California Independent
System Operator Corporation

October 17, 2014

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: California Independent System Operator Corporation
Docket No. ER15- ___-000

Tariff Amendment to Implement Fourth Set of Interconnection Process Enhancements Stemming from the 2013-2014 Stakeholder Initiative

Dear Secretary Bose:

The California Independent System Operator Corporation ("CAISO") submits this tariff amendment to (1) clarify the timing of reimbursement to interconnection customers for network upgrades that they have financed, and (2) modify how the CAISO distributes non-refundable interconnection financial security and study funds to apply them directly to reduce transmission rates, either through reductions to the costs of associated interconnection-related network upgrades, or as offsets to the applicable participating transmission owners' transmission revenue requirements.[1]

These proposed modifications constitute the last of the CAISO's planned tariff revisions resulting from its Interconnection Process Enhancements ("IPE") stakeholder initiative, which commenced in 2013.

The CAISO requests that the Commission accept the tariff revisions contained in this filing effective as of December 19, 2014, 63 days from the date of this filing.

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[1] The CAISO submits this filing pursuant to section 205 of the Federal Power Act, 16 U.S.C. § 824d (2012). Capitalized terms not otherwise defined herein have the meanings set forth in the CAISO tariff, and references to specific sections, articles, and appendices are references to sections, articles, and appendices in the current CAISO tariff and revised or proposed in this filing, unless otherwise indicated.

I. Executive Summary

The goal of the IPE initiative is to identify and implement improvements to the CAISO generator interconnection process to better meet the needs of developers, transmission owners, the CAISO, and ratepayers in California's rapidly evolving generation marketplace. Two areas that the CAISO and its stakeholders identified as needing improvement were (1) clarifying the timing of network upgrade cost reimbursement, and (2) modifying the mechanism for redistributing non-refundable interconnection study funds and non-refundable amounts associated with interconnection financial security for customers that withdraw or are removed from the interconnection process for failure to comply with the terms of the CAISO interconnection procedures, or whose interconnection agreements are terminated.

A. Timing of Reimbursement of Interconnection Customer Funded Network Upgrades

The CAISO's tariff provides that the timing of repayment of interconnection customer funding for network upgrades[2] differs depending on whether a generator project is phased or non-phased.[3] For phased projects, cost reimbursement for network upgrades does not begin until the later of the commercial operation date ("COD") of each completed phase of the generation project, and the in-service dates of all network upgrades to support the desired level of deliverability for each completed generation project phase. On the other hand, for non-phased projects, cost reimbursement begins for all network upgrades upon the COD of the generating facility, regardless of whether all the needed network upgrades are completed and in service. Generation developers expressed the concern that the current rules for phased projects could result in refunds being delayed for years until the last remaining network upgrade was in service even though other upgrades had been in service for some time. In contrast, some participating transmission owners took the position that for both phased and non-phased projects, network upgrade reimbursement should not begin until all network upgrades are completed and in service. Both stakeholder constituencies generally agreed, however, that the CAISO's reimbursement policy should be consistent for both phased and non-phased projects.

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[2] That is, reimbursement by the participating transmission owner to the interconnection customer.

[3] *See* section 12.3.2.2 of Appendix Y of the CAISO tariff. Generally, a phased generating facility is a generating facility that is structured to be completed and to achieve commercial operation in two or more successive partial implementations or phases that are specified in the generator interconnection agreement, such that each phase comprises a portion of the total megawatt generation capacity of the entire generating facility. In contrast, a non-phased generating facility is a generating facility that is structured to be completed and to achieve commercial operation in its entirety at one time.

The CAISO worked with stakeholders to develop broad support for a proposal that aligned with the network upgrade repayment policies embodied in Commission Order No. 2003. In particular, in order to ensure that interconnection customers bear an appropriate level of risk that network upgrades may become necessary should the customer's generator become commercially infeasible, repayment for network upgrades should begin once those upgrades are utilized to deliver the output of the interconnection customer's generating facility.[4] After several rounds of proposals and stakeholder comments, the CAISO's resulting tariff amendments include:

- Reimbursement for required network upgrades already in service will commence upon the commercial operation of the generating facility or the phase that requires those upgrades, as specified in the generator interconnection agreement.

- Reimbursement for a required network upgrade placed in service after the generating facility or phase achieves commercial operation (including an upgrade under construction at the time of the COD of the project or phase) will commence no later than the later of (a) the first month of the calendar year following the year in which the required network upgrade was placed in service, or (b) ninety days following the in-service date of the required network upgrade. Consistent with Commission policy, each reimbursement period will last no longer than five years.

The CAISO proposes to begin applying these new rules to those customers in the first cluster in which no projects have been tendered a generator interconnection agreement prior to the effective date of this tariff amendment.[5] This will avoid a situation in which customers in the same cluster, or even in the same study group, could be subject to different repayment rules.

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4 *See California Independent System Operator Corp.*, 138 FERC ¶ 61,060, at P 53 (2012) (accepting the CAISO's proposal to make network upgrade reimbursement for phased facilities contingent on whether network upgrades needed for a particular phase are in service, and rejecting arguments that repayment for phased generating facilities must commence based solely on the COD status of the facility); *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146, *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160, at P 614 (2003), *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. 1230 (2008) ("Order No. 2003").

5 Based on the proposed effective date of this amendment, the first cluster to which these new repayment rules will apply will be queue cluster 6, for which interconnection requests were submitted in April 2013.

B. Redistribution of Non-Refundable Financial Security and Study Deposit Funds

The existing CAISO tariff sets forth the rules that determine what portions of an interconnection customer's financial security and study deposits will be non-refundable if the customer withdraws (or is removed) from the queue or whose interconnection agreement is terminated.[6] Requirements for interconnection customers to post study deposits and financial security earlier in the process and for those funds to be at risk are foundational to the CAISO's generator interconnection process reforms adopted in 2008.[7] The current tariff provides that the CAISO will disburse such non-refundable amounts held by the CAISO in accordance with the CAISO's general provisions for redistributing financial penalties,[8] which allocates shares of these funds to all scheduling coordinators in proportion to the amount of grid management charges they paid during the relevant year.[9] During the interconnection enhancement stakeholder process, both generation developers and participating transmission owners indicated that the CAISO should revise the distribution mechanism for non-refundable interconnection security and study deposits. Participating transmission owners expressed a preference that non-refundable funds should be redistributed to reduce transmission rates through offsets to transmission owner revenue requirements, while developers supported applying these funds to offset the costs of specific transmission facilities, thereby reducing the costs assigned to interconnection customers that remain in the interconnection queue.

After several rounds of proposals and stakeholder comments, the CAISO devised a two-part methodology for redistributing non-refundable financial security and study deposits that includes aspects of both approaches. The proposed methodology results in a well-balanced, broadly supported approach that provides tangible benefits to both developers and ratepayers. A portion of these amounts will reduce the costs of specific network upgrades for which the

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6 *See* GIDAP section 3.5.1.1 and GIP section 3.5.1.1. Non-refundable funds generally consist of funds intended to finance or secure interconnection-related studies, and shares of network upgrades required for reliable interconnection to the grid and deliverability of output necessary to qualify for resource adequacy capacity. The total amount of these funds in 2013 and available for redistribution was approximately $16.4 million.

7 *See California Independent System Operator Corp.*, 124 FERC ¶ 61,292, at PP 151-61, 198 (2008); transmittal letter for CAISO tariff amendment to implement Generator Interconnection Process Reform, Docket No. ER08-1317-000, at 18-20, 26-27 (July 28, 2008).

8 Section 37.9.4 of the CAISO tariff.

9 The CAISO's collection of non-refundable study deposits and financial security from interconnection customers has, since it adopted these requirements, far outweighed its collection of financial penalties for other reasons.

funds were earmarked and are still needed for interconnection customers that remain in queue, while the remaining amounts will be used to reduce the transmission revenue requirements of participating transmission owners, thereby reducing transmission access charges. Ultimately, both parts of the proposed distribution reduce transmission access charges for transmission ratepayers. The first part, however, targets specific network upgrades needed by interconnection customers who remain in the queue, thus reducing the amount of upgrade cost that remaining interconnection customers will have to finance compared to what they would have to finance absent this use of non-refundable funds.

II. Background

A. The IPE Initiative

California's ambitious renewable portfolio standard[10] and the associated changes in the generation development marketplace have made it increasingly important over the past several years for the CAISO to identify ways to better administer its generation interconnection queue.[11] The CAISO's overriding goal has been to tailor its procedures to promote California's energy goals while ensuring that they continue to be grounded in principles of fairness and non-discrimination. Because of the rapid evolution of the generation development marketplace in California, achieving these goals has required the CAISO to engage in a process of continuous review and enhancement of its generator interconnection procedures.[12]

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[10] *See* California Public Utilities Commission ("CPUC"), "California Renewables Portfolio Standard," available on the CPUC's website at http://www.cpuc.ca.gov/PUC/energy/Renewables/.

[11] There were approximately 265 projects in the interconnection queue as of October 3, 2014. *See* http://www.caiso.com/planning/Pages/GeneratorInterconnection/Default.aspx (CAISO website page listing projects in the queue).

[12] The generator interconnection process and related provisions are set forth primarily in section 25 of the CAISO tariff. The interconnection procedures and *pro forma* generator interconnection agreements ("GIAs") are contained in appendices to the tariff: the small generator interconnection procedures ("SGIP") for projects in the serial study process (appendix S); small generator interconnection agreement ("SGIA") for interconnection requests processed under appendix S (appendix T); large generator interconnection procedures ("LGIP") for projects in the serial study process (appendix U); large generator interconnection agreement ("LGIA") for interconnection requests processed under appendix U (appendix V); interconnection procedures in effect prior to July 1, 2005 (appendix W); generator interconnection procedures ("GIP") for projects in a queue cluster study process prior to cluster 5 (appendix Y); LGIA for interconnection requests processed under appendix Y in a queue cluster window (appendix Z); LGIA for interconnection requests processed under appendix Y in a serial study group that tendered or executed the LGIA on or after July 3, 2010 (appendix BB); LGIA for interconnection requests processed under appendix Y in a queue cluster window that tendered or executed the LGIA on or

In April 2013, the CAISO launched the IPE initiative, which was aimed at examining a broad spectrum of issues relating to its generator interconnection process.[13] The IPE initiative is the most recent initiative in a series of stakeholder processes that the CAISO has conducted over the past several years to meet its commitment to improving its interconnection process.[14] The 2013-14 IPE initiative originally consisted of fifteen topics. Of these, eight topics relating to queue management and capacity downsizing issues were accepted by the Commission in 2013 and 2014 to date,[15] and two more have been submitted for Commission review and acceptance.[16] This tariff filing contains the final two topics in the 2013-14 IPE initiative.[17]

The CAISO and stakeholders held several meetings and teleconferences that resulted in the proposed changes regarding the timing of transmission cost reimbursement and the proposal for distribution of non-refundable funds.[18] As explained below, there was broad agreement among stakeholders for the proposed changes.

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after July 3, 2010 (appendix CC); generator interconnection and deliverability allocation procedures ("GIDAP") for projects in a queue cluster study process in cluster 5 and subsequent clusters (appendix DD); LGIA for interconnection requests processed under the GIDAP (appendix EE); SGIA for interconnection requests processed under the GIDAP (appendix FF); and one-time generator downsizing opportunity (appendix GG). Unless otherwise specified or the context otherwise requires, a GIA can be either an LGIA or an SGIA.

[13] Further background information on the IPE initiative is provided in the CAISO's September 30, 2013 tariff amendment filing in Docket No. ER13-2484 to implement the first set of tariff revisions to come from that initiative.

[14] The other stakeholder processes include Generation Interconnection Process Reform held in 2008-09, Generation Interconnection Procedures Phase 1 held in 2010, and Generation Interconnection Procedures Phase 2 ("GIP-2") held in 2011 and early 2012. In addition, the CAISO began Generator Interconnection Procedures Phase 3 ("GIP-3") in 2012 but deferred that initiative based on stakeholder feedback in order to develop a one-time generator downsizing opportunity.

[15] *California Independent System Operator Corp*., 145 FERC ¶ 61,172 (2013); *California Independent System Operator Corp*., 148 FERC ¶ 61,077 (2014).

[16] *California Independent System Operator Corp.*, Tariff Amendment to Implement Third Set of Interconnection Process Enhancements, Docket No. ER14-2586-000 (Aug. 4, 2014).

[17] Of the three IPE topics not covered by the discussion above, two are being addressed through the CAISO's business practice manuals, and the third was withdrawn based on a lack of stakeholder concern.

[18] Further information regarding the stakeholder process for this tariff amendment is provided in section IV of this transmittal letter.

B. Timing of Cost Reimbursement

The GIP and GIDAP provisions for the reimbursement of interconnection customers' network upgrade costs for phased and non-phased generating facilities have evolved significantly over the last several years.[19]

Most recently, in its so-called GIP-2 amendment, the CAISO adopted provisions stating that for phased generating facilities, interconnection customers would be eligible for reimbursement of a portion of the cost of network upgrades associated with a specific phase at the time the phase went into commercial operation, so long as all of the network upgrades necessary to support the desired level of deliverability for that phase were in service. Although the CAISO explained in that proceeding that it interpreted the language regarding non-phased facilities as also including an in-service requirement for triggering repayment of network upgrade costs, the Commission rejected this interpretation. The Commission concluded that the plain language of the CAISO tariff only required that a non-phased generating facility have entered commercial operation in order for the repayment obligation to commence. The Commission indicated that if the CAISO wished a different result, the CAISO should "file revised tariff language to clarify the timing of refunds associated with a non-phased project."[20]

Thus, under the CAISO's current rules applicable to phased generator projects, network upgrade cost reimbursement does not begin until after the commercial operation date of each completed phase and the in-service date of all network upgrades necessary to support the desired level of deliverability for each completed phase.[21] For non-phased projects, however, consistent with the Commission's order, network upgrade cost reimbursement begins upon the commercial operation date of the generating facility.[22]

As discussed below, the CAISO and stakeholders determined in the IPE initiative that the repayment of interconnection customers' funds for phased and non-phased generating facilities should be treated consistently. The CAISO's proposal does this in a manner that, consistent with Commission policy, ensures that interconnection customers bear an appropriate level of risk that network

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[19] *See, e.g., California Independent System Operator Corp.*, 138 FERC ¶ 61,060 (2012), *clarified*, 140 FERC ¶ 61,168 (2012).

[20] *California Independent System Operator Corp.*, 140 FERC ¶ 61,168, at P 7 (2012).

[21] *See* GIDAP section 14.3.2.2; GIP section 12.3.2.2.

[22] *See* GIDAP section 14.3.2.1; GIP section 12.3.2.2.

upgrades associated with their generating facilities may become unnecessary should their facilities become commercially infeasible, by requiring that repayment for network upgrades begin promptly upon the completion of the network upgrades necessary to provide transmission service to those generating facilities.

C. Redistribution of Non-Refundable Security and Study Deposits

The CAISO tariff currently provides that non-refundable interconnection security and study deposits received from interconnection customers that withdraw from the interconnection queue will be distributed on an annual basis to scheduling coordinators in proportion to the amount of grid management charges they paid during the relevant year.[23] This approach follows the CAISO's general process for redistributing financial penalties. During the IPE stakeholder process, both developers and participating transmission owners agreed that the CAISO should revise the distribution mechanism for non-refundable interconnection security and study deposits but, as discussed above, they disagreed on the mechanics of how those funds should be applied.

III. Proposed Tariff Revisions

The CAISO proposes tariff revisions to clarify the timing of network upgrade cost reimbursement and modify the process for distributing non-refundable interconnection financial security and study deposits. These tariff revisions involve changes to the GIP (Appendix Y), the GIDAP (Appendix DD), and to the LGIA and SGIA under the GIDAP (appendices EE and FF, respectively). The revisions regarding network upgrade cost reimbursement will be implemented beginning with customers in the CAISO's queue cluster 6 so that interconnection customers in the same clusters or study groups will be subject to the same rules for transmission cost reimbursement. The proposed tariff revisions relating to distributing non-refundable financial security and study deposits involve the GIP and GIDAP. These revisions will be implemented for all participants in the CAISO interconnection process upon the effective date of this tariff amendment, and will encompass all relevant funds that have become available to the CAISO since the last redistribution of non-refundable funds, which disbursed funds received during 2012.[24]

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[23] *See* GIDAP section 3.5.1.1 and GIP section 3.5.1.1, both incorporating by reference Section 37.9.4 of the CAISO tariff.

[24] *See California Independent System Operator Corp.*, 145 FERC ¶ 61,223 (2013) (Commission letter order authorizing disbursement of funds received during 2012).

A. Revisions to the Timing of Cost Reimbursement

The CAISO included this topic for consideration in the IPE initiative because, as explained above, a number of stakeholders desired that the CAISO provide additional clarity on the timing of reimbursements and bring consistency to the treatment of phased and non-phased generation projects. As a result, the CAISO worked with stakeholders throughout the IPE initiative to develop a common cost reimbursement proposal with broad stakeholder support that can be applied to both phased and non-phased generating facilities. In doing so, the CAISO and its stakeholders sought to align any revisions with the policies and requirements of Order No. 2003, such that repayment of transmission assets would begin once those assets are utilized to deliver the output of the interconnection customer's generating facility.[25]

Ultimately, the CAISO and stakeholders agreed on four principal revisions to the CAISO tariff regarding the timing of cost reimbursement:

1. Elimination of different treatment for phased and non-phased projects.

2. Reimbursement for required network upgrades already in service will commence upon the generating facility or the phase that requires those upgrades achieving commercial operation, as specified in the generator interconnection agreement.

3. Reimbursement for required network upgrades placed in service subsequent to the generating facility or phase achieving commercial operation (including those under construction at the time of the COD of the project or project phase) will commence no later than (a) the first month of the calendar year following the year in which the required network upgrade was placed in service, or (b) ninety days following the in-service date of the required network upgrade. The reimbursement period, once it commences, will last no more than five years.

4. To avoid a situation in which customers in the same cluster, or even in the same study group, could be subject to different reimbursement rules, these revisions will apply on a going-forward basis only. As such, these revised rules will begin with CAISO queue cluster 6, which is the first interconnection queue cluster where no projects will have been tendered a generator interconnection agreement as of the proposed effective date of this tariff amendment.[26]

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[25] Order No. 2003-A, FERC Stats. & Regs. ¶ 31,171, at P 614.

[26] The CAISO and relevant participating transmission owners will tender draft interconnection agreements to queue cluster 6 customers in 2015.

1. Eliminating Differential Treatment of Phased and Non-phased Projects

For purposes of defining the commencement of network upgrade cost reimbursement, the CAISO proposes to eliminate the practice of distinguishing between phased and non-phased generator projects, and instead to trigger reimbursement based on which network upgrades are in service when a project or a project phase has reached commercial operation.[27]

Although most non-phased projects do not, in practice, achieve commercial operation prior to the completion of necessary network upgrades, exceptions to this rule have occurred, resulting in differential treatment between phased and non-phased projects and ambiguity for the CAISO, developers and participating transmission owners. Therefore, the CAISO proposes to revise the GIP, GIDAP, and the applicable pro forma interconnection agreements to align the treatment of network upgrade cost reimbursement such that the commencement of reimbursement for non-phased projects will, like phased projects, be contingent upon the completion of any required network upgrades for the project.[28] These revisions will ensure equal treatment among generator projects and will facilitate the timely completion of necessary network upgrades.

2. Pre-COD Facilities and Phases

The CAISO proposes to revise its GIDAP provisions regarding transmission cost reimbursement so that interconnection customers will be entitled to reimbursement for their contribution to the cost of those network upgrades placed in service *on or before* the commercial operation date of the generating facility (or corresponding phase of the generating facility) upon the commercial operation date of the generating facility.[29] This revision aligns with

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[27] The CAISO tariff will still distinguish between phased and non-phased generator projects in other regards. For example, phased generator projects will still be subject to the requirement that, *inter alia*, the interconnection customer has posted all of the interconnection financial security required for the network upgrades for *all* the phases of the generating facility (or if less than all has been posted, then all required interconnection financial security instruments to the date of the commencement of repayment). The CAISO simply is eliminating any differential treatment between phased and non-phased generator projects regarding the timing of cost reimbursement tied to the completion of network upgrades.

[28] Revised GIDAP section 14.3.2.1.

[29] Revised GIDAP sections 14.3.2.1 and 14.3.2.2. As under the existing CAISO tariff, eligible interconnection customers will be entitled to repayment for their contributions to the cost of network upgrades as follows: For reliability network upgrades, in accordance with the interconnection customer's cost responsibility assigned up to a maximum of $60,000 per MW of generating capacity as specified in the GIA. For local delivery network upgrades, except for those for Option (B) Generating Facilities that were not allocated TP Deliverability, in accordance

the Commission's finding in Order No. 2003, and its orders addressing the CAISO's GIP-2 tariff amendment, that repayment for network upgrades should begin once transmission service to deliver the output of the interconnection customer's generating facility is provided and, therefore, such repayment is appropriately tied to the utilization of the transmission provider's network.

The CAISO also proposes to eliminate the requirement for phased projects that network upgrades necessary for a phase to meet its desired level of deliverability must be in place in order for reimbursement to commence with respect to any network upgrades needed for the phase, even those already in service.[30] Instead, upon the commercial operation date of a phase, the generator will be eligible for reimbursement of any upgrades needed for that phase that have been placed into service. Reimbursement for any remaining network upgrades completed after the phase achieves commercial operation will commence no later than the first month of the calendar year following the year in which the network upgrade is placed into service, or 90 days after the network upgrade is placed into service, whichever occurs later.[31] This will ensure that reimbursement begins reasonably quickly after the network upgrade is placed into service, while providing sufficient time for the participating transmission owners to complete any billing and accounting activities necessary to begin repayment.

