Stakeholder Comments Template

Integration of Transmission Planning and Generator Interconnection Procedures (TPP-GIP Integration)

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, which were discussed in the TPP-GIP Integration Draft Final Proposal posted on February 15, 2012, and during the stakeholder meeting on February 22, 2012.

Please use the list of topics and questions below to structure most of your comments. At the end of the document you may offer comments on any aspect of this initiative not covered by the topics listed. When you state a preference for a particular approach on a topic or issue, your response will be most helpful if you clearly explain the reasoning and business case for your preference.

Because the draft final proposal mostly retains the major design elements and provisions of the previous proposal, the topics identified below concentrate on provisions that are new or revised.

Section 1. Overall support for the draft final proposal.

Please select one of the following options to indicate your organization's overall level of support for this proposal: (1) fully support, (2) support with qualification, or (3) oppose. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal.

(2) Support with qualification, see comments below.

Section 2. Major differences between the 2/15 draft final proposal and the earlier 1/12 second revised straw proposal.

1. In response to stakeholder concerns about the previous proposal that ratepayers would reimburse customers fully for all reliability network upgrades (RNU), the draft final proposal will determine whether a project is eligible for full, partial or no reimbursement in a manner that aligns with the allocation of TP deliverability under this proposal.

   The method for RNU reimbursement should stay as today, and all projects should be reimbursed for upfront funding of RNUs due to these reasons:

   (a) RNUs are project specific and ICs are required to post security for funding these RNUs, unlike ADNUs for which ICs are not required to post security (per new proposal).

(b) Risk of stranded transmission does not exist for RNUs, because RNUs will not be built if a project withdraws. Even if money is committed to funding RNUs, and a project withdraws there is no risk of ratepayer reimbursement because Financial Security posted by the IC could become non-refundable.
(c) Deciding whether RNUs for a project will be reimbursed based on whether this project gets TP deliverability does not seem logical. A project may not get allocated TP deliverability for reasons beyond its control. For instance if there is no TP deliverability left after allocating to all existing projects, this project will also risk reimbursement of its RNUs.

2. Projects that submit energy only interconnection requests and do not seek deliverability will be reimbursed for RNU up to a maximum of $40,000 per MW of generating capacity.

Energy Only projects should be reimbursed for the entire cost of their RNUs, due to reasons in response to 1) above.

3. The proposal distinguishes between area delivery network upgrades (ADNU) and local delivery network upgrades (LDNU), where ADNU are generally identified through the TPP to provide deliverability to a targeted MW amount of generation in an area, while LDNU are identified through the GIP studies to provide resource-specific deliverability.

4. The process for allocation of TP deliverability will be the key determinant of whether a generation project is required to post security and/or pay for a share of ADNU costs after phase 2. All projects will be required to post security for their shares of RNU and LDNU costs. Eligibility for ratepayer reimbursement of these security postings after commercial operation begins will align with whether the project was allocated TP deliverability and then meets the criteria to retain the allocation.

5. The allocation of TP deliverability to generation projects under this proposal will occur for the first time at the end of the GIP phase 2 study process for cluster 5, i.e., during the first quarter of 2014. Before the ISO allocates TP deliverability to any cluster 5 projects, the ISO will first determine how much of the TP deliverability provided by the most recent transmission plan must be encumbered by projects in the existing queue (serial through cluster 4) that are in good standing with respect to their PPAs and GIAs, any expansion of MIC that was addressed in the TPP, and any deliverability for distributed generation (DG) allocated to regulatory authorities under the DG Deliverability initiative in progress. After accounting for these encumbrances, the remaining amount of TP deliverability will be available for qualified projects in cluster 5.

Per current GIP procedures, projects in the existing queue should retain their deliverability status regardless of their PPA status. If an existing project is not in good standing, then per this proposal any deliverability assigned to this this existing project may be allocated to a new Cluster 5 or beyond project. CAISO proposes that this existing project when it becomes in good standing later will be allocated deliverability, but in order to allocate deliverability to this project new transmission may need to be built through CAISO TPP. In situations like these, the existing project once it becomes in good standing should be given pro rata allocation of available deliverability along with Cluster 5 and beyond projects. Any curtailments necessary to NQCs until transmission is

built should be done on a pro rata basis to all projects in good standing, rather than curtailing NQCs for existing projects before new projects.

6. If there is some TP deliverability available for allocation to projects in the current cluster and to option (A) projects in the prior cluster that opted to park for a year, such projects must at least meet the minimum threshold criteria of being included on an active LSE short list and having submitted the necessary permit applications in order to be eligible for the allocation of TP deliverability.

7. If the volume of projects that meet the threshold exceeds the amount of TP deliverability available, the ISO will calculate a numerical score for each project based on the criteria and point values presented in the proposal, and will allocate deliverability to the highest scoring projects without regard to whether the project chose option (A) or (B).

8. A project that is allocated TP deliverability under the proposed approach will be required to demonstrate annually that it meets the criteria for retaining the allocation; i.e., (i) no regression with respect to criteria on which it received the allocation; (ii) executed GIA is in good standing (no ISO notification of breach); (iii) no delay of COD unless for reasons beyond customer's control. If a project loses its allocation, it must either withdraw from the queue or convert to energy only deliverability status.

9. An option (A) project that does not receive TP deliverability after parking for one year must either withdraw from the queue or execute an energy only GIA. To allow parking for a longer period would complicate the GIP study process by maintaining a backlog of projects to be studied for RNU and LDNU that may not be making progress but have little incentive to withdraw.

10. An option (B) project that does not receive TP deliverability within the allocation process immediately following its phase 2 study results must either withdraw from the queue or execute a GIA committing it to pay its share for all required network upgrades without ratepayer reimbursement.

11. Projects that withdraw from queue after the phase 2 study results may be eligible for partial refund of their first financial security postings in accordance with existing tariff provisions, as expanded by the following new eligibility conditions: (1) An (A) project will be eligible if it fails to be allocated TP deliverability; the period for "early" withdrawal under this condition will be 18 months from phase 2 study results. (2) A (B) project will be eligible if its phase 2 cost estimate for ADNU exceeds its phase 1 estimate by the smaller of 20 percent or $20 million. The "early" withdrawal period will be 180 days from phase 2 study results.

12. The ISO will maintain the March 31, 2012 closing date for the cluster 5 request window, in contrast to April 30 as stated in the previous proposal. In recognition of the possibility that FERC's order may significantly modify the proposal that the ISO Board rules on in March and the ISO files shortly thereafter, the ISO's filing will include a provision to allow parties to withdraw requests up to 10 days after the FERC order without any penalty applied to the refund of their initial study deposits.

Section 3. Please provide any additional comments on major structural components of the proposal.

13. GIP Phase 1

14. Transition from Phase 1 to Phase 2

15. GIP Phase 2

16. Allocation of TP Deliverability Post Phase 2

17. Subsequent to the Allocation Process

Section 4. Please use the space below to offer comments on any other aspect of the proposal not covered above.

Baseline re-study that CAISO proposes to perform prior to beginning of each GIP Phase 2 is a good approach. This re-study however should not increase the cost responsibility or schedule to build transmission upgrades for any existing projects with already executed GIAs.