

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the Interconnection Process Enhancements Issue Paper posted on June 3 and as supplemented by the presentation and discussion during the June 11 stakeholder web conference.

Submit comments to GIP@caiso.com

[Comments are due June 25, 2013 by 5:00pm](#)

The Issue Paper posted on June 3 may be found at:

<http://www.caiso.com/Documents/IssuePaper-InterconnectionProcessEnhancements.pdf>

The presentation discussed during the June 11 stakeholder web conference may be found at:

http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancementsJun11_2013.pdf

Following each of the 15 topics presented below, the ISO poses specific questions and requests that stakeholders respond to each.

First, CPUC Staff thank the CAISO and other stakeholders for working constructively to identify and prioritize a practical set of interconnection process reforms facilitating development of electric resources to meet California's energy goals.

Topic 1 – Future downsizing policy

1. What is the demand for a second downsizing opportunity? Would a second downsizing opportunity be sufficient, or do stakeholders believe that there will be further demand beyond a second downsizing opportunity?

2. What are stakeholders' views on the ISO's position that a downsizing request window of limited time duration should be utilized in any future downsizing opportunity?
3. The ISO believes that funneling downsizing requests through such a window permits ISO and PTO transmission planning engineers to evaluate the collective impacts of all downsizing requests in the most efficient manner possible (in contrast to the inefficiency and associated chaos of having to review the impacts of downsizing requests sequentially, at any time that an interconnection customer chooses to submit such a request). Similarly, expansion of the ability to downsize through a "material modification" review would essentially allow downsizing requests to be submitted at any time and would thus present the same problems. What are stakeholders' views on this?

CPUC Staff agree that for efficiency and transparency it is preferable that any future downsizing opportunities be limited to one request window every year (or every other year) timed to synchronize with the ongoing interconnection procedures study cycle.

4. To the extent there were a need for additional downsizing opportunities,
 - a. what would be the optimal frequency of downsizing request windows? For example, one per year or one every two years?
 - b. how many downsizing request windows do stakeholders believe should be considered?
 - c. what should be the timing of a downsizing request window? The ISO suggests that the timing of a downsizing request window should be such that there is sufficient time to validate the requests received and study their combined impacts at the same time the re-assessment study is conducted in accordance with the GIDAP timeline. What are stakeholders' views on that?
5. Please comment on the ISO's position that future downsizing options should be limited to pre-Cluster 5 customers because the GIDAP already provides certain opportunities to downsize projects that were not available under the GIP.

CPUC Staff agree that until we have full experience and assessment regarding the GIDAP process representing a new paradigm for generation interconnection and associated cost responsibility, downsizing options should not be offered to Cluster 5 and later interconnection customers. When we do have that experience and assessment, extending downsizing opportunities to Cluster 5 and later customers could be considered if needed.

6. Stakeholders are asked to comment on other important features of the current one-time downsizing opportunity. For example, customers who are affected by but are not downsizing should be protected. As an additional example, downsizing projects should bear the costs of the downsizing study and any resulting interconnection agreement amendments.

CPUC Staff agree that non-downsizing customers should not be negatively affected and that downsizing customers should bear downsizing-related costs. We support having a downsizing interconnection customer be permanently (without refund) responsible for transmission costs that were originally the responsibility of that customer prior to downsizing, if those costs cannot be avoided such as because construction has started or because the transmission additions in question have already been determined to be needed by other interconnection customers. (Also see CPUC Staff comments under Topic 14.)

7. What are stakeholders' views on the continued use of the non-conforming partial termination provisions as a future downsizing option? Although the ISO does not view this as a generally applicable downsizing option, do stakeholders view its continued availability as critical?

Under any kind of future partial termination provisions, the cost of any transmission upgrade initially the responsibility of the “partially terminated” project should be borne, both initially and ultimately, by the project developer, to the extent that this cost cannot be avoided. (Also see CPUC Staff comments under Topic 14.)

Topic 2 – Disconnection of first phase of project for failure of second phase

1. Please expand on the explanation of how current risk of disconnection affects project financeability and viability.
2. Stakeholders are asked to suggest potential ways to reduce risk for developers, short of blanket elimination of ISO termination rights.

