

**Comments of IEP Regarding the CAISO TPP-GIP Integration Straw Proposal**

The Independent Energy Producers Association (IEP) appreciates the opportunity to provide the attached comments to the CAISO with respect to its Transmission Planning and Generation Interconnection Procedures (TPP-GIP Integration) Straw Proposal dated July 21, 2011, as discussed during the stakeholder meeting conducted by the CAISO on July 28, 2011.

IEP represents over 20,000 MWs of non-utility, independently owned generation resources in California. Our members are keenly interested in the results and potential impacts of the CAISO's initiative to integrate two critical processes.

Thank you for consideration of the following comments.

**Comments of IEP Regarding the CAISO TPP-GIP Integration Straw Proposal**Stakeholder Comments Template**Integration of Transmission Planning and Generation  
Interconnection Procedures (TPP-GIP Integration)  
Straw Proposal, July 21, 2011**

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, covered in the TPP-GIP Integration Straw Proposal posted on July 21, 2011 and discussed during the stakeholder meeting on July 28, 2011.

Please submit your comments below where indicated. At the end of this template you may add your comments on any other aspect of this initiative not covered in the topics listed. If you express support for a preferred approach for a particular topic, your comments will be most useful if you explain the reasons and business case behind your support.

Please submit comments (in MS Word) to [TPP-GIP@caiso.com](mailto:TPP-GIP@caiso.com) no later than the close of business on Tuesday, August 9, 2011.

In recognition that the CAISO will be releasing a Strawman Proposal related to the Integration of Transmission Planning and Generator Interconnection in the near future, IEP which as this time to focus its comments on Question 8 as provided below. We reserve our comments on the other questions pending further review and evaluation. We appreciate the CAISO's consideration of our comments at this point.

8. In order to transition from the current framework to the new framework, the ISO proposes Clusters 1 and 2 proceed under the original structure, Cluster 5 would proceed using the new rules, and Clusters 3 and 4 would be given an option to continue under the new rules after they receive the results their GIP Phase 1 studies.
  - a. Please indicate whether you agree with this transition plan or would prefer a different approach. If you propose an alternative, please describe fully the reasons why your approach is preferable.

## Comments of IEP Regarding the CAISO TPP-GIP Integration Straw Proposal

*IEP offers the following commentary and proposed GIP process reforms in support of the CAISO's TPP-GIP integration initiative.*

### **Background:**

IEP generally supports the CAISO's interconnection reform initiative, and has worked with the CAISO to improve its overall interconnection procedures. The CAISO is engaged in designing and implementing a number of changes to its interconnection policy to enhance its viability and reduce the overall size of the queue to those projects demonstrating significant financial commitments. Specifically, CAISO has proposed an 'economic test' to be applied during its annual Transmission Planning Process (TPP), based on assigned Network Upgrades from the Generator Interconnection Process (GIP) beginning with Clusters 3 and 4 ("3/4") Phase 2 studies. Any costs deemed "uneconomic", would be allocated to the generators whose projects result in the uneconomic upgrades. This in and of itself is a major change in interconnection methodology and is a significant increase in economic exposure for generators.

Developers are facing increasing uncertainties related to utility procurement practices, as public policies morph over time. Providing a means for generators to adjust to the changing commercial realities on a going-forward basis helps remove barriers to generation development, while enhancing transmission planning and development by better matching viable transmission development with needed transmission infrastructure investment.

### **IEP Proposal:** [One-Time Downsizing – Clusters 3 and 4](#)

IEP believes that the following proposal provides significant benefits to the CAISO interconnection process in general and queue reform in particular. Specifically, IEP believes that projects in Cluster 3/4 need a one-time option to down-size their project capacity after the results of the TPP economic analysis are incorporated into the "final" Phase 2 study and before being tendered the GIA, to address the increased economic exposure resulting from network upgrades deemed to be uneconomic. The objectives of the proposal are as follows.

### **Objectives:**

1. To reduce size (i.e. MWs) currently in CAISO interconnection queue;
2. To provide electric generators, a one-time, voluntary "window" to down-size their projects in the queue in a timely and cost-effective manner.
3. To reduce the overall costs for system upgrades associated with interconnections of MWs remaining in interconnection queue.

The CAISO does not propose to apply the economic analysis of Network upgrades to the Serial cluster, Transition cluster, and Clusters 1 and 2 and therefore, these projects are not included in this proposal. Further, the IEP proposal would not apply to any future clusters (e.g., Cluster 5 and beyond).

