

## 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) Revised Straw Proposal for Topics 3-5 and 12-15 posted on November 8 and as supplemented by the presentation and discussion during the November 18 stakeholder meeting.

Submit comments to [GIP@caiso.com](mailto:GIP@caiso.com) (with the exception of comments on Topic 15 draft BPM language posted on November 18—see below)

**[Comments are due December 6, 2013 by 5:00pm](#)**

The Revised Straw Proposal for Topics 3-5 and 12-15 posted on November 8 may be found at: [http://www.caiso.com/Documents/RevisedStrawProposal\\_Topics3-5\\_12-15\\_InterconnectionProcessEnhancements.pdf](http://www.caiso.com/Documents/RevisedStrawProposal_Topics3-5_12-15_InterconnectionProcessEnhancements.pdf)

The presentation discussed during the November 18 stakeholder meeting may be found at: [http://www.caiso.com/Documents/Agenda\\_Presentation-RevisedStrawProposal-InterconnectionProcessEnhancementsTopics3-5\\_12-15.pdf](http://www.caiso.com/Documents/Agenda_Presentation-RevisedStrawProposal-InterconnectionProcessEnhancementsTopics3-5_12-15.pdf)

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

### **Topic 3 – Clarify tariff and GIA provisions related to dividing up GIAs into multiple phases or generating projects**

**Note:** The ISO asks stakeholders to provide feedback on the commercial reasons they need phasing, what the minimum megawatt amount and maximum number of phases allowed might be, and whether limits such as those proposed in the revised straw proposal can meet the needs of stakeholders. For example, if you believe that more liberal limits are needed than the limits proposed by the ISO in the revised straw proposal, please provide the proposed limits and the commercial/business justification. Also, as discussed with stakeholders during the November 18 web conference, the ISO is willing to consider allowing phasing after a project has reached its commercial operation date, but wishes to understand from developers the need for such a provision.

**Comments:**

LSA’s comments on this topic cover three elements of the CAISO’s proposal – minimum phase size/number of phases per project, COD timing, and provisions for scheduling and settling different phases. LSA’s positions are summarized in the table below and explained further in the following text.

<b>TOPIC 3 ISSUE</b>	<b>REVISED STRAW PROPOSAL</b>	<b>LSA POSITION</b>
<b>Min. phase size &amp; max. no. of phases</b>	<u>Size/phase limits:</u> Minimum 5 MW phase size; maximum 5 phases per project	Min. phase size OK Max. no. of phases: Project MW ÷20 MW
<b>Phase COD timing</b>	<u>COD limitation:</u> No more than one phase can reach COD per month	Leave this detail to PTO-IC implementation discussions
<b>Scheduling &amp; settling phases</b>	Phase/other project portions) can get separate Resource IDs (schedule & settle separately) if each have CAISO meters/telemetry (phasing not needed)	Strongly support and appreciate CAISO adding clarity to this issue.

**Minimum phase size/maximum no. of phases:** LSA’s position on this element reflects the realities of the current commercial market for Power Purchase Agreements (PPAs). That market is characterized by a relatively larger number of opportunities to contract for smaller-capacity projects, as Load-Serving Entities (LSEs) move to refine and complete their Renewables Portfolio Standard (RPS) portfolios to reach the required 33% compliance level, and the corresponding reduced contracting opportunities for larger projects. While that could change in the future (e.g., if the RPS requirements are raised), this is the market situation for the foreseeable future.

Thus, it is important for larger projects to be able to offer smaller increments, in as independent a form as possible, in response to the current market opportunities. Generally, those opportunities are available in increments of 20 MW or less.

The CAISO should therefore allow a greater number of phases for larger projects, with the number of phases dictated by that assumed capacity level. The minimum phase size could be set at 5 MW, as proposed by the CAISO, but the maximum number of phases per project should be set at the project capacity divided by 20 MW (highest whole number).

This would allow the very few projects above 100 MW the additional flexibility they need to complete their contracting, without impairing the proposed flexibility for smaller projects.

**Phase COD timing:** The proposal seems unduly rigid, for the following reasons.

First, the CAISO has clarified before that projects can be phased without a MMA if they are not proposing to alter the COD – in other words, if the phases will all reach COD on the same day (the latest approved COD for the project). However, the proposed rule for this topic would remove a project’s ability to do that.

Second, it seems unreasonable for a project with multiple phases to have to stretch its CODs over several months, even if the PTO is actually able to accommodate simultaneous or more closely scheduled CODs at the time. It could actually be more work for the PTO to have to transport crews or equipment, or make other duplicative arrangements, multiple times for phases connecting at the same location, instead of handling one or more phases at a time there.

LSA suggests that the schedule for project phase CODs is an implementation detail best left to the normal construction planning process between the project and the PTO. That process addresses all of the timing and other construction details, and the best determination of optimal COD phasing can be made at that time, based on the circumstances at the time.