Per standard Commission policy, reimbursement will be made within five (5) years of the applicable commencement date. Likewise, consistent with the CAISO's existing tariff and Commission policy,[32] the CAISO's proposal does not preclude a participating transmission owner from commencing or completing reimbursement to the interconnection customer earlier than required.[33] The CAISO also proposes to include in several of the repayment provisions language indicating that the repayment amounts will include any tax gross-up or other tax-related payments associated with the network upgrades not refunded to the interconnection customer. This is existing language that the CAISO simply clarifies is applicable to all network upgrade reimbursement payments.

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with customer's assigned cost responsibility. Option (B) Generating Facilities that were not allocated TP Deliverability will not receive repayment for local delivery network upgrades or area delivery network upgrades.

30 GIDAP section 14.3.2.2. This requirement only applied to phased projects.

31 Revised GIDAP section 14.3.2.2.

32 *See* Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171, Standard Large Generator Interconnection Agreement at Article 11.4

33 Revised GIDAP section 14.3.2.1.

3. Post-COD Facilities and Phases

For those network upgrades placed into service *after* the commercial operation date of the corresponding generating facility or project phase, the CAISO proposes to revise the GIDAP to specify that repayment for network upgrade costs will commence no later than the first month of the calendar year following the year in which the network upgrade is placed into service, or 90 days after the network upgrade is placed into service, whichever occurs later.[34] This language is consistent with the Commission's orders regarding the timing of repayment being contingent on utilization of the transmission provider's transmission network, as discussed above. In particular, it will ensure that there is no delay in reimbursing customers for those network upgrades that are placed into service after a generator achieves commercial operation date, but before the completion of all of the customer's necessary upgrades.

As with network upgrades that go into service prior to the commercial operation date, repayment for post-COD upgrades will be required to be made within five (5) years of the commencement of the reimbursement obligation. The modifications regarding the inclusion of tax gross-up or other tax-related payments discussed above are applicable to post-COD facilities and phases as well.

4. Effectiveness of the Tariff Provisions

To avoid any questions regarding the applicability of the revisions discussed above,[35] the CAISO proposes to continue its practice of revising tariff language to explicitly address when or to whom the revisions will apply.[36] The CAISO and its stakeholders believe that the appropriate balance between harmonizing these reimbursement rules and existing customer expectations is to apply these revisions beginning with the first cluster for which no customers will have been tendered a generator interconnection agreement by the effective date of these revisions.[37] This will also have the benefit of avoiding a situation in which interconnection customers in the same cluster, or even in the same study

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[34] *Id*. For pre-COD facilities and phases, eligible interconnection customers will be entitled to repayment for their contributions to the cost of network upgrades as described above.

[35] *See West Deptford Energy, LLC v. FERC*, 766 F.3d 10 (D.C. Cir. 2014).

[36] Hence the existence of both the GIDAP, which applies to interconnection requests assigned to queue cluster 5 or later, and the GIP, which applies to previous interconnection requests.

[37] Revised GIDAP sections 14.3.2.1 and 14.3.2.2.

group, could be subject to different repayment rules.[38] Based on the timing of this filing, the first cluster that these new reimbursement rules will apply to is queue cluster 6. Further, these revisions will apply to interconnection customers in the independent study process or the fast track process that are not tendered a generator interconnection agreement before the effective date of these revisions.[39]

B. Revisions to the Distribution of Non-Refundable Financial Security and Study Deposits

The CAISO tariff currently provides that non-refundable interconnection financial security and study deposits from interconnection customers that withdraw from the interconnection queue will be distributed on an annual basis to scheduling coordinators in proportion to the amount of grid management charges they paid during the relevant year.[40] This approach follows the CAISO's process for redistributing financial penalties collected for other reasons. During the IPE initiative, stakeholders indicated a preference that non-refundable funds be used to directly reduce transmission rates, either through offsets to transmission owner revenue requirements or the transmission facilities that correspond to the interconnection customers that withdrew. The CAISO and stakeholders developed a two-part method to distribute these non-refundable funds incorporating elements of both approaches.[41]

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[38] The CAISO therefore proposes to make corresponding revisions to the LGIA and SGIA under the GIDAP (appendices EE and FF, respectively) so that interconnection customers in the same clusters or study groups will be subject to the same rules for transmission cost reimbursement. *See* Revised Appendix EE section 11.4.1 and Revised Appendix FF section 5.3.1 (adopting the revisions to the GIDAP described above).

[39] *Id*.

[40] *See* GIDAP Section 3.5.1.1 and GIP section 3.5.1.1, both incorporating by reference section 37.9.4 of the CAISO tariff.

[41] The CAISO uses "funds" here for simplicity. The term may include study deposits, financial security, and other cash or credit held by the CAISO or the participating transmission owner during the interconnection process. The CAISO does not propose to amend section 11.4.1 of the GIDAP, which provides that withdrawing interconnection customers may recover a portion of their financial security if their withdrawal or termination occurs for certain reasons (e.g., failure to secure a power purchase agreement or a necessary permit). The proposed tariff revisions discussed herein therefore refer to "non-refundable interconnection financial security and study deposit amounts." *See* Revised GIDAP sections 7.6 and 11.4.2.5.

1. Part 1: Reduce the Cost of Specific Network Upgrades

Early in each calendar year, the CAISO conducts a reassessment of all projects in each queue cluster as part of the GIDAP process. One function of the reassessment is to determine which if any previously needed network upgrades can be eliminated or modified as a result of project withdrawals in the prior year. The network upgrades for which a withdrawn customer had cost responsibility prior to withdrawing are known and itemized in the customer's phase II study report or, if one has been executed, the interconnection agreement. Through the reassessment the CAISO identifies which network upgrades are still needed by other customers who remain in the queue. For each of these still-needed upgrades, the CAISO proposes revising its tariff to apply the portion of withdrawn customers' non-refundable interconnection financial security posting associated with the still-needed upgrade to reduce the cost of that upgrade.[42] The CAISO will provide those funds as a contribution in aid of construction to the participating transmission owner responsible for constructing the still-needed upgrade.

Because the cost of the still-needed upgrade is reduced in this manner, there will be a corresponding reduction in the transmission revenue requirements of the relevant participating transmission owner, thus benefitting transmission ratepayers. In addition, the CAISO will use the lower upgrade cost that results from this use of the non-refundable security deposit funds in calculating any reallocation of interconnection customer cost shares under the GIDAP reassessment process, thus benefitting interconnection customers that remain in queue who have cost responsibilities for the still-needed upgrade.

For context, of the $16.4 million of non-refundable funds from 2013, approximately $15.5 million was from security postings by customers seeking interconnection to the CAISO grid.[43] Of these funds, approximately $1.25 million was associated with nine network upgrades still needed after customer withdrawals. Because the amounts of funds associated with a still-needed upgrade may be quite small,[44] the CAISO proposes to apply the funds to offset the costs of a specific upgrade only when the total amount of available funds

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[42] Revised GIDAP section 7.6(b). These changes regarding the redistribution of non-refundable funds will also apply to the GIP, as the CAISO proposes revising the existing GIP language that incorporates by reference the CAISO's redistribution processes for financial penalties—section 37.9.4 of the CAISO tariff—to instead incorporate by reference the revised GIDAP language proposed here—what will be section 7.6 of the GIDAP.

[43] The $16.4 million total also included $868,000 in security postings by customers seeking interconnection to a utility distribution system and needing upgrades on the CAISO grid, and $53,000 in unused study deposits.

[44] As little as $1,200 for one upgrade in 2013, for example.

applicable to that upgrade is at least $100,000, which is still a relatively small amount in the context of typical network upgrades.[45] Applying this threshold, approximately $1.19 million of the $1.25 million associated with still-needed upgrades would be applied under the proposed new methodology to reduce the costs of four of the nine still-needed upgrades if this rule had been in effect.[46]

2. Part 2: Reducing Transmission Revenue Requirements

The second part of the CAISO's revised approach consists of redistributing non-refundable study deposits and any non-refundable interconnection financial security postings that were associated with network upgrades that are no longer needed after customer withdrawals. This also would include non-refundable interconnection security amounts that did not meet the $100,000 threshold discussed above, as well as any funds that were allocated as contributions in aid of construction for network upgrades that are determined to be no longer needed in a subsequent reassessment.

The CAISO proposes to distribute this second category of non-refundable funds by first allocating them, for each withdrawn interconnection customer, into three categories in proportion to the withdrawn customer's most recent estimated cost responsibility for Network Upgrades whose costs would be recovered through each category: (1) a Regional Transmission Revenue Requirement, (2) the Local Transmission Revenue Requirement of the participating transmission owner to which the interconnection customer had proposed to interconnect, and (3) the Local Transmission Revenue Requirement of any other participating transmission owner on whose system the interconnection customer was responsible for funding Network Upgrades recovered through a Local Transmission Revenue Requirement.[47] This will ensure that non-refundable financial security and study deposit amounts are disbursed to participating transmission owners in a manner that best aligns with the way in which the underlying network upgrades would be accounted for in the participating transmission owners' revenue requirements.

After performing the above categorization for each withdrawn customer, the CAISO will disburse these funds through the transmission owners' Transmission Revenue Balancing Accounts. Specifically, each year, prior to the

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45 Revised GIDAP section 7.6(b).

46 The non-refundable amounts that would have been applicable to the other five network upgrades under this methodology, absent the $100,000 threshold, are $43,000, $11,000, $5,000, $2,000, and $1,200.

47 Revised GIDAP section 7.6(c).

cutoff date for including annual regional Transmission Revenue Balancing Account adjustments in Regional Transmission Revenue Requirements, the CAISO will disburse to each participating transmission owner's Transmission Revenue Balancing Account: (a) a share of the total funds held or received by the CAISO from category (1) above in proportion to the ratio of that participating transmission owner's most recent Regional Transmission Revenue Requirement to the total of all participating transmission owners' most recent Regional Transmission Revenue Requirements, and (b) all funds held or received by the CAISO in categories (2) and (3) applicable to that participating transmission owner.[48]

This process will directly align the application of non-refundable interconnection security and study deposit funds with the transmission costs of the participating transmission owner – and the corresponding impacts on transmission ratepayers – associated with each interconnection customer that withdraws.

The CAISO will transmit the funds to each participating transmission owner before the end of third quarter of each year to enable the recipient to reflect these funds in its annual filing to the Commission of its Transmission Revenue Balancing Account, which, upon Commission acceptance, is reflected in the CAISO's transmission access charges for the next calendar year.

3. CAISO and Participating Transmission Owner Responsibilities

The existing CAISO tariff does not explicitly delineate the obligations for the CAISO and participating transmission owners regarding collecting and receiving non-refundable interconnection funds and study deposits. As such, the CAISO proposes to add subsection 7.6(d) to the GIDAP, which will state that the CAISO will disburse only those funds and study deposits that it holds or has received.[49] The CAISO also proposes to clarify that the applicable participating transmission owner will have the exclusive obligation to administer the financial security when it is identified as the beneficiary in the financial security instrument. Further, the participating transmission owner will have the responsibility to manage the financial security and to transmit to the CAISO the non-refundable amounts in cash or equivalent within 75 days of the CAISO's submission to the participating transmission owner of the financial security liquidation form. This

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48 *Id*.

49 Revised GIDAP section 7.6(d).

75-day timeline may be extended by the mutual agreement of the CAISO and the participating transmission owner.[50]

In addition, the CAISO proposes to clarify the interest treatment of non-refundable amounts by adding subsection 7.6(e) to the GIDAP, which states that the CAISO, upon receipt of these funds, will deposit them into an interest-bearing account at a bank or financial institution designated by the CAISO.[51] Any interest earned on such amounts, based on the actual rate of the account, will be allocated and disbursed in the same manner as the principal in accordance with the revisions described herein.[52] This proposal is consistent with the CAISO's current tariff requirement to hold these funds in an interest bearing account and to include interest at the earned rate in the disbursement.[53]

4. Effectiveness and Timing of Withdrawal Period

As explained above, the CAISO will calculate non-refundable interconnection study deposit and interconnection financial security amounts when the interconnection customer withdrew its interconnection request (or was withdrawn) or terminated its generator interconnection agreement. For purposes of the first disbursement under the new tariff provisions, the CAISO proposes that the first withdrawal period will be from January 1, 2013 through the last day that the CAISO is able to incorporate withdrawals into the 2015 annual reassessment.[54] This will allow the CAISO to disburse all non-refundable interconnection financial security and study deposits that it receives and that are associated with projects that have withdrawn or terminated since January 1, 2013 in accordance with this new mechanism, which all stakeholders indicated that they favor over the current approach. Subsequently, each withdrawal period will be the approximate twelve-month period between the last day that the CAISO

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[50] *Id*.

[51] Revised GIDAP section 7.6(e).

[52] *Id*.

[53] *See* GIDAP sections 3.5.1.1 (stating that the CAISO will deposit study funds in an interest bearing account and, upon execution of an interconnection agreement, refund to the customer any amounts above costs, along with interest earned at the rate provided for by that account); 3.5.1.3 (providing for substantively similar treatment for site exclusivity deposits); *see also California Independent System Operator Corp*., 133 FERC ¶ 61,223 (2010); *California Independent System Operator Corp*., 140 FERC ¶ 61,070 (2012) (orders approving these tariff provisions in the CAISO's GIP and GIDAP interconnection procedures, respectively).

[54] Also, the CAISO is proposing to disburse as offsets to participating transmission owners' revenue requirements any funds that the CAISO collects from pre-January 1, 2013 withdrawals or terminations that were not included in any prior disbursement of non-refundable funds.

is able to incorporate withdrawals into an annual reassessment and the last day that the CAISO is able to incorporate withdrawals into the subsequent year's reassessment. For each withdrawal period, the CAISO will calculate and disburse available non-refundable interconnection study deposits and interconnection financial security in conjunction with the annual reassessment performed during the year that the withdrawal period ends. Finally, in the event that the non-refundable funds associated with an interconnection customer that withdraws in a given withdrawal period are not available to the CAISO by the time the disbursement must be performed for that withdrawal period, and these funds become available to the CAISO at a later date, the CAISO will include these funds in the next possible disbursement process in accordance with the methodology proposed in these tariff revisions.[55]

IV. Stakeholder Process

The stakeholder process that resulted in this filing included:

- A series of ten papers issued by the CAISO;
- The development of draft tariff provisions and revised draft tariff provisions;
- Twelve stakeholder meetings and conference calls to discuss the CAISO papers and the draft tariff provisions; and
- Eleven opportunities to submit written comments on the CAISO papers and the draft tariff provisions.[56]

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[55] If the CAISO allocates non-refundable funds to a network upgrade but subsequently determines that network upgrade is no longer necessary, the CAISO will reallocate those funds to offset participating transmission owner revenue requirements in accordance with the methodology proposed in this filing.

[56] The first topic this tariff amendment concerns (clarification of the timing of reimbursement to interconnection customers for network updates they have financed) was addressed solely in the IPE stakeholder process. The second topic this tariff amendment concerns (method of distributing non-refundable interconnection financial security and study funds) was initially addressed in the IPE stakeholder process, then was moved for a time to the CAISO stakeholder process on generator interconnection and deliverability allocation procedures reassessment, and later was moved back to the IPE stakeholder process. Materials regarding the IPE stakeholder process are available on the CAISO website at http://www.caiso.com/informed/Pages/StakeholderProcesses/InterconnectionProcessEnhancements.aspx, and materials regarding the stakeholder process on generator interconnection and deliverability allocation procedures reassessment are available on the CAISO website at http://www.caiso.com/informed/Pages/StakeholderProcesses/GenerationInterconnection-DeliverabilityAllocationProceduresReassessment.aspx. These materials include a draft final proposal that is also provided in attachment C to this filing. A list of key dates in the stakeholder

All but one stakeholder either fully supported, or supported with qualifications, the CAISO's proposed tariff revisions described herein. Independent Energy Producers ("IEP") opposed the CAISO's proposal on the timing of transmission cost reimbursement. IEP stated the proposal does not conform to the Order No. 2003 requirement that an interconnection customer receive full reimbursement for network upgrades that it has funded within five years of achieving commercial operation.[57] The CAISO disagrees with IEP's conclusion. As explained throughout the stakeholder process and in the CAISO's draft proposals, this issue was addressed by the Commission in the context of the GIP-2 tariff amendment.[58] Therein, the Commission accepted the CAISO's proposal to base the period for reimbursement of network upgrades for phased generating facilities on both the achievement of commercial operation of the generating facility and placing into service the related upgrades. Finding that repayment of network upgrades is appropriately tied to the utilization of the transmission provider's network, the Commission concluded that the CAISO's proposal to require that network upgrades associated with a particular phase be in service prior to the commencement of the five-year reimbursement period was just and reasonable and consistent with FERC interconnection policies.[59] Despite the fact that the Commission decided this matter in the context of phased facilities, the Commission did not suggest that its reasoning was limited to phased facilities, nor does the CAISO believe there is any logical reason that the Commission's reasoning would be so limited.

All but one of the submitted stakeholder comments either fully supported or did not oppose the CAISO's proposal on the distribution of non-refundable security from withdrawn interconnection customers. The Large-scale Solar Association and California Wind Energy Association ("LSA/CalWEA") jointly supported the CAISO's proposal but stated that the CAISO should go further in using non-refundable security deposits to reduce the costs of network upgrades for remaining customers in the electrical areas of the withdrawn customers. Specifically, LSA/CalWEA argued that non-refundable security that was originally posted to apply to network upgrades that are no longer needed should not be redistributed to reduce transmission costs, but should instead be applied to

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process that are relevant to this tariff amendment is provided in attachment E to this filing.

57 Order No. 2003, FERC Stats. & Regs. ¶ 31,146, at P 716 *et seq.*

58 *See California Independent System Operator Corp.*, 138 FERC ¶ 61,060, at P 52 (2012) ("[W]hile achievement of commercial operation is a necessary prerequisite to the commencement of repayment, it is just and reasonable to withhold repayment of the cost of network upgrades until all network upgrades necessary for the completed phase to meet its desired level of deliverability are in service.").

59 *Id*.

reduce the costs of other network upgrades needed by customers in the same electrical area as the withdrawn customer, even though the withdrawn customer had no cost responsibility for those upgrades.

The CAISO believes that the first part of LSA/CalWEA's proposal is reasonable and already adopted it as part of the tariff amendments proposed herein. To wit, if an amount of non-refundable security was originally posted to apply to a specific network upgrade and that network upgrade is still needed, that amount should still apply to the cost of the same upgrade. The CAISO and other stakeholders find it problematic, however, to apply non-refundable security funds to other network upgrades for which the funds were not posted in order to secure. There is no justifiable basis to decide arbitrarily how the funds should be used to reduce the cost of other unrelated network upgrades. Ultimately, the costs of all network upgrades are borne by transmission customers. Therefore, the main goal of the CAISO's proposal is, appropriately, to return non-refundable funds to transmission ratepayers as efficiently and expeditiously as possible. The CAISO's proposal achieves this by applying funds to directly offset transmission revenue requirements, while ensuring that interconnection customer responsibility for those network upgrades is reduced to the extent that any non-refundable security amounts were actually used to secure the costs of those upgrades.

The proposals were presented to the CAISO Governing Board ("Board") during its public meeting on July 16, 2014. The Board voted unanimously to authorize this filing.[60]

V. Effective Date

The CAISO requests that the Commission accept the tariff revisions contained in this filing effective as of December 19, 2014.

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[60] Materials related to the Board's authorization to prepare and submit this filing are available on the CAISO website at http://www.caiso.com/informed/Pages/BoardCommittees/BoardGovernorsMeetings.aspx. These materials include a memorandum to the Board ("Board memorandum") that is also provided in attachment D to this filing.

VI. Communications

Correspondence and other communications regarding this filing should be directed to:

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VII. Service

The CAISO has served copies of this filing on the California Public Utilities Commission, the California Energy Commission, and all parties with scheduling coordinator agreements under the CAISO tariff. In addition, the CAISO has posted a copy of the filing on the CAISO website.

VIII. Contents of Filing

In addition to this transmittal letter, this filing includes the following attachments:

Attachment A	Clean CAISO tariff sheets incorporating this tariff amendment
Attachment B	Red-lined document showing the revisions contained in this tariff amendment
Attachment C	Draft final proposal
Attachment D	Board memorandum
Attachment E	List of key dates in the stakeholder process

IX. Conclusion

For the reasons set forth in this filing, the CAISO respectfully requests that the Commission accept the tariff revisions proposed in the filing effective as of December 19, 2014.

Respectfully submitted,

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Attachment A – Clean Tariff Sheets

Tariff Amendment to Implement Fourth Set of Interconnection Process Enhancements

California Independent System Operator Corporation

Appendix Y GIP

For Interconnection Requests

Generator Interconnection Procedures (GIP)

* * *

3.5.1.1 Use of Interconnection Study Deposit.

The CAISO shall deposit all Interconnection Study Deposits in an interest bearing account at a bank or financial institution designated by the CAISO. The Interconnection Study Deposit shall be applied to pay for prudent costs incurred by the CAISO, the Participating TOs, or third parties at the direction of the CAISO or Participating TOs, as applicable, to perform and administer the Interconnection Studies and to meet and otherwise communicate with Interconnection Customers with respect to their Interconnection Requests.

Except for proposed Generating Facilities processed under the Fast Track Process set forth in Section 5 of this GIP, the Interconnection Study Deposits shall be refundable as follows:

(a) Should an Interconnection Request be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under GIP Section 3.8 on or before thirty (30) calendar days following the Scoping Meeting, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceed the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.

