

## 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 Straw Proposal posted on July 18 and as supplemented by the presentation and discussion during the August 8 stakeholder meeting.

Submit comments to [GIP@caiso.com](mailto:GIP@caiso.com)

**[Comments are due August 22, 2013 by 5:00pm](#)**

The Straw Proposal posted on July 18 may be found at:

[http://www.caiso.com/Documents/StrawProposal-Topics1-5\\_13-15\\_InterconnectionProcessEnhancements.pdf](http://www.caiso.com/Documents/StrawProposal-Topics1-5_13-15_InterconnectionProcessEnhancements.pdf)

The presentation discussed during the August 8 stakeholder meeting may be found at:

[http://www.caiso.com/Documents/Agenda\\_Presentation-InterconnectionProcessEnhancements080813.pdf](http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancements080813.pdf)

Please provide your comments following each of the topics listed below.

### **Topic 1 – Future downsizing policy**

CPUC Staff at this point agree with the basic proposal. We agree with making an annual downsizing window the main option for generation project downsizing and in this light the CAISO should consider allowing Cluster 5 and later interconnection customers to downsize for the parked portion of a project (which might be the entire project).

It appears that an important outstanding issue is whether security deposits should be fully refunded if a downsized project comes on line in a timely manner consistent with established COD, or whether the portion of the security deposit corresponding to the unbuilt (downsized) portion of the project should be forfeited. In order to recognize the desirable distinction between

a formal downsizing a request and simple failure to complete later phase(s) of a project (see Topic 2 below), interconnection customers should be able to recover at least a portion (perhaps dependent on the percentage downsizing) of their security deposits for the unbuilt portion of a project if the remaining (after downsizing) portion comes on line in a timely manner.

### **Topic 2 – Disconnection of first phase of project for failure to build later phase**

CPUC Staff at this point agree with the basic proposal, as long there is adequate provision for not disconnecting a first phase unless shown to be necessary to avoid seriously adverse consequences that cannot be mitigated. We agree that interconnection customers should be encouraged (and incentivized) to use an annual downsizing opportunity rather than simply terminating later phase(s) of a project. One way to do this is to make refund of security deposits for the unbuilt capacity be contingent on such customers utilizing the formal annual downsizing opportunity.

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

CPUC Staff at this point agree with the basic proposal if

- 1) the proposal is adjusted as discussed in the stakeholder meeting, such that an interconnection customer seeking to phase (and potentially change CODs for) an interconnection request must contact the ISO and request phasing before Phase 2 studies have begun, to avoid having to do this via a material modification request;
- 2) further consideration is given to the desirability of placing reasonable (not severe) limits on the number and sizes of phases allowed, per project; and
- 3) deposit reimbursements for phased versus non-phased projects are further considered as discussed under Topic 13.

### **Topic 4 – Improve Independent Study Process**

CPUC Staff have no comments at this time, other than observing that it could be valuable to allow interconnection customers to utilize the independent study route if requesting energy-only status for initial interconnection and meeting all other criteria for independent study – and then

at a later time to pursue full deliverability via whatever process and studies are necessary. We look forward to working group progress.

#### **Topic 5 – Improve Fast Track**

CPUC Staff have no comments at this time, and look forward to working group progress.

#### **Topic 13 – Clarify timing of transmission cost reimbursement**

CPUC Staff are open to further ideas and discussion among stakeholders. However, it appears reasonable that modifications to existing tariff requirements should apply to projects not yet having a tendered GIA, and that generators already having made security deposits should not be subject to less favorable conditions than under present tariff requirements. Phased projects should not be treated unfavorably (regarding potential for reimbursement delay) relative to non-phased projects. Starting reimbursement upon generator COD (assuming the specified COD is met) appears reasonable, including partial reimbursement upon COD for partial (earlier phases) capacity. This would reduce financing and cashflow risks for generation projects advancing in a timely manner and also would motivate timely completion of transmission. **If** it can be demonstrated that this would place an undue financial burden on transmission owners when transmission completion is delayed, then partial reimbursement until the transmission is completed might be considered.

#### **Topic 14 – Distribution of forfeited funds**

CPUC Staff believe that it may be useful to distinguish distribution of forfeited study deposits versus distribution of forfeited security (construction) deposits.

- a) If activities underlying forfeiture of specific study deposits cause study increases for specific identifiable interconnection customers, the forfeited deposits could be used to offset those specific customers' study costs. Otherwise forfeited study deposits could be used to offset interconnection study costs generally.
- b) If activities underlying forfeiture of specific security deposits cause security deposit increases for specific identifiable interconnection customers, then the forfeited study deposits could be used to offset these customers' security deposit requirements. Offsetting any increased PTO upfront funding is a different matter, since under the present CPUC Staff recommendations that would ultimately roll into the broader TAC offset option anyway - - see below. Otherwise, forfeited security deposits

- should be used to offset the TAC, since ratepayers ultimately pay for transmission. Forfeited security deposits would thus be used to offset the costs (reduce ratebase) for the specific transmission project for which security deposits were forfeited.
- c) CPUC Staff note that use of forfeited security deposits to offset interconnection customers' security deposit requirements is only a temporary measure, since there would ultimately be security deposit refunds anyway. Thus the ultimate effect would still be to pay down the cost of the particular transmission project for which the security deposit was forfeited (TAC reduction, see item b above).
  - d) If a FERC ruling on cost recovery for a transmission projects identifies stranded unrecoverable costs that can be attributed to failure of generation projects that forfeited security deposits, the forfeited security deposits should be used to offset the stranded costs. This might require holding the funds in an account for a period of time, which might produce implementation problems.
  - e) 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. It may be preferable to wait for such "future need" only through the next yearly planning/interconnection cycle.

#### **Topic 15 – Inverter/transformer changes (material modification process)**

CPUC Staff understand that most objectives under this topic, expanded to more broadly address transparency in the overall material modification review process (including but not limited to inverter/transformer changes) – will be pursued via BPM language development. We look forward to seeing how this proceeds and offer no comments at this time other than that we support allowing inverter/transformer and other beneficial technology changes without material modification review, to the extent feasible. We do request clarification that interconnection customers would not be able to pursue downsizing (as opposed to phasing) via material modification requests, once an annual downsizing process is in place.