

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.

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?

As CalWEA has noted previously, the need for downsizing of generation projects is driven by basic commercial needs and will not go away in a year or two from now. Hence, building artificial timelines and deadlines around this problem will be insufficient to address a real commercial issue that will be ongoing. CalWEA continues to ask for a practical and implementable downsizing option that would allow projects to continuously reduce their size based on well-established eligibility criteria and reasonable evaluation protocols including

financial consequences. While CalWEA agrees with the CAISO that projects studied under GIDAP protocols will have additional opportunities to downsize (compared to those studied under earlier GIP protocols), we believe that the solution proposed here should be broad enough to apply to all projects in the CAISO interconnection queue (pre- and post GIDAP implementation).

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?

Setting frequency/timing limitations on downsizing requests will reduce the usefulness of a downsizing policy. Furthermore, as we will articulate below, there is no technical justification to establish such limitations. CalWEA understands that there could be periods of time when there might be downsizing "stampedes" especially right around LSEs' procurement cycles. We agree with the CAISO that if such downsizing stampedes do take place, CAISO should study the downsizing requests together – e.g., in a cluster – but that can be managed in such a way that would not require the establishment of a window for submitting downsizing requests.

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?

CalWEA proposes that any generator that needs to reduce its size should be allowed to make a downsizing request at the time when the need for such downsizing arises (there would be no request window). The CAISO would study the downsizing request individually and "as soon as they arrive" unless it is determined that a cluster study is required. The criteria for determining the need for a cluster study would be three (3) or more downsizing requests that have a common impact on one or more reliability or delivery network upgrades in an approved GIA when the individual studies would overlap in time. In this case, the study of the interacting generation size-reduction requests would be combined with the next annual generation cluster study process and be performed under the then-current study methodology.

. Under this proposal, withdrawal of the size reduction request would also be allowed between the Phase 1 and Phase 2 studies in the same way size-reduction would be allowed for an interconnecting generator. This proposed approach is consistent with CAISO's current Independent Study Process.

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?

As noted above, CalWEA believes that there should be no limit on the frequency of downsizing requests. However, if there are multiple size-reduction requests that have a common impact on one or more reliability or delivery network upgrades, those size-reduction requests should be included in the annual generation interconnection study process.

- b. how many downsizing request windows do stakeholders believe should be considered?

Please see response to question 4a.

- 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?

Please see response to question 4a.

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.

As the need for size reduction is often driven by commercial reasons occurring completely outside CAISO's interconnection process, even with the additional opportunities that projects will have under GIDAP to downsize, there will always be a need for additional opportunities to reduce project size.

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.

CalWEA has no objection to requiring downsizing generators to bear the cost of their downsizing studies and any resulting interconnection agreement amendments, or to bear the costs of compensating affected customers.

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?

CalWEA finds the partial termination provisions that were imposed on a small number of projects under duress to be very excessive. Instead, the material modification mitigation criteria and rules should be used to address the consequences of generation downsizing requests. For example, a downsizing project should be obligated to finance the network upgrades that the project at its full size triggered if later-queued generation projects are shown to need such upgrades. Furthermore, the network upgrade refund to the project should be limited to only the completed portion of the project; perhaps using a pro-rata algorithm to determine the level of refund.

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.

Financing institutions consider the risk of disconnection of earlier phases of a multi-phase project as a possible outcome. Because of the loss of the revenue stream that would result, if they finance the project at all, they will add a substantial risk premium on the financing of the earlier phases of a multi-phase generation project.

2. Stakeholders are asked to suggest potential ways to reduce risk for developers, short of blanket elimination of ISO termination rights.

As CalWEA articulated during the stakeholder call, we are by no means asking for blanket elimination of CAISO termination rights. Rather, we are asking that the CAISO eliminate the GIA termination right only for those phases of a phased project that are completed (or being completed) if the later phases of that project do not materialize. We agree that the completed phases must continue to meet their obligations of the GIA for the entire project including financing network upgrades as documented in the GIA for the full project as long as such upgrades are determined to be needed by the later-queued generation projects. CAISO would also be able to terminate the GIA for the later phases of the project that do not materialize.

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

As CalWEA indicated in its response to Question 7 (Topic 1) and Question 2 (Topic 2), a downsizing project would be obligated to finance the network upgrades that the full project triggered if later-queued generation projects are shown to need such upgrades. Furthermore, the network upgrade refund to the project should be limited to only the completed portion of the project on a pro-rata basis.

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

CalWEA fully supports this CAISO proposed modification. The provision would be more useful if it were a 10/10 rule: “greater of 10% or 10 MW.”

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?