(b) Should an Interconnection Request made under GIP Section 3.5.1 be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under GIP Section 3.8 more than thirty (30) calendar days after the Scoping Meeting, but on or before thirty (30) calendar days following the Results Meeting (or the latest date permitted under this GIP for a Results Meeting if a customer elects not to have a Results Meeting) for the Phase I Interconnection Study or the System Impact Study for Generating Facilities processed under the Independent Study Process, the CAISO shall refund to the Interconnection Customer the difference between (i) the Interconnection Customer's Interconnection Study Deposit and (ii) the greater of the costs the CAISO and Participating TOs have incurred on the Interconnection Customer's behalf or one-half of the original Interconnection Study Deposit up to a maximum of $100,000, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal.

(c) Should an Interconnection Request be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under GIP Section 3.8 at any time more than thirty (30) calendar days after the Results Meeting (or the latest date permitted under this GIP for a Results Meeting if a customer elects not to have a Results Meeting) for the Phase I Interconnection Study, or the System Impact Study for proposed Generating Facilities processed under the Independent Study Process, the Interconnection Study Deposit shall be non-refundable.

(d) Upon execution of a GIA by an Interconnection Customer, the CAISO and the applicable Participating TOs, or the approval by FERC of an unexecuted GIA, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceeds the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.

Notwithstanding the foregoing, an Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request during an Interconnection Study Cycle shall be obligated to pay to the CAISO all costs in excess of the Interconnection Study Deposit that have been prudently incurred or irrevocably have been committed to be incurred with respect to that Interconnection Request prior to withdrawal. The CAISO will reimburse the applicable Participating TO(s) or third parties, as applicable, for all work performed on behalf of the withdrawn Interconnection Request at the CAISO's direction. The Interconnection Customer must pay all monies due before it is allowed to obtain any Interconnection Study data or results.

All non-refundable portions of the Interconnection Study Deposit that exceed the costs the CAISO, Participating TOs, or third parties have incurred on the Interconnection Customer's behalf, and any non-refundable interconnection study deposit funds that are received by the CAISO from a Participating TO, pursuant to a requirement in the Participating TO's wholesale distribution tariff for such funds to be distributed by the CAISO, shall be treated in accordance with Section 7.6 of Appendix DD to the CAISO Tariff.

* * *

9.4.2.6 Notification to CAISO and Accounting by Applicable Participating TO(s).

The applicable Participating TO(s) shall notify the CAISO within one (1) Business Day of liquidating any Interconnection Financial Security. Within twenty (20) calendar days of any liquidating event, the applicable Participating TO(s) shall provide the CAISO and Interconnection Customer with an accounting of the disposition of the proceeds of the liquidated Interconnection Financial Security and remit to the CAISO all proceeds not otherwise reimbursed to the Interconnection Customer or applied to costs incurred or irrevocably committed by the applicable Participating TO(s) on behalf of the Interconnection Customer in accordance with this GIP Section 9.4.

All non-refundable portions of the Interconnection Financial Security remitted to the CAISO in accordance with this GIP Section 9.4, and any non-refundable interconnection financial security funds that are received by the CAISO from a Participating TO pursuant to a requirement in the Participating TO's wholesale distribution tariff for such funds to be distributed by the CAISO, shall be treated in accordance with Section 7.6 of Appendix DD to the CAISO Tariff.

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Appendix DD

Generator Interconnection and Deliverability Allocation Procedures (GIDAP)

* * *

3.5.1.1 Use of Interconnection Study Deposit.

The CAISO shall deposit all Interconnection Study Deposits in an interest bearing account at a bank or financial institution designated by the CAISO. The Interconnection Study Deposit shall be applied to pay for prudent costs incurred by the CAISO, the Participating TOs, or third parties at the direction of the CAISO or Participating TOs, as applicable, to perform and administer the Interconnection Studies and to meet and otherwise communicate with Interconnection Customers with respect to their Interconnection Requests.

Except for proposed Generating Facilities processed under the Fast Track Process set forth in Section 5, the Interconnection Study Deposits shall be refundable as follows:

(a) Should an Interconnection Request be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under Section 3.8 on or before thirty (30) calendar days following the Scoping Meeting, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceed the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.

(b) Should an Interconnection Request made under Section 3.5.1 be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under Section 3.8 more than thirty (30) calendar days after the Scoping Meeting, but on or before thirty (30) calendar days following the Results Meeting (or the latest date permitted under this for a Results Meeting if a customer elects not to have a Results Meeting) for the Phase I Interconnection Study or the System Impact Study for Generating Facilities processed under the Independent Study Process, the CAISO shall refund to the Interconnection Customer the difference between (i) the Interconnection Customer's Interconnection Study Deposit and (ii) the greater of the costs the CAISO and Participating TOs have incurred on the Interconnection Customer's behalf or one-half of the original Interconnection Study Deposit up to a maximum of $100,000, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal.

Interconnection Customers in Queue Cluster 5 who have provided the Study Deposit may receive a refund of the Interconnection Study Deposit, less actual costs expended on the Interconnection Studies to date, by withdrawing from the Queue within ten (10) calendar days after July 25, 2012.

(c) Should an Interconnection Request be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under Section 3.8 at any time more than thirty (30) calendar days after the Results Meeting (or the latest date permitted for a Results Meeting if a customer elects not to have a Results Meeting) for the Phase I

Interconnection Study, or the System Impact Study for proposed Generating Facilities processed under the Independent Study Process, the Interconnection Study Deposit shall be non-refundable.

(d) Upon execution of a GIA by an Interconnection Customer, the CAISO and the applicable Participating TOs, or the approval by FERC of an unexecuted GIA, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceeds the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.

Notwithstanding the foregoing, an Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request during an Interconnection Study Cycle shall be obligated to pay to the CAISO all costs in excess of the Interconnection Study Deposit that have been prudently incurred or irrevocably have been committed to be incurred with respect to that Interconnection Request prior to withdrawal. The CAISO will reimburse the applicable Participating TO(s) or third parties, as applicable, for all work performed on behalf of the withdrawn Interconnection Request at the CAISO's direction. The Interconnection Customer must pay all monies due before it is allowed to obtain any Interconnection Study data or results.

All non-refundable portions of the Interconnection Study Deposit that exceed the costs the CAISO, Participating TOs, or third parties have incurred on the Interconnection Customer's behalf, and any non-refundable interconnection study deposit funds that are received by the CAISO from a Participating TO, pursuant to a requirement in the Participating TO's wholesale distribution tariff for such funds to be distributed by the CAISO, shall be treated in accordance with Section 7.6.

* * *

7.6 Application of Non-Refundable Amounts

In conjunction with each reassessment, the CAISO will calculate and disburse non-refundable interconnection study deposit and interconnection financial security amounts in accordance with the provisions of Appendix Y to the CAISO Tariff and this GIDAP as follows:

(a) Withdrawal Period

The CAISO shall calculate non-refundable interconnection study deposit and interconnection financial security amounts based on the period during which the interconnection customer withdrew its interconnection request or terminated its generator interconnection agreement. The first such withdrawal period shall be from January 1, 2013 through the last day that the CAISO is able to incorporate withdrawals into the 2015 annual reassessment. Subsequently, each withdrawal period shall be the approximate twelve-month period between the last day that the CAISO is able to incorporate withdrawals into an annual reassessment and the last day that the CAISO is able to incorporate withdrawals into the subsequent year's reassessment.

For each withdrawal period, the CAISO shall calculate and disburse available non-refundable interconnection study deposits and interconnection financial security in conjunction with the annual reassessment performed during the year that the withdrawal period ends.

(b) Calculation and Disbursement of Non-Refundable Interconnection Financial Security for Still-Needed Network Upgrades At or Above $100,000 Threshold

For each interconnection customer that withdrew its interconnection request or terminated its generator interconnection agreement, the CAISO shall calculate the proportion of the non-refundable interconnection financial security that is attributable to Network Upgrades that the CAISO determines will still be needed by remaining interconnection customers. For each such still-needed Network Upgrade, the CAISO will divide the interconnection customer's estimated cost responsibility for the Network Upgrade by the interconnection customer's estimated total cost responsibility for all Network Upgrades and multiply this result by the interconnection customer's total amount of non-refundable interconnection financial security.

If the amount of non-refundable security attributable to a still-needed Network Upgrade, for all interconnection customers that withdrew during the same withdrawal period, is equal to or greater than $100,000, then the portion of such amount held or received by the CAISO prior to the stage of the applicable annual reassessment in which the CAISO reallocates cost responsibility for remaining Network Upgrades shall: (a) be disbursed to the applicable Participating TO(s) as a contribution in aid of construction of the still-needed Network Upgrade and (b) be reflected as a reduction in the cost of this Network Upgrade for purposes of reallocating the cost responsibility for this Network Upgrade. Any portions of such amounts that the CAISO receives after reallocating cost responsibility for remaining Network Upgrades during the applicable annual reassessment shall be disbursed by the CAISO in the same manner in a subsequent reassessment, based on the date of collection, unless the applicable Network Upgrade is no longer needed, in which case such amounts will be disbursed pursuant to Section 7.6(c).

If a Network Upgrade for which the CAISO disburses funds as a contribution in aid of construction under this Section 7.6(b) is determined, in a subsequent reassessment, to be no longer needed, such funds will be promptly returned to the CAISO by the applicable Participating TO and re-disbursed by the CAISO pursuant to Section 7.6(c).

(c) Calculation and Disbursement of All Other Non-Refundable Security and Study Deposits

For each interconnection customer that withdrew its interconnection request or terminated its generator interconnection agreement during a withdrawal period, any non-refundable interconnection study deposits, as well as any non-refundable interconnection financial security not disbursed pursuant to subsection (b) above, shall be applied to offset Regional Transmission Revenue Requirements, as recovered through the CAISO's Transmission Access Charge, and to offset Local Transmission Revenue Requirements. Any non-refundable interconnection financial security and interconnection study deposits relating to withdrawals or terminations that occurred prior to January 1, 2013 that are collected by the CAISO during a withdrawal period, as defined in Section 7.6(a), will also be disbursed in accordance with this provision.

This offset shall be performed by first allocating these non-refundable interconnection study deposit and interconnection financial security amounts to the following three categories in proportion to the interconnection customer's most recent estimated cost responsibility, prior to withdrawal or termination, for Network Upgrades whose costs would be recovered through each of the following categories: (1) a Regional Transmission Revenue Requirement, (2) the Local Transmission Revenue Requirement of the Participating TO to which the interconnection customer had proposed to interconnect, and (3) the Local Transmission Revenue Requirement of any other Participating TO on whose system the interconnection customer was responsible for funding Network Upgrades recovered through a Local Transmission Revenue Requirement.

Each year, prior to the cutoff date for including annual regional TRBA adjustments in Regional Transmission Revenue Requirements, the CAISO will disburse to each Participating TO's Transmission Revenue Balancing Account: (a) a share of the total funds held or received by the CAISO from category (1) above in proportion to the ratio of each Participating TO's most recent Regional Transmission Revenue Requirement to the total of all Participating TOs' most recent Regional Transmission Revenue Requirements, and (b) all funds held or received by the CAISO in categories (2) and (3) applicable to that Participating TO.

(d) Disbursement of Funds by CAISO; Participating TO Responsibility for Collection

The CAISO shall disburse, in accordance with the rules set forth in this Section 7.6, only those non-refundable interconnection financial security and study deposit amounts that it holds or has received. The applicable Participating TO shall have the exclusive obligation to administer the collection of any non-refundable financial security where the applicable Participating TO is a beneficiary. The applicable Participating TO has the responsibility to manage the financial security and to transmit to the CAISO the non-refundable amounts in cash or equivalent within 75 days of the CAISO's submission to the Participating TO of the financial security liquidation form. This deadline can be modified by mutual agreement of the CAISO and applicable Participating TO.

(e) The CAISO shall, upon receipt, deposit all non-refundable interconnection financial security and study deposit amounts in an interest-bearing account at a bank or financial institution designated by the CAISO. Any interest earned on such amounts, based on the actual rate of the account, shall be allocated and disbursed in the same manner as the principal, in accordance with the methodology set forth in this Section 7.6.

* * *

11.4.2.5 Notification to CAISO and Accounting by Applicable Participating TO(s).

The applicable Participating TO(s) shall notify the CAISO within one (1) Business Day of liquidating any Interconnection Financial Security. Within twenty (20) calendar days of any liquidating event, the applicable Participating TO(s) shall provide the CAISO and Interconnection Customer with an accounting of the disposition of the proceeds of the liquidated Interconnection Financial Security and remit to the CAISO all proceeds not otherwise reimbursed to the Interconnection Customer or applied to costs incurred or irrevocably committed by the applicable Participating TO(s) on behalf of the Interconnection Customer in accordance with this Section.

All non-refundable portions of the Interconnection Financial Security remitted to the CAISO in accordance with this Section, and any non-refundable interconnection financial security funds that are received by the CAISO from a

Participating TO pursuant to a requirement in the Participating TO's wholesale distribution tariff for such funds to be distributed by the CAISO, shall be treated in accordance with Section 7.6.

* * *

14.3.2.1 Repayment of Amounts Advanced Regarding Non-Phased Generating Facilities

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster 5 or earlier, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to a repayment for the Interconnection Customer's contribution to the cost of Network Upgrades commencing upon the Commercial Operation Date of its Generating Facility.

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster 6 or later, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered an Interconnection Agreement before December 19, 2014, shall be entitled to repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed in service on or before the Commercial Operation Date of its Generating Facility, commencing upon the Commercial Operation Date of the Generating Facility. Repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed into service after the Commercial Operation Date of its Generating Facility shall, for each of these Network Upgrades, commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

An Interconnection Customer subject to this Section 14.3.2.1 shall be entitled to repayment for its contribution to the cost of Network Upgrades as follows:

(1) For RNUs, in accordance with the Interconnection Customer's cost responsibility assigned up to a maximum of $60,000 per MW of generating capacity as specified in the GIA.

(2) For LDNUs, except for LDNUs for Option (B) Generating Facilities that were not allocated TP Deliverability, in accordance with the Interconnection Customer's assigned cost responsibility.

(3) Option (B) Generating Facilities that were not allocated TP Deliverability will not receive repayment for LDNUs or ADNUs.

Unless an Interconnection Customer has provided written notice to the CAISO that it is declining all or part of such repayment, such amounts shall include any tax gross-up or other tax-related payments associated with the Network Upgrades not refunded to the Interconnection Customer, and shall be paid to the Interconnection Customer by the applicable Participating TO(s) on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable date as provided for in this Section 14.3.2.1; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the applicable commencement date.

For Network Upgrades for which the Interconnection Customer did not receive repayment, the Interconnection Customer will be eligible to receive Merchant Transmission Congestion Revenue Rights (CRRs) in accordance with CAISO Tariff Section 36.11 associated with the Network Upgrades, or portions thereof that were funded by the Interconnection Customer. Such CRRs would take effect upon the Commercial Operation Date of the Generating Facility in accordance with the GIA.

14.3.2.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities

Upon the Commercial Operation Date of each phase of a Phased Generating Facility, unless the Interconnection Customer has provided written notice to the CAISO that it is declining all or part of such repayment, the Interconnection Customer shall be entitled to a repayment for the Interconnection Customer's contribution to the cost of Network Upgrades for that completed phase in accordance with the Interconnection Customer's cost responsibility assigned for the phase and subject to the limitations specified in Section 14.3.2.1, if the following conditions are satisfied as described below :

(a) The Generating Facility is capable of being constructed in phases;

(b) The Generating Facility is specified in the GIA as being constructed in phases;

(c) The completed phase corresponds to one of the phases specified in the GIA;

(d) The phase has achieved Commercial Operation and the Interconnection Customer has tendered notice of the same pursuant to the GIA;

(e) All parties to the GIA have confirmed that the completed phase meets the requirements set forth in the GIA and any other operating, metering, and interconnection requirements to permit generation output of the entire capacity of the completed phase as specified in the GIA;

(f) The Network Upgrades necessary for the completed phase to meet the desired level of Deliverability are in service; and

(g) The Interconnection Customer has posted one hundred (100) percent of the Interconnection Financial Security required for the Network Upgrades for all the phases of the Generating Facility (or if less than one hundred (100) percent has been posted, then all required Interconnection Financial Security instruments to the date of commencement of repayment).

Following satisfaction of these conditions (a) through (g), an Interconnection Customer in a Queue Cluster earlier than Queue Cluster 5, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to receive a partial repayment of its financed cost responsibility in an amount equal to the percentage of the Generating Facility declared to be in Commercial Operation multiplied by the cost of the Network Upgrades associated with the completed phase. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Generating Facility is completed.

Following satisfaction of these conditions (a) through (e) and (g), an Interconnection Customer in Queue Cluster 6 or a later Queue Cluster, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to receive a repayment of its financed cost responsibility for the Network Upgrades associated with the completed phase that have been placed in service. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Generating Facility is completed. With respect to any Network Upgrades necessary for a completed phase to meet its desired level of deliverability that are not in service by the time the phase achieves Commercial Operation, repayment for each such Network Upgrade will commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

A reduction in the electrical output (MW capacity) of the Generating Facility pursuant to the CAISO Tariff shall not diminish the Interconnection Customer's right to repayment pursuant to this Section 14.3.2.2. If the GIA includes a partial termination provision and the partial termination right has been exercised with regard to a phase that has not been built, then the Interconnection Customer's eligibility for repayment under this Section 14.3.2.2 as to the remaining phases shall not be diminished. If the Interconnection Customer completes one or more phases and then defaults on the GIA, the Participating TO and the CAISO shall be entitled to offset any losses or damages resulting from the default against any repayments made for Network Upgrades related to the completed phases provided that the party seeking to exercise the offset has complied with any requirements which may be required to apply the stream of payments utilized to make the repayment to the Interconnection Customer as an offset.

Any repayment amount provided pursuant to this Section 14.3.2.2 shall include any tax gross-up or other tax-related payments associated with the Network Upgrades not refunded to the Interconnection Customer, and shall be paid to the Interconnection Customer by the applicable Participating TO(s) on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable date as provided for in this Section 14.3.2.2 ; or (2) any alternative payment schedule that associates the completion of Network Upgrades with the completion of particular phases and that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the applicable commencement date.

* * *

Appendix EE

Large Generator Interconnection Agreement

for Interconnection Requests Processed under the Generator Interconnection and Deliverability Allocation Procedures (Appendix DD of the CAISO Tariff)

* * *

11.4.1 Repayment of Amounts Advanced for Network Upgrades.

11.4.1.1 Repayment of Amounts Advanced Regarding Non-Phased Generating Facilities

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster 5 or earlier, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to a repayment for the Interconnection Customer's contribution to the cost of Network Upgrades commencing upon the Commercial Operation Date of its Generating Facility.

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster 6 or later, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered an Interconnection Agreement before December 19, 2014, shall be entitled to repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed in service on or before the Commercial Operation Date of its Generating Facility, commencing upon the Commercial Operation Date of the Generating Facility. Repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed into service after the Commercial Operation Date of its Generating Facility shall, for each of these Network Upgrades, commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

An Interconnection Customer subject to this Article 11.4.1.1 shall be entitled to repayment for its contribution to the cost of Network Upgrades as follows:

(a) For Reliability Network Upgrades, the Interconnection Customer shall be entitled to a repayment of the Interconnection Customer's assigned cost responsibility for Reliability Network Upgrades as set forth in Appendix G, up to a maximum of $60,000 per MW of generating capacity. For purposes of this determination, generating capacity will be based on the capacity of the Interconnection Customer's Generating Facility at the time it achieves Commercial Operation. To the extent that such repayment does not cover all of the costs of Interconnection Customer's Reliability Network Upgrades, the Interconnection Customer shall receive CRRs for that portion of its Reliability Network Upgrades that are not covered by cash repayment.

(b) For Local Delivery Network Upgrades:

i. If the Interconnection Customer is an Option (B) Interconnection Customer and has been allocated and continues to be eligible to receive TP Deliverability pursuant to the GIDAP, the Interconnection Customer shall be entitled to repayment of a portion of the total amount paid to the Participating TO for the costs of Local Delivery Network Upgrades for which it is responsible, as set forth in Appendix G. The repayment amount shall be determined by dividing the amount of TP Deliverability received by the amount of deliverability requested by the Interconnection Customer, and multiplying that percentage by the total amount paid to the Participating TO by the Interconnection Customer for Local Delivery Network Upgrades

ii. If the Generating Facility is an Option (B) Generating Facility and has not been allocated any TP Deliverability, the Interconnection Customer shall not be entitled to repayment for the costs of Local Delivery Network Upgrades.

iii. If the Generating Facility is an Option (A) Generating Facility, , the Interconnection Customer shall be entitled to a repayment equal to the total amount paid to the Participating TO for the costs of Local Delivery Network Upgrades for which it is responsible, as set forth in Appendix G.

(c) For Area Delivery Network Upgrades, the Interconnection Customer shall not be entitled to repayment for the costs of Area Delivery Network Upgrades.

(d) If an Interconnection Customer having a Option (B) Generating Facility, and is eligible, to construct and own Network Upgrades pursuant to the Merchant Option set forth in Article 5.15 of this LGIA, then the Interconnection Customer shall not be entitled to any repayment pursuant to this LGIA.

Unless an Interconnection Customer has provided written notice to the CAISO that it is declining all or part of such repayment, such amounts shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer pursuant to Article 5.17.8 or otherwise, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable date as provided for in this Article 11.4.1.1; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the applicable commencement date. Notwithstanding the foregoing, if this LGIA terminates within five (5) years of the applicable commencement date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination.

