

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the 2015 Interconnection Process Enhancements (IPE) Issue Paper/Straw Proposal for Topics 1- 11 that was posted on March 23, 2015 and as supplemented by the presentation and discussion during the March 30, 2015 stakeholder meeting.

Submit comments to initiativeComments@caiso.com

[Comments are due April 10, 2015 by 5:00pm](#)

The Issue Paper/Straw Proposal for Topics 1- 11 that was posted on March 23, 2015 may be found at:

http://www.caiso.com/Documents/IssuePaper-StrawProposal_InterconnectionProcessEnhancements2015.pdf

The presentation for the March 30, 2015 stakeholder meeting is available on the ISO website at: http://www.caiso.com/Documents/Agenda-Presentation-InterconnectionProcessEnhancements2015_IssuePaper-StrawProposal.pdf

For each topic, please select one of the following options to indicate your organization's overall level of support for the CAISO's proposal:

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.

Topic 1 – Affected Systems

MID thanks the CAISO for the opportunity to address the issue of Affected Systems. MID has actively participated in Affected Systems processes in the past, supporting CAISO efforts to enhance cooperation between the CAISO and Affected Systems in studying impacts and agreeing upon mitigation activities. In such stakeholder processes and Business Practice Manual (“BPM”) comment procedures, MID has also cautioned that Affected Systems may not have the full-time resources addressing interconnections to the degree that the CAISO or the large Participating Transmission Owners (“PTOs”) do, and may need additional time or resources to identify and assess the existence and degree of impacts caused by interconnecting generators. MID has raised concerns that too rigid and rapid of a study process could result in Affected Systems in being precluded from obtaining mitigation for impacts caused by interconnecting generators.

MID supports the objective of encouraging potentially affected systems to identify themselves at a reasonable point in the CAISO Cluster Study process, such that interconnecting generators receive sufficient notice to work with Affected Systems. However, MID opposes the CAISO’s proposal, in that its solution of setting an artificial cut-off of rights to mitigation is too harsh. The cost for affected entities can be deemed to forfeit by the proposed rule can amount to hundreds of thousands, if not millions, of dollars. MID further explains its concerns in the points below, but also offers some proposals that may help lessen some of MID’s concerns with the CAISO’s present proposal:

- 1) **The Language Should Acknowledge Separate Provisions with PTOs.** The CAISO’s language in Section 3.7, that failure to identify as an Affected System could effectively absolve a PTO of responsibility for mitigation, could conflict with FERC-approved agreements, such as Interconnection Agreements (“IA”) between utilities and PTOs. Such agreements such as the IA between MID and Pacific Gas and Electric Company (“PG&E”) specify certain triggering events, including additions of a “New Facilities Addition”, which includes new generation facilities directly connected to a Party’s system, whether owned by the party or not. Under MID’s IA with PG&E, for example, such triggering events¹ require study, and if

¹ Other triggering events include System “Modifications” and a “Long-Term Change to Operations” to a Party’s System. It is easy to envision a scenario where interconnection of a new generator to the CAISO-Controlled Grid on PG&E-owned facilities would cause a “Modification” or a “Long-Term Change to Operations.”

necessary, mitigation or compensation for Adverse Impacts caused by those additions. MID's IA with PG&E is FERC-filed and approved, reflecting a balance of burdens and benefits negotiated through settlement discussions with the PTO. In the case of generators interconnecting to PG&E-owned facilities, it would in fact, be PG&E's obligation to notify MID of New Facilities Additions to the extent that they may cause Adverse Impacts on MID's System. Should PG&E provide MID with notice under the IA of a planned New Facilities Addition, there are several intermediary waypoints before study and mitigation rights are curtailed (180 calendar days after transmittal of the notice). These rights and obligations run bilaterally, such that MID has notice and mitigation obligations to PG&E for New Facilities Additions, and other triggering events on MID's System. Also, MID complies with the Reliability Standards approved by the North American Electric Reliability Corporation ("NERC") and by FERC.

