

Stakeholder Comments Template

Subject: Small and Large Generator Interconnection Procedures Draft Final Proposal and Meeting

Submitted by	Company	Date Submitted
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This template was created to help stakeholders submit written comments on topics related to the July 20, 2010 Small and Large Generator Interconnection Procedures Draft Final Proposal and July 27, 2010 Small and Large Generator Interconnection Procedures Stakeholder Meeting. Please submit comments and thoughts (in MS Word) to dkirrene@caiso.com no later than 5:00 pm PDT August 4, 2010.

Please add your comments where indicated responding to the questions raised. Your comments will be most useful if you provide the business case or other reasons why you support particular aspects of the proposal. Any other comments on the proposal are also welcome. The comments received will assist the ISO with the development of the FERC filing of modified tariff language.

Overall Assessment of the ISO Proposal

In September, the ISO Board of Governors will be asked to authorize a filing at FERC of tariff language to implement the elements of the Draft Final Proposal (with possible modifications in response to this round of comments).

1. Do you support ISO Board approval of the proposal? Why or why not?

CALSEIA fully agrees that the current interconnection process needs reform to reflect the State's goals to increase the use of renewable generation and the reality that distributed renewable generation can be developed and placed in service in a manner that is both safe and beneficial to the State's electric transmission system.

The California Solar Energy Industries Association (CALSEIA) is the state's largest solar industry trade association and it has been actively engaged in developing and implementing policies to increase the use of distributed renewable generation (primarily solar). CALSEIA's focus is specifically on distributed generation projects that will be located close to load, typically 5MW

and below. CALSEIA's comments are specifically about these types of solar projects.

It is important to note that the cost of solar photovoltaic (PV) projects has greatly decreased over the last several years, making the possibility of distributed PV generation a reality in both technical and financial terms. Further technical improvements and cost reductions are predicted as well as new emphasis from policymakers to encourage distributed renewable generation as has recently developed with utility-owned and generation procurement programs at California's investor owned utilities.¹ In addition, the Sacramento Municipal Utility District initiated a Feed in Tariff program for projects up to 5MW each in January 2010 that will develop 100 MW of projects over the next two years. Recently enacted legislation (SB 32, Negrete-McLeod, 2009) authorizes the California Public Utilities Commission (CPUC) to establish a Feed in Tariff for projects less than 3MW and CALSEIA anticipates the CPUC will initiate implementation soon. Many, if not most, of these projects will interconnect on the distribution level, rather than the transmission level. CALSEIA anticipates increased demand for small distributed renewable projects, thus increasing the need for reforms that will enable these projects to be constructed in a timely manner.

Importantly, if or when the PTOs amend their WDAT interconnection procedures, CALSEIA would have similar concerns regarding the ability of project developers to receive timely response to interconnection requests. CALSEIA would caution against using the CAISO proposal to revise the WDAT procedures until after the PTOs have involved stakeholders.

To the extent that the CAISO proposal will interact with the WDAT interconnection procedures, CALSEIA points out that the California Public Utilities Code 399.20 states in part:

"399.20. (a) It is the policy of this state and the intent of the Legislature to encourage electrical generation from eligible renewable energy resources (e) An electrical corporation shall provide expedited interconnection procedures to an electric generation facility located on a distribution circuit that generates electricity at a time and in a manner so as to offset the peak demand on the distribution circuit, if the electrical corporation determines that the electric generation facility will not adversely affect the distribution grid."

CALSEIA cannot yet support the current draft proposal because it proposes increased financial burdens and risks to project developers and does not yet provide a workable means of achieving timely results. CALSEIA proposes modifications to the proposal and we would like to work with CAISO staff and

¹ <http://www.cpuc.ca.gov/PUC/energy/Renewables/PGEPVProgram.htm>,
<http://www.cpuc.ca.gov/PUC/energy/Renewables/SCE+Solar+PV+Program.htm>,
<http://docs.cpuc.ca.gov/published/proceedings/A0807017.htm>

PTOs to address our concerns. CALSEIA is aware that CAISO is planning to file an application with FERC later this year and we believe that the suggestions we make in these comments will facilitate that filing while at the same time address our concerns regarding workable interconnection rules.