11.4.1.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities

Upon the Commercial Operation Date of each phase of a Phased Generating Facility, the Interconnection Customer shall be entitled to a repayment equal to the Interconnection Customer's contribution to the cost of Network Upgrades for that completed phase for which the Interconnection Customer is responsible, as set forth in Appendix G, subject to the limitations specified in Article 11.4.1.1, if the following conditions are satisfied as described below:

(a) The Generating Facility is capable of being constructed in phases;

(b) The Generating Facility is specified in the LGIA as being constructed in phases;

(c) The completed phase corresponds to one of the phases specified in the LGIA;

(d) The phase has achieved Commercial Operation and the Interconnection Customer has tendered notice of the same pursuant to this LGIA;

(e) All Parties to the LGIA have confirmed that the completed phase meets the requirements set forth in this LGIA and any other operating, metering, and interconnection requirements to permit generation output of the entire capacity of the completed phase as specified in this LGIA;

(f) The Network Upgrades necessary for the completed phase to meet the desired level of deliverability are in service; and

(g) The Interconnection Customer has posted one hundred (100) percent of the Interconnection Financial Security required for the Network Upgrades for all the phases of the Generating Facility (or if less than one hundred (100) percent has been posted, then all required Financial Security Instruments to the date of commencement of repayment).

Following satisfaction of these conditions (a) through (g), an Interconnection Customer in a Queue Cluster earlier than Queue Cluster 5, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to receive a partial repayment of its financed cost responsibility, to the extent that it is otherwise eligible for such repayment per Article 11.4.1.1, in an amount equal to the percentage of the Generating Facility declared to be in Commercial Operation multiplied by the cost of the Network Upgrades associated with the completed phase. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Generating Facility is completed.

Following satisfaction of these conditions (a) through (e) and (g), an Interconnection Customer in Queue Cluster 6 or a later Queue Cluster, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to receive a repayment of its financed cost responsibility for the Network Upgrades associated with the completed phase that have been placed in service. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Generating Facility is completed. With respect to any Network Upgrades necessary for a completed phase to meet its desired level of deliverability that are not in service by the time the phase achieves Commercial Operation, repayment for each such Network Upgrade will commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

A reduction in the electrical output (MW capacity) of the Generating Facility pursuant to the CAISO Tariff shall not diminish the Interconnection Customer's right to repayment pursuant to this LGIA Article 11.4.1.2. If the LGIA includes a partial termination provision and the partial termination right has been exercised with regard to a phase that has not been built, then the Interconnection Customer's eligibility for repayment under this Article 11.4.1.2 as to the remaining phases shall not be diminished. If the Interconnection Customer completes one or more phases and then breaches the LGIA, the Participating TO and the CAISO shall be entitled to offset any losses or damages resulting from the

Breach against any repayments made for Network Upgrades related to the completed phases.

Any repayment amount provided pursuant to this Article 11.4.1.2 shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer pursuant to Article 5.17.8 or otherwise, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable as provided for in this Article 11.4.1.2; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the applicable commencement date. Notwithstanding the foregoing, if this LGIA terminates within five (5) years of the applicable commencement date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination.

* * *

Appendix FF

Small Generator Interconnection Agreement for Interconnection Requests Processed Under the Generator Interconnection and Deliverability Allocation Procedures (Appendix DD to the CAISO Tariff)

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5.3.1 <u>Repayment of Amounts Advanced for Network Upgrades</u>

5.3.1.1 <u>Repayment of Amounts Advanced Regarding Non-Phased Generating Facilities</u>

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster 5 or earlier, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to a repayment for the Interconnection Customer's contribution to the cost of Network Upgrades commencing upon the Commercial Operation Date of its Generating Facility.

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster 6 or later, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered an Interconnection Agreement before December 19, 2014, shall be entitled to repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed in service on or before the Commercial Operation Date of its Small Generating Facility, commencing upon the Commercial Operation Date of the Small Generating Facility. Repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed into service after the Commercial Operation Date of its Small Generating Facility shall, for each of these Network Upgrades, commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

An Interconnection Customer subject to this Article 5.3.1.1 shall be entitled to repayment for its contribution to the cost of Network Upgrades as follows:

(a) For Reliability Network Upgrades, the Interconnection Customer shall be entitled to a repayment of the Interconnection Customer's assigned cost responsibility for Reliability Network Upgrades up to a maximum of $60,000 per MW of generating capacity. For purposes of this determination, generating capacity will be based on the capacity of the Interconnection Customer's Generating Facility at the time it achieves Commercial Operation. To the extent that such repayment does not cover all of the costs of the Interconnection Customer's Reliability Network Upgrades, the Interconnection Customer shall receive CRRs for that portion of its Reliability Network Upgrades that are not covered by cash repayment.

(b) For Local Delivery Network Upgrades:

i. If the Interconnection Customer is an Option (B) Interconnection Customer and has been allocated and continues to be eligible to receive TP Deliverability pursuant to the GIDAP, the Interconnection Customer shall be entitled to repayment of a portion of the total amount paid to the Participating TO for the cost of Local Delivery Network Upgrades for which it is responsible. The repayment amount shall be determined by dividing the amount of TP Deliverability received by the amount of deliverability requested by the Interconnection Customer, and multiplying that percentage by the total amount paid to the Participating TO by the Interconnection Customer for Local Delivery Network Upgrades.

ii. If the Interconnection Customer is an Option (B) Interconnection Customer and has not been allocated any TP Deliverability, the Interconnection Customer shall not be entitled to repayment for the cost of Local Delivery Network Upgrades.

iii. If the Interconnection Customer is an Option (A) Interconnection Customer, the Interconnection Customer shall be entitled to a repayment equal to the total amount paid to the Participating TO for the costs of Local Delivery Network Upgrades for which it is responsible.

(c) For Area Delivery Network Upgrades, the Interconnection Customer shall not be entitled to repayment for the costs of Area Delivery Network Upgrades.

(d) If an Option (B) Interconnection Customer elects and is eligible to construct and own Merchant Network Upgrades as set forth in Article 5.2.1 of this SGIA, then the Interconnection Customer shall not be entitled to any repayment pursuant to this SGIA.

Unless an Interconnection Customer has provided written notice to the CAISO that it is declining all or part of such repayment, such amounts shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable date as provided for in this Article 5.3.1.1; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the applicable commencement date. Notwithstanding the foregoing, if this Agreement terminates within five (5) years of the applicable commencement date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination.

5.3.1.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities

Upon the Commercial Operation Date of each phase of a Phased Generating Facility, the Interconnection Customer shall be entitled to a repayment equal to the amount paid to the Participating TO for the cost of Network Upgrades for that completed phase for which the Interconnection Customer is responsible, subject to the limitations specified in Article 5.3.1.1, if the following conditions are satisfied as described below:

(a) The Small Generating Facility is capable of being constructed in phases;

(b) The Small Generating Facility is specified in the SGIA as being constructed in phases;

(c) The completed phase corresponds to one of the phases specified in the SGIA;

(d) The Interconnection Customer has tendered notice pursuant to the SGIA that the phase has achieved Commercial Operation;

(e) All parties to the SGIA have agreed that the completed phase meets the requirements set forth in the SGIA and any other operating, metering, and interconnection requirements to permit generation output of the entire capacity of the completed phase as specified in the SGIA;

(f) The Network Upgrades necessary for the completed phase to meet the desired level of deliverability are in service; and

(g) The Interconnection Customer has posted one hundred (100) percent of the Interconnection Financial Security required for the Network Upgrades for all the phases of the Small Generating Facility.

Following satisfaction of these conditions (a) through (g), an Interconnection Customer in a Queue Cluster earlier than Queue Cluster 5, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to receive a partial repayment of its financed cost responsibility, to the extent that it is otherwise eligible for such repayment pursuant to Article 5.3.1.1, in an amount equal to the percentage of the Small Generating Facility declared to be in Commercial Operation multiplied by the cost of the Network Upgrades associated with the completed phase. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Small Generating Facility is completed.

Following satisfaction of these conditions (a) through (e) and (g), an Interconnection Customer in Queue Cluster 6 or a later Queue Cluster, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to receive a repayment of its financed cost responsibility for the Network Upgrades associated with the completed phase that have been placed in service. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Small Generating Facility is completed. With respect to any Network Upgrades necessary for a completed phase to meet its desired level of deliverability that are not in service by the time the phase achieves Commercial Operation, repayment for each such Network Upgrade will commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

If the SGIA includes a partial termination provision and the partial termination right has been exercised with regard to a phase that has not been built, then the Interconnection Customer's eligibility for repayment under this Article 5.3.1.2 as to the remaining phases shall not be diminished. If the Interconnection Customer completes one or more phases and then defaults on the SGIA, the Participating TO and the CAISO shall be entitled to offset any losses or damages resulting from the default against any repayments made for Network Upgrades related to the completed phases, provided that the Party seeking to exercise the offset has complied with any requirements which may be required to apply the stream of payments utilized to make the repayment to the Interconnection Customer as an offset.

Any repayment amount provided pursuant to this Article 5.3.1.2 shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable date as provided for in this Article 5.3.1.2; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the applicable commencement date. Notwithstanding the foregoing, if this Agreement terminates within five (5) years of the applicable commencement date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination.

Attachment B – Marked Tariff Sheets

Tariff Amendment to Implement Fourth Set of Interconnection Process Enhancements

California Independent System Operator Corporation

Appendix Y GIP

For Interconnection Requests

Generator Interconnection Procedures (GIP)

* * *

3.5.1.1 Use of Interconnection Study Deposit.

The CAISO shall deposit all Interconnection Study Deposits in an interest bearing account at a bank or financial institution designated by the CAISO. The Interconnection Study Deposit shall be applied to pay for prudent costs incurred by the CAISO, the Participating TOs, or third parties at the direction of the CAISO or Participating TOs, as applicable, to perform and administer the Interconnection Studies and to meet and otherwise communicate with Interconnection Customers with respect to their Interconnection Requests.

Except for proposed Generating Facilities processed under the Fast Track Process set forth in Section 5 of this GIP, the Interconnection Study Deposits shall be refundable as follows:

(a) Should an Interconnection Request be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under GIP Section 3.8 on or before thirty (30) calendar days following the Scoping Meeting, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceed the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.

(b) Should an Interconnection Request made under GIP Section 3.5.1 be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under GIP Section 3.8 more than thirty (30) calendar days after the Scoping Meeting, but on or before thirty (30) calendar days following the Results Meeting (or the latest date permitted under this GIP for a Results Meeting if a customer elects not to have a Results Meeting) for the Phase I Interconnection Study or the System Impact Study for Generating Facilities processed under the Independent Study Process, the CAISO shall refund to the Interconnection Customer the difference between (i) the Interconnection Customer's Interconnection Study Deposit and (ii) the greater of the costs the CAISO and Participating TOs have incurred on the Interconnection Customer's behalf or one-half of the original Interconnection Study Deposit up to a maximum of $100,000, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal.

(c) Should an Interconnection Request be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under GIP Section 3.8 at any time more than thirty (30) calendar days after the Results Meeting (or the latest date permitted under this GIP for a Results Meeting if a customer elects not to have a Results Meeting) for the Phase I Interconnection Study, or the System Impact Study for proposed Generating Facilities processed under the Independent Study Process, the Interconnection Study Deposit shall be non-refundable.

(d) Upon execution of a GIA by an Interconnection Customer, the CAISO and the applicable Participating TOs, or the approval by FERC of an unexecuted GIA, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceeds the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.

Notwithstanding the foregoing, an Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request during an Interconnection Study Cycle shall be obligated to pay to the CAISO all costs in excess of the Interconnection Study Deposit that have been prudently incurred or irrevocably have been committed to be incurred with respect to that Interconnection Request prior to withdrawal. The CAISO will reimburse the applicable Participating TO(s) or third parties, as applicable, for all work performed on behalf of the withdrawn Interconnection Request at the CAISO's direction. The Interconnection Customer must pay all monies due before it is allowed to obtain any Interconnection Study data or results.

All non-refundable portions of the Interconnection Study Deposit that exceed the costs the CAISO, Participating TOs, or third parties have incurred on the Interconnection Customer's behalf, ~~shall be treated in accordance with CAISO Tariff Section 37.9.4. In addition,~~and any non-refundable interconnection study deposit funds that are received by the CAISO from a Participating TO, pursuant to a requirement in the Participating TO's wholesale distribution tariff for such funds to be distributed by the CAISO, shall be treated in accordance with Section 7.6 of Appendix DD to the CAISO Tariff ~~Section 37.9.4~~.

* * *

9.4.2.6 Notification to CAISO and Accounting by Applicable Participating TO(s).

The applicable Participating TO(s) shall notify the CAISO within one (1) Business Day of liquidating any Interconnection Financial Security. Within twenty (20) calendar days of any liquidating event, the applicable Participating TO(s) shall provide the CAISO and Interconnection Customer with an accounting of the disposition of the proceeds of the liquidated Interconnection Financial Security and remit to the CAISO all proceeds not otherwise reimbursed to the Interconnection Customer or applied to costs incurred or irrevocably committed by the applicable Participating TO(s) on behalf of the Interconnection Customer in accordance with this GIP Section 9.4.

All non-refundable portions of the Interconnection Financial Security remitted to the CAISO in accordance with this GIP Section 9.4, ~~shall be treated in accordance with CAISO Tariff Section 37.9.4. In addition,~~and any non-refundable interconnection financial security funds that are received by the CAISO from a Participating TO~~,~~ pursuant to a requirement in the Participating TO's wholesale distribution tariff for such funds to be distributed by the CAISO, shall be treated in accordance with Section 7.6 of Appendix DD to the CAISO Tariff ~~Section 37.9.4~~.

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Appendix DD

Generator Interconnection and Deliverability Allocation Procedures (GIDAP)

* * *

3.5.1.1 Use of Interconnection Study Deposit.

The CAISO shall deposit all Interconnection Study Deposits in an interest bearing account at a bank or financial institution designated by the CAISO. The Interconnection Study Deposit shall be applied to pay for prudent costs incurred by the CAISO, the Participating TOs, or third parties at the direction of the CAISO or Participating TOs, as applicable, to perform and administer the Interconnection Studies and to meet and otherwise communicate with Interconnection Customers with respect to their Interconnection Requests.

Except for proposed Generating Facilities processed under the Fast Track Process set forth in Section 5, the Interconnection Study Deposits shall be refundable as follows:

(a) Should an Interconnection Request be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under Section 3.8 on or before thirty (30) calendar days following the Scoping Meeting, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceed the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.

(b) Should an Interconnection Request made under Section 3.5.1 be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under Section 3.8 more than thirty (30) calendar days after the Scoping Meeting, but on or before thirty (30) calendar days following the Results Meeting (or the latest date permitted under this for a Results Meeting if a customer elects not to have a Results Meeting) for the Phase I Interconnection Study or the System Impact Study for Generating Facilities processed under the Independent Study Process, the CAISO shall refund to the Interconnection Customer the difference between (i) the Interconnection Customer's Interconnection Study Deposit and (ii) the greater of the costs the CAISO and Participating TOs have incurred on the Interconnection Customer's behalf or one-half of the original Interconnection Study Deposit up to a maximum of $100,000, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal.

Interconnection Customers in Queue Cluster 5 who have provided the Study Deposit may receive a refund of the Interconnection Study Deposit, less actual costs expended on the Interconnection Studies to date, by withdrawing from the Queue within ten (10) calendar days after July 25, 2012.

(c) Should an Interconnection Request be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under

Section 3.8 at any time more than thirty (30) calendar days after the Results Meeting (or the latest date permitted for a Results Meeting if a customer elects not to have a Results Meeting) for the Phase I Interconnection Study, or the System Impact Study for proposed Generating Facilities processed under the Independent Study Process, the Interconnection Study Deposit shall be non-refundable.

(d) Upon execution of a GIA by an Interconnection Customer, the CAISO and the applicable Participating TOs, or the approval by FERC of an unexecuted GIA, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceeds the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.

Notwithstanding the foregoing, an Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request during an Interconnection Study Cycle shall be obligated to pay to the CAISO all costs in excess of the Interconnection Study Deposit that have been prudently incurred or irrevocably have been committed to be incurred with respect to that Interconnection Request prior to withdrawal. The CAISO will reimburse the applicable Participating TO(s) or third parties, as applicable, for all work performed on behalf of the withdrawn Interconnection Request at the CAISO's direction. The Interconnection Customer must pay all monies due before it is allowed to obtain any Interconnection Study data or results.

All non-refundable portions of the Interconnection Study Deposit that exceed the costs the CAISO, Participating TOs, or third parties have incurred on the Interconnection Customer's behalf, ~~shall be treated in accordance with CAISO Tariff Section 37.9.4. In addition,~~ and any non-refundable interconnection study deposit funds that are received by the CAISO from a Participating TO, pursuant to a requirement in the Participating TO's wholesale distribution tariff for such funds to be distributed by the CAISO, shall be treated in accordance with ~~CAISO Tariff~~ Section 7.6 ~~Section 37.9.4~~.

* * *

7.6 Application of Non-Refundable Amounts

In conjunction with each reassessment, the CAISO will calculate and disburse non-refundable interconnection study deposit and interconnection financial security amounts in accordance with the provisions of Appendix Y to the CAISO Tariff and this GIDAP as follows:

(a) Withdrawal Period

The CAISO shall calculate non-refundable interconnection study deposit and interconnection financial security amounts based on the period during which the interconnection customer withdrew its interconnection request or terminated its generator interconnection agreement. The first such withdrawal period shall be from January 1, 2013 through the last day that the CAISO is able to incorporate withdrawals into the 2015 annual reassessment. Subsequently, each withdrawal period shall be the approximate twelve-month period between the last day that the CAISO is able to incorporate withdrawals into an annual reassessment and the last day that the CAISO is able to incorporate withdrawals into the subsequent year's reassessment.

For each withdrawal period, the CAISO shall calculate and disburse available non-refundable interconnection study deposits and interconnection financial security in conjunction with the annual reassessment performed during the year that the withdrawal period ends.

(b) Calculation and Disbursement of Non-Refundable Interconnection Financial Security for Still-Needed Network Upgrades At or Above $100,000 Threshold

For each interconnection customer that withdrew its interconnection request or terminated its generator interconnection agreement, the CAISO shall calculate the proportion of the non-refundable interconnection financial security that is attributable to Network Upgrades that the CAISO determines will still be needed by remaining interconnection customers. For each such still-needed Network Upgrade, the CAISO will divide the interconnection customer's estimated cost responsibility for the Network Upgrade by the interconnection customer's estimated total cost responsibility for all Network Upgrades and multiply this result by the interconnection customer's total amount of non-refundable interconnection financial security.

If the amount of non-refundable security attributable to a still-needed Network Upgrade, for all interconnection customers that withdrew during the same withdrawal period, is equal to or greater than $100,000, then the portion of such amount held or received by the CAISO prior to the stage of the applicable annual reassessment in which the CAISO reallocates cost responsibility for remaining Network Upgrades shall: (a) be disbursed to the applicable Participating TO(s) as a contribution in aid of construction of the still-needed Network Upgrade and (b) be reflected as a reduction in the cost of this Network Upgrade for purposes of reallocating the cost responsibility for this Network Upgrade. Any portions of such amounts that the CAISO receives after reallocating cost responsibility for remaining Network Upgrades during the applicable annual reassessment shall be disbursed by the CAISO in the same manner in a subsequent reassessment, based on the date of collection, unless the applicable Network Upgrade is no longer needed, in which case such amounts will be disbursed pursuant to Section 7.6(c).

If a Network Upgrade for which the CAISO disburses funds as a contribution in aid of construction under this Section 7.6(b) is determined, in a subsequent reassessment, to be no longer needed, such funds will be promptly returned to the CAISO by the applicable Participating TO and re-disbursed by the CAISO pursuant to Section 7.6(c).

(c) Calculation and Disbursement of All Other Non-Refundable Security and Study Deposits

For each interconnection customer that withdrew its interconnection request or terminated its generator interconnection agreement during a withdrawal period, any non-refundable interconnection study deposits, as well as any non-refundable interconnection financial security not disbursed pursuant to subsection (b) above, shall be applied to offset Regional Transmission Revenue Requirements, as recovered through the CAISO's Transmission Access Charge, and to offset Local Transmission Revenue Requirements. Any non-refundable interconnection financial security and interconnection study deposits relating to withdrawals or terminations that occurred prior to January 1, 2013 that are collected by the CAISO during a withdrawal period, as defined in Section 7.6(a), will also be disbursed in accordance with this provision.

This offset shall be performed by first allocating these non-refundable interconnection study deposit and interconnection financial security amounts to the following three categories in proportion to the interconnection customer's most recent estimated cost responsibility, prior to withdrawal or termination, for Network Upgrades whose costs would be recovered through each of the following categories: (1) a Regional Transmission Revenue Requirement, (2) the Local Transmission Revenue Requirement of the Participating TO to which the interconnection customer had proposed to interconnect, and (3) the Local Transmission Revenue Requirement of any other Participating TO on whose system the interconnection customer was responsible for funding Network Upgrades recovered through a Local Transmission Revenue Requirement.

Each year, prior to the cutoff date for including annual regional TRBA adjustments in Regional Transmission Revenue Requirements, the CAISO will disburse to each Participating TO's Transmission Revenue Balancing Account: (a) a share of the total funds held or received by the CAISO from category (1) above in proportion to the ratio of each Participating TO's most recent Regional Transmission Revenue Requirement to the total of all Participating TOs' most recent Regional Transmission Revenue Requirements, and (b) all funds held or received by the CAISO in categories (2) and (3) applicable to that Participating TO.

