

**Subject:
Technical Bulletin
Generator Interconnection Process
Revision to Cluster 4
Phase 1 Study Methodology**

Submitted by	Company	Date Submitted
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BrightSource Energy, Inc. (BrightSource) appreciates the opportunity to review and submit comments to the CAISO’s Draft Technical Bulletin, Generator Interconnection Procedures, Revision to Cluster 4, Phase I Study Methodology (Technical Bulletin). BrightSource incorporates its comments filed on August 5, 2011, a copy of which are attached, and requests that the CAISO continue to consider either separating Clusters 3 & 4 or applying the same study methodology to the two clusters, since they are going to be treated as one large cluster in Phase II of the study process. BrightSource recognizes that the CAISO, on the stakeholder call on September 26th, 2011 indicated that it intended to focus on comments related to technical issues and clarifications, and did not at that time intend to revisit its decision to move forward with the revised methodology for Cluster 4, nor revisit its decision not to apply the new methodology to recalculate the maximum cost responsibility for Cluster 3 to ensure fairness across similarly-situated clusters. Given the inequity that would result by treating similarly-situated clusters in disparate manners if these issues are not revisited, BrightSource requests that the CAISO reconsider either of the proposed solutions suggested in our August comments, which we believe would enable the CAISO to act consistently with the requirements of the Federal Power Act.

The CAISO’s assertion that the clusters are not being treated differently in any meaningful way is simply not reasonable, particularly because the new methodology will only be applied to geographical regions where the Cluster 3 upgrades are expected to be more than sufficient for both Clusters 3 & 4, based on the CPUC resource portfolios (i.e., where the Cluster 3 upgrades will accommodate more than the highest amount of generation forecast in any of the CPUC Long Term Procurement Plan (LTPP) renewable generation portfolios).

This application of the methodology demonstrates that Cluster 3 has been assigned excess costs in those geographical regions where the new study methodology will be applied, which is exactly what we understand the CAISO is attempting to avoid with respect to Cluster 4. In fact, the CAISO explicitly recognized that a similar problem occurred in Phase I of Cluster 3 by stating, “While th[e existing] methodology has generally produced realistic and therefore useful results in cluster studies up through Cluster 2, applying the same methodology for Cluster 3 has raised concerns that unrealistic generation development scenarios resulted, which then dictate unrealistic transmission plans being produced . . .”. Technical Bulletin at 5. There is no compelling reason why the same “fix” should not be applied to Cluster 3, or, if not, why Cluster 3 should not move forward on its own at a quicker pace in order to avoid the delays that are likely to be associated with Cluster 4. A failure to redress the problems of assignment of excess costs and unreasonable rates would cause unjust and unreasonable results, and would not be consistent with the CAISO’s obligations.

Technical Issues/Clarifying Questions

- 1) Mapping and Geographical Study Areas – In Step 1 of the revised methodology, the CAISO plans to compare the GIP study areas to the geographical regions set forth in the CPUC LTPP resource portfolios. It is unclear, however, how the CAISO will define the study areas considering the discrepancy between the methodology used in Portfolios (defined by more than 20 CREZs) and QC3 (approximately 5-6 study groups) that do not necessarily overlap.

BrightSource assumes that the CAISO will have to map the geographical regions it uses for GIP studies to the geographical regions used under the CPUC portfolios. In order to ensure transparency of the process, BrightSource requests that the CAISO publish its proposed mapping of the study regions in the GIP process to the geographical regions in the resource portfolios and allow Stakeholders to comment on that mapping methodology prior to the study. At the very least, the CAISO should publish its methodology and the results of the mapping.

The CAISO indicated that the study methodology would be in the Phase I study reports, but BrightSource does not believe that would provide sufficient transparency. Once the study is already completed, there is no meaningful opportunity for Stakeholders to have any input if there is disagreement or confusion about how the mapping was done. Particularly, when cost allocations of Delivery Network Upgrades are no longer assigned according to flow impact but according to \$/MW cost of each group pro rata with the project sizes, the CAISO’s alignment of the GIP study group with CPUC portfolio becomes extremely important, since the manner of allocation will directly impact the cost cap of each project. The Stakeholders have a right to understand the study methodology prior to its implementation, and the CAISO has not explained this portion of its proposal in the Technical Bulletin.

- 2) Request for Sample Calculation – While BrightSource appreciates the CAISO’s efforts to describe the new methodology in writing and chart form, there is some continuing confusion about the methodology and the results that it can yield. Therefore, BrightSource requests that the CAISO provide a sample calculation of study results for a geographical area in the GIP process, where the new methodology would be applied. This example should also include the mapping process for the GIP geographical region with the relevant geographical regions for the LTPP resource portfolios.

- 3) Clarification of Methodology Where Cluster 4 Project Contributes to Upgrades in Another Geographical Region - In its prior comments, BrightSource raised an issue regarding how the CAISO would treat projects that triggered upgrades in more than one geographical region, and the CAISO has not answered this question in the Technical Bulletin. Because the methodology used in QC3 attributes the cost of specific upgrades to a specific project based on its flow impact, a project in QC3 may trigger upgrades in regions other than where that project is located. For example, in the QC3 study results, there were some upgrades in PG&E area that projects in SCE and SDG&E service areas are also assigned cost responsibilities. On the opposite side, it is possible that the projects in one study area will not be assigned all of the costs for an upgrade. This approach is different from the proposed methodology for QC4 where all projects in the same group will be pay pro-rata share according to their sizes. The CAISO has not adequately explained how this issue will be taken into account, and BrightSource would like the CAISO to provide an explanation.

Conclusion

BrightSource appreciates the CAISO’s efforts to try to tackle the difficult issues presented by the interconnection queue process, and generally, BrightSource does not object to the CAISO’s proposal to use the revised Cluster 4 methodology, as long as it applies the same methodology to Cluster 3 or separates Clusters 3 & 4 on separate tracks to ensure just and reasonable terms and conditions. The CAISO should, however, clarify several aspects of the revised methodology, and should ensure that the revised study process and results are transparent to all Stakeholders prior to the completion of the Cluster 4, Phase I study.