Stakeholder Comments Template

Integration of Transmission Planning and Generation Interconnection Procedures (TPP-GIP Integration) Revised Straw Proposal, September 12, 2011

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, covered in the TPP-GIP Integration Straw Proposal posted on September 12, 2011, and issues discussed during the stakeholder meeting on September 19, 2011.

Please submit your comments below where indicated. Your comments on any aspect of this initiative are welcome. If you provide a preferred approach for a particular topic, your comments will be most useful if you provide the reasons and business case.

Please submit comments (in MS Word) to TPP-GIP@caiso.com no later than the close of business on September 29, 2011.

Before responding the specific template questions, CPUC Staff wish to emphasize three overarching areas of concern. These are: (1) the need to move quickly on process reform for the interconnection queue ahead of cluster 5, (2) the need to explicitly recognize that reforms being discussed would provide significant transmission cost socialization benefits for mostly large remote renewable generators while not comparably addressing many distributed renewable generators, and (3) the need to address potential undersubscription of ratepayer-funded transmission.

1. ***Interconnecting generators prior to cluster 5***. An important overarching issue is the urgent need to apply more holistic, transparent and efficient transmission planning to the large amounts of generation in the interconnection queue ahead of cluster 5, a topic which the CAISO has identified as off limits for the present initiative as currently configured. This is addressed in our response to question 6.

2. ***The envisioned transmission cost socialization does not extend to most distributed renewable generators***. CPUC Staff are concerned with the

overarching issue of balancing planning for a large generator/large transmission future versus a more distributed paradigm entailing smaller generators and smaller grid upgrades. It is first of all important that TPP studies and the resulting transmission plan do not foreclose a more distributed path, which is in part accomplished by giving sufficient weight to distributed resource scenarios such as the CPUC's *Environmentally Constrained* 33% RPS case currently being studied in the TPP.

However, this alone does not fully address how ratepayer funded transmission is identified and allocated. Under the "large, remote resources" paradigm, the goal is to identify the appropriate amount of cost-effective transmission supporting high quality resource areas, and then allocate that transmission to the most valuable generation projects. In contrast, under a more distributed paradigm, the "resource areas" and transmission upgrades that would serve them are very numerous, certainly approaching the situation addressed by numerous reliability upgrades. However, compared to loads served by reliability upgrades, distributed resources are much less well known, and respond to transmission rather than the other way around. This means that any "allocation" of ratepayer funded transmission to distributed generation might occur mainly within the TPP itself, through selection of which of many potential small transmission upgrades to pursue, as opposed to allocating a limited number of large transmission projects to generators in an ex post manner after the TPP.

It is unclear if the present initiative can pursue the question of planning and allocating ratepayer-funded transmission for distributed generation, although the question itself is worthwhile. It is, however, essential (1) that TPP assumptions and scenarios include meaningful distributed generation futures that are analyzed meaningfully, and (2) that we recognize and address that fact that if we plan and allocate substantial amounts of ratepayer funded transmission for remote central station renewables but not for distributed renewables, we will be strongly biasing our selection of a renewable resources future, unless offsetting adjustments are made.

3. ***What to do if ratepayer-funded transmission is undersubscribed?***
Most if not all discussion in this initiative to date, as well as the main thrust of CPUC Staff responses to many questions in this template, at least implicitly assume that a hypothetical transmission project identified in the TPP for ratepayer funding will be fully subscribed or oversubscribed by qualified generation projects. Here, "qualified" means passing appropriate milestones or screens such as described in response to question 4.

Further consideration by CPUC Staff has identified the need to address the alternative possibility that a transmission project identified for ratepayer funding in the TPP might actually be underscribed by qualified generation projects, at the point in time when the transmission capacity is supposed to be allocated. This might occur, for example, if qualification requires a PPA, if the transmission in question would be utilized mainly by generators in the most recent queue cluster, and those generators have not yet obtained PPAs perhaps in part because their transmission costs are still viewed as too uncertain.[1]

On the other hand, the risk of an initially undersubscribed transmission project being ultimately underutilized or economically inefficient is mitigated by (1) the fact that the TPP presumably studied that transmission project based on realistic resource scenarios and a least regrets assessment approach, and (2) the ability to subsequently conduct a targeted solicitation for the area in question, if necessary. CPUC Staff believe that it is desirable to *further* mitigate the risk of underutilization by conferring final approval on the transmission project only if and when subscription by qualified generators exceeds some threshold fraction of the line's capacity, similar to the approach used in the CAISO's Location Constrained Resource Interconnection policy.