(d) Disbursement of Funds by CAISO; Participating TO Responsibility for Collection

The CAISO shall disburse, in accordance with the rules set forth in this Section 7.6, only those non-refundable interconnection financial security and study deposit amounts that it holds or has received. The applicable Participating TO shall have the exclusive obligation to administer the collection of any non-refundable financial security where the applicable Participating TO is a beneficiary. The applicable Participating TO has the responsibility to manage the financial security and to transmit to the CAISO the non-refundable amounts in cash or equivalent within 75 days of the CAISO's submission to the Participating TO of the financial security liquidation form. This deadline can be modified by mutual agreement of the CAISO and applicable Participating TO.

(e) The CAISO shall, upon receipt, deposit all non-refundable interconnection financial security and study deposit amounts in an interest-bearing account at a bank or financial institution designated by the CAISO. Any interest earned on such amounts, based on the actual rate of the account, shall be allocated and disbursed in the same manner as the principal, in accordance with the methodology set forth in this Section 7.6.

* * *

11.4.2.5 Notification to CAISO and Accounting by Applicable Participating TO(s).

The applicable Participating TO(s) shall notify the CAISO within one (1) Business Day of liquidating any Interconnection Financial Security. Within twenty (20) calendar days of any liquidating event, the applicable Participating TO(s) shall provide the CAISO and Interconnection Customer with an accounting of the disposition of the proceeds of the liquidated Interconnection Financial Security and remit to the CAISO all proceeds not otherwise reimbursed to the

Interconnection Customer or applied to costs incurred or irrevocably committed by the applicable Participating TO(s) on behalf of the Interconnection Customer in accordance with this Section.

All non-refundable portions of the Interconnection Financial Security remitted to the CAISO in accordance with this Section, ~~shall be treated in accordance with CAISO Tariff Section 37.9.4. In addition,~~and any non-refundable interconnection financial security funds that are received by the CAISO from a Participating TO~~,~~ pursuant to a requirement in the Participating TO's wholesale distribution tariff for such funds to be distributed by the CAISO, shall be treated in accordance with Section 7.6 ~~CAISO Tariff Section 37.9.4~~.

* * *

14.3.2.1 Repayment of Amounts Advanced Regarding Non-Phased Generating Facilities

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster 5 or earlier, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before December 19, 2014,~~Upon the Commercial Operation Date of a Generating Facility that is not a Phased Generating Facility, unless the Interconnection Customer has provided written notice to the CAISO that it is declining all or part of such repayment, the Interconnection Customer~~ shall be entitled to a repayment for the Interconnection Customer's contribution to the cost of Network Upgrades commencing upon the Commercial Operation Date of its Generating Facility~~as follows~~.

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster 6 or later, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered an Interconnection Agreement before December 19, 2014, shall be entitled to repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed in service on or before the Commercial Operation Date of its Generating Facility, commencing upon the Commercial Operation Date of the Generating Facility. Repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed into service after the Commercial Operation Date of its Generating Facility shall, for each of these Network Upgrades, commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

An Interconnection Customer subject to this Section 14.3.2.1 shall be entitled to repayment for its contribution to the cost of Network Upgrades as follows:

(1) For RNUs, in accordance with the Interconnection Customer's cost responsibility assigned~~,~~, up to a maximum of $60,000 per MW of generating capacity as specified in the GIA.

(2) For LDNUs, except for LDNUs for Option (B) Generating Facilities that were not allocated TP Deliverability, in accordance with the Interconnection Customer's assigned cost responsibility.

(3) Option (B) Generating Facilities that were not allocated TP Deliverability will not receive repayment for LDNUs or ADNUs.

Unless an Interconnection Customer has provided written notice to the CAISO that it is declining all or part of such repayment, ~~S~~such ~~repayment~~ amounts shall include any tax gross-up or other tax-related payments associated with the Network Upgrades not refunded to the Interconnection Customer, and shall be paid to the Interconnection Customer by the applicable Participating TO(s) on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable date as provided for in this Section 14.3.2.1~~Generating Facility's Commercial Operation Date~~; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the applicable commencement date~~Commercial Operation Date~~.

For Network Upgrades for which the Interconnection Customer did not receive repayment, the Interconnection Customer will be eligible to receive Merchant Transmission Congestion Revenue Rights (CRRs) in accordance with ~~the~~ CAISO Tariff Section 36.11 associated with the Network Upgrades, or portions thereof that were funded by the Interconnection Customer. Such CRRs would take effect upon the Commercial Operation Date of the Generating Facility in accordance with the GIA.

14.3.2.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities

Upon the Commercial Operation Date of each phase of a Phased Generating Facility, unless the Interconnection Customer has provided written notice to the CAISO that it is declining all or part of such repayment, the Interconnection Customer shall be entitled to a repayment for the Interconnection Customer's contribution to the cost of Network Upgrades for that completed phase in accordance with the Interconnection Customer's cost responsibility assigned for the phase and subject to the limitations specified in Section 14.3.2.1, if ~~all of~~ the following conditions are satisfied as described below:

(a) The Generating Facility is capable of being constructed in phases;

(b) The Generating Facility is specified in the GIA as being constructed in phases;

(c) The completed phase corresponds to one of the phases specified in the GIA;

(d) The phase has achieved Commercial Operation and the Interconnection Customer has tendered notice of the same pursuant to the GIA;

(e) All parties to the GIA have confirmed that the completed phase meets the requirements set forth in the GIA and any other operating, metering, and interconnection requirements to permit generation output of the entire capacity of the completed phase as specified in the GIA;

(f) The Network Upgrades necessary for the completed phase to meet the desired level of Deliverability are in service; and

(g) The Interconnection Customer has posted one hundred (100) percent of the Interconnection Financial Security required for the Network Upgrades for all the phases of the Generating Facility (or if less than one hundred (100) percent has been posted, then all required Interconnection

Financial Security instruments to the date of commencement of repayment).

~~Upon~~Following satisfaction of these conditions (a) through (g), an~~the~~ Interconnection Customer in a Queue Cluster earlier than Queue Cluster 5, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to receive a partial repayment of its financed cost responsibility in an amount equal to the percentage of the Generating Facility declared to be in Commercial Operation multiplied by the cost of the Network Upgrades associated with the completed phase. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Generating Facility is completed.

Following satisfaction of these conditions (a) through (e) and (g), an Interconnection Customer in Queue Cluster 6 or a later Queue Cluster, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to receive a repayment of its financed cost responsibility for the Network Upgrades associated with the completed phase that have been placed in service. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Generating Facility is completed. With respect to any Network Upgrades necessary for a completed phase to meet its desired level of deliverability that are not in service by the time the phase achieves Commercial Operation, repayment for each such Network Upgrade will commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

A reduction in the electrical output (MW capacity) of the Generating Facility pursuant to the CAISO Tariff shall not diminish the Interconnection Customer's right to repayment pursuant to this Section 14.3.2.2. If the GIA includes a partial termination provision and the partial termination right has been exercised with regard to a phase that has not been built, then the Interconnection Customer's eligibility for repayment under this Section 14.3.2.2 as to the remaining phases shall not be diminished. If the Interconnection Customer completes one or more phases and then defaults on the GIA, the Participating TO and the CAISO shall be entitled to offset any losses or damages resulting from the default against any repayments made for Network Upgrades related to the completed phases provided that the party seeking to exercise the offset has complied with any requirements which may be required to apply the stream of payments utilized to make the repayment to the Interconnection Customer as an offset.

Any repayment amount provided pursuant to this Section 14.3.2.2~~for completion of a phase~~ shall include any tax gross-up or other tax-related payments associated with the Network Upgrades not refunded to the Interconnection Customer, and shall be paid to the Interconnection Customer by the applicable Participating TO(s) on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable date as provided for in this Section 14.3.2.2 ~~commencing on the date by the requirements of items (a) through (g) above have been fulfilled,~~; or (2) any alternative payment schedule that associates the completion of Network Upgrades with the completion of particular phases and that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the applicable commencement date.

* * *

Appendix EE

Large Generator Interconnection Agreement

for Interconnection Requests Processed under the Generator Interconnection and Deliverability Allocation Procedures (Appendix DD of the CAISO Tariff)

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11.4.1 Repayment of Amounts Advanced for Network Upgrades.

11.4.1.1 Repayment of Amounts Advanced Regarding Non-Phased Generating Facilities

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster 5 or earlier, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before December 19, 2014,~~Upon the Commercial Operation Date of a Generating Facility that is not a Phased Generating Facility, the Interconnection Customer~~ shall be entitled to a repayment for the Interconnection Customer's contribution to the cost of Network Upgrades commencing upon the Commercial Operation Date of its Generating Facility.~~as follows:~~

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster 6 or later, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered an Interconnection Agreement before December 19, 2014, shall be entitled to repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed in service on or before the Commercial Operation Date of its Generating Facility, commencing upon the Commercial Operation Date of the Generating Facility. Repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed into service after the Commercial Operation Date of its Generating Facility shall, for each of these Network Upgrades, commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

An Interconnection Customer subject to this Article 11.4.1.1 shall be entitled to repayment for its contribution to the cost of Network Upgrades as follows:

(a) For Reliability Network Upgrades, the Interconnection Customer shall be entitled to a repayment of the Interconnection Customer's assigned cost responsibility for Reliability Network Upgrades as set forth in Appendix G, up to a maximum of $60,000 per MW of generating capacity. For purposes of this determination, generating capacity will be based on the capacity of the Interconnection Customer's Generating Facility at the time it achieves Commercial Operation. To the extent that such repayment does not cover all of the costs of Interconnection Customer's Reliability Network Upgrades, the Interconnection Customer shall receive CRRs for that portion of its Reliability Network Upgrades that are not covered by cash repayment.

(b) For Local Delivery Network Upgrades:

i. If the Interconnection Customer is an Option (B) Interconnection Customer and has been allocated and continues to be eligible to receive TP Deliverability pursuant to the GIDAP, the Interconnection Customer shall be entitled to repayment of a portion of the total amount paid to the Participating TO for the costs of Local Delivery Network Upgrades for which it is responsible, as set forth in Appendix G.~~,~~ The repayment amount shall be determined by dividing the amount of TP ~~d~~Deliverability received by the amount of deliverability requested by the Interconnection Customer, and multiplying that percentage by the total amount paid to the Participating TO by the Interconnection Customer for Local Delivery Network Upgrades

ii. If the Generating Facility is an Option (B) Generating Facility and has not been allocated any TP Deliverability, the Interconnection Customer shall not be entitled to repayment for the costs of Local Delivery Network Upgrades.

iii. If the Generating Facility is an Option (A) Generating Facility, , the Interconnection Customer shall be entitled to a repayment equal to the total amount paid to the Participating TO for the costs of Local Delivery Network Upgrades for which it is responsible, as set forth in Appendix G.

(c) For Area Delivery Network Upgrades, the Interconnection Customer shall not be entitled to repayment for the costs of Area Delivery Network Upgrades.

(d) If an Interconnection Customer having a Option (B) Generating Facility, and is eligible, to construct and own Network Upgrades pursuant to the Merchant Option set forth in Article 5.15 of this LGIA, then the Interconnection Customer shall not be entitled to any repayment pursuant to this LGIA.

Unless an Interconnection Customer has provided written notice to the CAISO that it is declining all or part of such repayment, ~~S~~such~~ repayment~~ amounts shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer pursuant to Article 5.17.8 or otherwise, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable ~~Commercial Operation D~~date as provided for in this Article 11.4.1.1; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the applicable commencement~~from the Commercial Operation D~~date. Notwithstanding the foregoing, if this LGIA terminates within five (5) years of~~from~~ the applicable commencement~~Commercial Operation D~~date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination.

11.4.1.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities

Upon the Commercial Operation Date of each phase of a Phased Generating Facility, the Interconnection Customer shall be entitled to a repayment equal to the Interconnection Customer's contribution to the cost of Network Upgrades for that completed phase for which the Interconnection Customer is responsible, as set forth in Appendix G, subject to the limitations specified in Article 11.4.1.1, if ~~all of~~ the following conditions are satisfied as described below:

(a) The Generating Facility is capable of being constructed in phases;

(b) The Generating Facility is specified in the LGIA as being constructed in phases;

(c) The completed phase corresponds to one of the phases specified in the LGIA;

(d) The phase has achieved Commercial Operation and the Interconnection Customer has tendered notice of the same pursuant to this LGIA;

(e) All Parties to the LGIA have confirmed that the completed phase meets the requirements set forth in this LGIA and any other operating, metering, and interconnection requirements to permit generation output of the entire capacity of the completed phase as specified in this LGIA;

(f) The Network Upgrades necessary for the completed phase to meet the desired level of deliverability are in service; and

(g) The Interconnection Customer has posted one hundred (100) percent of the Interconnection Financial Security required for the Network Upgrades for all the phases of the Generating Facility (or if less than one hundred (100) percent has been posted, then all required Financial Security Instruments to the date of commencement of repayment).

Following~~Upon~~ satisfaction of these conditions (a) through (g), an~~the~~ Interconnection Customer in a Queue Cluster earlier than Queue Cluster 5, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to receive a partial repayment of its financed cost responsibility, to the extent that it is otherwise eligible for such repayment per Article 11.4.1.1, in an amount equal to the percentage of the Generating Facility declared to be in Commercial Operation multiplied by the cost of the Network Upgrades associated with the completed phase. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Generating Facility is completed.

Following satisfaction of these conditions (a) through (e) and (g), an Interconnection Customer in Queue Cluster 6 or a later Queue Cluster, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to receive a repayment of its financed cost responsibility for the Network Upgrades associated with the completed phase that have been placed in service. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Generating Facility is completed. With respect to any

Network Upgrades necessary for a completed phase to meet its desired level of deliverability that are not in service by the time the phase achieves Commercial Operation, repayment for each such Network Upgrade will commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

A reduction in the electrical output (MW capacity) of the Generating Facility pursuant to the CAISO Tariff shall not diminish the Interconnection Customer's right to repayment pursuant to this LGIA Article 11.4.1.2. If the LGIA includes a partial termination provision and the partial termination right has been exercised with regard to a phase that has not been built, then the Interconnection Customer's eligibility for repayment under this Article 11.4.1.2 as to the remaining phases shall not be diminished. If the Interconnection Customer completes one or more phases and then breaches the LGIA, the Participating TO and the CAISO shall be entitled to offset any losses or damages resulting from the Breach against any repayments made for Network Upgrades related to the completed phases.

Any repayment amount provided pursuant to this Article 11.4.1.2~~for completion of a phase~~ shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer pursuant to Article 5.17.8 or otherwise, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable ~~date~~ as provided for in this Article 11.4.1.2~~b which the requirements of items (a) through (g) have been fulfilled~~; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of~~from~~ the applicable commencement~~Commercial Operation~~ ~~D~~date. Notwithstanding the foregoing, if this LGIA terminates within five (5) years of~~from~~ the applicable commencement~~Commercial Operation~~ ~~D~~date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination.

* * *

Appendix FF

Small Generator Interconnection Agreement for Interconnection Requests Processed Under the Generator Interconnection and Deliverability Allocation Procedures (Appendix DD to the CAISO Tariff)

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5.3.1 Repayment of Amounts Advanced for Network Upgrades

5.3.1.1 Repayment of Amounts Advanced Regarding Non-Phased Generating Facilities

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster 5 or earlier, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before December 19, 2014,~~Upon the Commercial Operation Date of a Small Generating Facility that is not a Phased Generating Facility, the Interconnection Customer~~ shall be entitled to a repayment for the Interconnection Customer's contribution to the cost of Network Upgrades commencing upon the Commercial Operation Date of its Generating Facility.~~as follows:~~

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster 6 or later, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered an Interconnection Agreement before December 19, 2014, shall be entitled to repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed in service on or before the Commercial Operation Date of its Small Generating Facility, commencing upon the Commercial Operation Date of the Small Generating Facility. Repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed into service after the Commercial Operation Date of its Small Generating Facility shall, for each of these Network Upgrades, commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

An Interconnection Customer subject to this Article 5.3.1.1 shall be entitled to repayment for its contribution to the cost of Network Upgrades as follows:

(a) For Reliability Network Upgrades, the Interconnection Customer shall be entitled to a repayment of the Interconnection Customer's assigned cost responsibility for Reliability Network Upgrades up to a maximum of $60,000 per MW of generating capacity. For purposes of this determination, generating capacity will be based on the capacity of the Interconnection Customer's Generating Facility at the time it achieves Commercial Operation. To the extent that such repayment does not cover all of the costs of the Interconnection Customer's Reliability Network Upgrades, the Interconnection Customer shall receive CRRs for that portion of its Reliability Network Upgrades that are not covered by cash repayment.

(b) For Local Delivery Network Upgrades:

i. If the Interconnection Customer is an Option (B) Interconnection Customer and has been allocated and continues to be eligible to receive TP Deliverability pursuant to the GIDAP, the Interconnection Customer shall be entitled to repayment of a portion of the total amount paid to the Participating TO for the cost of Local Delivery Network Upgrades for which it is responsible. The repayment amount shall be determined by dividing the amount of TP Deliverability received by the amount of deliverability requested by the Interconnection Customer, and multiplying that percentage by the total amount paid to the Participating TO by the Interconnection Customer for Local Delivery Network Upgrades.

ii. If the Interconnection Customer is an Option (B) Interconnection Customer and has not been allocated any TP Deliverability, the Interconnection Customer shall not be entitled to repayment for the cost of Local Delivery Network Upgrades.

~~(~~iii.~~)~~ If the Interconnection Customer is an Option (A) Interconnection Customer, the Interconnection Customer shall be entitled to a repayment equal to the total amount paid to the Participating TO for the costs of Local Delivery Network Upgrades for which it is responsible.

(c) For Area Delivery Network Upgrades, the Interconnection Customer shall not be entitled to repayment for the costs of Area Delivery Network Upgrades.

(d) If an Option (B) Interconnection Customer elects and is eligible to construct and own Merchant Network Upgrades as set forth in Article 5.2.1 of this SGIA, then the Interconnection Customer shall not be entitled to any repayment pursuant to this SGIA.

Unless an Interconnection Customer has provided written notice to the CAISO that it is declining all or part of such repayment, ~~S~~such ~~repayment~~ amounts shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable~~Commercial Operation~~ ~~D~~date as provided for in this Article 5.3.1.1; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of~~from~~ the applicable commencement~~Commercial Operation~~ ~~D~~date. Notwithstanding the foregoing, if this Agreement terminates within five (5) years of~~from~~ the applicable commencement~~Commercial Operation~~ ~~D~~date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination.

5.3.1.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities

Upon the Commercial Operation Date of each phase of a Phased Generating Facility, the Interconnection Customer shall be entitled to a repayment equal to the amount paid to the Participating TO for the cost of Network Upgrades for that completed phase for which the Interconnection Customer is responsible, subject to the limitations specified in Article 5.3.1.1, if ~~all of~~ the following conditions are satisfied as described below:

(a) The Small Generating Facility is capable of being constructed in phases;

(b) The Small Generating Facility is specified in the SGIA as being constructed in phases;

(c) The completed phase corresponds to one of the phases specified in the SGIA;

(d) The Interconnection Customer has tendered notice pursuant to the SGIA that the phase has achieved Commercial Operation;

(e) All parties to the SGIA have agreed that the completed phase meets the requirements set forth in the SGIA and any other operating, metering, and interconnection requirements to permit generation output of the entire capacity of the completed phase as specified in the SGIA;

(f) The Network Upgrades necessary for the completed phase to meet the desired level of deliverability are in service; and

(g) The Interconnection Customer has posted one hundred (100) percent of the Interconnection Financial Security required for the Network Upgrades for all the phases of the Small Generating Facility.

Following~~Upon~~ satisfaction of these conditions (a) through (g), an~~the~~ Interconnection Customer in a Queue Cluster earlier than Queue Cluster 5, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to receive a partial repayment of its financed cost responsibility, to the extent that it is otherwise eligible for such repayment pursuant to Article 5.3.1.1, in an amount equal to the percentage of the Small Generating Facility declared to be in Commercial Operation multiplied by the cost of the Network Upgrades associated with the completed phase. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Small Generating Facility is completed.

Following satisfaction of these conditions (a) through (e) and (g), an Interconnection Customer in Queue Cluster 6 or a later Queue Cluster, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered a Generator Interconnection Agreement before December 19, 2014, shall be entitled to receive a repayment of its financed cost responsibility for the Network Upgrades associated with the completed phase that have been placed in service. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Small Generating Facility is completed. With respect to any Network Upgrades necessary for a completed phase to meet its desired level of deliverability that are not in service by the time the phase achieves Commercial Operation, repayment for each such Network Upgrade will commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

If the SGIA includes a partial termination provision and the partial termination right has been exercised with regard to a phase that has not been built, then the Interconnection Customer's eligibility for repayment under this Article 5.3.1.2 as to the remaining phases shall not be diminished. If the Interconnection Customer completes one or more phases and then defaults on the SGIA, the Participating TO and the CAISO shall be entitled to offset any losses or damages resulting from the default against any repayments made for Network Upgrades related to the completed phases, provided that the Party seeking to exercise the offset has complied with any requirements which may be required to apply the stream of payments utilized to make the repayment to the Interconnection Customer as an offset.

Any repayment amount provided pursuant to this Article 5.3.1.2~~for completion of a phase~~ shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable~~Commercial Operation~~ ~~D~~date as provided for in this Article 5.3.1.2; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of~~from~~ the applicable commencement~~Commercial Operation~~ ~~D~~date. Notwithstanding the foregoing, if this Agreement terminates within five (5) years of~~from~~ the applicable commencement~~Commercial Operation~~ ~~D~~date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination.

