

FIRST SOLAR

Stakeholder Comments

Subject: Generation Interconnection Potential Revision to Cluster 4 Phase 1 Study Methodology

Submitted by	Company	Date Submitted
Robert Jenkins RJenkins@firstsolar.com 510-625-7435	<i>FIRST SOLAR</i>	<i>Please fill in here</i>

This template was created to help stakeholders structure their written comments on topics detailed in the *Generation Interconnection Procedures Potential Revision to Cluster 4 Study Methodology* paper located at <http://www.caiso.com/Documents/GenerationInterconnectionCluster4Phase1MethodologyDiscussionPaper.pdf>. We ask that you please submit your comments in MS Word to regionaltransmission@caiso.com no later than the close of business on **August 5, 2011**.

Your comments will be most useful if you provide the reasons and the business case for the issue(s).

Please respond to the question, “Do you generally support the proposal?”

Yes. First Solar appreciates the opportunity to comment and acknowledges the CAISO and PTO’s for taking this immediate and urgent action to put a stop to a process that is obviously broken and producing unintended consequences, especially for later clusters. We look forward to working toward a more holistic solution, and demand based planning structure, in the future.

1. If yes, please provide comments on the details of the proposal.

First Solar is generally in support of the proposal and agrees that applying the current methodology to Cluster 4 generation will likely produce excessive upgrades compared to amounts of new generation that may achieve commercial operation. Although we also believe that this to be the case for much of the

**Comments Template for July 29, 2011 Stakeholder Call
Generation Interconnection Cluster 4
Phase 1 Study Methodology**

Phase I study results starting with the Transition Cluster using a study methodology that assumes all the generation in the queue will be built.

We also agree that this study methodology is producing excessively high cost ceilings, generates excessive plans of service, and unnecessary workload for all parties.

Step 1 – Assess whether a methodology change is appropriate for each specific study area:

To identify the maximum generation forecast for the transmission planning studies, we would support applying a new methodology that based on a more realistic generation dispatch based in a 33% renewables by 2020, with model being informed by the queue and the 33% RPS portfolios . A demand based transmission planning methodology, driven by long term procurement goals would take into account the policy goals of the state while recognizing renewable energy zone development.

But it needs to be pointed out that the CPUC LTPP portfolios are still being developed and revised and the IOU's have proposed modified portfolios that should be considered as well in this analysis to achieve the maximum utilization of the pending and approved transmission projects.

Step 2 – Determining network upgrades and costs:

First Solar supports moving away from the current method of processing the queue which designs transmission upgrades to achieve delivery of all available supply resources. This current process produces estimates with excessive upgrades that are unlikely to be ultimately built; and therefore we can support use of a maximum resource, or highest portfolio limit for purposes of deriving a Phase I result for Cluster 4. Otherwise expansion plans in excess of what is needed to meet the state policy goals will result in cost burdens in the form of excessive security deposits being placed on developers.

Step 3 – Allocation of costs to Cluster 4 generation:

While allocating costs on a straight line and simple \$/MW calculation applied to the capacity of a project may seem the a simple approach, to have comparatively similar treatment to Cluster 3, the calculation should more appropriately include a flow factor similar to what was done for all earlier clusters.

2. If no, please provide comments.

**Comments Template for July 29, 2011 Stakeholder Call
Generation Interconnection Cluster 4
Phase 1 Study Methodology**

The CAISO proposes that Cluster 4 place security against Cluster 3 identified upgrades where deposits have already been defined for Cluster 3. This would imply that there would be more deposits on the same upgrade than originally contemplated at the completion of Cluster 3 Phase I following their deposit timeline.

If this proposal is initiated immediately we would recommend a modification of financial security refund or forfeiture as there will likely be more deposits posted than necessary for some of the upgrades, where the PTOs have already received deposits or will be receiving deposits from Cluster 3, and now will be potentially receiving deposits on the same upgrades from Cluster 4. The proposal in the TPP GIP Integration currently provides the option where the project security deposits are refunded upon COD for projects that move forward, but there needs to be a mechanism that releases deposits when transmission capacity is used by another project..

Other Comments: *If you have other comments, please provide them here.*

First Solar would also be in support of Stakeholders suggestion for the CAISO to postpone the Cluster 3 deposits to coincide with Cluster 4 deposits to not disadvantage Cluster 3, nor would we be opposed to using this same methodology toward Cluster 3 if it did not delay either cluster timelines. We see this as leaning toward a more demand based planning approach which has logical advantages to achieving the ultimate build out of renewable development.

We appreciate the opportunity to comment and strongly support taking action to move away from supply based planning methodology; and working toward a more holistic planning process that encourages competition, an efficient transmission planning process, and achieves the necessary build-out to meet renewable energy goals and policy objectives.