As described in response to questions below, CPUC Staff tentatively recommend that the allocation of ratepayer funded transmission to generation projects be made *before* beginning GIP Phase 2, for reasons of efficiency and accuracy of studies as described later in these comments. However, this preference might need to be revisited should delaying the transmission allocation until *after* Phase 2 studies be determined to be necessary to obtain sufficiently accurate transmission costs to support PPA decisions.

1. Section 4 of the paper laid out several objectives for this initiative, including four previously-identified GIP issues to be included in scope. Please indicate whether your organization believes these objectives are appropriate and complete. If your organization believes the list to be incomplete, please specify what additional objectives the ISO should include.

[1] However, cost estimates for *specific* transmission projects identified by the TPP under the envisioned reformed process might be significantly more accurate than more fluid pre-Phase 2 cost estimates for interconnecting generators under the present GIP.

An additional objective is reducing delay and uncertainty faced by renewable generation projects that are viable and cost-effective and most likely to contribute to meeting the state's RPS goals.

Beyond allowing for re-study, an additional objective should be decreasing the need for and disruptions caused by re-study – by relying more heavily on the holistic TPP and also by improving the efficiency with which the interconnection queue is winnowed down to generation projects that will ultimately come on line.

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2. The revised straw proposal presents a timeline describing how the new TPP-GIP process would work. Please comment on the overall process design in terms of how well it meets the objectives of this initiative and how workable it is from a practical perspective. If you see ways it can be improved please offer concrete suggestions.

GIP Phase 1 studies and TPP studies would apparently be contemporaneous but separate during roughly the summer-fall. However, even if separate it is essential that they be meaningfully coordinated. Broader ("holistic") information and study results regarding resources and transmission from the TPP may usefully inform what levels of resources and transmission it will make sense to consider in the GIP Phase 1 studies, similar to the way broader planning information is anticipated to inform Phase 1 studies for cluster 4. On the other hand, timely information from GIP Phase 1 regarding interconnection customers' (ICs) status and transmission needs could inform TPP studies. Thus, there should be provision for meaningful TPP-GIP Phase 1 interaction conducted in a manner that avoids hindering the two processes' achievement of their timelines.

GIP Phase 2 studies could take more time and effort than necessary if they include ICs that intend to drop out if not obtaining ratepayer-funded transmission. Once the amount of ratepayer-funded transmission for a resource area has been determined via the TPP, it appears to be efficient to conduct a process to determine which ICs will be allocated the limited ratepayer-funded deliverability, *before* moving on to GIP Phase 2 studies. This tentative recommendation is subject to the undersubscription concerns summarized above. Importantly, it is based on the assumption that for queue cluster X starting at essentially the same time as TTP cycle Y, PPA decisions could be completed sufficiently soon after TTP cycle Y has finalized its transmission plan including identification of ratepayer-funded transmission and its costs. We assume that these costs would inform PPA decisions. However, if this provides incomplete basis or inadequate time for PPA decisions, such as if PPA decisions require Phase 2 results, then the ratepayer-funded transmission would have to be allocated to generators later, after Phase 2 studies. Waiting until after Phase 2 studies appears to imply approximately a one-year greater delay in allocation, as well as less accuracy of Phase 2 studies due to greater likelihood of subsequent dropouts once allocation results are known. Recommendations regarding the allocation process itself are discussed in the response to question 4.

ICs not obtaining ratepayer funded transmission might elect to continue or drop out. For those who continue, the more accurate (following dropouts) design and cost of their self-funded transmission would be determined via GIP Phase 2 studies. If Phase 2 studies indicate substantially greater cost responsibilities for these ICs relative to Phase 1 study results, the ICs should have the option to drop out if they would otherwise be placed at risk for bearing a substantial portion of the higher transmission costs.

Additionally, it is likely that the planning of *ratepayer-funded* transmission might be somewhat refined, but not fundamentally changed, in Phase 2, once there has been identification of the *specific* generators to which that transmission is allocated. Presumably all direct interconnection facilities would be finalized via Phase 2 studies.

3. Please comment on the following specific aspects of the design of the proposed new TPP-GIP process, and offer concrete suggestions for improvement where needed.

    a. The study assumptions proposed for each of the two GIP study phases.

    One of the Phase 1 study assumptions listed on page 13 of the September 12 revised straw proposal consists of: *"NU* [network upgrades] *identified in the recently completed Phase 1 study for the ...* [prior cluster], ***if the NU are still required for the corresponding ICs that have committed to continue to Phase 2 and made the required posting****;..."* (emphasis added).