Attachment C – Draft Final Proposal

Tariff Amendment to Implement Fourth Set of Interconnection Process Enhancements

California Independent System Operator Corporation

Interconnection Process Enhancements

Draft Final Proposal

Topics 13 and 14

May 28, 2014

Table of Contents

Interconnection Process Enhancements

Draft Final Proposal for Topics 13 and 14

1 Executive summary

In this paper the ISO offers its draft final proposals for the last two active topics in the Interconnection Process Enhancements ("IPE") initiative – clarity regarding the timing of transmission cost reimbursement (Topic 13) and redistribution of forfeited funds (Topic 14).

For Topic 13, the ISO proposal provides that reimbursement for required network upgrades already in service will commence upon the generating facility or phase of the generating facility that requires those upgrades achieving commercial operation, as specified in the generator interconnection agreement. The proposal further provides that reimbursement for required network upgrades placed in service subsequent to the date the generating facility or phase of the generating facility achieves commercial operation (including those network upgrades under construction at the time of the commercial operation date of the project or project phase) will commence no later than the beginning of each calendar year for those required network upgrades placed in the service during the prior year calendar year.

For Topic 14, the ISO now proposes one enhancement to the approach described in the April 2 draft final proposal. The enhancement proposes to use a portion of the forfeited funds to reduce the costs of certain network upgrades, as explained below. To accommodate the enhancement the ISO will accumulate forfeited funds for redistribution on a calendar year basis, instead of the July 1 through June 30 cycle as stated in the April 2 paper. Within the annual reassessment performed as part of the Generator Interconnection and Deliverability Allocation Procedures (GIDAP), the ISO will identify those network upgrades that (a) were required for each interconnection customer that withdrew in the previous calendar year, and (b) are still required following the customer's withdrawal. The ISO will calculate the portion of each withdrawn customer's forfeited interconnection financial security posting that is proportional to the share of that customer's network upgrade cost responsibility associated with network upgrades identified in the previous step as still required following the customer's withdrawal. For each such network upgrade, the ISO will redistribute the calculated share of the withdrawn customer's forfeited financial security posting to the appropriate PTO as a contribution in aid of construction of that network upgrade, thus reducing the cost of that upgrade. The ISO will then use the network upgrade cost estimates reduced in this manner for purposes of the GIDAP network upgrade cost reallocation. The same procedure would also be applied to the funds forfeited by WDAT customers that were associated with network upgrades on the ISO system that are still needed after the customers have withdrawn. Because the individual amounts of money can be quite small, however, the ISO proposes to apply forfeited funds against the costs of specific network upgrades only when the amount of money for the individual upgrade is $100,000 or greater. Smaller amounts would be included in the transmission revenue balancing account (TRBA)/transmission access charges (TAC) redistribution. The ISO will use the TAC/TRBA approach described in the April 2 proposal to redistribute forfeited study deposits and any forfeited security posting funds not distributed in accordance with the steps described above.

The IPE initiative is the latest in a series of stakeholder processes that the ISO has conducted over the past several years to continuously review and improve its generation interconnection process and associated interconnection agreements. The ISO launched the IPE initiative in April 2013 with fifteen generation interconnection related topics for consideration in scope.

The ISO anticipates taking Topics 13 and 14 to the ISO Board in July.

2 Stakeholder process

The following table summarizes the stakeholder process schedule for the remaining two topics of the IPE initiative addressed in this paper.

Stakeholder process schedule		
Step	**Date**	**Milestone**
Draft final proposal (Topics 13, 14)	May 28	Post draft final proposal
	June 4	Stakeholder meeting (web conference)
	June 11	Stakeholder comments due
Board approval (Topics 13, 14)	July 15-16	ISO Board meeting

3 Topics

This section presents the ISO's draft final proposals for Topics 13 and 14, based on a consideration of stakeholder comments received on April 16 for Topic 13 (through the IPE initiative) and on April 23 for Topic 14 (through the GIDAP reassessment initiative).

3.1 Topic 13 – Clarity regarding timing of transmission cost reimbursement

3.1.1 Background

On November 30, 2011, the ISO filed proposed tariff revisions to its generator interconnection process in FERC Docket No. ER12-502, following the completion of the GIP 2 stakeholder process. Item #6 in the GIP 2 effort addressed repayment of interconnection customer funding for network upgrades associated with a phased generating facility. The ISO tariff provisions to implement item #6, contained in section 12.3.2.2 of appendix Y, stated that upon commercial operation of a phase of a generating facility, the generator is entitled to repayment of the costs of the network upgrades associated with that phase, provided that the network upgrades are in-service. However, the ISO did not explicitly include a similar "in-service" requirement for repayment in the tariff appendix Y provisions regarding the repayment of network upgrades for non-phased facilities (section 12.3.2.1), which refer only to the requirement that a generator have achieved commercial operation in order to qualify for repayment of network upgrade costs funded by that generator.[1]

In the GIP 2 proceeding, LSA and the California Wind Energy Association ("CalWEA") both urged FERC to reject the ISO's proposed in-service requirement for repayment of network upgrade costs for phased facilities. These entities argued that this requirement violated FERC precedent, reasoning that the FERC has never required any other conditions to repayment other than commercial operation of the generator.

In its January 30, 2012 order on the GIP 2 tariff amendment, FERC rejected this argument, in particular the notion that "the achievement of commercial operation is the sole condition required before an interconnection customer becomes eligible for repayment."[2] Instead, FERC explained that in order to ensure that an interconnection customer "bears an appropriate level of risk that network upgrades associated with its generating facility may become unnecessary should the interconnection customer's facility becomes commercially infeasible, the Order No. 2003 series of orders required as a general policy that repayment begin once transmission service to deliver the output of the interconnection customer's generating facility is provided."[3] Because it found that repayment of network upgrades is appropriately tied to the utilization of the transmission

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[1] A phased generating facility is a generating facility that is structured to be completed and to achieve commercial operation in two or more successive partial implementations or phases that are specified in the generator interconnection agreement, such that each phase comprises a portion of the total megawatt generation capacity of the entire generating facility. In contrast, a non-phased generating facility is a generating facility that is structured to be completed and to achieve commercial operation in its entirety at one time.

[2] *California Independent System Operator Corp.*, 138 FERC ¶ 61,060, at P 53 (2012).

[3] *Id*.

provider's network, FERC concluded that the ISO's proposal to require that network upgrades associated with a particular phase be in service prior to the generator being eligible to receive repayment for the costs of those upgrades was just and reasonable and consistent with FERC's interconnection policies.

Despite the fact that FERC decided this matter in the context of phased facilities, FERC did not state or suggest that its reasoning was limited to phased facilities, nor does the ISO believe there is any logical reason that FERC's reasoning should be so limited. As with a phased facility, if certain upgrades associated with a non-phased facility have not been placed in service, those upgrades are not being utilized by the generator. Therefore, consistent with FERC's reasoning that the repayment of network upgrades is appropriately tied to the utilization of those upgrades, the ISO does not believe there is a sound basis for retaining the current rule that non-phased generators need only achieve commercial operation in order to be eligible for repayment for all network upgrade costs up-front funded by the generator.

Although the ISO explained in pleadings submitted in the GIP 2 proceeding that it interpreted the tariff provision regarding non-phased facilities as inherently including an in-service requirement, FERC, in a subsequent order on rehearing and clarification of the original GIP 2 order, rejected this interpretation.[4] FERC stated that the "plain language" of the ISO tariff provides that eligibility for repayment for non-phased generators is based solely on the commercial operation date of the generator. FERC stated that if the ISO interprets this provision differently, the ISO should "file revised tariff language to clarify the timing of refunds associated with a non-phased project."[5]

Based on FERC's clarification in the GIP 2 proceeding, the ISO proposed, in its April 12, 2013 tariff amendment in FERC Docket No. ER13-1274, to revise article 11.4.1 of the *pro forma* LGIAs contained in tariff appendices CC and EE to remove existing language requiring an interconnection customer with a non-phased generating facility to wait until the in-service date of corresponding network upgrades prior to being entitled to repayment for the cost of those network upgrades.[6] The ISO explained in that proceeding that its proposed changes to article 11.4.1 of appendices CC and EE would only serve to implement FERC's GIP 2 clarification order and remove any ambiguity from the ISO tariff regarding what conditions apply to repayment of network upgrades cost for non-phased projects.

On June 11, 2013, FERC issued an order accepting the proposed changes, stating that the changes would ensure that the provisions currently found in the *pro forma* LGIAs correspond to the

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[4] *California Independent System Operator Corp.* 140 FERC ¶ 61,168 at P 7 (2012).

[5] *Id.*

[6] Appendix CC of the ISO tariff contains the *pro forma* LGIA for interconnection requests in a queue cluster window that are tendered an LGIA on or after July 3, 2010 pursuant to tariff appendix Y. Appendix EE of the ISO tariff contains the *pro forma* LGIA for interconnection requests processed under the GIDAP.

language found in tariff appendices Y and DD, consistent with FERC's clarification in the GIP 2 proceeding, and would serve to remove ambiguity from the existing tariff language regarding what conditions apply to repayment of network upgrade costs for non-phased projects. FERC directed that if the ISO supports modified tariff language to include the in-service requirement, it should file revised tariff language.[7]

Thus, under the ISO's existing rules, the timing of transmission cost reimbursement for phased and non-phased projects is as follows:

- For phased projects, transmission cost reimbursement does not begin until the commercial operation date of each completed phase and all network upgrades to support the desired level of deliverability for each completed phase are in service.
- For non-phased projects, transmission cost reimbursement begins upon the commercial operation date of the generating facility.

This topic was originally placed within the scope of this initiative because these rules left some stakeholders desiring additional clarity or even a different approach. For example, some generation developers wanted clarity on whether refunds could commence for a completed phased generating facility once the last phase is completed (i.e., whether it would be treated the same as completed non-phased generating facilities). Further, these same generation developers also wanted clarity on refund timing when a non-phased generating facility reaches COD before all of its network upgrades are complete. Some of the PTOs expressed the view that reimbursement for network upgrades should not occur until such upgrades are complete and that there is no logical basis for a difference in treatment for phased versus non-phased generating facilities.

As a result, the ISO has been working with stakeholders throughout this initiative to both develop the desired clarity and identify a common approach with broad stakeholder support that can be applied to both phased and non-phased generating facilities. Through a series of papers, the ISO has been attempting to develop a proposal that balances a number of considerations:

1. Alignment with the policies and requirements of the Order No. 2003 series of orders that repayment for transmission assets begin once those assets are utilized to deliver the output of the interconnection customer's generating facility.
2. Elimination of the differential treatment of phased and non-phased projects with respect to timing of reimbursement.
3. Broad stakeholder support.
4. Apply any new rules on a going forward basis.

[7] *California Independent System Operator Corp.*, 143 FERC ¶ 61,228, at P 16 (2013).

3.1.2 Prior proposal

In this section, the second revised straw proposal (as contained in the March 25, 2013 draft final proposal for topics 4, 5, and 13) is summarized. But first, in order to provide some additional background, a brief description of the February 5, 2014 revised straw proposal is discussed below.

In the February 5 revised straw proposal, the ISO offered two alternative straw proposals (option A and option B) for stakeholder consideration, and requested that stakeholders comment on the pros and cons and their preferences as to these alternatives.

Under the option A approach, reimbursement is tied to whether network upgrades are in-service and thus is better aligned with the policies and requirements of the Order No. 2003 series of orders (that repayment for transmission assets begin once those assets are utilized to deliver the output of the interconnection customer's generating facility). This approach is described as follows:

1. Reimbursement for in-service network upgrades would commence upon the generating facility or phase achieving commercial operation, as specified in the generator interconnection agreement.
2. Reimbursement for network upgrades placed in service subsequent to the generating facility or phase achieving commercial operation (including those under construction at the time of COD) would commence once the last required network upgrade is placed in service. A variation on this approach could be that reimbursement commence for the aggregate of network upgrades placed in service during some defined time period such as a calendar year.

Under the option B approach, reimbursement is tied to payments made by the interconnection customer, rather than being based on whether network upgrades are in-service. This option is an attempt to address issues raised by PG&E and possibly simplify accounting from a PTO perspective. However, unlike option A, this option could in some circumstances result in reimbursement for network upgrades not yet in-service at the time of COD. This approach is described as follows:

1. Reimbursement for the amounts funded by the interconnection customer up to the time the generating facility or phase achieves commercial operation would commence upon the COD. This could include amounts for required network upgrades not yet in service at the time of COD.
2. Reimbursement for the amounts funded by the interconnection customer subsequent to the time the generating facility or phase achieves commercial operation would commence once the last required network upgrade is placed in service. A variation on this approach could be that reimbursement commence for the aggregate of network upgrades placed in service during some defined time period such as a calendar year.

For each option, the ISO proposed to revise the tariff to apply these new rules on a going-forward basis to both phased and non-phased projects. This feature of the February 5 proposal remained unchanged from the November 8 straw proposal.

On February 28 the ISO received written stakeholder comments on its February 5 revised straw proposal (stakeholders were requested to comment on the pros and cons and their preferences relative to option A or B). The ISO considered this stakeholder input in the development of the second revised straw proposal that was included in the March 25 draft final proposal for topics 4, 5, and 13. The March 25 proposal was in large part based on Option A, and was described in that paper as follows:

1. Reimbursement for required network upgrades already in service will commence upon the generating facility or the phase that requires those upgrades achieving commercial operation, as specified in the generator interconnection agreement.
2. Reimbursement for required network upgrades placed in service subsequent to the generating facility or phase achieving commercial operation (including those under construction at the time of the commercial operation date of the project or project Phase) will commence at the beginning of each calendar year for those required network upgrades placed in the service during the prior year calendar year.
3. The ISO proposes to revise the tariff to apply these new rules on a going-forward basis to both phased and non-phased projects. The ISO believes that the appropriate balance between harmonizing the repayment rules and existing customer expectations is to apply this new policy beginning with customers who have not yet received a generator interconnection agreement. However, in order to avoid a situation in which customers in the same cluster, or even in the same study group, could be subject to different repayment rules, the ISO proposes to apply these new rules beginning with the customers in the first cluster in which all projects have not yet been tendered a generator interconnection agreement at the time of FERC approval of the ISO proposal on this topic.

3.1.3 Stakeholder comments and ISO responses

Stakeholder comments on Topic 13 received April 16 following publication of the March 25 draft final proposal for Topics 4, 5, and 13 are summarized below. ISO responses to issues raised are also included in this section.

California Public Utilities Commission (CPUC) staff – Supports the proposal.

Large-scale Solar Association (LSA) – Fully supports the proposal. Views the proposal as a reasonable compromise between LSA's initial position that reimbursement should begin at COD for all projects and the position of some other stakeholders that reimbursement should not begin until all network upgrades are completed. In particular, supports the annual commencement of reimbursements for network upgrades completed over the prior year. Views this as an important feature that avoids delaying refunds for years after many or most of the network upgrades funded by developers were in service and "used and useful." LSA understands that each annual reimbursement commencement would last five years; if this structure proves too complicated, then all of the reimbursements could be designed to be completed five years after COD. PTOs that wish to forego the annual commencement of reimbursements entirely should have the option of adopting the policy followed by SDG&E where network upgrade payments made before COD are reimbursed upon COD and no further network upgrade costs are charged to a generation project beyond that point.

ISO response: The ISO agrees that PTOs should have the flexibility to fully reimburse an interconnection customer upon COD if the PTO wishes to do so. But for PTOs who do not opt for this approach, the ISO's proposal is intended to clarify that commencement of transmission cost reimbursement shall occur no later than certain defined points in time following COD.

Pacific Gas and Electric Company (PG&E) – As a result of further internal discussion and consideration of the ISO's March 25 second revised straw proposal for Topic 13, PG&E supplemented its April 16, 2014 written comments with an email dated May 22. In the April 16 comments, PG&E conveyed its conditional support of the ISO's proposal and outlined its concerns with implementing "an overly complex accounting system, which would prove to be administratively infeasible and impractical." In the April 16 comments PG&E further stated that it could support the ISO's proposal provided the ISO simplified the "accounting and settlement logistics necessary for the cluster environment." However, in its supplemental comments of May 22, PG&E modified its April 16 comments to support the ISO's second revised straw proposal without qualification.

Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (Six Cities) – Supports the proposal because it is generally consistent with the principle that reimbursement of amounts advanced by customers to fund network upgrades should commence when (i) a facility or phase of a facility achieves commercial operation and (ii) the associated network upgrades are in service. The proposal element to address reimbursement for network upgrades placed into service after COD by commencing reimbursement for upgrades placed into service during the previous year appears to be a reasonable way to ensure that advanced funds are not held for an unduly long period of time while ensuring that PTOs are not providing reimbursement for upgrades that are not used and useful in delivering the output of a customer's generating facility.

Southern California Edison Company (SCE) – Supports the proposal. While SCE's preference is to commence reimbursements – for network upgrades energized after COD – once the final network upgrade is placed into service so as to not impose additional administrative burdens on the PTOs of processing the repayments on potentially more frequent intervals, SCE should be able to implement this element of the proposal. Each reimbursement schedule for the network upgrades in service when the generating facility or phase achieves COD as well as subsequent reimbursement schedules should be of five years duration. SCE agrees that this new policy should be applied on a going-forward basis in the first cluster in which all projects have not yet been tendered a generator interconnection agreement at the time of FERC approval of the ISO proposal.

San Diego Gas and Electric Company (SDG&E) – Suggests that reimbursements be made in the amounts, and with the timing, determined by the PTO, provided that 100 percent of advanced funds shall be reimbursed by 5 years from the applicable commencement date.

ISO response: As stated above, the ISO agrees that PTOs should have the flexibility to fully reimburse an interconnection customer upon COD if the PTO wishes to do so. But for PTOs who do not opt for this approach, the ISO's proposal is intended to clarify that commencement of transmission cost reimbursement shall occur no later than certain defined points in time following COD.

Independent Energy Producers (IEP) – In general, IEP is supportive of the proposal. Specific to the second proposal element, IEP continues to have concern due to the lack of limits on the customer's risk that one or more upgrades might be delayed excessively, such that no cost recovery could begin for an undetermined period of time. Holding up a customer's cost reimbursement indefinitely does not seem reasonable. IEP requests that the ISO consider a maximum period of time from the date of generator COD that a customer could potentially have to wait to begin receiving cost recovery on all network upgrades required for their project. IEP suggests that total reimbursement would have to be completed within 5 years of COD. IEP believes this approach would provide incentive to the transmission owners to get their projects in service and for the ISO to move expeditiously on planning and project approval.

ISO response: The ISO reminds IEP that earlier in this initiative, the ISO proposed an arbitrary period of time after COD that reimbursement should begin, similar to that suggested by IEP in its latest comments. In the November 8, 2013 revised straw proposal for Topics 3-5 and 12-15, the ISO had in fact proposed that reimbursement commence once the following two conditions are met: (1) The generating facility, or phase of the facility for phased projects, achieves commercial operation; and, (2) The earlier of: (i) the in-service date of the required network upgrades for the facility or phase of the facility; and (ii) a specified period of time after the facility or phase of the generating facility has achieved commercial operation. At the time, the ISO was considering two years as the specified period of time. However in response two stakeholders – Six Cities and SCE – stated their opposition to this approach. Six Cities stated it does not believe that the two year period will incentivize timely completion of upgrades and does not support requiring reimbursement for network upgrades that are not in service. SCE stated that it opposes any scenario where reimbursement is required to begin prior to the in-service of the associated NUs. As background, the ISO had at the time proposed such an approach as a possible means to further incentivize timely completion of upgrades by the PTO and to avoid retention of interconnection customer funds for an unreasonable number of years after the COD of the generating facility, or phase of the facility for phased projects. However, after further consideration and prior to publishing its subsequent paper on this topic, the ISO concluded that this approach lacked sufficient stakeholder support and also violated another important consideration: alignment with the policies and requirements of the Order No. 2003 series of orders that repayment for transmission assets begin once those assets are utilized to deliver the output of the interconnection customer's generating facility. Thus, the ISO eliminated this approach from its subsequent proposals on this topic in both the February 5, 2014 revised straw proposal for Topics 4, 5, and 13, and the March 25, 2014 draft final proposal[8] for Topics 4, 5, and 13. The ISO believes that there are two primary reasons for not returning to such an approach again: (1) some stakeholders are opposed to an approach where reimbursement is required to begin prior to the in-service of the associated network upgrades (and an objective from the outset of this topic was to identify a solution with broad stakeholder support); and (2) it does not align with the policies and requirements of the Order No. 2003 series of orders that repayment for transmission assets begin once those assets are utilized to deliver the output of the interconnection customer's generating facility.

3.1.4 Draft final proposal

Stakeholder feedback indicates broad support for the ISO proposal contained in the March 25 paper. The ISO appreciates this support and offers here its draft final proposal which retains all of the elements of the prior proposal. With regard to each annual reimbursement commencement period, the ISO clarifies that each will last five years. Lastly, nothing in this proposal is intended to preclude a PTO from commencing and/or completing reimbursement to the interconnection customer earlier than required under this proposal.

In summary, the final proposal for this topic is as follows:

1. Reimbursement for required network upgrades already in service will commence upon the generating facility or phase of the generating facility that requires those upgrades achieving commercial operation, as specified in the generator interconnection agreement.
2. Reimbursement for required network upgrades placed in service subsequent to the date the generating facility or phase of the generating facility achieves commercial operation (including those network upgrades under construction at the time of the commercial operation date of the project or project Phase) will commence no later than the beginning of the next calendar year after those required network upgrades are placed into service.