**Scheduling & settling phases:** LSA strongly supports the CAISO’s clarifications that project phases can receive separate Resource IDs – i.e., be separately scheduled and settled – as long as each phase meets CAISO metering and telemetry rules. While LSA is still disappointed that the CAISO is not open to the concept of splitting GIAs into separate GIAs, this clarification will remove the at least some of the motivation for that change.

**Topic 4 – Improve Independent Study Process**

**Note:** For those elements of the straw proposal presented as draft tariff changes, please provide general comments at this time in lieu of line-edit suggestions to the tariff language.

**Comments:**

LSA has no comments on this issue.

**Topic 5 – Improve Fast Track**

**Note:** For those elements of the straw proposal presented as draft tariff changes, please provide general comments at this time in lieu of line-edit suggestions to the tariff language.

**Comments:**

LSA’s comments on this topic focus on certain proposed elements related to “Behind-the-Meter” (BTM) capacity additions. LSA’s positions are summarized in the table below and explained further in the following text.

<b>BTM ISSUE</b>	<b>REVISED STRAW PROPOSAL</b>	<b>PROPOSED LSA POSITION</b>
<b>Clarifications of current policies</b>	Any technology qualifies for “base” or added capacity	Support; request additional clarification that BTM can be submitted in MMA process, and must go through ISP only if found to be material
	100 MW max addition	Limitation not justified, but do not oppose for now
	Only RNUs must be in service before addition is operational (DNU completion not needed)	Strongly support – consistent with GIP-2 discussions that implemented this option
<b>Separate breaker</b>	Remove requirement that added MW capacity be connected to separate (interruptible) breaker	Support
<b>NQC impacts</b>	Addition is Energy-Only, so: (1) NQC cannot exceed NQC max over 3 years before addition; and (2) Deliverability of FCDS base facility + BTM addition = PCDS after expansion	Strongly oppose – project should stay FCDS but have an NQC limitation based on its interconnection study assumptions (like partial conversion to another technology).

**Clarifications of current policies & separate breaker:** As noted above, LSA: (1) strongly supports the proposed clarification that only Reliability Network Upgrades (RNUs) are required to be completed before the BTM capacity can become operational; (2) does not oppose the 100 MW BTM limitation at this time; and (3) supports removal of the second-breaker requirement. However, LSA requests that the CAISO clarify the current BTM approval process.

In the GIP-2 stakeholder discussions that led to the current BTM framework, there was general agreement that BTM capacity additions could be proposed in the Material Modification Assessment (MMA) process, and approved in that manner if no material impacts were found. The new GIP-2 BTM provisions – allowing BTM requests to be evaluated through the Independent Study Process (ISP) instead of the regular cluster-study process – would be available if any concerns regarding materiality were raised in the MMA process (or if, for whatever reason, a developer preferred to use the ISP instead of the MMA process).

However, since the BTM ISP eligibility provisions were added to the tariff, some confusion has arisen about a developer’s continuing ability to use the MMA process for BTM additions that are not expected to be material. LSA requests that the CAISO clarify this point as part of this initiative.

**BTM NQC impacts:** The Net Qualifying Capacity (NQC) proposals related to BTM additions would seriously impair the viability of the BTM concept (and the efficiencies that it offers the market, e.g., through fuller utilization of existing infrastructure), and they could eliminate such applications altogether. In particular, the CPUC’s recent approval of LSE storage-procurement mandates (with ambitious target dates) increases the importance of removing barriers to BTM storage additions, because such additions could potentially be added relatively quickly and economically to existing or planned generation projects already in the queue.

LSA’s specific concerns are explained below.

- **Impairment of original project deliverability status:** Many (if not most) PPAs today require a generation project to obtain Full Capacity Deliverability Status (FCDS). Related provisions can include guaranteed dates for FCDS attainment (and Buyer cancellation rights if those dates are not met) and/or significant financial penalties or for not having FCDS. Thus, if a generation project would lose FCDS by adding BTM capacity, it simply could not feasibly do so.
- **Historical NQC determination:** The CAISO’s proposal that a project be restricted to an NQC based on the last three years before BTM addition is flawed in several respects, i.e., it:
  1. **Fails to explain how it would be applied to generation projects with less than three years of operating information.**
  2. **Fails to address how that maximum QC level could change over time for other reasons, e.g., increase to reflect project improvements (e.g., installing/improving tracking ability).**

3. **Fails to consider why BTM capacity should impair the deliverability status of the original project if both are separately metered**, so that separate QC calculations could continue to be made for the original project.
4. **Is counter-intuitive**. The addition of BTM capacity should enhance the deliverability status of a generation project, not impair it. An FCDS project that adds BTM capacity should have deliverability afterwards that is at least as high as it was before, and higher if the studies and system will support it (see below).
5. **Is inconsistent with the CAISO interconnection-study methodology, the QC methodology for intermittent resources, and the MMA process**. If the original resource was intermittent and the additional energy production came from the original generation equipment, then that energy production would fully count toward improving the QC of the generation project. The fact that the additional production came from other equipment on the same site would not have produced different results in the study process if the equipment change is immaterial.
6. **Is inconsistent with the approach applied by the CAISO in similar situations**. For example, when new projects have requested technology changes through the MMA process (e.g., wind to solar conversion of part of the project capacity), the project FCDS requirements do not change; instead, the CAISO imposes an NQC restriction based on the level at which the project was studied in the original interconnection studies.
7. **Fails to clarify the process for increasing QC to reflect the new capacity**, if the project so chooses.

