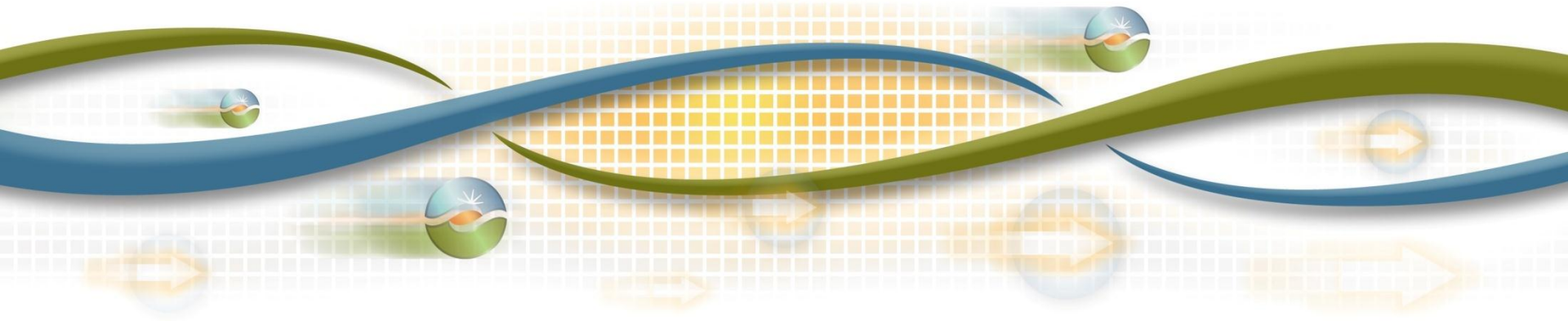


Interconnection Process Enhancements Initiative

Revised Straw Proposal for Topics 3-5 and 12-15

Stakeholder Meeting

November 18, 2013



Introduction, Stakeholder Process

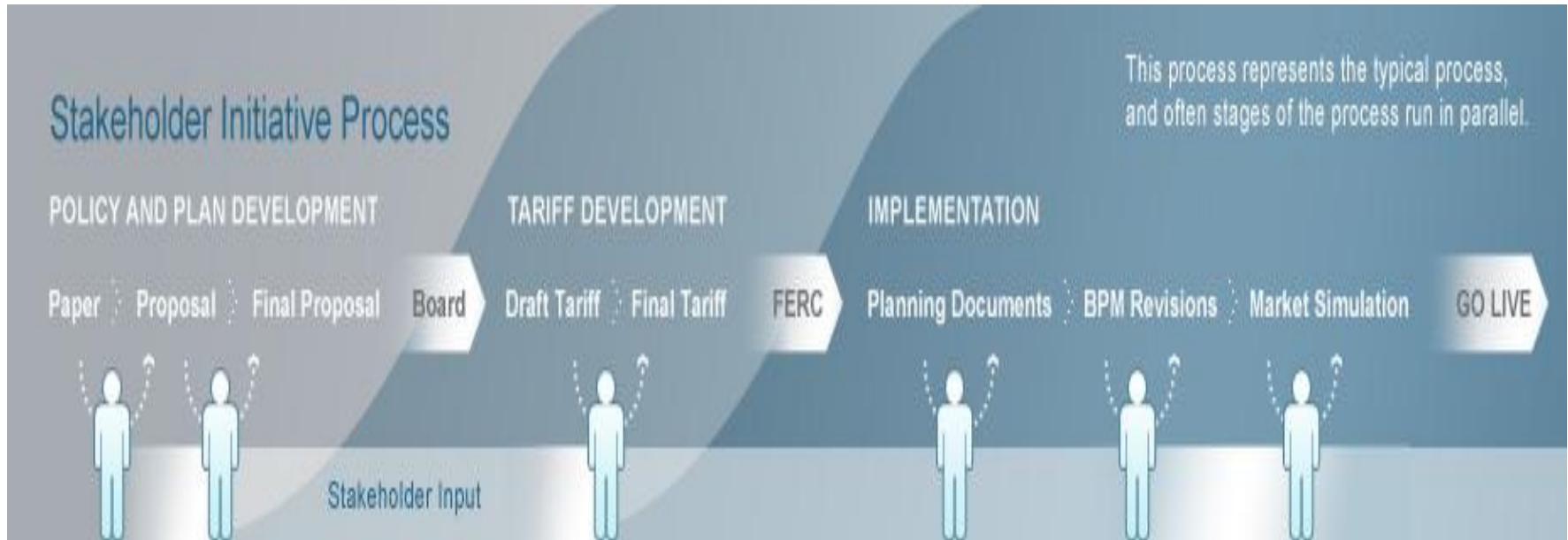
Mercy Parker Helget

