



California ISO
Shaping a Renewed Future

**Addendum to
July 19, 2012
Draft Final Proposal**

Generator Project Downsizing

August 16, 2012
Market and Infrastructure Development

This addendum to the ISO's July 19, 2012, draft final proposal for the Generator Project Downsizing stakeholder initiative describes certain changes made to the draft final proposal in response to the July 27, 2012, stakeholder web conference and written stakeholder comments submitted August 3, 2012.¹ This addendum, in conjunction with the July 19, 2012, draft final proposal, represents the final Generator Project Downsizing proposal that will be presented to the ISO Board of Governors for approval at the September 13-14, 2012, meeting.

The Generator Project Downsizing proposal set forth in the July 19 document and this addendum are the work product of a stakeholder process launched in April of this year. Since that time the ISO has issued three proposal papers, held a stakeholder meeting and several stakeholder web conferences, and received and considered multiple rounds of written comments from stakeholders.

Following a stakeholder web conference on August 23, the ISO plans to present its final proposal to the ISO Board of Governors at the September 13-14, 2012 meeting.

The following table describes the changes the ISO is proposing relative to the draft final proposal.

#	Section # and Topic in Draft Final Proposal	Changes/Clarifications in this Addendum	ISO Comment
1	<p><u>8.5 Cost responsibility and downsizing deposit</u> – The draft final proposal specifies that restudy costs will be allocated to all downsizing generators equally without distinguishing study groups or clusters and without regard to the respective MW amount of each individual downsizing request. The draft final proposal specifies that there is no cap on restudy costs. The draft final proposal provides typical cluster study costs expressed in dollars per</p>	<p>Shortly after the close of the downsizing request window (but prior to initiating the restudy), the ISO will post on its website a preliminary estimate of total restudy costs based on the number of downsizing requests submitted in the downsizing request window. A downsizing generator's share of the restudy cost will be capped at an amount equal to 150 percent of that generator's share of the preliminary estimate of the</p>	<p>The ISO is making this change to address stakeholder concerns about the uncertainty of restudy costs. Establishing a cap on restudy costs will allow the interconnection customer to better gauge the costs associated with its downsizing request.</p>

¹ The draft final proposal can be found at: <http://www.caiso.com/Documents/DraftFinalProposal-GeneratorProjectDownsizing.pdf>

	<p>interconnection customer (derived from past cluster studies) to provide customers contemplating downsizing with increased cost certainty with regard to restudy costs.</p>	<p>total cost of the restudy.</p>	
<p>2</p>	<p><u>8.6 Withdrawal of a downsizing request</u> – When an interconnection customer submits a request to downsize, it does so without yet knowing the actual cost impact of its downsizing decision. The draft final proposal describes two opportunities for a downsizing generator to withdraw its downsizing request to reduce the risk due to these uncertainties. First, in the month following the close of the downsizing request window, the ISO will post on its website which projects (identified by queue number) have submitted a downsizing request and the MW amount requested. All downsizing generators will be permitted to utilize this first downsizing request withdrawal opportunity. Second, in the rare instance that the restudy identifies a circumstance in which a downsizing generator’s cost responsibility may significantly exceed (i.e., by more than 10 percent) its cost responsibility as identified in its Facility</p>	<p>First, once the ISO posts to its website which projects have submitted a downsizing request, the MW amount requested, and a preliminary estimate of total restudy cost, a downsizing generator will be given five business days to inform the ISO that it either intends to proceed with downsizing or withdraw its downsizing request and receive a full refund of its downsizing request. Second, the ISO is modifying the threshold for what constitutes a significant exceedance in cost responsibility in order to be eligible for downsizing request withdrawal opportunity number two. Specifically, if a downsizing generator’s cost responsibility exceeds its cost responsibility as identified in its Facility Study, Phase II study or its generator interconnection agreement, by 5 percent or \$5 million, whichever is lower, then the downsizing generator will be provided an opportunity to withdraw its downsizing request and</p>	<p>The ISO is making these changes to (1) clarify the amount of time a downsizing generator has to exercise the first downsizing request withdrawal opportunity as this was not specified in the draft final proposal, and (2) address stakeholder concerns that a 10 percent threshold is too high to become eligible for downsizing request withdrawal opportunity number two and a request by several stakeholders that the ISO establish a threshold that is defined by both a dollar amount and a percentage amount.</p>

	<p>Study, Phase II study or its generator interconnection agreement, and because it is part of the ISO's proposal that downsizing generators would be required to cover any such increased costs, the downsizing generator will be provided an opportunity to withdraw its downsizing request and forfeit any unused portion of its \$200,000 downsizing deposit. Only downsizing generators subject to such a significant increase in cost responsibility will be permitted to utilize this second downsizing request withdrawal opportunity.</p>	<p>forfeit any unused portion of its \$200,000 downsizing deposit.</p>	
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