As was stated as part of the previous proposal, these new rules will be applied on a going-forward basis to both phased and non-phased projects. The ISO believes that the appropriate balance between harmonizing the repayment rules and existing customer expectations is to

[8] This paper included a second revised straw proposal for Topic 13.

apply this new policy beginning with customers who have not yet received a generator interconnection agreement. However, in order to avoid a situation in which customers in the same cluster, or even in the same study group, could be subject to different repayment rules, the ISO proposes to apply these new rules beginning with the customers in the first cluster in which all projects have not yet been tendered a generator interconnection agreement at the time of FERC approval of the ISO proposal on this topic.

3.2 Topic 14 – Redistribution of forfeited funds

3.2.1 Summary

On April 2, 2014 the ISO released its draft final proposal on the redistribution of funds forfeited by interconnection customers when they withdraw from the interconnection queue. The essence of that proposal was to redistribute the forfeited funds to transmission ratepayers on an annual basis through the transmission revenue balancing account (TRBA) of each ISO participating transmission owner (PTO), so that the forfeited funds would reduce transmission access charges (TAC) in the next calendar year.

Written stakeholder comments submitted to the ISO expressed broad but not universal support for this approach. After considering the alternative views expressed in the comments the ISO decided that an amendment to the April 2 proposal would be appropriate to address the alternative views, and could be adopted without compromising any of the principles articulated in the proposal and without adding significant complexity to implement the solution. The revised draft final proposal may be summarized as follows, with additional details and examples in a later sub-section.

- The ISO will apply the portion of the forfeited funds obtained from interconnection financial security postings for network upgrades that are still needed after the withdrawal of the forfeiting interconnection customers toward the construction costs of such upgrades. The ISO will use the reduced network upgrade costs that result from this application of the forfeited funds to revise the cost responsibilities and posting requirements for customers remaining in queue who have cost responsibilities for such upgrades.[9]
- The ISO will redistribute the balance of the forfeited funds (studies and financial security amounts) collected in that cycle to ratepayers using the TRBA/TAC approach described in the April 2 draft final proposal.

[9] In the ISO's GIDAP reassessment stakeholder process, the ISO proposes to use the results of the annual reassessment to revise financial security posting requirements, and, in certain cases, customers' maximum cost responsibility for network upgrades. Reductions to network upgrade costs resulting from the application of forfeited funds, as described herein, will be included in these reassessment calculations.

To incorporate this new element into the approach the ISO now proposes to redistribute forfeited funds based on a calendar year cycle rather than the July 1 through June 30 cycle proposed in the April 2 proposal. The ISO intends to request that FERC allow the ISO to apply the new approach for the first time to the total amount of funds forfeited in 2013 and 2014, to be applied to appropriate network upgrades identified in the GIDAP reassessment performed in the first half of 2015 and to the TRBA accounts that close on September 30, 2015 for adjustment of 2016 TAC rates.

3.2.2 Background

The ISO tariff currently provides that funds forfeited by interconnection customers that withdraw from the generator interconnection queue, including both study deposit funds and interconnection financial security postings, will be redistributed on an annual basis to scheduling coordinators. Many stakeholders argued in the 2013 IPE initiative that this approach should be changed, and the ISO agreed. In the December 16, 2013 issue paper for the GIDAP reassessment initiative, the ISO presented two alternative approaches and requested stakeholder comments on the pros and cons and their preferences for either of these alternatives. Option A entailed redistributing forfeited funds to transmission ratepayers via reductions to the system-wide high-voltage TAC, while option B aimed to mitigate financial impacts – i.e., increased up-front funding requirements – of project withdrawals on customers remaining in the queue and PTOs. In the February 12, 2014 straw proposal the ISO proposed a variant of option A, modified to include suggestions made by several stakeholders to apply a portion of the forfeited funds to PTO-specific low voltage transmission revenue requirements (LVTRR) in addition to the system-wide high voltage transmission revenue requirements (HVTRR), in accordance with specific criteria for allocating the funds among these accounts. In the April 2 draft final proposal, the ISO reiterated its preference for this variant of option A and provided some additional details.

3.2.3 Proposed revisions to April 2 draft final proposal

The forfeited funds redistribution incorporating the proposed new element of the approach will be performed as follows:

1. The ISO will accumulate forfeited funds for redistribution on a calendar year basis (instead of the period July 1 through June 30 as in the April 2 proposal). For the first application of the new approach, to be performed in 2015, the ISO proposes to redistribute all funds forfeited during 2013 and 2014.
2. Within the annual reassessment performed as part of the Generator Interconnection and Deliverability Allocation Procedures (GIDAP), the ISO will identify those network upgrades that (a) were required for each interconnection customer that withdrew in the previous calendar year and (b) are still required following the customer's withdrawal.

3. The ISO will calculate the portion of each withdrawn customer's forfeited interconnection financial security posting that is proportional to the share of that customer's network upgrade cost responsibility associated with network upgrades identified in the previous step as still required following the customer's withdrawal.

4. For each network upgrade identified in step 2 as still required, the ISO will redistribute a share of the withdrawn customer's forfeited financial security posting to the appropriate PTO as a contribution in aid of construction of that network upgrade, in proportion to the share of that network upgrade's cost in the customer's total network upgrade cost responsibility. The ISO will then use the network upgrade cost estimates reduced in this manner for purposes of the network upgrade cost reallocation performed as part of the annual GIDAP reassessment process.[10] Because the individual amounts of money can be quite small, however (see the discussion of 2013 numbers below), the ISO proposes to apply forfeited funds against the costs of specific network upgrades only when the amount of forfeited funds applicable to an individual upgrade is $100,000 or greater. Smaller amounts will be included in the TRBA/TAC redistribution.

5. The ISO will use the TAC/TRBA approach described in the April 2 proposal to redistribute forfeited study deposits and any forfeited security posting funds not distributed in accordance with the steps described above.

3.2.4 Examples

The following examples assume that project withdrawals occur after Phase II study reports have been issued but before the interconnection customers have made their second security postings, and that the withdrawing customers forfeit 50% of their Phase I postings. This is consistent with the project withdrawals that accounted for the 2013 forfeited funds. The pre-withdrawal scenario for all examples is the following (numbers are simplified for illustration purposes):

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[10] Steps 2-4 would also be applied to the funds forfeited by WDAT customers that were associated with network upgrades on the ISO system that are still needed after the customers have withdrawn.

Generation Project	Upgrade 1	Upgrade 2	Upgrade 3	Project's Cost Cap	Posting 15%
A	100	50	50	200	30
B	60	30	30	120	18
C	20	10	10	40	6
Totals	180	90	90		

Example 1 (see table below). Suppose that Project A withdraws and Upgrade 1 is no longer needed. In this case the portion of the forfeited funds associated with Upgrade 1 goes into the TRBA/TAC process, while the portions associated with Upgrades 2-3 go to reduce the costs of those upgrades. Projects B and C do not benefit from the forfeited funds, however, because their reallocated costs for Upgrades 2-3 are above their cost caps even after the costs of those upgrades are reduced by the pro rata shares of forfeited funds associated with those upgrades. Thus the forfeited funds associated with Upgrades 2-3 are applied to reduce the amount the PTO would have to up-front fund.

Generation Project	Upgrade 1 (not needed)	Upgrade 2 (Reallocated with Aid of Construction)	Upgrade 3 (Reallocated with Aid of Construction)	Forfeit (50% of Posting	New Allocation (with Aid of Construction)	Cost Cap	Total over Cap (Amount PTO funds)
A	~~100~~	~~50~~	~~50~~	15			
B	~~60~~	64.6875	64.6875		129.375	120	9.375
C	~~20~~	21.5625	21.5625		43.125	40	3.125
TRBA	7.5						
Aid of Construction		3.75	3.75				
Totals		90	90				

<u>Example 2 (see table below).</u> Suppose Project A remains in the queue while Project B withdraws and Upgrade 3 is no longer needed. Similar to the previous example, the reallocation of costs for Upgrades 1-2 take Projects A and C above their cost caps, even after pro rata shares of the forfeited funds are applied to reduce the costs of those upgrades. Thus the forfeited funds go to reduce the PTO's up-front funding requirements while Projects A and C get no benefit from these funds.

Generation Project	Upgrade 1 (Realloc. with AOC)	Upgrade 2 (Realloc. with AOC)	Upgrade 3 (not needed)	Forfeit (50% of Posting)	New Allocation (with AOC)	Cost Cap	Total over Cap (Amount PTO funds)
A	146.25	73.125	~~50~~		219.375	200	19.375
B	~~60~~	~~30~~	~~30~~	9			
C	29.25	14.625	~~10~~		43.875	40	3.875
TRBA			2.25				
Aid of Construction	4.5	2.25					
Totals	180	90					

Example 3 (see table below). In this example Project C withdraws and Upgrade 3 is no longer needed. In this case Projects A and B receive some benefit from the redistribution of forfeited funds to the costs of Upgrades 1-2. Most of the reduction in cost responsibilities for Projects A and B is due not to the redistribution of forfeited funds, however, but to the elimination of Upgrade 3 for which withdrawn Project C had had only a small share of the cost.

Generation Project	Upgrade 1 (Realloc. with AOC)	Upgrade 2 (Realloc. with AOC)	Upgrade 3 (not needed)	Forfeit	New Alloc. with AOC	Cost Cap	Total over Cap (Amount PTO funds)	Alloc. without AOC
A	111.5625	55.78125	~~50~~		167.3438	200	0	168.75
B	66.9375	33.46875	~~30~~		100.4063	120	0	101.25
C	~~20~~	~~10~~	~~10~~	3				
TRBA			.75					
Aid of Construction	1.5	.75						
Totals	180	90						180

3.2.5 Application of new method to funds forfeited during 2013

Funds forfeited in 2013 totaled approximately $16.4 million, of which approximately $15.5 million was from security postings, $53,000 was from study deposits, and $868,000 was from WDAT security postings. As mentioned earlier, in all instances the customers withdrew prior to making the second security posting, so forfeited amounts are derived from the Phase I postings.

After identifying the impacts of the associated project withdrawals on needed network upgrades, the ISO determined that of the $15.5 million in forfeited security deposits (i.e., excluding the less than $1 million forfeited by WDAT projects), approximately $14.3 million was associated with upgrades that are no longer needed and would therefore be redistributed under the TRBA/TAC method, while $1.25 million was associated with upgrades still needed and would be applied to reduce the estimated costs of those upgrades. The $1.25 million was further broken down into nine specific amounts for specific projects, in descending size order: $575,000; $274,000; $192,000; $151,000; $43,000; $11,000; $5,000; $2,000; $1200. Using the $100,000 threshold, the ISO would apply the first four amounts – approximately $1.192 million – to reduce the costs of still-needed network upgrades.

Thus the TRBA/TAC method would apply to the remainder of the $16.4 million forfeited during 2013, approximately $15.2 million, assuming none of the WDAT postings are applicable to still-needed network upgrades.

3.2.6 The TRBA/TAC redistribution method as described in the April 2 proposal

The following is a reiteration of the proposal presented in the April 2 draft final proposal, modified only to reflect the calendar-year redistribution basis instead of the July 1 through June 30 period proposed previously. In reviewing this sub-section, readers should bear in mind that the description ignores the use of any forfeited funds to reduce the costs of still-needed network upgrades under the new proposal element described above. Readers should therefore view the following as a description of the treatment of the forfeited funds that remain after applying appropriate amounts to reduce the costs of still-needed network upgrades.

The ISO proposes to adopt a modified version of Option A in which the funds forfeited by the withdrawn interconnection customer would be applied to both the system-wide HVTRR and the PTO-specific LVTRR, in proportion to the customer's last pre-withdrawal cost responsibilities for network upgrades in each of these categories. The ISO proposes to utilize the same balancing account mechanism and timing for implementing this approach as originally described under Option A in prior papers, and would utilize the pro rata approach of Option A for allocating shares of the HVTRR portion of the forfeited funds among the PTOs.

The ISO proposes to perform the redistribution of forfeited funds on an annual cycle that combines funds forfeited in each calendar year. The first cycle of this process would redistribute all funds forfeited during 2013 and 2014.

To provide a hypothetical example, suppose the customer's phase II study results indicate that the customer's share of network upgrades (including both RNUs and DNUs) is $20 million, of which $12 million is for high voltage facilities and $8 million is for low voltage facilities on the system of the PTO to which the customer is interconnecting. Suppose the customer makes its second security posting for $6 million, and then a year later withdraws from the queue and forfeits the $6 million. Suppose also that during the intervening year the customer's cost responsibilities were not revised pursuant to a reassessment process, so that the phase II results would determine how the forfeited funds would be allocated. Under this proposal – and ignoring the use of any forfeited funds to reduce the costs of still-needed network upgrades under the new proposal element described above – the ISO would apply $3.6 million to the ISO system-wide HVTRR and $2.4 million to the LVTRR of the PTO to which the customer had requested to interconnect.

The ISO also proposes the following:

a) If the customer's cost responsibilities were adjusted pursuant to a reassessment process after the phase II study and prior to the customer's withdrawal from the queue, the adjusted cost responsibilities would be used to determine the allocation of the forfeited funds.
b) If the customer's cost responsibilities include low voltage network upgrades on a second PTO's system as well as low voltage upgrades on the system of the PTO to which the customer had requested to interconnect, the forfeited funds would be split three ways to include the ISO system-wide HVTRR, the LVTRR of the PTO to which the customer had requested to interconnect, and the second PTO's LVTRR. The basic pro rata principle described above would still apply.

Under the present proposal, consistent with Option A described in the straw proposal, the ISO will distribute forfeited funds not otherwise allocated to reduce the costs of still-needed network upgrades to transmission ratepayers via offsets to the HVTRR recovered through the ISO's transmission access charge (TAC) and to the PTO-specific LVTRR collected by the PTOs. For this purpose, the ISO will utilize the crediting mechanism allowed in the transmission revenue balancing account adjustment (TRBAA)[11] of the PTOs according to the following methodology.

First, for each IC that has withdrawn and forfeited funds during the current cycle, the ISO will allocate those funds not otherwise allocated to reduce the costs of still-needed upgrades among the following three categories in proportion to the IC's last pre-withdrawal cost responsibilities for network upgrades in each category:

a. the system-wide HVTRR
b. the LVTRR of the PTO to which the IC's project was intending to interconnect, and
c. the LVTRR of any other PTO on whose system the IC was responsible for funding LV network upgrades.

Second, the ISO will sum all funds distributed to categories (b) and (c) above by PTO, including all funds forfeited by all ICs that withdrew during the time period of the current cycle.

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[11] Today, the ISO uses the TRBA credit mechanism to allocate excess funds from wheeling service, location-constrained resource interconnection generators (LCRIG) with respect to location-constrained resource interconnection facilities (LCRIF), revenues from existing rights, and the annual congestion revenue rights balancing account to offset the HVTRR of the PTOs. *See* ISO Tariff Appendix F, Schedule 3, Section 6.1(b); ISO Tariff Appendix A, definition of transmission revenue credit.

Third, the ISO will allocate pro rata shares of the total category (a) forfeited funds to each PTO in proportion to the ratio of each PTO's HVTRR to the total of all PTOs' HVTRR as of the last day of the prior calendar year.

Finally, the combined results of the second and third steps will comprise each PTO's share of the funds forfeited during the current cycle.

The transmission revenue balancing account (TRBA) is used to track revenues that the PTO receives towards its transmission revenue requirement (TRR) outside of the TAC payments received from the ISO (for the HVTRR), and outside of whatever mechanism the PTO uses to collect its LVTRR. For a non-load serving PTO, the TRBA also includes amounts by which the TAC collections each month from loads and exports may exceed or fall short of the amount required to exactly recover its HVTRR and LVTRR.[12]

The TRBAA applies on an annual cycle that runs from October 1 to September 30, so that the PTO can include the TRBAA results in its annual filing at FERC for its TRR to be recovered the following year. Under the present proposal, the ISO would distribute the forfeited funds to PTOs each year prior to September 30, in time to be included in the PTOs' FERC filings of their TRBAAs for the coming year's TRRs. With the incorporation of the new proposal element described in a previous sub-section, the period for accumulating forfeited funds will need to be the calendar year, in order to allow the ISO to perform the GIDAP reassessment process to determine which network upgrades are still needed and which ones are no longer needed.

In practice, this annual procedure will work as follows. Consider the calendar year 2014 and the total funds forfeited during that year by interconnection customers dropping out of the ISO queue. Shortly after the start of 2015 the ISO will begin the preparation for the GIDAP reassessment process. Several months later that process would identify which network upgrades can be eliminated and which ones are still needed. The ISO will calculate the amounts of the forfeited funds to be applied to the still-needed network upgrades based on the procedure described above, and will subtract these amounts from the funds available to be redistributed through the TRBA/TAC method. For these remaining funds the ISO will calculate each PTO's share of in accordance with

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12 The reason for this additional nuance for the non-load serving PTOs' TRBA is that they do not have a GWh load as a basis for calculating their monthly shares of TAC revenues, and instead are expecting to receive 1/12 of their filed annual HVTRR and LVTRR per month. The ISO collects revenues for these entities through the HVAC and LVAC to recover both their HVTRR and their LVTRR. For HVAC, when the revenues are allocated to the PTOs on a monthly basis, they are first allocated (a) to the load serving PTOs based on the actual GWh load for that PTO in that month times the high voltage utility-specific rate, and then (b) to the non-load serving PTO in proportion to their HVTRR. The ISO collects LVAC for the non-load serving PTOs from the utility distribution companies (UDC) and metered subsystem operators (MSS) that utilize the LV facilities of the non-load serving PTO. The LVAC amount is calculated by applying a LV rate, which is calculated based on the load-serving PTO's annual gross load projection for the relevant UDCs and MSS, as filed with the FERC, to the actual gross load of the relevant UDCs and MSS for the month. Thus it is possible that the TAC revenues allocated to non-load serving PTOs in each month may not exactly equal 1/12 of each non-load serving PTO's total TRR. The TRBA is used annually to adjust for any such discrepancies.

the methodology described in this section, including the pro rata shares of the HV forfeited funds to each PTO in proportion to the amount of its HVTRR as of December 31, 2014. The PTO would then account for these funds in its TRBA that closes on September 30, 2015, to be reflected in the PTO's FERC filing of its TRBAA, which would become effective January 1, 2016 for purposes of establishing the adjusted TRR amount that would be collected TAC during 2016.

For the first implementation of this method, however, the ISO proposes to accumulate all the funds forfeited during both 2013 and 2014 and distribute these in the TRBAA cycle that closes on September 30, 2015, allocating the HVTRR portion of the funds to each PTO in proportion to its HVTRR as of December 31, 2014.

Finally, the ISO proposes not to make any revisions or adjustments to the allocation of forfeited funds after the shares for each PTO have been determined based on the December 31 HVTRR amounts in the relevant year.[13]

4 Background on the IPE initiative

California's ambitious renewable portfolio standards and environmental goals have resulted in significant development of new generation projects in recent years, especially new renewable solar and wind projects. The majority of these projects request interconnection to facilities under the operational control of the ISO.[14] Successful completion of the interconnection process is a necessary step in the development of a new generation project and is one of the challenges faced by generation developers.

The ISO is committed to continuously reviewing potential enhancements to its generator interconnection process to reflect changes in the industry and to better accommodate the needs of interconnection customers. Pursuant to this commitment, the ISO has conducted a series of stakeholder processes over the past several years to improve the generator interconnection process. These include Generation Interconnection Process Reform ("GIPR") held in 2008-09, Generation Interconnection Procedures Phase 1 ("GIP 1") in 2010, Generation Interconnection Procedures Phase 2 ("GIP 2") in 2011, and Generation Interconnection Procedures Phase 3 ("GIP 3") in 2012.[15]

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[13] If the PTO has a HVTRR in effect on December 31 that is subject to refund, the ISO is proposing to allocate the forfeited funds based on that effective rate and not reallocate the forfeited funds once the PTO's HVTRR is approved by FERC.

[14] Some projects request interconnection to the distribution systems of the participating transmission owners through their wholesale distribution access tariffs ("WDATs").

[15] GIP 3 was started in early 2012 but later deferred while the one-time generator project downsizing initiative was pursued. In GIP 3 the ISO solicited stakeholder comments on the relative priority of issues that should be considered, on generator project downsizing as well as on a number of other topics. The ISO explained that only a

The ISO launched the latest in this series of stakeholder processes to review and improve the generator interconnection process when it published the Interconnection Process Enhancements ("IPE") initiative scoping proposal on April 8, 2013.[16] Rather than follow the usual sequence of beginning an initiative with an issue paper, the ISO identified the development of a scoping proposal as a necessary first step. Its purpose was twofold. First, it assembled a comprehensive list of potential topics in one place from a number of sources including:

- During the course of the GIP 3 stakeholder process a list of twenty-seven potential topics (including generator project downsizing) was compiled for consideration;
- Outside of the GIP 3 stakeholder process, individual stakeholders suggested topics to the ISO;
- At the September 2012 ISO Board of Governors meeting, ISO Management committed to include two topics in the scope of this initiative in response to stakeholder interest: (1) future generator project downsizing policy, and (2) disconnection of an initial project phase of a generating project for failure of the project to complete a subsequent phase; and
- An ISO need to improve the queue management process.

Second, the scoping proposal selected a set of potential topics from the comprehensive list of topics mentioned above for proposed inclusion in the scope of the IPE initiative. This was necessary because the comprehensive list of topics (nearly fifty topics in total) represented a far larger set of topics than could be reasonably addressed within the scope of this initiative. To develop a subset of topics representing a more reasonable workload to include in the scope of this initiative, the ISO took into consideration the estimated level of effort and relative priority associated with each topic as well as its contribution to queue management efforts. This resulted in twelve topics that the ISO proposed in the April 8, 2013 scoping proposal for inclusion in the scope of the IPE initiative. Based on stakeholder feedback received following the release of the April 8 scoping proposal, the ISO expanded the scope of the IPE initiative by three topics and posted an issue paper on June 3, 2013 addressing the resulting scope of fifteen topics.[17]

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limited number of topics would be included in the initial stakeholder effort to ensure timely resolution and implementation of those topics. Stakeholders expressed broad support for only one topic, the extent to which an interconnection customer could downsize the MW capacity of its proposed generating facility and retain its queue position (*i.e.*, generator project downsizing). As a result of this stakeholder feedback, the ISO deferred work on the other topics that did not receive such broad support and focused efforts on developing a one-time generator project downsizing opportunity through a separate stakeholder initiative. FERC accepted an ISO tariff amendment to implement one-time project downsizing opportunity effective December 2012.

