

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the 2015 Interconnection Process Enhancements (IPE) Draft Final Proposal that was posted on July 6, 2015 and as supplemented by the presentation and discussion at the July 13, 2015 stakeholder meeting.

Submit comments to InitiativeComments@caiso.com

Comments are due July 27, 2015 by 5:00pm

For each topic that was modified in the Draft Final Proposal, please select one of the following options to indicate your organization’s overall level of support for the CAISO’s proposal:

1. Fully support;
2. Support with qualification; or,
3. Oppose.

If you choose (1) please provide reasons for your support. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal. If you choose (3) please explain why you oppose the proposal.

EDF-RE appreciates the opportunity to comment on the topics in the Draft Final Proposal. In addition to Topics 1-3, per the template format, EDF-RE also provides comments on Topic 5, because of its concerns about the CAISO’s proposals there (including the recent “clarification”).

Topic 1 – Affected Systems

EDF-RE supports the proposal with reservation. Specifically, the CAISO should modify the proposal to:

- Remove the waiver provision or, in the alternative, limit post-deadline Identified Affected Systems declarations to the period before the Generator Interconnection Agreement (GIA) is executed, for projects that have not yet executed GIAs; and
- Prohibit new Identified Affected Systems declarations for projects that have executed GIAs.

EDF-RE strongly supports the CAISO proposal to limit mitigation allocations to Interconnection Customers (ICs) to Affected Systems identifying themselves within 60 Calendar Days (CDs) after notice by the CAISO following the first Interconnection Financial Security (IFS) posting. However, EDF-RE strongly opposes the CAISO’s recent modification that would allow a waiver of the 60-day deadline “if facts or circumstances are later discovered that indicate that a system could be an Affected System.” EDF-RE also believes that the deadline concept should be applied (in a modified fashion) to earlier-queued projects also.

Late Affected Systems declarations have been a problem for years. The CAISO used to limit “Affected Systems” to those identified in its own studies, unless other systems proactively identified themselves. Even though this prior practice technically did not prevent Affected Systems identifications late in the interconnection process, this was quite rare.

The more recent CAISO policy change requiring each developer to obtain a waiver or Affected System mitigation agreement from any possible Affected System Operator before the CAISO will allow their project to operate has exacerbated the problem. Since that time, Affected Systems problems have become more numerous and significant, especially since those systems know that generators have only limited recourse to dispute unnecessary and/or costly mitigation payments.

The prior proposal in this area addressed, in part, the problem of late identification of Identified Affected Systems. However, the CAISO’s new provision allowing waiver of the 60-day deadline could completely undermine the effectiveness of the time limitation. Moreover, this vague and imprecise language does not:

- Place any responsibility on the Affected Systems in question for the prior lack of knowledge, e.g., whether they should have known about or could easily have derived or obtained the “new” information;
- Indicate what the “facts or circumstances” would meet the waiver criteria, e.g., whether changes in study assumptions (which change frequently) would be all that is needed;
- Allow developers to dispute the waiver, e.g., argue that the Affected Systems already had the “new” information or should have requested it; or
- Provides any time limit on the “discovery” of such factors, e.g., even for already-operating projects.

As it is, the CAISO’s prior proposal placed very few limits on Affected System operators and would be far from onerous. For example, that proposal did not require that they explain how they would be impacted, commence or complete any studies by any particular time, address the reasonableness of the assumptions or conclusions of those studies, or constrain the timing or content of mitigation agreements.

Then only thing that the prior proposal required those system operators to do is identify themselves as impacted. The waiver proposal is unnecessary and would place the risk on developers of oversights or routine assumption changes by those system operators, effectively negating the benefit of the proposed time limitation.

If the CAISO nevertheless decides to retain the waiver provision: (1) the criteria for granting waivers should be severely limited, e.g., to significant errors in CAISO assumptions or studies or other factors beyond the control of the systems requesting waivers; and (2) no waivers should be granted once a developer executes a GIA for the project.

In addition, new Identified Affected Systems declarations should not be allowed for any projects that have already executed GIAs.

The GIA is a significant contractual and financial commitment, often followed soon after execution by the third IFS posting, and the developer would likely have committed significant funds to Power-Purchase Agreement (PPA) security deposits about that time as well. Identified Affected System declarations after that time are especially likely to undermine project financial viability and confound efforts to finance and construct the project. The damage could be particularly severe for projects that have already begun operating.