Senior Stakeholder Engagement and Policy Specialist

Agenda

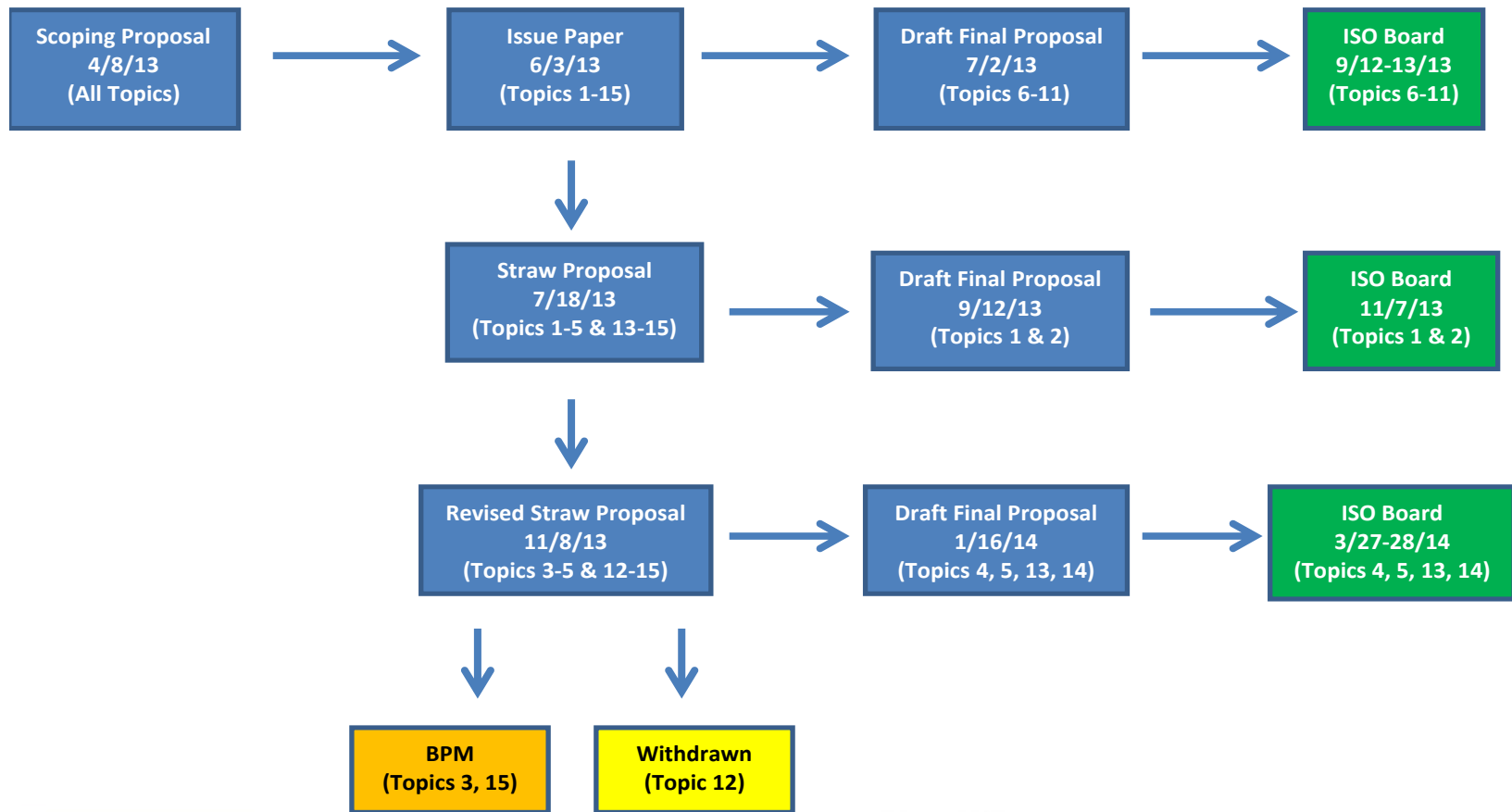
Time	Topic	Speaker
1:00-1:15	Introduction, Stakeholder Process	Mercy Parker Helget
1:15-3:45	Discussion of each topic	CAISO team
3:45-4:00	Next Steps	Mercy Parker Helget