MID proposes that the Topic of Affected Systems in this stakeholder process be focused on improving notice to potentially affected systems and facilitating flow of information among the CAISO, PTOs, Affected Systems and Interconnection Customers in order to improve the timeliness and completeness of feedback from Affected Systems, rather than creating severe consequences for missing a deadline. MID has considered the language to which it has concerns, which currently reads: "If an electric system operator comes forward after the established timeline as an Affected System, any mitigation required for a project identified by the Affected System will be the responsibility of the Affected System and not the CAISO, the Participating Transmission Owner(s), or the Interconnection Customer." One formulation, while not a preferred approach for MID, would at least help preserve MID's legal rights to study, mitigation and compensation, by adding to the end of the aforementioned sentence that, "except that the CAISO Tariff shall not preclude or prejudice an Affected System from enforcing any legal rights it may have in any forum to seek and obtain study(-ies), mitigation, compensation, protection and/or other remedies from the CAISO, the Participating Transmission Owner(s), and/or the Interconnection Customer, including but not limited to enforcement of rights in agreements between the Affected System and the Participating Transmission Owner(s) filed and accepted or approved at FERC, or enforcement of Reliability Standards promulgated by NERC and WECC." Such language would provide some additional comfort in connection with the Affected Systems Tariff language proposal, but MID would need to weigh this language in conjunction with the other issues explained below, before it can determine whether MID would not oppose the adjustments to the Affected Systems Tariff language.

- 2) **Other Venues:** The CAISO should clarify whether the intent of its proposal is to cut-off mitigation rights in non-FERC venues for mitigation, such as civil remedies in state and federal court. If so, MID asks the CAISO to state the legal authority for such cut-off of rights.

MID opposes such cut-off of legal rights, and language proposed by MID in point 1 above is designed to preserve such rights. MID does not agree to forfeit its legal rights to mitigation as a result of adverse impacts from generator interconnections regardless of the language ultimately approved in the CAISO Tariff.

- 3) **The Cluster process is fundamentally different from Western Electricity Coordinating Council (“WECC”) processes.** The WECC Project Coordination and Path Rating Processes are different than the CAISO Cluster study process and are not the best analog. The most current version of these processes that MID has identified are memorialized in:

https://www.wecc.biz/Corporate/Project_Coordination_Path_Rating_and_Progress_Report_Processes.pdf (Revised June 6, 2014) (“WECC Processes”).

The WECC Processes do not include a mandatory time-line for self-identification as an affected system or a resulting cut-off of mitigation rights for entities, similar to what the CAISO is proposing. While MID sees: a) a role of the Project Review Group (“PRG”) in the Path Rating Processes as identifying and mitigating impacts (page 45), and b) a role of the WECC Technical Studies Subcommittee (“TSS”) in the Progress Report Policies and Procedures as soliciting comments on a project’s performance with NERC Reliability Standards and WECC Criteria, Policies and Procedures, MID does not see an assignment of mitigation costs to the affected party, as the CAISO proposes.

More fundamentally, the CAISO interconnection queue includes dozens of projects and is subject to change mid-stream, through withdrawals, downsizings, modifications and reassessments. The WECC Processes involve discrete, identifiable, and more significant projects. For example, the Progress Report Policies and Procedures apply to transmission projects operating at 200 kV and above, which limits the universe of projects an entity needs to track (p. 113). The complexity of following the CAISO’s Cluster process will continue to be a challenge as new generators are proposed to meet the anticipated 50% Renewable Portfolio Standard (“RPS”) requirement. While MID has been able to keep up with the CAISO Cluster Study processes, such efforts have been taxing on MID’s resources. Such efforts would only be more challenging for smaller entities.

Further, the WECC Project Coordination Processes are more meant to avoid duplication of projects, rather than to identify and mitigate impacts to individual entities (p. 6). The Path Rating Processes are focused on impacts on Accepted or Existing Ratings, and are not geared to identify impacts on non-rated facilities (pp. 28-29). Accordingly, the WECC Processes are not an appropriate example on which to justify the new Tariff proposal.

- 4) **The CAISO should clarify notice requirements.** The CAISO should clarify in the Tariff language that the notice that the CAISO provides to potentially affected systems must be

written and must be sent to points of contact identified by the potentially affected system (as is likely already established), and persons designated as points of contact in the interconnection study process. Because electronic mail is not always reliable (for example, internal firewalls may prevent e-mails with large attachments from being received, which could include studies and study data that the CAISO may be sending), MID urges the CAISO to require that such written notice be sent both by U.S. Mail and by electronic mail, and to make multiple attempts if the CAISO does not hear back from the potentially affected system on the first attempt.