    If TPP-identified ratepayer-funded transmission for the prior cluster was allocated to ICs *before* that cluster moved to Phase 2 studies (as tentatively recommended in response to question 2), then there would be increased efficiency in motivating some ICs to drop out prior to Phase 2 studies. This would reduce the risks of Phase 1 study assumptions for the *present* cluster including transmission assumed to be needed by the *prior* cluster that would actually not be needed because of dropouts from the prior cluster after the start of its Phase 2 studies.

    b. The information available to interconnection customers at each decision point in the process.

    The September 12 revised straw proposal appears to require that ICs moving on to Phase 2 make the associated deposits or other commitments before their allocation of ratepayer-funded transmission has been determined. If ratepayer-funded transmission could be allocated *before* the ICs move on to Phase 2, then this allocation and the generator commitments it may entail (such as auction bids) would contribute to IC decisions to move on or drop out before Phase 2. This would mean that ICs would not have the benefit of Phase 2 study results when deciding whether to pursue self-funded transmission (or sign PPAs). However, this potential disadvantage appears to be outweighed by the resulting streamlining of the overall process and especially the Phase 2 studies, and by the increased accuracy of Phase 2 studies due to more effective reduction of the queue beforehand - - but only if PPA decisions can be made before the Phase 2 studies. If ICs commit to seeking self-funded transmission before Phase 2 studies, and then those studies yield substantially higher cost estimates, the ICs should be allowed to drop out.

c. The "soft" nature of the GIP cost caps, whereby interconnection customers and ratepayers will have shared responsibility for upgrade costs that exceed the cost cap. Comment on both (i) the appropriateness of sharing this cost responsibility, and (ii) the ISO's specific proposal for how the costs would be shared.

There will likely be a very limited amount of transmission that is IC-funded. A subset of this could consist of IC-funded transmission for which Phase 2 cost estimates substantially exceed Phase 1 cost estimates. In these situations, the self-funding ICs should have the option of bearing the cost increase (Phase 2 versus Phase 1 cost estimates), or dropping out. If the *actual* cost of IC-funded transmission exceeds Phase 1 or Phase 2 estimates, then ratepayers should bear the cost increase within any established caps, if the transmission was developed via a competitive solicitation. However, if ICs select or otherwise manage the transmission construction, then they should bear the cost increase.

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4. In the revised straw proposal, the ISO identifies four options by which allocation of ratepayer funded upgrades could be allocated.

a. Please rank the options, Option 3A, 3B, 3C, or 3F, from 1 (most appropriate) to 4 (least appropriate) your organization believes to be the most appropriate means for determining the allocation of ratepayer funded upgrades. Please explain the reasons for your preference? If there other options the ISO should consider, please describe them and explain why they could be superior to the other options.

1) 3A (milestones) and 3C (auction) combined, as discussed below

2) 3F (LSE selection) This appears to have significant drawbacks but may deserve further evaluation

3) 3B (pro rata)

b. Based on stakeholder feedback during the September 19 stakeholder meeting, many parties stated the ISO would likely need to utilize more than one of the identified options. Please provide comment regarding what combination of these options will best facilitate the efficient allocation of ratepayer funded transmission capacity. Please provide as much detail as possible.

Under Option 3A, appropriately stringent milestones should be applied to eliminate the least viable or valuable IC projects from eligibility for ratepayer-funded transmission. The milestones should include having PPAs and not being delinquent regarding significant PPA milestones, or comparable evidence of commercial viability. Milestones should also include site control and possibly permitting progress. There should be substantial deliberation to develop appropriately stringent and nondiscriminatory milestones, which need to be applied in a clear and transparent manner. If the allocation of ratepayer funded transmission is made prior to beginning GIP Phase 2 (as tentatively recommended), then any auction bids (see below) or posting required to move to Phase 2 become additional de facto milestones.

To further winnow down the remaining ICs to the level accommodated by the ratepayer-funded transmission, the other options have significant issues needing to be addressed. However, the most promising selection method to complement the milestones approach appears to be via auction. Winning auction bids would be refunded when a generation project comes on line, and forfeited otherwise. A bid might contain two components: MW of impact on the transmission constraint (= MW of deliverability * fractional impact of a generator on the transmission constraint, i.e., generation shift factor), and bid dollars per MW of impact. Bids would be ranked by the $/MW. For example, if two ICs valued ratepayer-funded transmission equally in terms of dollars per MW of deliverability, but one generator had a lesser impact on the transmission constraint being addressed by a transmission addition, then that generator would presumably be willing to bid higher in terms of dollars per MW *of impact*. Alternatively, if one generator anticipated delivering many more MWh per year for the same MW of transmission constraint impact, that generator might be willing to bid higher.