CPUC Staff recommend that after first applying a more flexible “safe harbor” project size reduction option such as the “greater of 5% or 10 MW” as suggested by CAISO staff (or other revisions developed in the present stakeholder process), the party or parties responsible for the phased project should have nonrefundable cost responsibility for transmission upgrades planned for but not used by the failed phase(s), to the extent that these upgrade costs cannot be avoided such as because construction has begun or because the upgrades are included in interconnection agreements for other customers. (Also see CPUC Staff comments under Topic 14.)

3. Please suggest what alternative, equitable non-termination remedies to GIA default might look like.

See the above comment.

4. Please comment on the proposed modification to the safe harbor to “greater of 5% or 10 MW.

See the above comment.

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

1. Are there additional scenarios beyond the three scenarios described on page 29 of the issue paper?
2. What thresholds should be used in allowing projects to be broken into multiple phases?
3. Should there be a minimum total MW size threshold to be eligible to divide a project into phases? For example, would it make sense to allow a 5 MW project to be split into smaller phases?
4. Should there be a maximum number of phases into which a project can be divided?
5. Should there be a minimum MW size for each phase?
6. Should criteria be imposed that include both a minimum total MW threshold and a minimum phase size in MW or a percentage of the total project?
7. When during the interconnection process should an IC be allowed to request to implement a phased structure for its project?

CPUC Staff do not at this time offer comments on the phasing parameters (MW sizes, number of phases) mentioned above. Interconnection Customers (ICs) should be able to request a phased structure up until the point of GIA execution, which we understand is when such requests are typically made now. However, ICs should understand (and should be provided information to help them assess) the potential benefits of requesting a phased structure as early as possible, since earlier determination of phasing might facilitate more efficient design or sequencing of transmission upgrades. Phasing is apparently already available under the GIDAP, and CAISO should further consider and explain why any useful phasing reforms should not also be applied to GIDAP-vintage ICs.

Topic 4 – Improve Independent Study Process

1. Are you interested in participating in the ISP working group and able to devote significant time outside of the standard Interconnection Process Enhancement stakeholder process?

CPUC Staff believe that improvements to the Independent Study (IS) process could be valuable and look forward to results of a working group effort in this area. The CAISO proposes to explicitly provide that the independence test and the actual IS itself can be based on consideration of Energy-Only status, i.e., considering

reliability but not delivery network upgrades. This should increase the potential for some projects to qualify for IS. If an intended Full Capacity generation project might thus have Energy-Only status for a number of years this may impact contracting. CPUC Staff request clarification of (and hope that) pursuit of IS via an Energy-Only route should not hinder or delay a generation project's ability to ultimately achieve Full Capacity status (although it might not expedite achieving FC status).

2. If yes, are you interested in the policy aspects, technical aspects or both?
3. Do you have an interest in the behind the meter expansion component of the ISP and if so, please summarize your thinking on revisions to the behind the meter expansion component?

Topic 5 – Improve Fast Track

1. Are you interested in participating in the FT working group and able to devote significant time outside of the standard Interconnection Process Enhancement stakeholder process?

CPUC Staff believe that improvements to the Fast Track process could be valuable and look forward to results of a working group effort in this area.

2. If yes, are you interested in the policy aspects, technical aspects or both?
3. Are you able to provide engineering expertise for developing FT screens related to a networked transmission system?

Topic 6 – Provide for ability to charge customer for costs to process a material modification request

1. Should the cost for modification requests be a fixed fee or deposit and actual costs incurred be charged against deposit?

A fixed fee is attractive but probably unworkable (or undesirably high) due to the wide range of possible modification assessments. However, it might be possible to have a predictable fixed fee cap (effectively a deposit cap), combined with sufficient documentation of actual costs as a basis for determining subsequent refunds.

2. Should existing study funds be used for modification assessments?

Existing study funds could be used for modification assessments to the extent that interconnection customers requesting modification assessments have made study deposits in excess of what is needed to cover their study costs.

3. If a separate deposit is made, should it be refunded at the end of that modification assessment or once the project achieves COD?

