

GridLiance Comments on the CAISO Generation Interconnection Driven Network Cost Recovery Proposal

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GridLiance appreciates the opportunity to submit comments on the CAISO's February 6, 2017 Generation Interconnection Driven Network Cost Recovery Draft Final Proposal (Final Proposal). As noted in our comments filed December 16, 2016 on the prior proposal, GridLiance has interest in this issue both because of GridLiance's partnership as the future owner of the VEA-area high voltage facilities and because of the conceptual significance of resolving the generation interconnection cost recovery policies from a cost-causation perspective. Capitalized terms not otherwise defined herein are as defined in the Final Proposal.

GridLiance supports the CAISO's overall direction as expressed in the Final Proposal with respect to providing a mechanism to have the interconnection costs of resources that are not serving a small PTO's own load service or RPS needs be recovered through the CAISO's High-Voltage TAC. GridLiance also supports the CAISO's proposal to address such situations on a case-by-case basis, especially in light of the reality that currently VEA is the only PTO to which this issue is relevant within the CAISO. Notwithstanding GridLiance's support for moving forward with case-by-case solution at this time in consideration of the VEA situation, GridLiance believes that the policy adjustments recommended herein should be applicable to other situations as well should they arise. For simplicity, GridLiance has referenced VEA and GridLiance herein, but asks the CAISO staff to consider this in the general case should it arise again wherein there is one small PTO and another PTO or set of PTOs whose load should more appropriately pay for the generation interconnections.

The criteria that the CAISO has proposed that would qualify a PTO for such treatment or subsequently disqualify them from such treatment seems to warrant further refinement. Some of the criteria seem subjective. As an example, the CAISO's criterion of VEA qualifying as a "resource rich" area should not be something that results in qualification one year and disqualification a subsequent year. Refinement prior to filing the VEA-specific treatment is warranted to reduce any uncertainty or risk that would exist absent such refinement.

Further, careful consideration should be given to the proposed possibility of retroactive treatment. Said otherwise, the CAISO should conduct this refinement to ensure that the policies are robust. For example, VEA's contracting for one incremental MW of a renewable resource that has been interconnected to its grid should not trigger VEA's required recovery of hundreds of other MWs of pre-existing generation interconnection costs. Rather the policy should be designed to work smoothly, without such knife-edge rate treatment effects.

Finally, GridLiance notes that in crafting the final tariff language, care should be taken to ensure that the qualification to place the costs in the high-voltage TAC turns on the location and size of the load that

would bear the interconnection cost under an applicable low-voltage TAC, not the PTO who builds and owns the facilities. For example, should GridLiance, at VEA's request, undertake the obligation to handle one or more interconnections on VEA's low-voltage system, there should be the same opportunity for GridLiance to include the costs in its high-voltage TAC that VEA itself would have. The need for this relief is the need of customers who would otherwise bear the unreasonable rates through a low-voltage TAC. Thus when determining which PTOs qualify for use of the high-voltage TAC for such lower-voltage additions, the focus should be on what load would otherwise bear those costs in a low-voltage TAC.

GridLiance would be pleased to work with the CAISO to refine its proposed policy changes and again wishes to express its appreciation for the CAISO's continued attention to this issue.