

Stakeholder Comments Template

Subject: Generation Interconnection Procedures Phase 2 (“GIP 2”)

Submitted by	Company	Date Submitted
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This template was created to help stakeholders structure their written comments on topics detailed in the April 14, 2011 *Straw Proposal for Generation Interconnection Procedures 2 (GIP 2) Proposal* (at <http://www.caiso.com/2b21/2b21a4fe115e0.html>). We ask that you please submit your comments in MS Word to GIP2@caiso.com no later than the close of business on May 5, 2011.

Your comments on any these issues are welcome and will assist the ISO in the development of the draft final proposal. Your comments will be most useful if you provide the reasons and the business case for your preferred approaches to these topics.

Your input will be particularly valuable to the extent you can provide greater definition and clarity to each of the proposals as well as concerns you may have with implementation or effectiveness.

Comments on topics listed in GIP 2 Straw Proposal:

EPUC appreciates the opportunity to comment on the GIP 2 Straw Proposal. It has no comment on topics in Work Groups 1, 2, 4 and 5. The non-existence of EPUC comments in those areas should not be interpreted as an endorsement of CAISO's approach. EPUC's comments center generally on the need to simplify procedures for generation changes of low consequence.

Work Group 3

5. Interconnection Refinements to Accommodate QF conversions, Repowering, Behind the meter expansion, Deliverability at the Distribution Level and Fast Track and ISP improvements
 - a. Fast Track application to facility repowerings

Comments:

CAISO proposes to apply the current screens, criteria and application procedures of the Fast Track process to repowerings of existing generation facilities under 5 MW. EPUC supports this proposal, but the Fast Track application process should be extended to include incremental additions of capacity. CAISO states that the Independent Study Process (ISP) is the preferred vehicle for incremental capacity additions. However, projects located near other interconnection projects may not satisfy the "*electrical independence*" tests. Further, the 240-day timeframe and the \$50,000+ study deposits of the ISP can be overly burdensome for small, incremental additions of capacity. The advancement of the AB 1613 under 20 MW CHP program and the recent conclusion of the CHP settlement, which creates new pro forma contracts for existing generators, will create demand for expedited interconnection of small, incremental CHP expansions. The achievement of the states' CHP goals depends upon efficient interconnection processes in the same way as achievement of the goals of the RPS program.

EPUC envisions Fast Track interconnections under a variety of scenarios where the current study deposits and financial security postings of the GIP are overly burdensome. For example, consider an existing CHP plant that historically exports 85 MW and plans to repower, add generation or install after-market efficiency solutions, with the resulting nameplate output of the facility increasing by 5 MW. EPUC submits that Fast Track should be available to accommodate this project since incremental increases represent no greater risk to the grid than new, greenfield projects that are already eligible for Fast Track. In fact, the existing facility and contracts, and the brownfield nature of the projects, minimize the risk to CAISO and the IOU of the projects not going forward and are less risky than projects that currently qualify for Fast Track. The argument is even stronger in those cases where the addition of the 5MW would not exceed the original interconnection capacity for the site.

The Straw Proposal fails to justify why Fast Track cannot be used for incremental capacity increases other than to state that Fast Track is limited to projects larger than 5 MW. EPUC can

see no technical reason why Fast Track should not be available to incremental increases in capacity under 5 MW so long as the project is able to pass the already stringent Fast Track screens, as applied to the incremental capacity.

EPUC originally proposed that the Fast Track ceiling be raised as high as 20 MW. CAISO states that the 5 MW limit was well vetted in the previous GIP, and it would prefer to gather data regarding the performance of the newly created process before it raises the ceiling. While EPUC disagrees that the ceiling should not be raised, it understands CAISO's interest in analyzing its newly created process.

b. QF Conversion

Comments:

The CAISO proposal creates four paths for converting from status as an existing QF contract to a PGA:

1. If the generator is not re-powering or re-configuring its facility, it would use an affidavit approach with a capacity calculation based on historic deliveries.
2. If the generator is making minor changes to the facility, it would use an affidavit approach to certify the changes are insignificant. There would be a supplemental review process in this case.
3. If the generator is re-powering or re-configuring its facility without increasing the deliverable capacity of its plant, it would use the ISP.
4. If the generator is re-powering or re-configuring its facility in a way that increases the deliverable capacity of its plant, it would enter the cluster study process.

EPUC generally supports the Straw Proposal's four-path approach but has concerns regarding what constitutes "*insignificant*" changes and regarding the processes and financial commitments involved in "*supplemental review*" in the second path.

c. Behind the meter expansion

Comments:

CAISO adopted a stakeholder proposal to allow behind-the-meter expansion for existing generating units so long as an "*expansion breaker*" was installed to ensure that output does not exceed the capacity level studied during interconnection. EPUC supports the intent of the proposal to create a mechanism to add behind-the-meter capacity without the 240-day timeframe or \$50,000+ deposits of the ISP. However, the existence of an "*expansion breaker*" is not workable for CHP facilities because it conflicts with provisions in the QF PGA, and related provisions in the main body of the CAISO Tariff, that limit the dispatchability of QFs.¹ These provisions exist because output from a CHP facility is directly linked to the thermal or steam needs of the industrial or commercial host that the cogenerator serves. The CHP unit must be able to increase or decrease its exports of electricity to the grid as host steam and thermal needs increase or decrease. CAISO control of an "*additional capacity breaker*" would limit the amount of electricity a CHP plant could deliver to the grid, which, in turn, would limit, and could destabilize, the thermal or industrial production of the host. The expansion breaker indirectly constitutes, therefore, CAISO control of the host's commercial or industrial process. A better solution, as previously proposed by EPUC and discussed above, is to allow incremental

¹ See QF PGA §§ 4.2.5; 4.5.

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expansions of capacity up to 20 MW to occur under the Fast Track process. Larger behind-the-meter expansions of capacity can proceed under the ISP.

Alternatively, financial recourse, as opposed to operational recourse, is a superior approach for CHP resources. It is EPUC's understanding that a facility cannot schedule an amount of electricity greater than its interconnection capacity; thus, any production beyond the interconnection limit would cause imbalance energy charges or uninstructed deviation penalties for the CHP unit. Thus, existing provisions should be sufficient deterrents to generating beyond interconnection levels. If CAISO and stakeholders agree that existing provisions are an insufficient deterrent, EPUC believes that development of an appropriate penalty for instances where output exceeds interconnection output is still preferable to operational solutions.