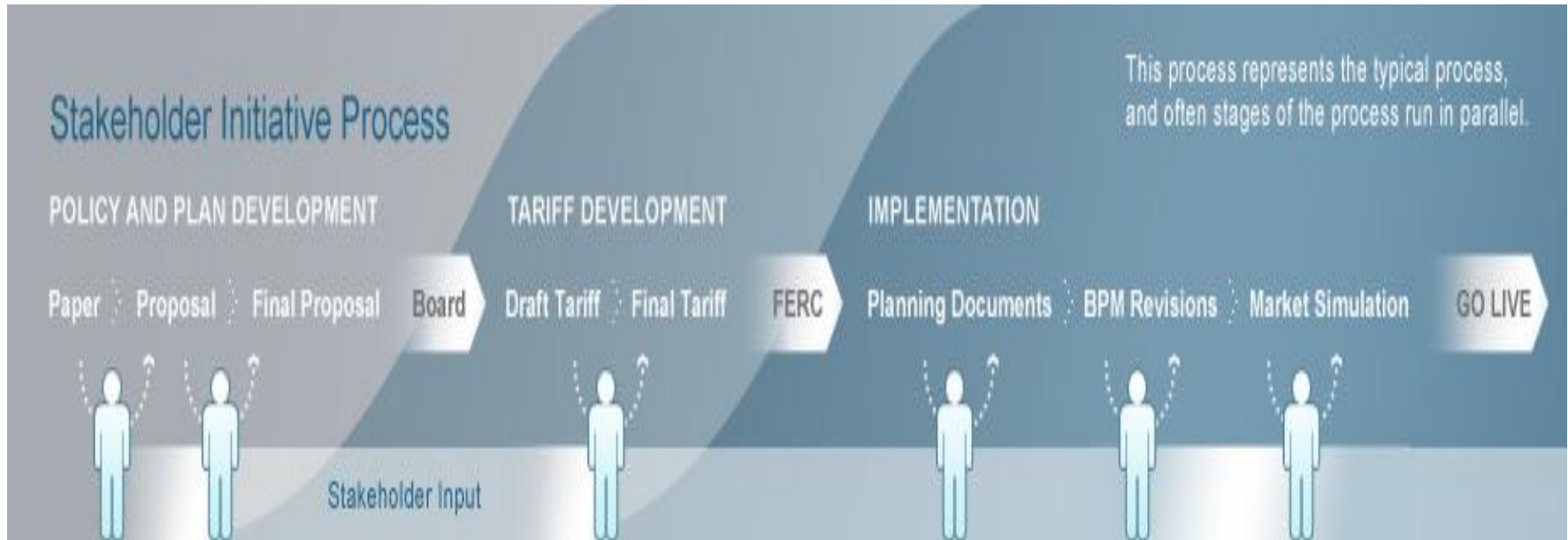
Stakeholder Meeting
June 4, 2014



Agenda

Time	Agenda Item	Speaker
8:00-8:15	Introduction, Stakeholder Process	Kristina Osborne
8:15-9:00	Discussion of Topic 13	Tom Flynn
9:00-9:45	Discussion of Topic 14	Lorenzo Kristov
9:45-10:00	Next Steps	Kristina Osborne