2. Do you believe the proposal accomplishes the objectives this initiative was intended to address? If not, please explain.

The CAISO objectives are not clearly articulated, other than this general statement from the original SGIP Issue paper²:

“The ISO recently experienced a significant increase in the number of small generation projects seeking interconnection to the ISO controlled grid. The large volume exacerbated problems inherently associated with processing a large number of requests serially, and also revealed areas of the ISO’s SGIP process that need improvement.”

The Issue Paper describes a number of concerns regarding lack of certainty, lack of timeliness, lack of clarity that exists in the current interconnection process. The proposal does not yet adequately address the concerns that were discussed in the SGIP Issue Paper. Particularly, the proposal does not address the major concerns expressed by small developers with regard to:

1. Project Size Eligibility for Fast track
2. Independent Study requirements
3. Timely review
4. Fee schedule

CALSEIA will provide comments on each of these topics later in this document and propose solutions to each of our concerns.

3. Do you believe the proposal reflects an appropriate balance of the various stakeholder interests and concerns raised in this process? If not, please explain.

No. The stakeholder involvement was quite limited and should have used a more inclusive process for potential project developers. CALSEIA became involved in monitoring the stakeholder group through happenstance and we are concerned that many developers were not able to participate because they were not made aware of the activity. We do not believe that CAISO performed sufficient outreach. Independent project developers who have experience with the interconnection process would have been able to provide insights into their experiences and suggestions for improvement. If the PTOs plan to make revisions to the WDAT interconnection process, CALSEIA encourages the PTOs to engage full participation from project developers.

² <http://www.caiso.com/276b/276bd173481d0.pdf>

A key measure of the stakeholder process is lack of information in the Proposal regarding the benefits of distributed renewable generation.³ Stakeholders familiar with research on distributed generation would have provided more information for CAISO to consider in developing its proposal. Therefore the CAISO proposal is heavily weighted in favor of presumed risks of renewable generation interconnections and does not balance this position with the risk of NOT adding distributed generation in a timely manner. The omission of studying renewable generation benefits unfairly biases the purpose and outcomes of the proposal.

Proposed Study Deposit Amounts and/or Processing Fees

1. In general, do you support the proposed study deposit amounts and/or processing fees?

No. The proposal suggests a study fee of \$50,000 for a 1MW project plus \$1,000 per MW up to 200MW with a maximum cap of \$250,000. The proposal does not adequately justify this fee increase for small project developers and will act instead as a major barrier to solar project development – it will drive projects away from development rather than encourage project development. CAISO should be mindful that project developers are also required to post security and delivery deposits with utilities to enter into wholesale power purchase agreements. CAISO should research all of the costs required to apply to interconnect so that it can understand better how these costs will hinder development of new renewable projects.

CAISO should also provide clarity on how these funds will be expended so that developers can be assured that their funds are being used efficiently and appropriately.

2. If not, what modifications are needed and why?

CAISO should reexamine the proposed fee structure and provide a comprehensive analysis of the cost of performing these studies and set the fee level at a level that will 1) encourage the development of renewable generation projects and 2) be based on a reasonable approximation of actual study costs.

CALSEIA recommends:

- Retain the current fee structure for small projects.
- At a minimum, the proposal should be modified to increase the eligibility of Fast Track projects to 5 MW, which would help to lower the barriers to developing distributed renewable generation and provide an avenue for

³ http://www.icfi.com/markets/energy/doc_files/eea-dg-power-quality.pdf

qualified projects to move quickly through the interconnection review process.

- CAISO should provide information on average cost of Fast Track studies so that developers can reasonably anticipate the cost of these studies.

