

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the Interconnection Process Enhancements (IPE) Draft Final Proposal for Topics 4, 5, and 13 posted on March 25 and as supplemented by the presentation and discussion during the April 2 stakeholder meeting.

Submit comments to GIP@caiso.com

Comments are due April 16, 2014 by 5:00pm

The Draft Final Proposal for Topics 4, 5, and 13 posted on March 25 may be found at:

http://www.caiso.com/Documents/DraftFinalProposal-Topics_4-5-13-InterconnectionProcessEnhancements.pdf

The presentation discussed during the April 2 stakeholder meeting may be found at:

http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancementsApr2_2014.pdf

Please provide your comments on the ISO's proposal for each of the topics listed below.

Topic 4 – Improve Independent Study Process

The ISO's draft final proposal to improve the Independent Study Process (ISP) addresses four areas:

- Criteria for ISP eligibility
- Process and timeline enhancements
- Tests for electrical independence

- Clarification on behind-the-meter (BTM) expansion and its impact on net qualifying capacity (NQC)

Please select one of the following options to indicate your organization's overall level of support for the ISO's draft final proposal addressing the ISP:

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.

IEP supports the proposal with qualifications.

IEP appreciates the significant improvements the ISO has made in its proposals on this topic over time and we remain sensitive to the ISO's concerns with respect to BTM expansion that may invalidate prior study results. We also remain hopeful that the ISO can and will still choose to address BTM expansion and increased NDQ in the following manner. IEP sees an area of optionality that the ISO's proposal doesn't address in this matter. Specifically, IEP believes the ISO could satisfy its concerns regarding BTM-related NDQ expansion if it were to apply a materiality test whose criteria clearly limit the size of the expansion such that prior study work would continue to apply and the BTM application would not trigger a need to restudy. The ISO's interconnection process is arduous for all involved, including the ISO and PTOs. Where the potential exists for an approved or operational project to expand - within very strict limits that create value and little or no additional cost - the economic benefit to ratepayers should only be positive.

Topic 5 – Improve Fast Track

The ISO's draft final proposal to improve the Fast Track (FT) process addresses two areas:

- Revisions to the processing fees and study deposit, timelines, customer options meeting, and the supplemental review, among others.
- Compliance with FERC Order 792.

Please select one of the following options to indicate your organization's overall level of support for the ISO's draft final proposal addressing the FT process:

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.

IEP has not comments on the ISO's proposal on this topic

Topic 13 – Clarify timing of transmission cost reimbursement

The March 25 paper contains the ISO's second revised straw proposal on this topic. As a reminder, the ISO's proposal is comprised of the following three elements:

1. Reimbursement for required network upgrades already in service will commence upon the generating facility or the phase that requires those upgrades achieving commercial operation, as specified in the generator interconnection agreement.
2. Reimbursement for required network upgrades placed in service subsequent to the generating facility or phase achieving commercial operation (including those under construction at the time of the commercial operation date of the project or project phase) will commence at the beginning of each calendar year for those required network upgrades placed in the service during the prior year calendar year.
3. The ISO proposes to revise the tariff to apply these new rules on a going-forward basis to both phased and non-phased projects. The ISO believes that the appropriate balance between harmonizing the repayment rules and existing customer expectations is to apply this new policy beginning with customers who have not yet received a generator interconnection agreement. However, in order to avoid a situation in which customers in the same cluster, or even in the same study group, could be subject to different repayment rules, the ISO proposes to apply these new rules beginning with the customers in the first cluster in which all projects have not yet been tendered a generator interconnection agreement at the time of FERC approval of the ISO proposal on this topic.

Please indicate your organization's overall level of support for these three proposal elements as a whole (i.e., together these three elements comprise the ISO's proposal).

On the whole, IEP views the ISO's Draft Final Proposal as a noticeable improvement over prior iterations on this topic. In general, IEP is supportive of the Draft Final Proposal. There

continues to be one specific element of the Draft Final Proposal, however, that prevents IEP from voicing full support. That item is discussed in detail below.

In addition, please also comment on your organization's view regarding the feasibility of the second proposal element. Some stakeholders have expressed concern about the potential for multiple reimbursement periods and accounts that this second proposal element may entail. Others have questioned whether these multiple reimbursement periods will each be of five year duration. The ISO asks stakeholders to comment on these questions. The ISO is also specifically interested in whether your organization believes that the additional complexity – due to reimbursements commencing at the beginning of each calendar year for those network upgrades placed in service during the prior year calendar year – is outweighed by the benefits to interconnection customers of reimbursement commencement not having to wait until the last required network upgrade is placed in service.

Specific to second proposal element, IEP continues to have concern due to the lack of limits on the customer's risk that one or more upgrades might be delayed excessively, such that no cost recovery could begin for an undetermined period of time. IEP understands and appreciates the ISO and PTO concerns about allowing cost reimbursement before NUs are in service. Even so, holding up a customer's cost reimbursement indefinitely does not seem reasonable. IEP requests that the ISO consider a maximum period of time from the date of generator COD that a customer could potentially have to wait to begin receiving cost recovery on all NUs identified as necessary to serve their project. The tariff (Appendix CC and EE, sections 11.4.1) currently states that the customer will receive their reimbursement over a period of time not to exceed 5 years from the COD of the generator, or a period of time mutually agreed to by the TO and the customer. We recommend that the ISO limit the exposure of the customer to NU delays by requiring that reimbursement begin no later than 5 years from generator COD and, very importantly, that total reimbursement would have to be completed within 5 years of COD. In that manner, while the IC may have to wait for their reimbursement to begin for up to 5 years after COD, they would know with certainty that they would be fully reimbursed within 5 years of COD. The TOs should carry less risk since they wouldn't have to begin reimbursement until some date in the future that's more likely to encompass the NU in-service date. A transmission operator might not need to begin reimbursement for several years after the generator COD, at which point the reimbursement would be levelized over the remaining years.

For example, if a generator reaches COD on 7/1/2020 the TO would be obligated to make full reimbursement by 7/1/2025 (within 5 years) even the required NU isn't in service by that date. In this scenario, assuming that the one required NU goes into service after the generator COD, the TO has up to 5 years to make full reimbursement but doesn't have to start reimbursement until the in-service date of the NU. If, as IEP understands the ISO's concern that the TOs may be exposed to paying reimbursement without having the NU in service, this change has the potential to mitigate much of that risk. Therefore, if a generator reaches COD on 7/1/2020 and the required NU goes into service on 7/1/2023, then the TO wouldn't have to start reimbursement until 7/1/2023, then they'd make full reimbursement within the next 2 years, by the 7/1/2025 deadline. There would continue to be some risk that a TO would have to begin reimbursement before an NU was in service (i.e. if it takes more than 5 years after the generator COD to get the NU in service), but the TO has significantly more control over the schedule than the IC ever will. IEP believes this approach would provide incentive to the TO's to get their projects in service and for the ISO to move expeditiously on planning and project approval, while sharing the risk between all parties.