Option 3F, LSE selection of generation projects getting ratepayer-funded transmission, appears to have greater drawbacks. If pursued, it would presumably involve (1) allocating total MW of new ratepayer funded transmission capacity among LSEs (based on ratio of loads, ratio of unmet RPS requirements, or other metric), (2) iterative nominations by LSEs, or other methods, to determine how LSEs divide their total allocations among specific transmission projects, and (3) LSE selection of which generation projects are allocated ratepayer funded transmission. All three steps above might be problematic, as could presence of non-CAISO LSEs and utility owned (or affiliated) generation. LSEs could be placed in difficult or even conflicted positions relative to their contracting with individual generators. This LSE-based approach appears to be incompatible (not reasonably combined with) the auction approach. The auction approach places control and financial burden with the ICs (the generators), while LSE selection leaves the ICs without the financial bid requirement but also with little control.

Under Option 3B, pro rata allocation of ratepayer funded transmission, each IC gets the same fraction of its desired transmission capacity. This may be intuitively straightforward but appears to have real drawbacks. It is foreseeable that the ultimate outcome of competition for limited ratepayer-funded transmission will be that some generators obtain such transmission and most if not all of the others drop out or perhaps seek energy-only deliverability via "self-funded" transmission. Thus, an initial pro rata distribution of ratepayer-funded transmission among generators would foreseeably be followed by redistribution of the allocations. The least viable generators and/or those attaching least value to deliverability would sell their allocations, at whatever price other generators were willing to pay. This has the disadvantages of (1) being a two-step process (allocation then re-sale), and (2) leaving substantial opportunity for speculation in which significant funds are transferred from the more viable generators to less viable (potentially speculative) generators.

c. If Option 3A is selected, what are appropriate milestones to determine which projects are the "first comers?" In particular, some stakeholders have suggested that only projects with signed PPA should be allowed to qualify. Please comment on the appropriateness of this criterion and any others that might be needed.

PPAs and site control are appropriate milestones, and environmental permits may also be relevant. Careful consideration should be given to the combination of milestones to avoid biased exclusion of generators.

d. If Option 3B is selected, what is the appropriate metric and methodology upon which pro rata shares should be determined?

CPUC Staff do not presently favor this method (see the last paragraph of the response to question 4b).

e. If Option 3C is selected, then how should such an auction be conducted? Specifically, the ISO seeks comments regarding whether an auction should be an open bid or closed bid and held in a single round or an iterative bidding process? Please provide as much detail as possible.

CPUC Staff do not at this time offer a view regarding such details of an auction, which should be worked out if an auction is selected as part of the process.

1. Should the ISO conduct separate auctions for large projects and small projects? If so, how should the ISO determine how much transmission capacity should available in each auction?

    Separate auctions appear to be desirable, but this detail should be worked out if and when a basic approach utilizing an auction is selected. Another issue is if and how to deal with potential advantages of deep pockets developers or utility-owned generation. It is unclear how a generator's anticipated RA versus energy value, or the generator's impact on the transmission constraint in question may factor into an auction or the definition of small versus large projects, and whether this is problematic.

f. If Option 3F is selected, how shall transmission capacity be allocated to the LSEs? In particular, is the existing methodology for allocating import capacity to LSEs for RA (tariff section 40.4.6.2) applicable in the present context? If not, how should it be adapted?

See the response to Question 4b above. CPUC Staff do not presently favor this method. While tariff section 40.4.6.2 could help inform such an allocation process, the relevance of this or any other allocation models should not be overemphasized. The allocation process should be selected to be most appropriate for the present application.

g. All of the options provided could create opportunities to buy/sell allocations of capacity created by ratepayer funded projects. Is there a need for the ISO to set up rules to prohibit or manage such sales?

There does appear to be a need to prohibit or manage such sales. A milestones approach used to *exclude* some ICs would not present such a risk, but as noted above would not by itself be reliably sufficient to allocate ratepayer-funded transmission.