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### Implementation Details:

- A. Cluster's 3/4 Phase 2 Studies are due to be complete in July 2012. Network Upgrades identified in the Phase 2 studies and subject to economic evaluation will be submitted into the current TPP cycle at that time. Projects must then wait for results from the TPP economic analysis to receive their 'final' Phase 2 study. Phase 2 studies for projects that have **no** assigned Network Upgrades submitted into the TPP are deemed 'final'. The project will be tendered its GIA in accordance with existing GIP rules.
- B. It is proposed that following issuance of the 'final' Cluster 3/4 Phase 2 studies which includes TPP results (e.g., uneconomic cost allocations), a window (e.g., 7-10 days) be opened to allow for the one-time option for projects wanting to down-size.
- C. The down-sized queue would then be restudied to define the final network upgrades and uneconomic costs for inclusion into the associated GIA(s).
- D. For those projects that do not elect to downsize and/or do not want to wait for the refined results of the downsized cluster (i.e. in order to expedite their project financing or other reasons) they may proceed with the GIA based on the final Phase 2 study report.

### Impact on CAISO Interconnection Study Work:

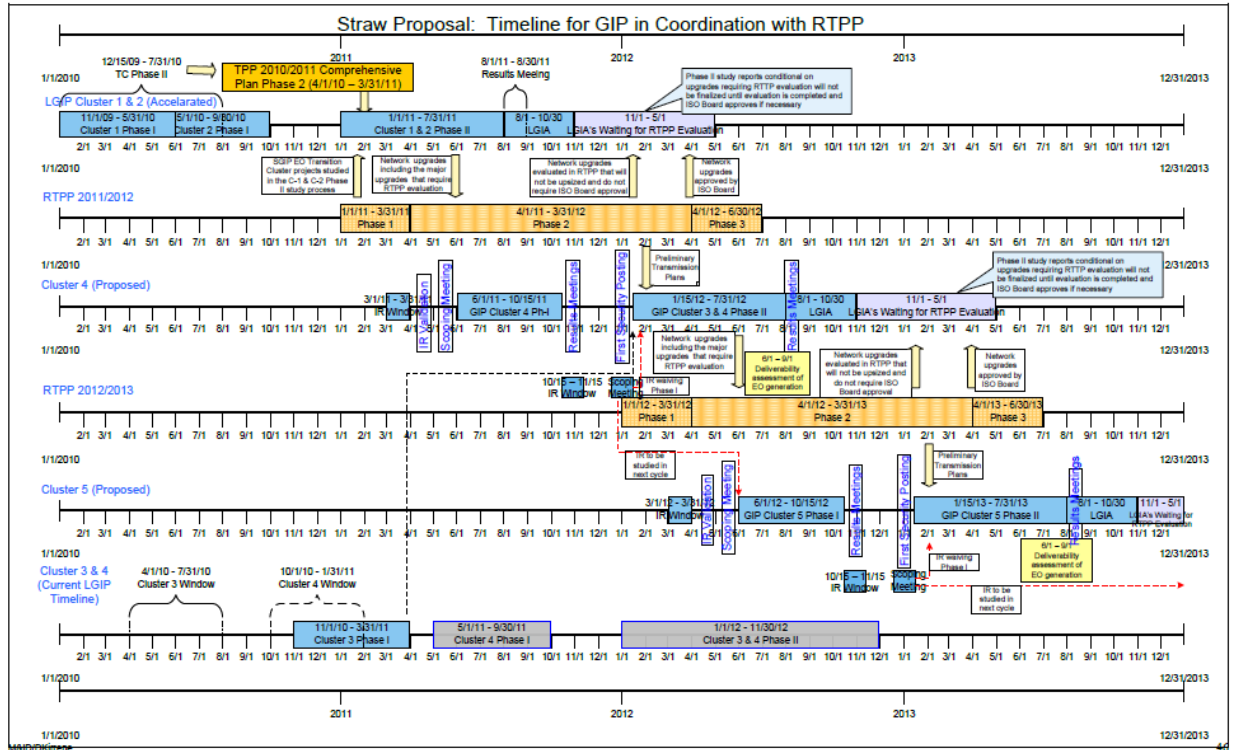
Based on the coordinated timeline for the GIP and RTPP, an additional week to 10 days would be required for project sponsors to make the downsizing determination following the definition of preliminary network upgrade uneconomic costs. The CAISO timeline in Attachment A below provides an illustration of the sequencing of events associated with the current process for reference. The GIA signing deadline would be further extended beyond 5/2012 by the time necessary to complete the study of the re-sized queue.

In exchange for a limited extension of time in the overall GIP/RTPP processes, IEP believes that the proposal will provide the CAISO with meaningful reductions in the MWs in the queue, provide more reliable and timely cost estimates of necessary network upgrades, and facilitate queue reform in a timely and cost effective manner.

### **ATTACHMENT A:**

#### ***Timeline for Implementing Project Re-Sizing Proposal***

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- b. If the straw proposal for the transition treatment of clusters 3 and 4 is adopted and a project in cluster 3 or 4 drops out instead of proceeding under the new rules, should the ISO provide any refunds or other compensation to such projects? If so, please indicate what compensation should be provided and why.