ISO Stakeholder Initiative Process

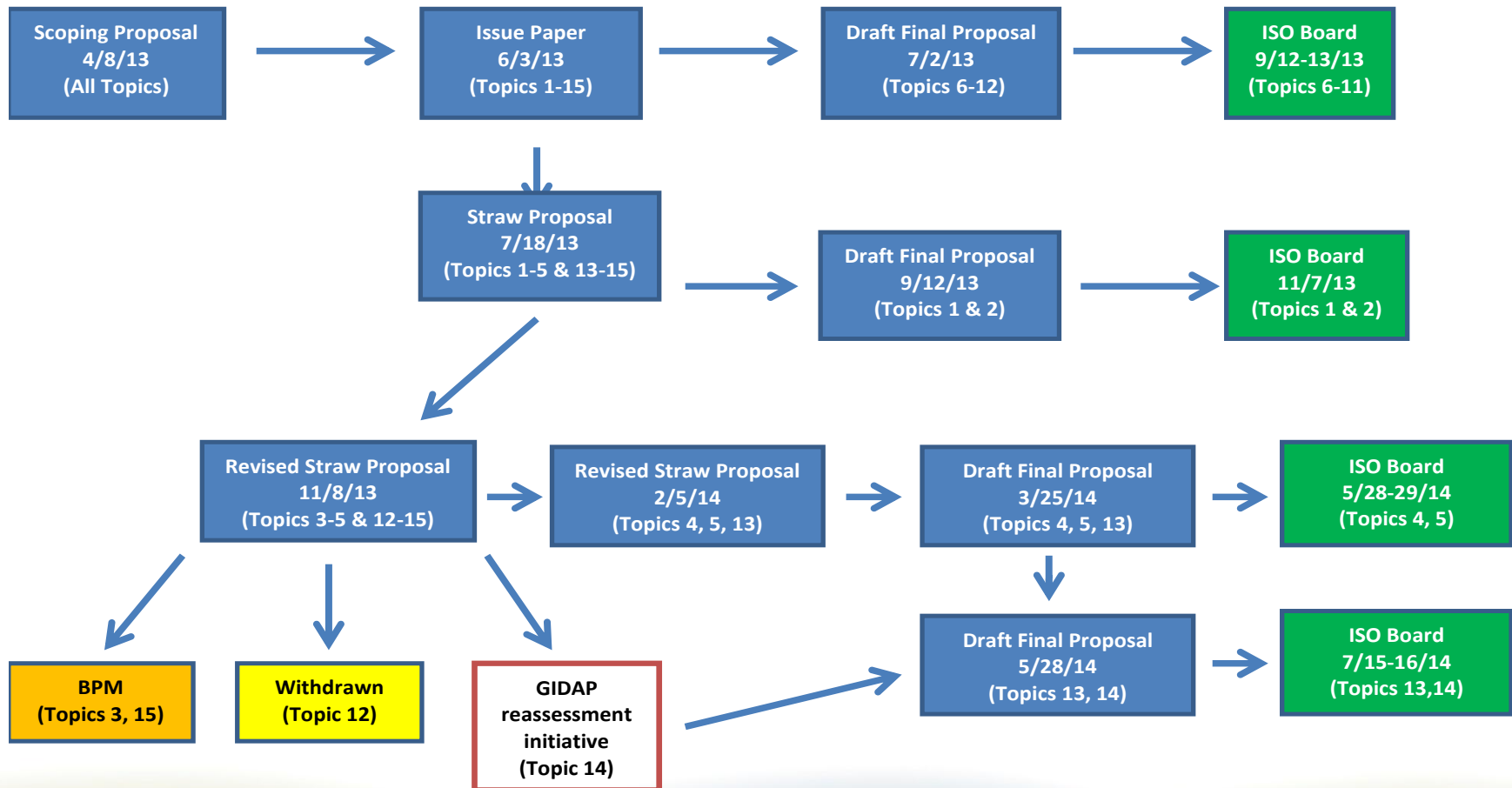


We Are Here

Stakeholder process schedule

Step	Date	Event
Draft final proposal (Topics 13, 14)	May 28	Posted draft final proposal
	June 4	Stakeholder web conference
	June 11	Stakeholder comments due
Board approval (Topics 13, 14)	July 15-16	ISO Board meeting

IPE stakeholder process overview



Topic 13 – Clarify timing of transmission cost reimbursement

Background

Focus has been to develop a proposal that balances these considerations:

- Alignment with policies/requirements of the Order 2003 series of orders that repayment for transmission assets begin once those assets are utilized to deliver the output of the IC's generating facility
- Elimination of the differential treatment of phased and non-phased projects
- Broad stakeholder support
- Apply new rules on a going forward basis

Draft final proposal – 1

- Reimbursement for required network upgrades (NUs) already in service will commence upon the generating facility or phase of the generating facility that requires those upgrades achieving commercial operation as specified in the generator interconnection agreement.
- Reimbursement for required NUs placed in service subsequent to the date the generating facility or phase of the generating facility achieves commercial operation will commence no later than the beginning of the next calendar year after those required NUs are placed into service.

Draft final proposal – 2

- These new rules will be applied on a going forward basis to both phased and non-phased projects,
 - beginning with customers in the first cluster in which all projects have not yet been tendered an interconnection agreement at the time of FERC approval of the ISO's proposal.
- Each annual reimbursement commencement period will last five years.

Topic 14 – Redistribution of forfeited funds

Draft final proposal – 1

- Retain April 2 draft final proposal with one enhancement
- Enhancement => Use a portion of the forfeited funds to reduce the costs of certain NUs
- Accumulate forfeited funds for redistribution on a calendar year basis (rather than July 1 – June 30)
- GIDAP reassessment will identify those NUs that:
 - Were required for each IC that withdrew in the previous calendar year
 - Are still required following the IC's withdrawal.

Draft final proposal – 2

- For each withdrawn IC, ISO will calculate the portion of the IC's forfeited IFS posting that is proportional to the share of the IC's NU cost responsibility associated with NUs identified in the previous step as still required after the IC's withdrawal.
- For each such NU, ISO will redistribute the calculated share of the withdrawn IC's forfeited posting to the appropriate PTO as a contribution in aid of construction of that NU, thus reducing the cost of that NU.

Draft final proposal – 3

- ISO will use the reduced NU cost estimates for purposes of GIDAP NU cost reallocation.
- Same procedure would be applied to funds forfeited by WDAT ICs associated with NUs on ISO grid that are still needed after the ICs have withdrawn.
- Because individual amounts can be small, ISO will apply forfeited funds against costs of specific NUs only when the amount for the NU is \$100,000 or greater.

Draft final proposal – 4

- Smaller amounts (that do not meet the threshold) would be included in the TRBA/TAC redistribution.
- ISO will use TRBA/TAC approach described in April 2 proposal to redistribute forfeited study deposits and any forfeited IFS posting funds not distributed in accordance with the steps described above.

Draft final proposal applied to 2013 forfeited funds

- Total amount forfeited, all from Phase I postings, was \$16.4 million
 - \$15.5 million security postings
 - \$53,000 study deposits
 - \$868,000 WDAT security postings
- Of the \$15.5 million security for NUs req'd by ISO ICs
 - \$14.3 million was associated with NUs no longer needed
 - \$1.25 million for NUs still needed, of which \$1.19 million is for four (4) specific NUs meeting the \$100,000 threshold
- Possible use of WDAT forfeited funds for specific NU was not considered in this analysis

Next steps

Date	Milestone
June 11	Stakeholder comments due on May 28 Draft Final Proposal

- Please use the comments template provided
- Submit to GIP@CAISO.COM no later than 5pm on Wednesday, June 11