

Stakeholder Comments Template

**Integration of Transmission Planning and Generation  
Interconnection Procedures (TPP-GIP Integration)  
Straw Proposal, July 21, 2011**

Submitted by	Company	Date Submitted
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1. The ISO has laid out several objectives for this initiative. 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.

It is not clear how the ISO plans to accomplish their stated objective to “Provide greater certainty that transmission approved by ISO will be permitted by siting authority (CPUC)”. Throughout the Revised Transmission Planning Process, in stakeholder meetings and official comments, CAISO staff noted that economic comparisons and environmental impacts were not considerations under their tariff, and therefore were not considered for the billions of dollars of projects recently included in the first Statewide Plan.

2. At the end of the Objectives section (section 4) of the straw proposal, the ISO lists seven previously identified GIP issues that may be addressed within the scope of this initiative.
  - a. Please indicate whether your organization agrees with any or all of the identified topics as in scope. If not, please indicate why not.
  - b. Please identify any other unresolved GIP issues not on this list that should be in scope, and explain why.

One additional “relevant GIP issue” that was not explicitly listed that needs to be resolved quickly is for the CAISO to allow generators within a cluster to shift from one interconnection point to another without having to “start over” in the queue. This would allow otherwise viable projects to move forward if their only issue is their interconnection point within a cluster.

3. Stage 1 of the ISO's proposal offers two options for conducting the GIP cluster studies and transitioning the results into TPP.
  - a. Which option, Option 1A or Option 1B, best achieves the objectives of this initiative, and why? Are there other options the ISO should consider for structuring the GIP study process?

The issue is not which option, but the time lines suggested for the two options; specifically the time it takes for cluster studies to be performed needs to be reduced by the CAISO by 50%-80%.

- b. What, if any, modifications to the GIP study process might be needed?
4. Stage 2 of the straw proposal adds a step to the end of the TPP cycle, in which the ISO identifies and estimates the costs of additional network upgrades to meet the interconnection needs of the cluster. Please offer comments and suggestions for how to make this step produce the most accurate and useful results.
5. Stage 3 of the straw proposal identifies three options for allocating ratepayer funded upgrades to interconnection customers in over-subscribed areas.
  - a. Please identify which option, Option 3A, 3B, or 3C, your organization prefers and why. Are there other options the ISO should consider?
  - b. If Option 3A is selected, what are appropriate milestones to determine which projects are the "first comers?"
  - c. If Option 3B is selected, what is the appropriate methodology for determining pro rata cost shares?
  - d. If Option 3C is selected, how should such an auction be conducted and what should be done with the auction proceeds from the winning bidders?
6. The straw proposal describes how the merchant transmission model in the current ISO tariff could apply to network upgrades that are paid for by an interconnection customer and not reimbursed by transmission ratepayers. Do you agree that the merchant transmission model is the appropriate tariff treatment of such upgrades, or should other approaches be considered? If you propose another approach, please describe the business case for why such approach is preferable.
7. Stage 3 of the proposal also addresses the situation where an IC pays for a network upgrade and later ICs benefit from these network upgrades.

- a. Should the ISO's role in this case be limited to allocating option CRRs to the IC that paid for the upgrades?
  - b. Should the ISO include provisions for later ICs that benefit from network upgrades to compensate the earlier ICs that paid for the upgrades?
8. In order to transition from the current framework to the new framework, the ISO proposes Clusters 1 and 2 proceed under the original structure, Cluster 5 would proceed using the new rules, and Clusters 3 and 4 would be given an option to continue under the new rules after they receive the results their GIP Phase 1 studies.
  - a. Please indicate whether you agree with this transition plan or would prefer a different approach. If you propose an alternative, please describe fully the reasons why your approach is preferable.
  - b. If the straw proposal for the transition treatment of clusters 3 and 4 is adopted and a project in cluster 3 or 4 drops out instead of proceeding under the new rules, should the ISO provide any refunds or other compensation to such projects? If so, please indicate what compensation should be provided and why.
9. Some stakeholders have expressed a need for the ISO to restudy the need for and costs of network upgrades when projects drop out of the queue. The ISO seeks comment on when and restudies should be conducted, in the context of the proposed new TPP-GIP framework.
10. Some stakeholders have suggested that there may be benefits of conducting TPP first and then have developers submit their projects to the GIP based on the TPP results. Does your organization believe that conducting the process in such a manner is useful and reasonable?

This approach would be preferable to the current process whereby the IOUs signal the marketplace where they would like to build policy-driven transmission, then the generators reply by submitting interconnect applications to those lines, thus making them LGIP-driven, thus alleviating the need for any true transmission planning on the part of the CAISO. The simple fact is that the location of renewable (especially solar) generation today is driven solely by the location of transmission capacity. To imply otherwise is to deny reality. Policy driven transmission should be approved through a planning process that seeks to minimize the environmental impact and maximize the economic benefit of both the transmission project itself and the renewable generation that it enables.

11. Please comment below on any other aspects of this initiative that were not covered in the questions above.

As a general philosophy, Critical Path agrees with the comments from the CPUC that any CAISO transmission planning process needs to get away from being GIP-driven. It was the lack of transmission planning and dependence on the LGIP process that led to the debacle known as the first Statewide Transmission Plan. That plan is predicated on LGIP projects that face great uncertainty in the permitting process at the CPUC.

Ideally, the transmission planning process would lead the renewable generators to build generation where it is in the best interests of the ratepayers and citizens of California. The CAISO should do transmission planning in close conjunction with the CPUC, ideally with the CPUC as the lead agency and with minimal input from the CAISO. The easy part of any transmission planning is the CAISO part of the process – determining what general areas need an electrical connection. The challenging part is really the purview of the CPUC, which should lead and oversee the process. Determining how much developers should be paying for incremental transmission costs is an important goal, but if the overall process still leads to ill-advised and imprudent development of transmission, it is tantamount to simply rearranging the chairs on the deck of the Titanic.

Finally, Critical Path is hopeful that with new management at the CAISO that we can expect staff to be more responsive to stakeholder comments and questions. Specifically, we request that the CAISO staff should

- publish a list of each and every stakeholder comment and question and address them individually as opposed to simply publishing a new straw proposal and declare unilaterally that it incorporates stakeholder comments and concerns,
- publish a list and contact information of all the stakeholder meeting attendees (both those attending on-site and by teleconference).