ISO Stakeholder Initiative Process



We Are Here

IPE stakeholder process overview



IPE stakeholder process schedule

Date	Event
April 8	Posted scoping proposal paper (All Topics)
June 3	Posted issue paper (Topics 1-15)
July 2	Posted draft final proposal paper (Topics 6-12)
July 18	Posted straw proposal paper (Topics 1-5 & 13-15)
Sep 12	Posted draft final proposal paper (Topics 1 & 2)
Sep 12	ISO Board approval (Topics 6-11)
Nov 7	ISO Board approval (Topics 1 & 2)
Nov 8	Posted revised straw proposal paper (Topics 3-5 & 12-15)
Nov 18	Stakeholder web conference on Nov 8 revised straw proposal
Dec 6	Stakeholder comments due on Nov 8 revised straw proposal
Jan 16	Post draft final proposal paper (Topics 4, 5, 13, 14)
Jan 28	Stakeholder web conference on Jan 16 draft final proposal
Feb 11	Stakeholder comments due on Jan 16 draft final proposal
Mar 27-28	ISO Board (Topics 4, 5, 13, 14)

Topics for discussion during today's meeting

No.	Topic
3	Clarify tariff and GIA provisions related to dividing up GIAs into multiple phases or generating projects
4	Improve Independent Study Process
5	Improve Fast Track Process
12	Consistency of suspension definition between serial and cluster
13	Clarify timing of transmission cost reimbursement
14	Distribution of forfeited funds
15	Material modification requests (formerly “Inverter/transformer changes”)

Topic 3 – Clarify tariff and GIA provisions related to dividing up GIAs into multiple phases or generating projects

The ISO has made a number of changes to the proposal in response to stakeholder comments.

- Created limits on minimum megawatt size of a phase and a maximum number of phases allowed.
- Clarified that a request for phasing is not mechanism for approving an extension of commercial operation date.
- Clarified when a request for phasing can be submitted.
- Clarified requirements when there is more than one owner of a project.
- Clarified that changes to phasing will be in business practice manual and not in tariff.

Revised straw proposal elements

1. Projects can be developed in phases as a Phased Generating Facility.
2. Available to interconnection customers (ICs) in all interconnection queues.
3. ICs are allowed to submit request for phasing at almost any time during life cycle of project up to final commercial operation date (COD) of project.
 - Willing to consider allowing phasing after a project has reached its COD, but wish to understand from developers need for such a provision.

Revised straw proposal elements – page 2

3. (continued):

When requests for phasing can be submitted:

- a. As part of interconnection request submittal.
- b. Between Phase I and Phase II studies (Appendix B).
- c. After Phase II studies, but only as a material modification request to determine if other projects would be impacted.
- d. If either Phase I or Phase II study is ongoing, then ISO will hold request until after study is published.

Revised straw proposal elements – page 3

4. If IC wishes to have COD of a phase differ from currently approved COD(s), then IC would request such change at same time as phasing request.
5. Requested phasing structure must be agreed to by ISO and applicable PTO.
6. Minimum MW size of each phase is 5 MW.
7. Maximum number of phases is five.
8. No more than one phase can reach COD each month.
9. Once phasing is incorporated in GIA, then any request to modify phasing plan will require a material modification request.

