

Stakeholder Comments Template

**Deliverability of Resource Adequacy
Capacity on Interties**

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, covered in the *Deliverability of Resource Adequacy Capacity on Interties Draft Final Proposal* posted on May 5, 2011, and issues discussed during the stakeholder conference call on May 12, 2011, including the slide presentation.

Please submit your comments below where indicated. Your comments on any aspect of this initiative are welcome. If you provide a preferred approach for a particular topic, your comments will be most useful if you provide the reasons and business case.

Please submit comments (in MS Word) to RAimport@caiso.com no later than the close of business on May 19, 2011.

1. Do you support the ISO’s proposal?

BrightSource Energy, Inc. (“BSE”) generally supports the ISO’s effort to expand the resource adequacy (“RA”) import capacity. However, BSE has some concerns about the details of the Final Proposal, and appreciates the opportunity to provide comments.

2. What specific changes would you like the ISO to consider when preparing the draft Business Practice Manual (BPM) language for consideration in the BPM Change Management Process? Please explain your reasoning and the benefits that your proposed changes will provide.
3. If you have additional comments, please provide them here.

While BSE believes that expanding RA import capacity is a laudable goal, such objective should not be accomplished at the expense of generation projects currently in the ISO queue but whose interconnection studies are not yet complete (i.e., in Clusters 3 and 4). All of BSE’s comments focus on ensuring that generators already in the ISO interconnection queue will not be impacted by

expanded RA import capacity. If the ISO can confirm this, then BSE can support the methodology. If not, then BSE would like a more thorough explanation concerning how interconnection customers in the queue could be affected and what mitigation measures the ISO will take to protect those interconnection customers from being unfairly disadvantaged in favor of generation outside of the ISO BAA. It is unclear from the proposal whether the cost and/or timing of Network Upgrades (“NU”) required for full deliverability of generation connecting to the ISO-controlled grid could be affected by the proposed methodology. BSE would like clarification that the **cost and/or timing** of NUs will not be affected for Cluster 3 and Cluster 4 generation projects. Additionally, as described in more detail below, BSE is concerned that if the many initiatives the ISO is undertaking concerning planning (i.e., TPP, GIP) are not closely and clearly coordinated, numerous integration issues could result.

- Cost estimates for Cluster 3 and Cluster 4 Phase I: BSE’s understanding is that the expanded MIC will be implemented after the Cluster 3 and 4 Phase I study, but before Phase II. Thus, the Phase II cluster study will include the expanded MIC and associated upgrades which could substantially alter the Phase I study results. If its understanding is correct, BSE is concerned that the Cluster 3 and 4 Phase I studies may provide little useful information and that the plan of service for Phase II could be delayed and/or more expensive with the additional RA import capacity included. While BSE understands that developers’ maximum cost responsibility for NUs will be capped after Phase I, BSE is concerned that generators outside of the ISO BAA could be unduly benefitting and that generators that already in the ISO interconnection queue could be subsidizing those generation projects. For example, if several generators drop out of a cluster after Phase I, could the remaining generators be financing a plan of service utilized by generators outside of the CAISO, with no commensurate cost responsibility? The ISO indicates that any additional upgrades caused by the expanded MIC would be identified in the TPP; however, BSE would like clarification that generators studied as part of a cluster will not be financing any upgrades that will be utilized by import RA capacity, as that would not be a just and equitable result.
- Construction time of the upgrades for expanded MIC may impact IRs in cluster studies: With the introduction of expanded MIC that might trigger additional upgrades, BSE has concerns that the new required upgrades may impact the timing of full deliverability for interconnection customers already in the queue. For example, expanded import capability could require additional NU that would not otherwise be needed to serve the relevant queue clusters, and these additional NUs could have delayed in-service dates. Moreover, it is unclear to BSE whether the expanded MIC could allow import projects, potentially relying on the same upgrades identified in a cluster study, to become deliverable prior to generators connected to the ISO grid. It would be unjust and unreasonable if import projects are deemed fully deliverable prior to projects already in the queue that are relying on the same upgrades. In sum, BSE requests that the ISO clarify in the BPM that generators already in the ISO queue will not be delayed or

otherwise disadvantaged as a result of the expanded import RA capacity implementation.

- As noted above, the scopes of 1) Generation Interconnection Procedure Reform Phase II (GIP Phase II); 2) Transmission Planning Process initiative; and 3) the current initiative on Deliverability of Resource Adequacy Capacity on Interties are all closely related and interdependent. While the diagram on page 22 of the Draft Final Proposal outlines the relationship among these initiatives, the GIP Phase II initiative is ongoing, and it is unclear how the GIP reform will be integrated with the TPP. BSE is concerned that the ISO has not fully considered (or communicated) how the integration of these three initiatives into one comprehensive plan that works together in a rational and fair manner to achieve policy goals will be accomplished. Thus, BSE believes that the three initiatives – TPP, GIP Phase II, and this initiative – should be implemented at the same time to ensure that they are properly integrated and that no stakeholder is unduly disadvantaged. However, if the ISO decided to finalize this initiative before the completion of GIP II and TPP, BSE requests at least that complete and detailed information regarding expanded MIC be provided to stakeholders before the finalization of 2011/2012 TPP resource portfolio.