GOLDEN STATE
CLEAN ENERGY

Golden State Clean Energy Comments – Draft Tariff Language – Interconnection Process Enhancements (posted 9/4/18)

Golden State Clean Energy ("GSCE") is developing a pre-permitted, master-planned, clean energy park with renewable energy, storage, and transmission development. This project is in the Central Valley and offers substantial local and environmental benefits. It has garnered strong agricultural, environmental, labor, and local community support. The project helps the Bureau of Reclamation and farmers in the Westlands Water District meet a federal-state settlement agreement to redirect use of drainage impaired farmland to an environmentally beneficial use, creating more water for other agricultural uses as the drainage impaired farmlands are retired from irrigated agriculture. Finally, the project is considered "smart from the start" and is supported by the Governor, the California legislature, and many members of Congress.

GSCE's renewable energy and storage projects under development in the Central Valley are all well underway, have completed their CEQA review under a programmatic EIR, and are headed towards commercial operation between 2020 and 2022. All projects are in Queue Clusters 8 and 9. Projects of this vintage are poised to take advantage of the federal income tax credit benefits that have been well documented and discussed in California as providing significant savings to California ratepayers. With the increased RPS target fresh off the Governor's desk (SB 100), as a policy matter, all energy agencies in the state should be focused on ways to achieve the targets in a way that balances the factors set out in SB 350 – cost, reliability, and GHG savings. The projects in CAISO's earlier queue clusters (particularly Clusters 8 and 9) that are proceeding towards near-term online dates are key to achieving these goals.

Based on the CAISO's July 10 revised straw proposal in the Interconnection Process Enhancements Proceeding, which was the final proposal posted for stakeholder review addressing these issues, we believed the CAISO did not intend the rule changes associated with transmission plan deliverability retention to apply to Clusters 8 and 9, with one limited exception noted in the revised proposal. We have raised this concern with CAISO staff, and we appreciate their engagement to understand the concern and review whether changes to the tariff language are warranted to align what is ultimately filed for Federal Energy Regulatory Commission approval with what was presented to the CAISO Board and to stakeholders. Since GSCE did not participate in this phase of the proceeding based on the understanding that projects in Clusters 8 and 9 would not be affected, we are submitting these comments along with suggested revisions to the CAISO's posted tariff language.

GSCE's belief about the application of the new proposed rules was informed by the following statements in the July 10 revised straw proposal:

- "all projects that sought and received a TPD allocation in Cluster 9 and prior will not be subject to the new TPD allocation methodology. Any project in Cluster 8 or 9 who received an allocation, but declined it and parked, whether or not they claimed BSF, will be required to follow this new TPD allocation methodology. Cluster 10 and later clusters will be subject to the new TPD allocation methodology" – p. 11

- "all projects that sought and received a TPD allocation in Cluster 9 and prior will not be subject to the new TPD allocation methodology and will be subject to meeting CVC. Any project in Clusters 8 or 9 allocated TPD, that declined their allocation and parked, whether or not they claimed BSF, will be required to follow this new TPD allocation methodology. Cluster 10 and later clusters will be subject to the new TPD allocation methodology" – p. 16

However, the draft tariff language posted the day before the CAISO Board meeting has the effect of altering transmission plan deliverability retention criteria for all projects, including those in clusters prior to Queue Cluster 10, which is inconsistent with the revised straw proposal. Interconnection customers in earlier clusters who have received a TPD allocation had no notice that the new TPD retention rules would apply to them. We believe that failure to remedy this would result in retroactive ratemaking, differential treatment of similarly-situated projects in the same queue clusters, and a tariff change that did not receive Board approval.

Not explicitly addressed in the July 10 straw proposal's discussion were projects in earlier clusters that had parked and that would be eligible for a transmission plan deliverability allocation this year. We believe that since the parking keeps these projects in the same eligibility classification as projects that received an allocation last year, parked projects seeking an allocation this year that had not previously declined an allocation should be subject to the same rules as prior projects. This would be consistent with the CAISO's statement that Clusters 10 and later will be subject to the new rules, and would not be at odds with the exception for parked projects that previously declined an allocation.

Again, we appreciate that the CAISO has engaged and is reviewing these concerns. Given the number of important changes and the complexity of these rules, we urge the CAISO to take the time to re-post the draft tariff language so all parties can review and understand the implications of the proposed new tariff language on existing and future projects. If the CAISO intends to develop tariff requirements that deviate from posted papers and the memo presenting these changes to the CAISO Board, these changes should be returned to the Board for consideration and approval so the Board has an opportunity to consider them in light of stakeholder feedback, and so stakeholders have the opportunity to petition the Board related to the changes.

Thank you for considering these comments and GSCE's proposed tariff revisions.

Sincerely,

/s/
Daniel Kim
Vice President – Regulatory and Governmental Affairs
Golden State Clean Energy