- 5) **The window for providing responses is too short.** The thirty (30) calendar day window is too short for an Affected System to identify itself as such. Some potentially affected systems may not be focusing on the CAISO Cluster processes consistently, and accordingly more time is needed to evaluate the import of CAISO notice. Even under the MID-PG&E IA, the potentially impacted Party has sixty (60) calendar days by which to request a study after receiving notice of a Modification, New Facility Addition or Long-Term Change to Operations. MID recommends that the CAISO adopt an at least sixty (60) calendar day window.
- 6) **Process for Affected Systems that the CAISO does not identify.** The CAISO should permit Affected Systems to identify themselves for purposes of the CAISO study processes, even if the CAISO has not identified such Systems as Affected Systems, and if the CAISO has already sent out notices to other potentially affected systems and the deadline has passed to receive responses. Such Affected Systems that have not been identified by the CAISO would provide notice to the CAISO of their conclusion that they are an Affected System. Thereafter, the CAISO and Affected System would work to notify Interconnection Customers whose facilities are identified as impacting the Affected System.
- 7) **Clarify a disparity in the Tariff language.** The CAISO should clarify an apparent disparity in the proposed Tariff language Section 3.7 and the “Identified Affected System” definition, where the latter seems to indicate, in contrast to Section 3.7, that a potentially affected system is deemed an Identified Affected System even if it does not return a written response to the CAISO within 30 days of the CAISO sending notice to the system. On the March 30, 2015 stakeholder call, MID understood the CAISO to state that the CAISO will deem a potentially affected system identified in the CAISO’s Cluster studies as an Identified Affected System, even if the Affected System does not timely respond to the CAISO’s notice. MID understands that Identified Affected Systems do not waive their rights to seek mitigation from Interconnection Customers if they fail to timely respond to the CAISO notice. However, the language in Section 3.7 suggests that if a potentially affected system does not timely respond to the CAISO notice, it does waive its rights to seek mitigation from

Interconnection Customers. MID asks the CAISO to clarify the language, either way, commensurate with what the CAISO intends should occur.

- 8) **The CAISO's rephrasing of the language regarding Interconnection Customer payment of separate study agreements is an improvement.** MID believes that the CAISO's rephrasing of the piece of Section 3.7 that states that an Interconnection Customer will sign and pay for separate study agreements with Identified Affected System owners, helps clarify Affected Systems' rights on this point. MID does not advocate for expansion of the scope of the Affected Systems Topic in this stakeholder process, but if the scope is expanded, MID requests that the CAISO consider a presumption that, if an Interconnection Customer refuses to sign a reasonable, separate study agreement with the Identified Affected System and pay appropriate costs for such studies, such Interconnection Customer will be obligated to accept the conclusions of the study conducted by the Indicated Affected System and pay for the particular mitigation costs that are attributed to such Interconnection Customer in such studies, which obligations can be enforced in an appropriate forum.
- 9) **The CAISO should clarify the consequences of reassessments.** The CAISO should clarify the procedure for what occurs after reassessments of Cluster studies. To the extent a new entity is an Identified Affected System, the CAISO should include language that automatically preserves that status subsequent to a reassessment, until and unless the Identified Affected System expressly withdraws that designation. To the extent that a study reassessment identifies a potentially affected system, not previously identified by the CAISO as a potentially affected system in the particular Cluster study process, the CAISO should include language requiring the CAISO to provide such system with written notice with the same required response time as it would have provided if the system had been identified earlier. MID recognizes that such instances would be infrequent, given that withdrawals or downsizing events in Clusters should in theory, reduce impacts. However, MID believes this language is important in ensuring that proper notice is provided.
- 10) **The Key Objective Should Be Identification.** No matter how this Topic is resolved, the CAISO should apply a defined objective that, so long as potentially Affected Systems take the basic step of identifying themselves, Affected Systems have little to be concerned about in terms of their mitigation rights being curtailed, since Interconnection Customers understand with which entities they need to work to provide mitigation.
- 11) **The Scope of this Issue Should Not Expand:** For purposes of this year's IPE process, the scope of this Topic should remain no greater than what the CAISO is proposing now. Should the CAISO wish to expand this Topic into, *e.g.*, issues concerning Affected System obligations through the Cluster study process, or sharing and vetting of studies, such expanded Topic should be explored in its own separate, stakeholder process.

MID takes no position at this time on any of the other topics, but reserves the right to do so at a later date.

Topic 2 – Time-In-Queue Limitations

Topic 3– Negotiation of Generator Interconnection Agreements

Topic 4 -Deposits

Interconnection Request Study Deposits

Limited Operation Study Deposit

Modification Deposits

Repowering Deposits

Topic 5 - Stand-Alone Network Upgrades and Self-Build Option

Topic 6 - Allowable Modifications Between Phase I and Phase II Study Results

Topic 7 – Conditions for Issuance of Study Reports

Topic 8 - Generator Interconnection Agreement Insurance

Topic 9 -Interconnection Financial Security

Process Clarifications

Posting Clarification

Topic 10 - Forfeiture of Funds for Withdrawal During Downsizing Process

Topic 11 –TP Deliverability Option B Clarifications