The auction approach, which CPUC Staff tentatively prefer, would have limited potential for undesirable speculation regarding allocations of ratepayer funded transmission, since speculators would have to put down real money to obtain allocations, and those to whom the speculators would re-sell allocations would have had prior opportunity to buy via the auction. However, auction rules should address speculation and related issues, in part by preventing post-auction trading or re-sales. Unused allocations such as due to IC withdrawal should then be re-auctioned.

Allocation via LSE selection might also produce re-sale, speculation or other issues, which should be addressed if this allocation method is selected. However, CPUC Staff do not at this time recommend this method.

5. In cases where an IC pays for a network upgrade and later ICs benefit from these network upgrades, the ISO has proposed two options, Options 3E and 3G to resolve the “first mover-late comer” problem.

    a. Does the ISO need to select one of these options or should both be implemented? If both, please explain or give an example of how the two could work together.

    Under Option 3E the initial ICs pay the full amount for the new IC-funded transmission, while under Option 3G they only pay their pro rata share leaving potential need for ratepayer funding for the surplus transmission. Subsequent generators that use the initially surplus transmission would reimburse the initial IC(s) under Option 3E or the ratepayers under Option 3G. Option 3G should be available only if the ratepayer-funded portion of the nominally “IC-funded” transmission does not exceed an appropriately conservative (low) cap such as 25%.

    b. If only one option is to be chosen, which option does your organization favor and why?

    If only one option is chosen, then 3E would be preferable because use of Option 3G without a conservative (low) cap on ratepayer funding could amount to a back-door approach to ratepayer funded transmission via the interconnection process, which is one of the main problems being addressed by this initiative.

    c. In option 3G, should the “late comer” be responsible for paying back ratepayers for the portion of the network upgrades already covered by ratepayers or simply take over paying for the portion of the network upgrades covered by ratepayers moving forward?

    Having underutilized new transmission is uneconomic and it is desirable to minimize this risk by (1) having the original IC face a substantial share of the cost to start with by setting a low cap on ratepayer cost exposure as recommended in response to question 5a, and (2) encouraging future use of such transmission by having the “late comer” pay the going forward investment cost (e.g., after depreciation) of the “surplus” transmission, not the full original cost.

6. In order to transition from the current framework to the new framework, the ISO proposes that the entire existing queue including Clusters 3 and 4 proceed under the original structure, and that Cluster 5 would proceed using the new rules.

    a. Does your organization support this transition approach? If not, please indicate how it should be modified and provide the justification for your proposal.

    CPUC Staff do not support exempting queue clusters 3 and 4 (or, for that matter, other generators currently without LGIAs) from meaningful TPP-GIP integration reforms. We understand that the CAISO believes that it would be problematic to subject clusters 3 and 4 to comprehensive long term reforms due to risk of FERC rejection. However, we emphasize the need for moving quickly on constructive reforms addressing the large amount of generation in the interconnection queue prior to cluster 5, as described further under question 6b below. This is especially important because pre-cluster 5 generators will play a major role in transmission and resource planning in the next few years, and it is unclear whether changing circumstances over this period might alter the ultimate effectiveness of “comprehensive” long-term reforms being sought by the time those reforms come into play. If transmission continues to be planned for pre-cluster 5 generators in an incremental or “siloed” manner not coordinated or consistent with resource planning, this will be inefficient and jeopardizes permitting of the transmission.

    b. Given the potential size of clusters 3 and 4, if these clusters proceed under the existing rules is there a need to create new rules that would strengthen the incentives for less viable projects to drop out of the queue rather than proceed into the GIP phase 2 study process? If so, please offer concrete suggestions and explain why your suggestions would be effective and reasonable.

    CPUC Staff understand based on CAISO Staff remarks at the September 28 TPP stakeholder meeting that there are about 75,000 MW of generation projects in the CAISO interconnection queue. The vast majority of this consists of renewable generation, and over half of the total is accounted for by clusters 3 and 4. This represents much more generation than is needed for RPS or other planning purposes, and much more than will ever be ultimately developed and interconnected. And, this does not even include potential accelerated growth in distributed renewable generation, or projects seeking interconnection via utilities’ wholesale distribution access tariffs or under Rule 21. Furthermore, the CAISO has already indicated that “policy” driven transmission included in the 2010-2011

Transmission Plan and in the recent Conceptual Plan could be sufficient to support a 33% RPS and represents enough RPS-related transmission for now. It is unclear that even this much high-voltage RPS-driven transmission would be needed under RPS scenarios with high penetration of distributed resources, as reflected in one of the scenarios now being studied in the TPP.