Any deposit (after subtracting modification assessment costs) should be refunded at the end of the modification assessment. Deposit forfeitures for failing to achieve COD are already addressed in other ways.

Topic 7 – COD modification provision for small generator projects

1. Do stakeholders agree that small generators should be afforded a similar mechanism to modify their project as a large generator?

CPUC Staff agree.

2. Should small generators be allowed to change their POI if the change does not impact other queued projects and there is a benefit for making that change?

Yes. Such POI changes should not affect or modify the results (including DG deliverability available for allocation) of a DG deliverability study that has already passed the cutoff time for finalizing its input assumptions.

3. Should small generators be allowed to modify their project during the study process?

The availability of modifications should be similar to what is available for large generators.

4. Should small generators be allowed to extend their commercial operation date for three years from the COD in their interconnection request would be deemed not material, similar to Section 4.4.5 of Appendix U for larger generators?

The treatment of small generators should be similar to the treatment of large generators in this regard. However, COD extension may be of limited value to small generators that participate in procurement programs (and associated standard contracts) requiring a relatively rapid (e.g., 24 months plus 6 months for delay) timeline for coming on line following PPA execution. If at some future time delay of required transmission upgrades beyond the COD were to be used as a contractually recognized basis for a delayed COD, then COD extension in the interconnection process could be more valuable. However, CPUC Staff hope that ways can be found to reduce the risk of delayed transmission upgrades (including identifying helpful developer actions), rather than accommodating such delays via COD extensions.

Topic 8 – Length of time in queue provision for small generator projects

1. Should small generator have the same time to develop their project as a large generator (i.e. 7 years)? If no, what should the length of time be for the developer of a small generator?

In principle, small generators should have the same time. However, see comments under Topic 7 above.

Topic 9 – Clarify that PTO and not ISO tenders GIA

1. Do stakeholders have a concern with amending the tariff to be consistent with existing implementation?
2. If yes, what are those concerns and how would the stakeholder propose to resolve those concerns?

Topic 10 – Timeline for tendering draft GIAs

1. Do stakeholders have an issue with changing the trigger for tendering of GIAs?

Topic 11 – LGIA negotiations timeline

1. Do Stakeholders agree with the best effort language?

“Best efforts” language is too open-ended. Specification of target timelines would be preferable, recognizing there might be (there must be) reasons for exceeding the target timelines.

2. If Stakeholders agree with triggering the tendering of agreements off of the Results Meeting, do you agree with triggering the negotiation off of the same event?
3. Do Stakeholders want to change the 15 BD to 10 BD for providing a final GIA for execution? If yes, do Stakeholders agree that the information request sheet must be provided in advance of finalizing the negotiation?
4. Are Stakeholders concerned with the process of required written agreement from all three parties on extending the tendering and negotiation timeline as a proxy for prioritization? If yes, then what prioritization process would you propose given the questions discussed above?

Extension of the GIA tendering and negotiations timeline should require approval of (therefore be subject to veto by) the developer, providing a means to express interest in proceeding rapidly. This is consistent with CPUC Staff comments under Topic 7 regarding the desirability of reducing transmission delays beyond the specified COD, particularly in those situations where interconnection customers “self identify” as needing to proceed rapidly.

Topic 12 – Consistency of suspension definition between serial and cluster

1. With the narrow focus of ensuring that other queue projects are not impacted if a serial project suspends, are stakeholders still concerned with the topic?

As stated in the CAISO’s June 3 Issue Paper, the proposed greater restrictions regarding suspension of GIAs for serial queue projects should apply only where the GIA has not already been “substantially negotiated”. “Substantially negotiated” needs to be clarified. CPUC Staff requests clarification and consideration of whether limiting GIA suspension to “up to 3 years from when the interconnection request was received” essentially leaves no meaningful opportunity for GIA suspension, in that a GIA is unlikely to have been executed before over two years have passed since the interconnection request was received. It is also unclear if the CAISO is proposing to apply similar suspension provisions for small (20 MW and below) generators, since other parts of this initiative are pursuing greater consistency of treatment between large and small generation projects.

