

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 no later than the close of business on Tuesday, August 9, 2011.

1. The ISO has laid out several objectives for this initiative. Please indicate whether you organization believes these objectives are appropriate and complete. If your organization believes the list to be incomplete, please specify what additional objectives the ISO should include.

NCPA strongly supports this initiative and many of the objectives identified by CAISO in the straw proposal. Specifically, NCPA strongly supports integrating the TPP and the GIP using a comprehensive planning approach to ensure the most cost-effective projects are built. A coordinated TPP/GIP process is required to ensure that existing and new transmission capacity is efficiently used to mitigate the costly impact of under-utilized transmission capacity; hence resulting in more effective use of ratepayers' funds. NCPA supports the objective of providing incentives to developers of new resources to select the most cost effective grid locations to build generation by allocating the cost of interconnection facilities and network upgrades not approved within the comprehensive transmission planning process directly to developers. Also, to further enhance the TPP/GIP process, NCPA supports the objective of providing greater transparency for all stakeholders regarding transmission upgrade decisions.

2. At the end of the Objectives section (section 4) of the straw proposal, the ISO lists seven previously identified GIP issues that may be addressed within the scope of this initiative.

- a. Please indicate whether your organization agrees with any or all of the identified topics as in scope. If not, please indicate why not.

No comment at this time.

- b. Please identify any other unresolved GIP issues not on this list that should be in scope, and explain why.

No comment at this time.

3. Stage 1 of the ISO's proposal offers two options for conducting the GIP cluster studies and transitioning the results into TPP.

- a. Which option, Option 1A or Option 1B, best achieves the objectives of this initiative, and why? Are there other options the ISO should consider for structuring the GIP study process?

No comment at this time.

- b. What, if any, modifications to the GIP study process might be needed?

4. Stage 2 of the straw proposal adds a step to the end of the TPP cycle, in which the ISO identifies and estimates the costs of additional network upgrades to meet the interconnection needs of the cluster. Please offer comments and suggestions for how to make this step produce the most accurate and useful results.

NCPA supports the proposed concept under which CAISO will identify any additional network upgrades attributed to generator interconnection requests that are needed to fully meet the requirements of the interconnection customers in a particular cluster group, and to allocate such costs directly to interconnection customers to ensure that ratepayers are not unfairly saddled with interconnection costs that are not approved as rate-based transmission within the integrated TPP. Interconnection costs not approved under a rate-based transmission category through the TPP should be borne solely by the generation developers to incent developers to locate generation projects in the most cost effective grid locations. In the past, renewable generation developers have argued that costs associated with resource interconnection are inevitably paid by load, either directly through socialized cost allocation or indirectly through increased purchase power costs. NCPA disagrees with this assumption because a number of Load Serving Entities, including many NCPA members, have historically

invested in renewable generation sources and have partially or fully satisfied their applicable compliance requirements. These Load Serving Entities should bear no interconnection costs that are not approved under the established TPP categories attributed to specific renewable energy development that is made for the benefit of other Load Serving Entities. By allocating interconnection costs not approved as part of the comprehensive transmission planning process directly to interconnection customers, these costs will be reflected directly in the cost of purchase power and those Load Serving Entities who benefit from such generation will bear the cost of the development.

5. Stage 3 of the straw proposal identifies three options for allocating ratepayer funded upgrades to interconnection customers in over-subscribed areas.

No comment at this time.

- a. Please identify which option, Option 3A, 3B, or 3C, your organization prefers and why. Are there other options the ISO should consider?
 - b. If Option 3A is selected, what are appropriate milestones to determine which projects are the “first comers?”
 - c. If Option 3B is selected, what is the appropriate methodology for determining pro rata cost shares?
 - d. If Option 3C is selected, how should such an auction be conducted and what should be done with the auction proceeds from the winning bidders?
6. The straw proposal describes how the merchant transmission model in the current ISO tariff could apply to network upgrades that are paid for by an interconnection customer and not reimbursed by transmission ratepayers. Do you agree that the merchant transmission model is the appropriate tariff treatment of such upgrades, or should other approaches be considered? If you propose another approach, please describe the business case for why such approach is preferable.

The merchant transmission model included in the current CAISO tariff has been found to be just and reasonable; therefore NCPA supports this structure for reimbursing costs incurred by interconnection customers for network upgrades not recovered through the transmission access charge.

7. Stage 3 of the proposal also addresses the situation where an IC pays for a network upgrade and later ICs benefit from these network upgrades.

No comment at this time.

- a. Should the ISO's role in this case be limited to allocating option CRRs to the IC that paid for the upgrades?
 - b. Should the ISO include provisions for later ICs that benefit from network upgrades to compensate the earlier ICs that paid for the upgrades?
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.

Further discussion in this area is required, but NCPA strongly supports implementing this new process as soon as possible to ensure that application of this new policy is meaningful. Delaying the application of the objectives stated in the straw proposal will render this new policy useless when considering the sheer volume of interconnection requests currently pending with CAISO. If a majority of these pending projects are not evaluated using this new process, the benefits sought here may not be realized. Therefore, NCPA supports development of a transition plan to implement the principles sought under this initiative as soon as possible; namely development of a comprehensive, integrated and cost effective TPP/GIP process under which generation interconnection costs not approved through the TPP/GIP are allocated directly back to the developer (and are not socialized to load).

- 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.

No comment at this time.

9. Some stakeholders have expressed a need for the ISO to restudy the need for and costs of network upgrades when projects drop out of the queue. The ISO seeks comment on when and restudies should be conducted, in the context of the proposed new TPP-GIP framework.

No comment at this time.

10. Some stakeholders have suggested that there may be benefits of conducting TPP first and then have developers submit their projects to the GIP based on the TPP results. Does your organization believe that conducting the process in such a manner is useful and reasonable?

NCPA supports a fully integrated and comprehensive TPP/GIP process. To ensure the most cost effective transmission upgrades are constructed, these processes must be coordinated.

11. Please comment below on any other aspects of this initiative that were not covered in the questions above.

NCPA supports the comments filed by Flynn Resource Consultants Inc. on behalf of the Bay Area Municipal Transmission Group (BAMx) and The City and County of San Francisco (CCSF).