Proposed Annual Cluster Study Track

1. In general, do you support the ISO's proposal to study projects of any size in a single, unified cluster?

CALSEIA supports the concept of cluster studies, if they are implemented in a manner that will encourage, or at least not discourage, renewable distributed generation.

2. If not, what modifications are needed and why?

CALSEIA is concerned that the cluster studies will result in comingling of a few large and many small projects and will result in longer delays and added expense to the smaller project developers.

3. If you do not support a single cluster approach in any form, what would be your preferred alternative and why?

N/A

Second Application Window – Scoping Meeting

1. In general, do you support the ISO's proposal to open a second application window to receive interconnection requests for the purpose of receiving a scoping meeting?

Yes.

2. If not, what modifications are needed and why?

N/A

Second Application window – Enter Cluster at Phase II

1. In general, do you support the ISO's proposal to open a second application window to receive interconnection requests for the purpose of waiving the Phase I study and entering the cluster for study at the Phase II study?

Yes

2. If not, what modifications are needed and why?

N/A

Second Application Window – Enter Cluster at Phase II Criteria

1. In general, do you support the ISO's proposed criteria to qualify a project to waive the Phase I study and enter the cluster at the Phase II study?

CALSEIA has no objecting to waiving the Phase 1 study.

2. If not, what modifications are needed and why?

N/A

Coordination with the Transmission Planning Process

1. In general, do you support the ISO's proposal to reevaluate certain network upgrades in the Transmission Planning Process?

Yes, however, the CAISO should reevaluate network upgrades with a focus on maximizing distributed generation.

2. If not, what modifications are needed and why?

CAISO should include consideration of distributed generation in its Transmission Planning Process.

3. If a network upgrade is selected for reevaluation by the Transmission Planning Process should the associated generation project proceed with a Large Generator Interconnection Agreement that contains a provision to allow for later amendment of the Large Generator Interconnection Agreement if warranted by the Transmission Planning Process reevaluation results? Why or why not?

No response.

Independent Study Processing Track

1. In general, do you support the ISO's Independent Study Processing Track proposal?

CALSEIA supports, with modifications, the CAISO ISP proposal.

2. What modifications are needed and why?

CALSEIA believes that the Independent Study process, with some modification, provides an option for small generators that will help address concerns regarding timeliness of review. Therefore, CALSEIA suggests the following:

- Maintain availability of the Independent Study Process for projects 20MW and less
 - Remove the Generator Independence Test
 - Retain the Feasibility Study
 - Retain the current SGIP timelines for completing the study
 - Restrict the Independent Study path to small projects
3. What specific aspects of a developer's project development process make it impossible for a developer to demonstrate eligibility for the Independent Study Processing Track at the time of the Interconnection Request?

Perhaps the best way to respond to this question is to illustrate requirements under the current Southern California Edison (SCE) Photovoltaic Program, which requires bidders to file an interconnection request before being awarded a contract. Since none of the bidders will know if they have received an award, they cannot have a firm operation date at the time they file the interconnection request.

Fast Track less than 2 MW

1. Should the ISO remove the 10th screen from the Fast Track? Why or why not?

Yes. The 10th screen has no relevance to safety or reliability impacts. CALSEIA supports the recommendation of IREC to add this provision to the SGIP, following the Fast Track screens:

"If construction of facilities by the Transmission Provider on its own system shall be required to accommodate the Small Generating Facility, the Transmission Provider shall offer to perform facility modifications or minor modifications to the Transmission Provider's electric system (e.g. changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Transmission Provider's electric system within 10 days of completing the Fast Track review process. The Transmission Provider shall forward an executable interconnection Agreement to the Interconnection Customer within five Business Days after confirmation that the Interconnection Customer has agreed to make the necessary changes at the Interconnection Customer's cost."

2. Should the ISO increase the size limit for Fast Track qualification? If so, would you support a 5MW size limit or a different value? Explain your reasons.