In summary, LSA recommends the following, with tariff changes to clarify or implement these provisions as needed:

- A generation project that adds BTM capacity should maintain its pre-addition deliverability status (e.g., FCDS) but be restricted to the QC deliverability level under which it was studied. (If the CAISO does not agree with this statement generally, which LSA believes would be the correct treatment of this issue, it should at least allow retention of pre-addition deliverability status if the BTM capacity is separately metered.)
- A generation project that adds BTM capacity and wishes to increase its NQC to reflect the additional capacity should be entitled to request additional deliverability through either: (1) the annual Deliverability Assessment Study process; or (2) inclusion in a future cluster-study process for that purpose only.

## **Topic 12 – Consistency of suspension definition between serial and cluster (withdrawn)**

### **Topic 13 – Clarify timing of transmission cost reimbursement**

**Note:** In addition to general comments on the straw proposal for this topic, stakeholders are also asked to provide example scenarios to help illustrate any questions/issues that they may have on reimbursement for in-service upgrades, multiple reimbursement periods, and posting versus billing.

#### **Comments:**

LSA supports the CAISO's proposal in several aspects but believes that it requires clarifications and some revisions.

LSA supports generally the element of this proposal that would leave the rules as is for current projects. LSA still believes that reimbursement should begin at COD even for phased projects but is willing to live with the current rules as long as they are not worsened for current non-phased projects. However, LSA continues to contend that treating completed phased projects different from completed non-phased projects is unduly discriminatory, i.e., that the former are similarly situated to the latter and should thus be treated the same with respect to reimbursement.

If the CAISO will maintain its policy with respect to phased projects, it should provide the information to do so properly. The Deliverability Assessments to date have not identified Network Upgrades (NUs) separately for each project phase; the CAISO should provide this information to support the current policy, so reimbursement can begin at the proper time.

LSA supports the CAISO's new proposal as a compromise methodology, but only if the maximum time lag between COD and the commencement of transmission-cost reimbursement is no more than the two-year period proposed by the CAISO.

Finally, as discussed on the stakeholder conference call, the CAISO should clarify the situation where a project is entitled to begin reimbursement when NUs are still under construction. This is an issue both under the current rules (for non-phased projects) and the proposed rules (potentially for any projects that reach the two-year deadline after COD without all the NUs completed). In this situation, projects would be entitled to begin reimbursement for payments they have made in the past when they are still paying monthly to complete those upgrades.

The five-year reimbursement period should begin as proposed, and reimbursement for each payment after that should be amortized over the remaining time period, so that the reimbursement would still be completed over the five-year period. Developers would cease making payments for upgrades at that point, and the remaining costs would be placed into the PTO's rate base as they are incurred.

### **Topic 14 – Distribution of forfeited funds**

**Note:** Two alternative straw proposals are presented in the November 8 revised straw proposal for stakeholder consideration. The ISO requests stakeholder to comment on the pros and cons and their preferences for either of these alternatives.

#### **Comments:**

LSA strongly support Option B, which would use the forfeited funds to mitigate the impact of dropouts on remaining projects and, potentially, the PTOs.

This option is most consistent with the purposes of financial security: (1) to demonstrate project viability; and (2) protect against the consequences of default, e.g., the PTO can draw on the security if the project doesn't pay its bills.

In a way, a project withdrawal is the ultimate bill form of bill non-payment, since the withdrawing project is simply not going to pay the cost of the upgrades that it was assigned. It makes logical sense, then, to draw on these funds to mitigate the impacts of this nonpayment – i.e., use those funds to defer any reassessment impact on remaining projects and then to cover any costs assigned to the PTOs due to the cost caps.

LSA notes that, even under this option, money would eventually be returned to ratepayers. The lower burden on suppliers would be reflected in the prices that they would have to charge to recover costs and the lower refunds that they would receive.

### **Topic 15 – Material modification requests (formerly “Inverter/transformer changes”)**

**Note:** On November 18 the ISO posted draft Business Practice Manual (BPM) language regarding the modification process. The ISO is requesting written stakeholder comments on the draft BPM language by 5pm December 9, 2013. Please submit written comments on the draft BPM language to [QueueManagement@caiso.com](mailto:QueueManagement@caiso.com).