2. Are stakeholders willing to accept the consequences if a serial project suspends and then impacts the ability for later queue projects to achieve their COD?
3. Are stakeholders willing to accept the consequences if a serial project suspends and then impacts the ability for later queue projects to achieve their full capacity deliverability status?
4. Do you have a better idea to mitigate this risk for later queue projects?

Topic 13 – Clarity regarding timing of transmission cost reimbursement

1. What are stakeholders’ views on going forward whether cost reimbursement should require both commercial operation and network upgrades in service?

CPUC Staff believe that phased projects should receive reimbursement via the same timing and criteria as non-phased projects. This means that there should be reimbursement when an early phase of a project meets the required conditions, but that reimbursement should only involve deposited funds associated with transmission upgrades specifically identified for that phase, not any additional deposit amounts for construction of transmission linked to later phases.

Requiring only commercial operation, not completion of network upgrades, as the criterion for reimbursement of deposits appears to be not only reasonable but also an incentive for PTOs to strive to complete network upgrades by the stated COD. PTOs would generally be in a better position to bear the cash flow implications of such reimbursement, relative to developers having to wait for delayed (beyond-

COD) transmission completion before having deposits reimbursed. At a minimum, projects reaching commercial operation by their stated COD should be reimbursed a substantial portion of their construction deposits, regardless of the advancement of the associated transmission construction.

Topic 14 – Distribution of forfeited funds

1. If some stakeholders believe that the scheduling coordinator approach should be abandoned, then do stakeholders have any specific ideas for alternative approaches to the distribution of forfeited funds?

This matter will likely require considerable discussion and is linked to resolution of other issues regarding actions causing forfeiture and regarding refunds.

However, as an in initial CPUC Staff recommendation:

- a. If specific current interconnection customers can be clearly identified as facing identifiable study cost increases attributable to actions causing study deposit forfeiture, the forfeited study deposits in question should be used to offset those specific customers' study cost increases.**
- b. If specific transmission projects that cannot be avoided can be clearly identified as incurring funding shortfall attributable to actions causing forfeiture of security (construction) deposits, the forfeited security deposits should be used to offset the costs of those specific transmission projects, including avoiding increases in other customers' security deposits. To the extent that these distributed forfeiture funds are never reimbursed, this should be reflected in (and all parties should support) corresponding reduced rate-based asset amounts for these transmission projects.**
- c. CAISO and stakeholders may discuss whether a portion of the forfeited security deposits (for construction) should ultimately be refunded if the transmission projects in question become needed by future interconnection customers, but only within the next yearly planning/interconnection cycle.**
- d. Otherwise, forfeited funds should be used to offset the TAC.**

If distribution methods a, b and c prove unworkable or undesirable, then method d alone should be used.

2. Please comment on the possible use of forfeited IFS funds to offset resulting cost increases for projects remaining in queue as a way to mitigate impacts of withdrawals on other interconnection customers.

3. Please comment on the stakeholder-suggested idea of applying forfeited IFS funds to a PTO's transmission revenue requirement to reduce the transmission access charge and thereby benefit ratepayers who ultimately bear the costs of the transmission upgrades.
4. Please comment on the possible use of forfeited funds by the ISO and PTO for study costs previously incurred that an interconnection customer defaults on.

Topic 15 – Inverter/transformer changes

1. The ISO believes that it should be more transparent with respect to its material modification review including which modifications are allowed without a review. What modifications do stakeholders believe should be made without a material modification review?

CPUC Staff support providing greater transparency and structure regarding the material modification review process including clarification of what modifications do not require such review. We understand that the CAISO and PTOs are already moving to document such greater transparency and structure via BPM revisions, and we encourage and look forward to those revisions. It is clear that future changes in inverter/transformer design and operation may be important, given anticipated types of generator additions. We support having material modification review address inverter/transformer-related modifications as efficiently as possible, including clear and reasonable (not more conservative than necessary) criteria for determining when inverter/transformer modifications do not require formal material modification review.

2. If a formal material modification review is not made, what type of notification process would stakeholders envision should be implemented so that the ISO and PTO are aware of the changes?