Revised straw proposal elements – page 4

10. All phases must be under a single GIA.
 - Each phase may have a different owner.
 - ISO will not require that all owners be affiliates of IC.
 - All owners must agree to assume joint and several liability for all of the obligations relating to the interconnection agreement specified in GIA.
11. Each phase is not necessarily a discrete generating unit that can be scheduled and bid into ISO markets.
 - IC would need to meet metering standards for each phase.

Topic 4 – Improve the Independent Study Process

Straw proposal includes four areas of proposed enhancement

1. Criteria for ISP eligibility.
2. Process and timeline enhancements.
3. Tests for electrical independence.
4. Clarification on behind-the-meter (BTM) expansion and its impact on net qualifying capacity (NQC).

Criteria for ISP eligibility

Proposal is that IC must meet 5 criteria to use ISP:

1. Demonstrated ability to obtain all regulatory approvals and permits to meet COD.
2. Purchase order for generating equipment.
3. Adequate financing.
4. Point of interconnection must be an existing facility on ISO controlled grid or approved upgrade in TPP.
5. No network upgrade needed to allow project to reliably enter into operation that is yet to be operational or has later completion date.

Process and timeline enhancements

1. Cluster/ISP Independence Test – Go directly into System Impact Study if no other cluster or ISP projects in study area.
2. Tests for electrical independence – Clarifies studies that will be used to assess electrical independence.
3. If FCDS or PCDS requested, then will be studied for deliverability in next cluster Phase I/II studies (i.e., ‘Option A’ project).
4. If fail tests for electrical independence, then can be part of next cluster or withdraw.
5. If project consists of asynchronous generators, then 0.95 (lead/lag) power factor required at point of interconnection.

Tests for electrical independence

Changes are proposed to the following tests for electrical independence:

- Flow Impact Test
- Short Circuit Test

Additional tests proposed:

- Transient Stability Test
- Reactive Support Test

Clarification on BTM expansion and its impact on the NQC

Modifications/clarifications proposed in the following areas:

- Prime mover technology
- Size of the expansion
- Need for RNUs to be in-service
- Requirement for a separate expansion breaker
- Impact of BTM expansion on NQC
- Deliverability status of BTM expansion

Topic 5 – Improve the Fast Track Process

Straw proposal

- Includes changes to all screens, removal of one screen, and addition of two new screens.
- Presented as draft changes to existing tariff for ease of stakeholder review.
- Later ISO will conduct tariff development stakeholder process.
- Stakeholders are encouraged to provide general comments at this time in lieu of line-edit suggestions to the tariff language.
- See Table 4, pages 37-43, November 8 revised straw proposal.

Topic 12 – Consistency of suspension definition between serial and cluster

Status of topic

- After giving further consideration to this topic and its proposal, the ISO has determined to withdraw this topic.
- It is the ISO's intention to seek incorporation of the proposed change on a case-by-case basis as part of its negotiations on the applicable GIAs.

Topic 13 – Clarify timing of transmission cost reimbursement

Straw proposal

ISO proposes that reimbursement commence once the following two conditions are met:

1. The generating facility, or phase of the facility for phased projects, achieves commercial operation; and,
2. The earlier of:
 - a. The in-service date of the required network upgrades for the facility or phase of the facility; and,
 - b. A specified period of time after the facility or phase of the facility has achieved commercial operation. ISO is considering two years as specified period but invites alternatives.

Straw proposal strikes a balance between a several considerations

1. Alignment with policies and req'ts of the Order No. 2003 series of orders (repayment begins once transmission assets are utilized to deliver the output of generator).
2. Elimination of differential treatment of phased and non-phased projects r.e. timing of reimbursement.
3. Further incentivize timely completion of upgrades by PTO.
4. Avoid retention of IC funds for an unreasonable number of years after the COD of facility or phase of facility.

