

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 (IPE) Draft Final Proposal for Topics 4, 5, and 13 posted on March 25 and as supplemented by the presentation and discussion during the April 2 stakeholder meeting.

Submit comments to GIP@caiso.com

Comments are due April 16, 2014 by 5:00pm

The Draft Final Proposal for Topics 4, 5, and 13 posted on March 25 may be found at:

http://www.caiso.com/Documents/DraftFinalProposal-Topics_4-5-13-InterconnectionProcessEnhancements.pdf

The presentation discussed during the April 2 stakeholder meeting may be found at:

http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancementsApr2_2014.pdf

Please provide your comments on the ISO's proposal for each of the topics listed below.

Topic 4 – Improve Independent Study Process

The ISO's draft final proposal to improve the Independent Study Process (ISP) addresses four areas:

- Criteria for ISP eligibility
- Process and timeline enhancements
- Tests for electrical independence

- Clarification on behind-the-meter (BTM) expansion and its impact on net qualifying capacity (NQC)

Please select one of the following options to indicate your organization's overall level of support for the ISO's draft final proposal addressing the ISP:

1. Fully support;
2. Support with qualification; or,
3. Oppose.

If you choose (1) please provide reasons for your support. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal. If you choose (3) please explain why you oppose the proposal.

CPUC Staff supports the CAISO's draft final proposal regarding revisions to the Independent Study process. However, our support is qualified contingent upon fuller justification (or else removal) of the restriction that behind the meter (BTM) expansions cannot under any circumstances seek increased RA deliverability under the annual full capacity deliverability study process.

We observe that deliverability over the transmission system as determined by the CAISO's deliverability assessment methodology often identifies costly and otherwise challenging transmission needs for purposes of supporting RA deliverability. On the other hand it may be most economical and least environmentally disruptive to obtain RA capacity if, when and where such capacity is needed, from expansions of existing generators that obtain deliverability over existing or planned transmission.

In the previous round of comments, the CAISO's responses to both CPUC Staff and LSA stated that BTM expansions were not eligible to be studied for additional deliverability because *"Allowing a BTM expansion project to go through the AFC Deliverability assessment would imply that the total output of the plant could exceed the originally studied Pmax."* The CAISO further explained *"Thus, the added capacity is not studied for reliability impacts in the same manner as other capacity additions on the system."* However, the CAISO's draft final proposal on page 29 (Section 4.1.4.4, Item 3) provides that *"The interconnection customer will have to install an automatic generator tripping scheme to trip sufficient generation to ensure that the total output of the existing generating facility and the expansion facility does not exceed, at any time, the capacity studied in the project's initial interconnection request, before any BTM expansion."* Thus, the total output of the generating facility, existing plus expansion, cannot exceed the maximum output originally studied for reliability purposes. As long as the generating technology remains electrically similar to that studied for the original

interconnection, this appears to avoid the potential for reliability impacts beyond those studied for the original interconnection.

CPUC Staff request clarification as to why, given the above situation, BTM expansions cannot be studied for additional deliverability over existing and planned transmission (not requiring network upgrades) beyond the level of deliverability obtained by the originally studied generating facility. In fact, an important incentive for BTM expansion without increased maximum output would be to increase the capacity factor for a variable resource, which would result in increased energy output and also in increased Qualifying Capacity (QC). The latter could provide additional dependable RA capacity if, when and where needed, but only if accompanied by some increase in the overall (existing plus expanded) generating facility's deliverability.

Topic 5 – Improve Fast Track

The ISO's draft final proposal to improve the Fast Track (FT) process addresses two areas:

- Revisions to the processing fees and study deposit, timelines, customer options meeting, and the supplemental review, among others.
- Compliance with FERC Order 792.

Please select one of the following options to indicate your organization's overall level of support for the ISO's draft final proposal addressing the FT process:

1. Fully support;
2. Support with qualification; or,
3. Oppose.

If you choose (1) please provide reasons for your support. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal. If you choose (3) please explain why you oppose the proposal.

CPUC Staff fully supports the draft final proposal for Fast Track improvements, given that the improvements appear to be consistent with or superior to requirements under FERC's Order 792, and to be compatible with current and ongoing interconnection reforms for the CPUC's Rule 21.

Topic 13 – Clarify timing of transmission cost reimbursement

The March 25 paper contains the ISO's second revised straw proposal on this topic. As a reminder, the ISO's proposal is comprised of the following three elements:

1. Reimbursement for required network upgrades already in service will commence upon the generating facility or the phase that requires those upgrades achieving commercial operation, as specified in the generator interconnection agreement.
2. Reimbursement for required network upgrades placed in service subsequent to the generating facility or phase achieving commercial operation (including those under construction at the time of the commercial operation date of the project or project phase) will commence at the beginning of each calendar year for those required network upgrades placed in the service during the prior year calendar year.
3. The ISO proposes to revise the tariff to apply these new rules on a going-forward basis to both phased and non-phased projects. The ISO believes that the appropriate balance between harmonizing the repayment rules and existing customer expectations is to apply this new policy beginning with customers who have not yet received a generator interconnection agreement. However, in order to avoid a situation in which customers in the same cluster, or even in the same study group, could be subject to different repayment rules, the ISO proposes to apply these new rules beginning with the customers in the first cluster in which all projects have not yet been tendered a generator interconnection agreement at the time of FERC approval of the ISO proposal on this topic.

Please indicate your organization's overall level of support for these three proposal elements as a whole (i.e., together these three elements comprise the ISO's proposal).

CPUC Staff supports the above proposed elements.

In addition, please also comment on your organization's view regarding the feasibility of the second proposal element. Some stakeholders have expressed concern about the potential for multiple reimbursement periods and accounts that this second proposal element may entail. Others have questioned whether these multiple reimbursement periods will each be of five year duration. The ISO asks stakeholders to comment on these questions. The ISO is also specifically interested in whether your organization believes that the additional complexity – due to reimbursements commencing at the beginning of each calendar year for those network upgrades placed in service during the prior year calendar year – is outweighed by the benefits to interconnection customers of reimbursement commencement not having to wait until the last required network upgrade is placed in service.

CPUC Staff notes that if commencement of reimbursement for generators already in commercial operation is not triggered by completion of discrete network upgrade

projects or phases, then this particular reform appears to become meaningless, which we do not support.