Affected Systems have had at least two (and perhaps many more) years to declare an Identified Affected Systems designation for projects that already have executed GIAs, making this condition a reasonable restriction on late declarations for such projects.

Topic 2 – Time-In-Queue Limitations

EDF-RE supports the Proposal, with qualifications. Specifically, EDF-RE recommends that the CAISO make the following changes:

- Provide for conditional approval of a Commercial Operation Date (COD) extension beyond the time-in-queue limits for projects that have executed PPAs that are awaiting regulatory approval;
- Offer projects failing the proposed viability criteria an additional option to conversion to Energy-Only (EO) status;
- For COD extensions needed due to PTO construction delays:
 - Address only the immediate cause of the delays, instead of trying to reconstruct blame for process delays many years before; and
 - Require PTOs to request milestone changes needed due to their construction delays or, in the alternative, accept an IC's demonstration to that fact unless the PTO objects.

Conditional COD extensions

EDF-RE appreciates the CAISO's adoption of EDF-RE's proposal from its last comments to consider generation-project acquisition of a PPA with a Commercial Operation Date (COD) beyond the applicable time-in-queue limits as grounds for extending the GIA COD beyond those limits. However, the Proposal limits this provision to consideration of PPAs that have "obtained final regulatory approval."

Such approvals can take 6-9 months, and developers have no control over this timeline. The CAISO should not undermine an executed PPA (and the viability of the underlying project) due to that delay. Thus, the CAISO should grant conditional approval to the COD extension on the basis of the executed PPA, with the conditional status removed upon regulatory approval.

Removal of project deliverability

- **Projects meeting viability criteria:** As noted in its prior comments, EDF-RE does not oppose viability criteria or reasonable time-in-queue limitations. In general, they help ensure that unviable projects do not linger in the queue and force construction of upgrades for later-queued projects that are not really needed. With the revisions suggested here, EDF-RE supports the CAISO's proposed criteria.

- **Projects failing viability criteria:** Removal of Full Capacity Deliverability Status (FCDS) status will likely itself render the project unviable. With the likely expansion of the Renewables Portfolio Standard (RPS) to 50% in the near future, projects that are far advanced in the interconnection study process will be logical candidates to acquire PPAs and be constructed in the future. In practice, this may take more than a year to occur.

Moreover, the CAISO's proposal will require resolution of the difficult questions that PG&E has posed about possible cost-shifting to other projects and PTOs for Delivery Network Upgrades (DNUs) removed from the GIAs of projects failing the viability criteria. The potential need to re-study numerous Serial Group projects (e.g., under what assumptions?) to separate out the DNUs will add to the burden of this approach, especially if that leads to re-studies of other, later-queued Serial Group projects also.

Instead of automatically removing deliverability from projects that fail the viability criteria, EDF-RE suggests that the CAISO allow the developers of these projects to choose between these two alternatives to project withdrawal:

-**Option 1:** The CAISO proposal – lose FCDS status, convert to EO status, and remove DNU costs from the GIA; or

-**Option 2:** Retain FCDS status, continue to pay DNU costs (which may be low anyway for Serial Group projects), lose the deliverability for now, but be re-evaluated for deliverability with the last cluster before its COD, based on the GIDAP criteria in effect at that time. If there is insufficient deliverability to accommodate that cluster in the regular study process, the project would be subject to a reduced deliverability award commensurate with other projects in the study cluster with the same viability scoring.

Option 2 would remove the potential for cost-shifting to the PTOs or other projects while allowing the developer to market the project as requesting FCDS status – no worse than new projects in the queue – instead of a permanent EO project with significantly less value.

Under Option 1, and under Option 2 if a full deliverability award is not regained, these projects should have the option to apply in the Annual Deliverability Assessment for available deliverability in the future.

PTO requests for COD extensions

The Proposal states that planned BPM enhancements will help address situations where CODs must be delayed beyond the deadlines due to a PTO construction delay where the extension is not due to the developer's earlier delays in executing a GIA or beginning NU construction payments. The Proposal says that:

...if the Participating TO notifies the CAISO that a required milestone extension is 1) the earliest achievable In-Service Date for the Generating Facility; and 2) not caused by the Interconnection Customer's failure to execute a GIA or begin payment for the construction of Network Upgrades, then the request will be processed as a Participating-TO-initiated delay, which will not invoke the commercial viability criteria."