Given this situation, it is essential that transmission planning address the large amount of pre-cluster 5 generation in a more holistic, cost-effective, and rationally prioritized manner than has so far been achievable under present GIP and TPP methods. If this pre-cluster 5 generation cannot be addressed via the envisioned long term comprehensive reforms due to judged risk of FERC rejection or litigation, then a high priority must be to develop other meaningful reforms that *do* address pre-cluster 5 generation, especially in clusters 3 and 4.

Towards this end, CPUC Staff recommend the following reforms:

i. There should be no PTO upfront funding of GIP-driven transmission. This amounts to de facto ratepayer funding. Ratepayer-funded transmission should be identified only through the more holistic and transparent TPP, including sufficient coordination with resource planning priorities and activities.

ii. The criteria regarding how large GIP-driven transmission projects need to be before they are refined in the TPP (Section 24.4.6.5 of the CAISO tariff) should be made less stringent. GIP transmission projects should be brought into the TPP if having estimated costs of $50 million or above, or if involving facilities at 200 kV or higher voltage.

iii. There should be no "super-sizing" of LGIP-driven transmission (beyond the needs of the actual ICs being studied) that is financed via ratepayers.

iv. The process for dropping ICs from the queue if falling behind milestones, including forfeiture of deposits if applicable, should be re-examined and made more stringent where warranted. This includes re-considering how long an IC having an LGIA may remain in a state of suspended development consuming transmission access that would otherwise be available to viable generators.

v. All pre-cluster 5 ICs should be able to voluntarily opt in to the reformed, integrated TPP-GIP process. If a pre-cluster 5 IC does not wish to pay upfront for its full requested deliverability as determined via the GIP, it may choose to opt into the reformed process and seek ratepayer-funded transmission via the TPP, with the level of deliverability that results under that process.

vi. Other useful measures for streamlining the GIP and better coordinating it with the TPP, applicable to pre-cluster 5 generators, should also be considered.

7. Some stakeholders expressed interest in determining only the reliability upgrades and costs in the GIP studies and to consider the need for delivery upgrades in the TPP. The ISO seeks comment regarding the feasibility/desirability of separating the assessment of reliability and delivery upgrades in this manner. In particular, how would this approach improve the process of identifying delivery upgrades that ICs would be required to pay for?

It appears that under proposed reforms the TPP would identify ratepayer-funded transmission based on *both* reliability and deliverability considerations (and studies), and would be more flexible in this regard than the GIP (e.g., potentially providing less than full GIP-defined deliverability but more than energy-only deliverability). Cost estimates reported to ICs after Phase 1 will be important for IC decisions on whether to move forward or drop out. Estimates of costs for additional, potentially "IC-funded" transmission beyond the TPP-identified ratepayer funded transmission will be needed to inform generator decisions to pursue self-funded transmission. These estimates will require some coordination of the TPP and GIP, considering both reliability and delivery upgrades. It appears that delivery upgrade costs might be estimated in the TPP alone, but with sufficiently close coordination with the GIP Phase 1.

Under the tentatively recommended sequence with allocation of ratepayer funded transmission before GIP Phase 2, (see response to question 2), GIP Phase 2 could refine but not fundamentally alter the planning of ratepayer-funded transmission identified in the TPP, and might determine *individual* ICs' deliverability for RA purposes. However, GIP Phase 2 would also be used to specifically plan whatever level of IC-funded transmission emerges, and thus would involve *both* reliability and delivery studies, depending on the level of deliverability requested. It is conceivable that ICs facing self-funding of transmission would elect energy-only delivery, in which case the CAISO and stakeholders must consider how comfortable we are with the foreseeable situation in which ratepayer funded transmission would be used for energy delivery by *both* those ICs to whom it was allocated, and also by additional ICs that "self-fund" their transmission but elect to pay only for their incremental reliability upgrades (obtaining no RA value).

8. Stakeholders have expressed concerns about the appropriate time to restudy the needs for and costs of network upgrades when projects drop out of the queue. Therefore the ISO seeks concrete suggestions for when and how restudies should be conducted.

The TPP and its assumptions, cases and analyses should be robust enough that restudies should not be a major problem up to the end of the TPP and GIP Phase 1 cycles.

Then, if ratepayer-funded transmission is allocated *before* GIP Phase 2, GIP Phase 2 re-studies should be reduced in magnitude and consequence.

9. Please offer any other comments on the revised straw proposal, including any suggestions for improvement of the proposal or other issues your organization believes the ISO must address in this initiative.