Reimbursement for in-service upgrades

In instances where some of the required NUs are in service and others are not...

- ISO proposes that reimbursement for the in-service NUs can commence upon COD of facility or phase of facility.

For example, if RNUs are in service at facility COD but DNUs are not...

- then reimbursement for RNUs would begin at that time
- while reimbursement for the DNUs would commence per two conditions of straw proposal.

Apply new rules on a going forward basis

- Apply this new policy beginning with ICs who have not yet received an interconnection agreement.
- However, need to avoid situation in which ICs in same cluster or study group could be subject to different repayment rules.
- Thus, ISO proposes to apply these new rules beginning with all ICs in the first cluster in which all projects have not yet been tendered a GIA at the time of FERC approval of ISO's proposal.

Topic 14 – Distribution of forfeited funds

Two alternative straw proposals offered

- Option A – Use the funds to reduce the high voltage transmission access charge.
- Option B – Use the funds to offset adverse financial impacts of project withdrawals on customers remaining in queue and PTOs.

Option A

- Redistribute forfeited funds to transmission ratepayers on a system-wide basis via offsets to the high voltage transmission revenue requirements (HVTRR) recovered through the TAC.
- Utilize the credit mechanism allowed in the transmission revenue balancing accounts (TRBA) of the PTOs for the HVTRR.
- Allocate pro rata shares of forfeited funds to each PTO in proportion to the ratio of each PTO's HVTRR to the total of all PTOs' HVTRR as of the date the available funds are allocated to the TRBA.

Option A – page 2

- Distribute forfeited funds to PTOs each year prior to Sep 30, in time to be included in PTOs' FERC filings for the coming year's TRBA adjustment to the TRR.
- Accumulate and re-distribute forfeited funds on an annual cycle that runs from July 1 to June 30.
 - For the initial implementation, re-distribute funds forfeited between 1/1/13 and 6/30/14 via the 9/30/14 TRBA.
- Use June 30 as the reference date for calculating PTO shares of the available funds.
 - Do not re-adjust forfeited fund shares if any PTO TRRs are subsequently adjusted.

Option B

- Due to combined effects of queue withdrawals and reduced or eliminated network upgrades, the annual GIDAP reassessment study could reveal that an IC's cost responsibility for the remaining network upgrades could increase or decrease.
 - In some cases, queue withdrawals could increase up-front funding obligation of a PTO
- Some stakeholders argue that such an increase would constitute an adverse impact and that the ISO should mitigate the risk of such impacts.
- Available forfeited funds could be used to cover increases in an IC's cost responsibility or PTO's up-front funding obligation.

Option B – page 2

- Fully effective only if available forfeited funds are sufficient to cover these impacts.
 - Retain all forfeited funds in an ongoing account to cover such impacts.
- If amount of available funds are not sufficient to fully offset all targeted impacts of one year's reassessment, then
 - Allocate available funds to all affected ICs and PTOs in a pro rata fashion
 - in proportion to the financial impact on each party.
- ISO suggests ongoing monitoring of rate at which these funds are being utilized
 - If under-utilized surplus of funds accumulates, then distribute surplus in accordance with Option A.

Topic 15 – Material modification process (formerly inverter/transformer changes)

Status of topic

- ISO's proposal is to develop BPM language that can be added to the Regulatory Requirements, GIP and GIDAP BPMs to provide greater transparency on the material modification request process.
- Stakeholder call held 10-29-13 to discuss "automatic" modifications.
- ISO developing draft BPM language with a target posting date of 11-18-13.
- Written stakeholder comments due 12-9-13.
- Stakeholder call 12-16-13 to discuss the comments.
- Formal BPM change management process starting January 2014 with target approval March 2014.

Next Steps

Mercy Parker Helget

Senior Stakeholder Engagement and Policy Specialist

Upcoming near-term milestones

Date	Milestone
December 6	Stakeholder comments due on November 8 Revised Straw Proposal

- Please use the comments template provided
- Submit to GIP@CAISO.COM no later than 5pm on Friday, December 6