EDF-RE strongly agrees that the viability criteria should not apply to COD extensions needed because of PTO construction delays. However, there are likely to be PTO-developer disagreements about which party was to blame for negotiation delays many years before. The CAISO should not devote its scarce resources to trying to assign blame for various delays in producing drafts or responding to comments for the typical back-and-forth interactions leading to the GIA execution.

Moreover, there is no requirement that the PTO provide such notice, even if there were no negotiation delays caused by the developer in the original GIA negotiations.

For these reasons, the CAISO should:

- Limit its determination of whether the COD extension is needed due to PTO construction delays only to the immediate need for the extension, instead of trying to assign blame based on long-ago GIA negotiations; and
- Accept the IC's assertion that the delay is due to PTO construction delays if the PTO does not explicitly object.

Topic 3 – Negotiation of Generator Interconnection Agreements

EDF-RE's comments concern the provisions regarding GIA negotiations impasses.

First, EDF-RE supports inclusion of the LSA-proposed definition of "impasse" in the CAISO tariff, perhaps with a modifier that distinguishes it from other uses of the term.

Second, EDF-RE is concerned that there are many instances where negotiation delays are caused by PTO and CAISO addition of significant provisions or modifications late into the negotiations period. Thus, in return for PTO and CAISO ability to declare an impasse, EDF-RE proposes a possible extension of the usual 120-day GIA negotiation target to ensure that all parties have had an opportunity to carefully consider each other's final positions, through modification of the LSA-proposed "impasse" definition as follows:

A situation where the parties have proposed their final terms and conditions, the other parties have had reasonable time to fully consider those terms and conditions for a minimum of 60 Calendar Days, but the parties cannot reach agreement on those terms and conditions.

If the CAISO's and PTO's final terms and conditions are put forth before halfway through the negotiation period (i.e., by Day 60), there would be no need to extend the negotiation period beyond 120 days for that reason.

Finally, the decision timelines for all parties should be the same. The Proposal would only allow developers 7 calendar days to initiate Dispute Resolution or request filing of an unexecuted GIA at FERC after declaring an impasse. However, if the CAISO or PTO declares an impasse, they would have 21 calendar days to file an executed GIA at FERC. Developers should have at least as much time to take action as the CAISO and PTO, i.e., at least 21 calendar days.

Topic 5 – Stand-Alone Network Upgrades (SANUs) and Self-Build Option

EDF-RE opposes the Proposal, in two respects.

First, the Proposal would require the first and second IFS postings to include the SANU costs, forcing the developer to post potentially millions of dollars for upgrades that it plans to construct itself. This is an unreasonable burden, among other reasons because the developer might also have to post security during this time to contractors and others who will perform the work.

Second, the CAISO’s “clarification” regarding the project cost cap is also unreasonable, in that it would include the cost of upgrades that the CAISO, PTO, and IC all agree will be built by the developer, even after the GIA is executed and significant financial commitments are made that demonstrate the seriousness of the commitment. Moreover, as LSA and CalWEA pointed out on the conference call, the higher cost cap could hurt the developer during the annual reassessment process by leaving more “headroom” for allocation of other upgrade costs in that process.

EDF-RE understands that the PTO should be protected against incurring unreimbursed costs for SANUs, and that there should be consequences to renegeing on a commitment to build these facilities. EDF-RE suggests that the CAISO take a much simpler approach: Developers that commit to building SANUs and then rescind that commitment would not only immediately have to post money for the additional costs imposed on the PTO, but they would forfeit the protection of the Network Upgrade cost cap for those facilities.

In other words, the project’s cost responsibility other upgrades would be covered by the cost cap, but the developer would have to pay actual costs for the former SANUs. This approach would accomplish both of these objectives:

- Be fair to developers who are serious about their commitments to build SANUs by preventing the need for them to post millions of dollars for upgrades that they themselves will construct; and
- Provide a significant deterrent to false or less-serious commitments to build SANUs and protect the PTO from incurring risks or costs as a result of the commitment rescission.

In addition, EDF-RE strongly supports the CAISO’s proposal to clearly identify SANU milestones in project GIAs and closely enforce them during project development.