Yes. Reasons stated throughout this document.

Method to Determine Generator Independence

1. In general, do you support the ISO's proposed method to determine generator independence?

No, not as currently proposed.

2. If not, what approach would you propose for determining generator independence? Explain why your proposed approach is superior to the ISO's proposal.

The generator independence criteria should be eliminated.

3. If you prefer completely eliminating the independence criterion to qualify for the Independent Study Processing Track, how would you address the concern about impacts of Independent Study Processing Track projects on other interconnection customers (including cluster projects) in higher queue positions?

Deliverability Proposal

One-Time – Enter Cluster 4

1. In general, do you support the ISO's proposal to allow a one-time deliverability assessment to obtain Full Capacity during cluster 4?
2. If not, what modifications would you support and why?

Annual – Available Transmission

1. In general, do you support the ISO's proposal to provide an annual opportunity for qualified projects to request and obtain Full Capacity using available transmission?
- Yes
2. If not, what modifications would you support and why?

N/A

Financial Security Postings

1. In general, do you support the ISO's financial security postings proposal?
- CALSEIA maintains that the amount of financial security required will adversely impact small developers.
2. What modifications are needed and why?

CAISO should apply a sliding scale to financial security to ensure that small interconnection projects are not adversely impacted.

Transition Plan

1. In general do you support the ISO's proposed transition plan?

No comment

2. What modifications are needed to all you to support the ISO's transition plan?

What aspect of the ISO's Draft Final Proposal do you find most favorable?

CALSEIA appreciates that ISO recognizes that revisions are needed to improve the current process for both large and small interconnection requests.

What aspect of the ISO's Draft Final Proposal do you find least favorable? Please provide the business case or other rationale for your answer.

CALSEIA is concerned that final draft proposal does not address the major concerns that were raised by ISO and stakeholders in its original Scoping Memo.

Do you have any additional comments that you would like to provide?

Summary of Suggested Modifications to the Final Proposal:

CALSEIA recommends:

1. Retain the current fee structure for small projects.
2. Modify Fast Track to allow projects up to 5 MW.
3. Provide information on average cost of Fast Track studies so that developers can reasonably anticipate the cost of these studies.
4. Eliminate the generation independence requirement for projects less than 5 MW.
5. Retain the SGIP facility study
6. Retain the current SGIP timelines for completing the study
7. Restrict the Independent Study path to small projects
8. CAISO should provide clarity on how fees for studies will be expended so that developers can be assured that their funds are being used efficiently and appropriately.
9. CAISO should post information on average cost of Fast Track studies so that developers can reasonably anticipate the cost of these studies.
10. CAISO Board of Governors should establish a goal to reduce the time needed to conduct studies to no more than 30 days.
11. It is our understanding that PTOs are planning similar cluster study proposals and it is not clear if these are needed or how these new studies will impact timeliness of interconnection requests. PTOs should establish

a stakeholder group to review WDAT procedures and ensure the stakeholder group includes distributed generation project developers. The PTOs should establish a goal of incorporating revisions that expedite interconnection requests for projects that comport with engineering specifications that ensure safety and reliability for the utility and its customers. CALSEIA is deeply concerned that information on low cost points of interconnection is not readily available to project developers and raises additional concerns about whether independent project developers are at an unfair advantage in competing against utility owned distributed generation. CALSEIA recommends a full stakeholder discussion on these issues with the PTOs.

CALSEIA believes that CAISO is on the right track in its effort to reform and streamline the administrative burdens related to interconnection requests in a manner that assures safety and reliability of the electric grid. We support this effort and recognize that while there has not been sufficient review or participation in the process, CAISO must move forward to improve the current interconnection process. Therefore, CALSEIA suggests that CAISO revise the final proposal to incorporate our suggestions and continue to work with utilities, industry, and project developers to identify additional procedural improvements.

Thank you for your consideration.