

**CALIFORNIA ISO  
POTENTIAL REVISION TO CLUSTER 4 STUDY METHODOLOGY**

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**COMMENTS OF THE STAFF OF THE  
CALIFORNIA PUBLIC UTILITIES COMMISSION  
ON THE JUNE 30 DRAFT PROPOSAL AND JULY 29 PRESENTATION MATERIALS**

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**August 5, 2011**

The Staff of the California Public Utilities Commission (CPUC Staff) appreciate this opportunity to comment on the California ISO's (CAISO) June 30 draft proposal and July 29 discussion materials regarding potential revision of the Generator Interconnection Procedures (GIP) Phase 1 study methodology to deal with the very large size of Cluster 4. CPUC Staff agree with the need to streamline and rationalize the Phase 1 study methodology so that it does not expend inefficient effort to calculate (and convert to security deposit requirements) the potentially very high costs (for some parts of the grid) to interconnect all Cluster 4 generators by unrealistically assuming that all 35,000 MW in Cluster 4 is interconnected. We also agree that instead more simply and plausibly calculating per-MW Cluster 4 network upgrade costs based on a reasonable ceiling level of generator interconnection in each area is appropriate for Phase 1 studies, and that the latest CPUC portfolios provide a good basis for setting these ceilings.

We do have a few concerns. First, the resulting Phase 1-estimated costs for Cluster 4 generators should be checked and if necessary constrained such that they don't reach "outlier" values that are very high or low, particularly in relation to Cluster 3 Phase 1 cost estimates for the same electrical-geographic area.

Second, interconnecting generators to which such simplified Phase 1 cost estimates would be applied should have a reasonable basis for distinguishing the reliability versus deliverability components of their Phase 1 costs, as discussed in the July 29 call, so that they can make informed decisions about whether to seek full, partial or energy-only deliverability. It would appear that the proposed simplified Phase 1 study methodology based on potential interconnection MW ceilings in some areas would in fact produce reliability versus deliverability cost estimates, but these breakdowns might not be precisely generator-specific since not all generators may be modeled. Therefore, a reasonable solution needs to be implemented in order

to provide each Cluster 4 generator with its reliability versus delivery network upgrade cost estimate breakdown, and it is conceivable that this may require partially generic reliability-versus-deliverability cost breakdown, i.e., not calculated in a fully generator-specific manner.

Third, the CAISO should consider whether, in applying such a simplified Phase 1 study methodology to assign network upgrade costs to Cluster 4 generators it will be necessary to distinguish the technology/output profiles for generators, e.g., solar versus wind versus dispatchable and baseload resources, rather than simply conducting the entire exercise on a per-MW basis.

Fourth, the proposed simplified Cluster 4 Phase 1 study methodology clearly has the potential to interact with ultimate broader TPP-GIP integration being pursued in a separate initiative, particularly if the latter ends up favoring a revised process under which Phase 1 studies are followed by movement of the remaining generators and their transmission needs directly to the TPP. It should be understood that any Cluster 4 Phase 1 study methodology revisions would not prevent or impair the ability of any desired TPP-GIP integration process to be applied to Cluster 4, and the Cluster 4 study revisions should be considered accordingly.

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