CalWEA cannot think of any other scenario outside of the three identified by the CAISO:

- **The interconnection customer will retain ownership of all phases and include them in a single GIA;**
- **The interconnection customer wishes to assign ownership of each phase to a different owner, with all phases under a single GIA; and**
- **The interconnection customer wishes to assign ownership of each phase to a different owner, with a separate GIA for each phase.**

2. What thresholds should be used in allowing projects to be broken into multiple phases?

Given that phases are driven by a range of commercial needs that cannot be anticipated, and given that there is no technical reason to limit project phasing, CAISO should not establish any size or timing limits for phasing a project. Further, even after the project has gone into full operation for its entire GIA size, if in the future its PPA expires and new commercial arrangements would require the project to be broken into smaller project sizes, that should be allowed.

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?

Please see CalWEA's response to Question 2 (Topic 3) above.

4. Should there be a maximum number of phases into which a project can be divided?

Please see CalWEA's response to Question 2 (Topic 3) above.

5. Should there be a minimum MW size for each phase?

Please see CalWEA's response to Question 2 (Topic 3) above.

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?

Please see CalWEA's response to Question 2 (Topic 3) above.

7. When during the interconnection process should an IC be allowed to request to implement a phased structure for its project?

Please see CalWEA's response to Question 2 (Topic 3) above.

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?

Yes.

2. If yes, are you interested in the policy aspects, technical aspects or both?

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?

CalWEA's main areas of interest on behind the meter expansion topic are as follows:

- **Establish rules for behind the meter capacity expansion after each phase of a phased project;**
- **Clarify implementation methodology including residual deliverability allocation rules and assignment of Resource ID;**
- **Establish less restrictive rules on the size of behind the meter capacity expansion based on actual technical impact; and**
- **Eliminate the possibility of short circuit duty limiting the size of a behind-the-meter capacity expansion by instead requiring the project to upgrade breakers as needed.**

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?

Yes.

2. If yes, are you interested in the policy aspects, technical aspects or both?

Both.

3. Are you able to provide engineering expertise for developing FT screens related to a networked transmission system?

Yes.

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?

Either proposal is acceptable to CalWEA although we prefer the concept of charging for actual cost incurred.

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

Yes.

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

At the end of that modification assessment.

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?

Yes.

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. In fact, CalWEA contends that even large generators should be allowed to change their POI under the same criteria. This change in POI should also be allowed if the project is willing to mitigate its material impact, if any.

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

The focus of this discussion should be on the changes allowed and the criteria for allowing the change.

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?

Yes. However, other time-limit criteria may make the benefit of such a change moot.

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?

Yes.

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?

No.

2. If yes, what are those concerns and how would the stakeholder propose to resolve those concerns?

N/A

Topic 10 – Timeline for tendering draft GIAs

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

CalWEA agrees with SCE/SDG&E on this point.

Topic 11 – LGIA negotiations timeline

1. Do Stakeholders agree with the best effort language?

Yes.

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?

Yes.

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?

Yes.'

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?

CalWEA proposes that the IC, subject to verification by the CAISO, should be allowed to present the need for a speedy GIA negotiation and be placed in the “fast lane.” Projects whose ICs do not make that case would go into the “slow lane.” If a project in the slow lane later shows a need to speed up its GIA negotiations, subject to verification by the CAISO, its negotiation process should be moved back into the “fast lane.”

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?

CalWEA agrees with the CAISO proposal for dealing with the suspension of serial and clustered projects – allow the suspension but obligate the financing of network upgrades needed by lower-queued 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?

Please see CalWEA’s response to Question 1 (Topic 12) above.

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?

Please see CalWEA’s response to Question 1 (Topic 12) above.

4. Do you have a better idea to mitigate this risk for later queue projects?

No.

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?

As CalWEA has previously articulated in these proceedings as well as in its related protest filings at the FERC, the timing of refunds for generators’ financed network upgrades, in any form, has been set by federal regulation to ensure that the generation project triggering the upgrades materializes. Given FERC’s recent rulings on this matter, we believe that the principles applies. Hence, network upgrade cost reimbursements should be solely tied to commercial operation of the interconnecting generator. In line with this straightforward logic, if a generator reaches COD before its delivery network upgrades have been completed (or construction even begun), that generator should not be required even to post security for such upgrades and should receive all delivery network upgrade financial security deposits that it may have posted up to that time.

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?

As CalWEA has indicated in the past, all forfeited funds from the interconnection process, regardless of whether they are study security deposits or financial security deposits, should be used to pay for network upgrades that result from interconnection study processes.

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.

Please see CalWEA’s response to Question 1 (Topic 14) above.

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.

Please see CalWEA’s response to Question 1 (Topic 14) above.

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.

Please see CalWEA’s response to Question 1 (Topic 14) above.

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?

All technology changes should be allowed to take place without a formal material modification review if they fit within certain well established criteria that could be developed as part of these proceedings. These criteria would generally state that the technology change should lead to similar or superior performance as the original equipment.

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?

All changes should be presented by the project developer to the CAISO with developer’s analysis as to why such change would meet the CAISO established criteria for “automatic”

acceptance. CAISO should then review the analysis and if it meets its standards, it should approve the change.