16 http://www.caiso.com/Documents/ScopingProposal-InterconnectionProcessEnhancements.pdf.

17 The remaining topics, which the ISO did not initially recommend be in scope, are described in section 4 of the April 8, 2013 scoping proposal: http://www.caiso.com/Documents/ScopingProposal-InterconnectionProcessEnhancements.pdf

The following table lists these fifteen topics.

Scope of topics in the June 3 IPE issue paper

Topic No.	Topic Description
1	Future downsizing policy
2	Disconnection of first phase of project for failure of second phase
3	Clarify tariff and GIA provisions related to dividing up GIAs into multiple phases or generating projects
4	Improve the Independent Study Process
5	Improve the Fast Track Process
6	Provide for ability to charge customer for costs for processing a material modification request
7	COD modification provision for SGIP projects
8	Length of time in queue provision for SGIP projects
9	Clarify that PTO and not ISO tenders GIA
10	Timeline for tendering draft interconnection agreements
11	LGIA negotiations timeline
12	Consistency of suspension definition between serial and cluster
13	Clarity regarding timing of transmission cost reimbursement
14	Redistribution of forfeited funds
15	Material modification requests (formerly “Inverter/transformer changes”)

Following release of the June 3, 2013 issue paper, the ISO held a stakeholder web conference on June 11, 2013 and stakeholders provided written comments on June 25, 2013.

As explained in both the April 8, 2013 scoping proposal and the June 3, 2013 issue paper, the ISO anticipated from the beginning of the IPE initiative that the pace of development of proposals for each topic may differ—*i.e.*, proposals for some topics may be developed rather quickly whereas more time may be needed to work with stakeholders and develop proposals for other topics. For example, the ISO expected that the pace of work on the queue management topics (*i.e.*, Topics 6-12) would enable the proposals for these topics to go to the ISO Board for approval earlier than the non-queue management topics in this initiative. Consistent with this approach, while the June 3, 2013 issue paper was a conventional issue paper for some of the fifteen topics in scope, it served as a straw proposal on others. Specifically, for the seven topics addressing queue management issues (*i.e.*, Topics 6-12[18]), the ISO offered straw proposals in the June 3, 2013 paper. For the remaining

[18] These seven topics are: (6) provide for ability to charge customer for costs for processing a material modification request; (7) COD modification provision for SGIP projects; (8) length of time in queue provision for SGIP projects; (9) clarify that PTO not ISO tenders GIA; (10) timeline for tendering draft GIAs; (11) LGIA negotiations timeline; and (12) consistency of suspension definition between serial and cluster.

eight topics (*i.e.*, Topics 1-5[19] and 13-15[20]), the ISO was not prepared to offer a proposal in the June 3, 2013 issue paper and instead provided further analysis of the issues and suggested potential ideas and options for stakeholder consideration.

Following publication of the June 3, 2013 issue paper and receipt of stakeholder comments, the ISO posted a draft final proposal for Topics 6-12 on July 2, 2013. This was followed with a stakeholder web conference on July 10, 2013 and written stakeholder comments on July 16, 2013. The ISO took the proposals for Topics 6-11 to the September 2013 meeting of the ISO Board, received Board approval, and filed the associated tariff revisions with the Federal Energy Regulatory Commission (FERC) on September 30, 2013 in Docket No. ER13-2484.[21] As a result, Topics 6-11 were not addressed in the subsequent straw proposal paper published on July 18, 2013. The ISO's decision to withdraw Topic 12 from the IPE initiative was addressed in a paper published on November 8, 2013.

On July 18, 2013 the ISO published a straw proposal paper addressing Topics 1-5 and 13-15 (*i.e.,* the non-queue management topics). The July 18 paper offered straw proposals for Topics 1, 2, and 3. The July 18 paper also presented a straw proposal for Topic 15 (called "inverter/transformer changes" at the time, but renamed to "material modification review"); however, implementation of the proposal on Topic 15 was accomplished through the business practice manual change process rather than through tariff changes.[22] In the July 18 paper the ISO was not yet prepared to offer straw proposals on Topics 4, 5, 13, and 14; nevertheless, the discussion of these four topics provided additional analysis and, for some, offered options for stakeholder consideration (*e.g.,* for Topics 13 and 14). The ISO presented the July 18 paper during a stakeholder web conference held on August 8, 2013 and received written comments from stakeholders on August 22, 2013.

On September 12, 2013, the ISO published a draft final proposal for Topics 1 and 2. After receiving stakeholder feedback, the ISO made further refinements and modifications to the draft final proposal which it published in a pair of addendums – the first on September 24, 2013 and the second on October 21, 2013. The ISO Board approved the proposals for Topics 1 and 2 at its

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[19] These five topics are: (1) future downsizing policy; (2) disconnection of completed phase(s) of project due to failure to complete subsequent phase; (3) clarifying the tariff related to dividing up GIAs into multiple phases; (4) improve the Independent Study Process; and (5) improve the Fast Track Process.

[20] These three topics are: (13) clarification of timing of transmission cost reimbursement; (14) distribution of forfeited funds; and (15) material modification review.

[21] FERC accepted the tariff revisions in *California Independent System Operator Corporation*, 145 FERC ¶ 61,172 (2013), effective December 3, 2013 as requested by the ISO, subject to minor tariff revisions that the ISO subsequently filed on compliance with FERC's order.

[22] In an effort to consult with stakeholders prior to initiating the BPM change management process in January 2014, the ISO began a series of stakeholder web conferences on topic 15, with the first such web conference held on October 29, 2013. The ISO submitted the resultant BPM changes into the BPM change management process as Proposed Revision Request (PRR) 700 on January 13, 2014. PRR 700 was approved in March 2014.

November 7, 2013 meeting. A stakeholder process to develop the associated tariff revisions subsequently ensued.

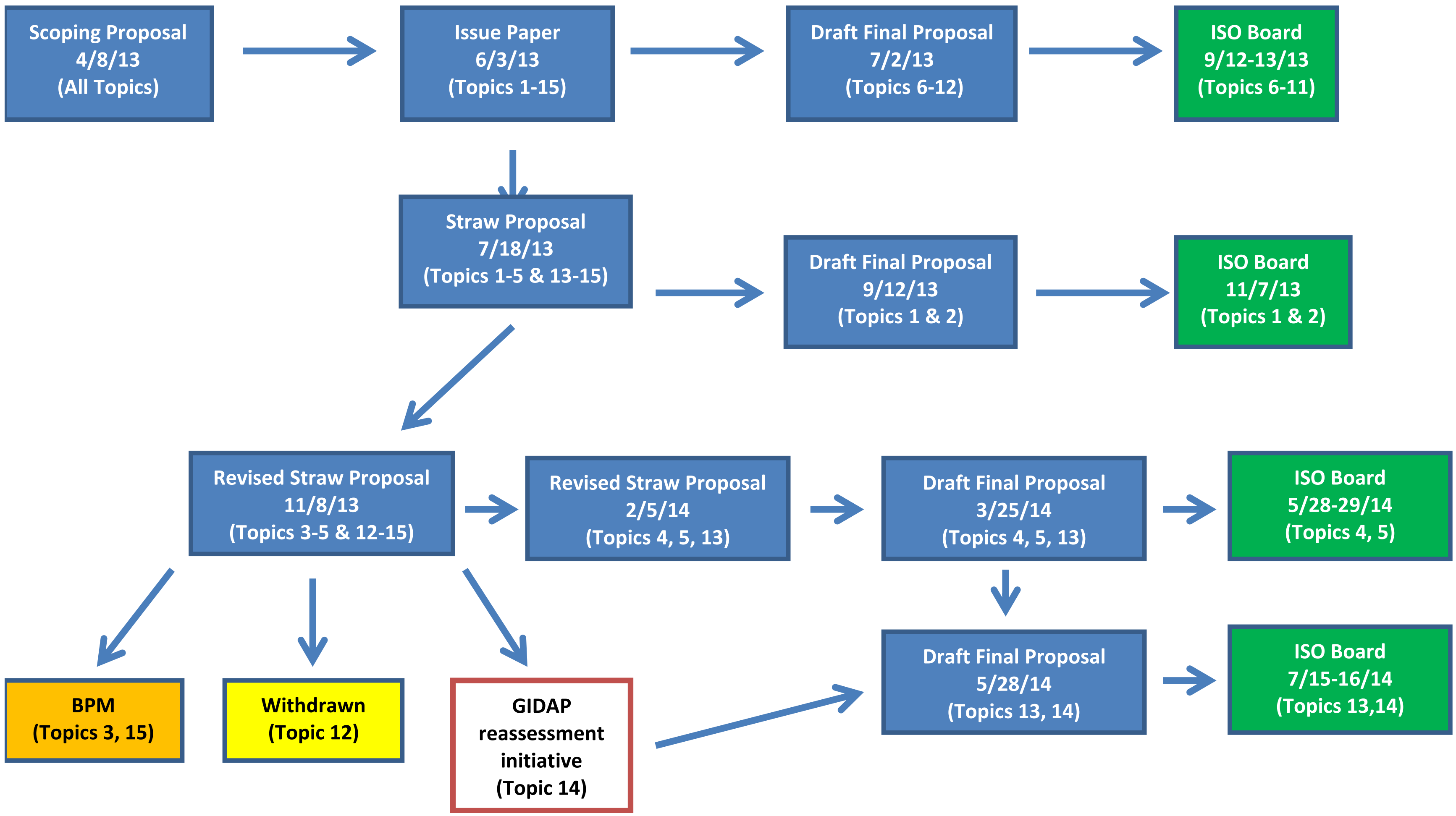
On November 8, 2013, the ISO published a paper addressing the remaining seven topics in the IPE initiative (*i.e.*, Topics 3-5 and 12-15). Initial or revised straw proposals were offered on Topics 3-5, 13, and 14. Although a straw proposal was already offered for Topic 15 in the July 18, 2013 paper, the ISO nonetheless included the topic once again in the November 8 paper to maintain clarity and restate its intention to address this topic through the BPM change management process. In the November 8 paper, the ISO also proposed to implement its proposal for Topic 3 through the BPM change management process. With respect to Topic 12, the ISO used the November 8 paper to clarify for stakeholders that the ISO was withdrawing the topic from further consideration in the IPE initiative.

At the time the November 8 paper was published, it was anticipated that proposals for those topics requiring tariff revisions (*i.e.,* Topics 4, 5, 13, and 14) would be presented to the ISO Board for approval at its March 2014 meeting; however, this plan was subsequently modified in two respects. First, discussions with stakeholders led the ISO to move Topic 14 (redistribution of forfeited funds) into the GIDAP reassessment initiative which is scheduled to go before the ISO Board at its May 2014 meeting. This was done to consider the possibility of using such funds to offset increases in network upgrade funding requirements for customers remaining in the queue and for PTOs that result from project withdrawals. Second, it was determined that Topics 4, 5, and 13 could benefit from additional stakeholder feedback and that taking these three topics to an ISO Board meeting beyond March 2014 would make this possible. In a paper posted on March 25, the ISO offered draft final proposals for Topics 4 and 5, and a second revised straw proposal was offered on Topic 13. The proposals for Topic 4 (improve the independent study process) and Topic 5 (improve the fast track process) will be presented to the ISO Board of Governors for approval on May 28-29, 2014.

In late 2013, discussions with stakeholders led the ISO to move Topic 14 (redistribution of forfeited funds) into the Generator Interconnection and Deliverability Assessment Procedures (GIDAP) reassessment initiative which is scheduled to go before the ISO Board at its May 2014 meeting. However, to provide additional time to work with stakeholders, the ISO subsequently moved this topic back into the IPE initiative in May 2014.

Thus, of the original fifteen topics in the IPE initiative, the remaining open topics are Topics 13 and 14. These topics are the subject of this paper and draft final proposals are offered. The ISO anticipates presenting its proposals for these two topics to the ISO Board for approval in July.

As was stated early in the IPE initiative, the most efficient course has been to take the topics before the ISO Board as they are ready and not hold up their resolution until all 15 topics are resolved (*i.e.*, take the draft final proposals on the various topics to the Board in several tranches). The ISO believes that stakeholders both support and appreciate this multiple-tranche approach since it accelerates resolution of the topics that can be resolved more quickly and gives due consideration to the topics that require more deliberation. The figure on the following page is intended to provide an overview of the progression of all 15 topics within the scope of this initiative by illustrating which topics are addressed in which papers, and which Board meeting is targeted for those topics requiring ISO Board approval.


Scoping Proposal
4/8/13
(All Topics)
Issue Paper
6/3/13
(Topics 1-15)
Draft Final Proposal
7/2/13
(Topics 6-12)
ISO Board
9/12-13/13
(Topics 6-11)
Straw Proposal
7/18/13
(Topics 1-5 & 13-15)
Draft Final Proposal
9/12/13
(Topics 1 & 2)
ISO Board
11/7/13
(Topics 1 & 2)
Revised Straw Proposal
11/8/13
(Topics 3-5 & 12-15)
Revised Straw Proposal
2/5/14
(Topics 4, 5, 13)
Draft Final Proposal
3/25/14
(Topics 4, 5, 13)
ISO Board
5/28-29/14
(Topics 4, 5)
BPM
(Topics 3, 15)
Withdrawn
(Topic 12)
GIDAP
reassessment
initiative
(Topic 14)
Draft Final Proposal
5/28/14
(Topics 13, 14)
ISO Board
7/15-16/14
(Topics 13,14)

Attachment D – Board Memorandum

Tariff Amendment to Implement Fourth Set of Interconnection Process Enhancements

California Independent System Operator Corporation

Memorandum

To: ISO Board of Governors

From: Keith Casey, Vice President, Market and Infrastructure Development

Date: July 8, 2014

Re: **Decision on interconnection process enhancements**

This memorandum requires Board action.

EXECUTIVE SUMMARY

California's ambitious renewable portfolio standards and environmental goals have stimulated significant activity by developers of new generation projects, especially new renewable solar and wind projects. The majority of proposed projects request interconnection to facilities under the operational control of the ISO and thus participate in the ISO generator interconnection process. Traditional interconnection procedures have not been entirely suited to the characteristics and total volume of the proposed renewable projects, however, the ISO has undertaken a series of major reforms in recent years to adapt its procedures to the new renewable development landscape.

The interconnection process enhancements stakeholder initiative is the latest in a series of stakeholder processes that the ISO has conducted to improve its generator interconnection process and associated interconnection agreements. The ISO launched this initiative in April 2013 with fifteen generator interconnection related topics for consideration in scope. Management proposals to address many of these topics have already received approval from the ISO Board of Governors. In this memorandum Management is presenting its proposal to address the remaining two open topics in this initiative: (1) the timing of reimbursement to interconnection customers for the transmission upgrades that they have funded; and, (2) redistribution of funds forfeited by withdrawn interconnection customers.

Although there are existing tariff rules in place that address both of these topics, most stakeholders indicated a preference to develop an improved approach on these topics and replace the existing rules. Toward this end, Management worked with stakeholders through this initiative to develop the following two recommendations.

First, Management recommends that reimbursement for required network upgrades be predicated both on a project achieving commercial operation and the upgrades being placed into service. Thus, reimbursement for network upgrades already in service will commence upon the generating facility or phase of the generating facility that requires those upgrades achieving commercial operation, as specified in the generator interconnection agreement. Reimbursement for required network upgrades placed in service subsequent to the date the generating facility or phase of the generating facility achieves commercial operation will commence no later than the beginning of each calendar year for those required network upgrades placed in service during the prior calendar year.

Second, Management recommends a new method for redistributing funds forfeited by withdrawn interconnection customers that will reduce the costs of certain network upgrades still required for remaining interconnection customers and will reduce transmission access charges for transmission ratepayers.

Management recommends the following motion:

> ***Moved, that the ISO Board of Governors approves the proposal for the timing of reimbursement to interconnection customers for the transmission upgrades that they have funded and redistribution of funds forfeited by interconnection customers, as described in the memorandum dated July 8, 2014; and***
>
> ***Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed tariff change.***

DISCUSSION AND ANALYSIS

<u>Timing of reimbursement to interconnection customers for the transmission upgrades that they have funded</u>

Under the ISO's existing tariff rules, the timing of repayment of interconnection customer funding for network upgrades (i.e., reimbursement by the participating transmission owner to the interconnection customer) differs depending on whether a generator project is phased or non-phased.[1] For phased projects, transmission cost reimbursement does not begin until the commercial operation date of each completed phase and all network upgrades to support the desired level of deliverability for each completed phase are in service. For non-phased projects, transmission cost reimbursement begins upon the commercial operation date of the generating facility.

[1] A phased generating facility is a generating facility that is structured to be completed and to achieve commercial operation in two or more successive partial implementations or phases that are specified in the generator interconnection agreement, such that each phase comprises a portion of the total megawatt generation capacity of the entire generating facility. In contrast, a non-phased generating facility is a generating facility that is structured to be completed and to achieve commercial operation in its entirety at one time.

This topic was originally placed within the scope of this initiative because these rules left stakeholders desiring a different approach. Some generation developers took the position that network upgrade reimbursement should begin for all projects – whether phased or non-phased – once commercial operation is achieved. These generation developers further expressed concern that the current rules for phased projects could result in refunds being delayed for years for the last remaining network upgrade required by an interconnection customer while other network upgrades funded by the same interconnection customer are already in-service. In contrast, some participating transmission owners took the position that network upgrade reimbursement should not begin until all network upgrades are completed. Some participating transmission owners also believe that there is no logical basis for a difference in treatment between phased and non-phased generating facilities.

As a result, Management worked with stakeholders to develop a proposal that balanced several objectives: (i) alignment with the policies and requirements of the Federal Energy Regulatory Commission Order (FERC) No. 2003 series of orders that repayment for transmission assets should begin once those assets are utilized to deliver the output of the interconnection customer's generating facility; (ii) elimination of the differential treatment of phased and non-phased projects with respect to timing of reimbursement; (iii) broad stakeholder support; and, (iv) application of any new rules on a going forward basis.

After several rounds of proposals and stakeholder comments, Management's resulting proposal meets these objectives and is described by the following three elements.

First, reimbursement for required network upgrades already in service will commence upon the generating facility or the phase that requires those upgrades achieving commercial operation, as specified in the generator interconnection agreement.

Second, reimbursement for required network upgrades placed in service subsequent to the generating facility or phase achieving commercial operation (including those under construction at the time of the commercial operation date of the project or project phase) will commence at the beginning of each calendar year for those required network upgrades placed in service during the prior calendar year. Each annual reimbursement commencement period will last no more than five years.

Third, Management proposes to revise the tariff to apply these new rules on a going-forward basis to both phased and non-phased projects. The ISO believes that the appropriate balance between harmonizing the repayment rules and existing customer expectations is to apply this new policy beginning with customers who have not yet received a generation interconnection agreement. However, to avoid a situation in which customers in the same cluster, or even in the same study group, could be subject to different repayment rules, Management proposes to apply these new rules beginning with the customers in the first cluster in which no projects have been tendered a generator interconnection agreement at the time of FERC approval.

Redistribution of funds forfeited by withdrawn interconnection customers

Interconnection customers that withdraw from the interconnection queue may forfeit funds they have posted. These funds are comprised of unused study deposits intended to cover the costs of interconnection-related studies and financial security postings intended to secure their shares of network upgrades required for reliable interconnection to the grid and, where requested by the customer, deliverability of their output to qualify to provide resource adequacy capacity.[2] The total amount of funds forfeited in 2013 and available for redistribution[3] is approximately $16.4 million.

The existing method for redistributing forfeited funds follows the ISO's provisions for redistributing financial penalties collected for other reasons, which allocates shares of the forfeited funds to all scheduling coordinators in proportion to the amount of grid management charges they paid during the relevant year. This method was applied to interconnection funds forfeited during 2012 and in prior years.

Revising the redistribution method was raised early in the interconnection process enhancements initiative. Most stakeholders indicated a preference to replace the existing method with some method that applied the forfeited funds to reduce the costs of transmission facilities, though stakeholders differed in their preferences for how this should be done. After several rounds of ISO proposals and stakeholder comments, Management now proposes the following two-part method for redistributing the funds forfeited by withdrawn interconnection customers.

The two-part method entails applying a portion of the forfeited security postings to reduce the costs of specific network upgrades, as described below, and applying the rest of the forfeited funds to reduce the transmission revenue requirements of participating transmission owners, thereby reducing transmission access charges. It is important to note that both parts of the method ultimately reduce transmission access charges for transmission ratepayers. The first part, however, targets specific network upgrades needed by interconnection customers who remain in the queue, thus reducing the upgrade cost responsibilities of those customers. Management proposes to apply the new procedure annually to the total funds forfeited during each calendar year. The two parts are discussed in further detail as follows:

[2] An additional but usually small portion of the forfeited funds may come from security postings by customers that sought interconnection to the utilities' distribution systems and were found to require network upgrades on the ISO system.

[3] In some instances a withdrawing customer may have failed to pay all or a portion of an invoice from the participating transmission owner for a portion of the funds needed for construction of a network upgrade. In such cases, funds forfeited by the customer will be applied first to unpaid invoices. The approach described in this memorandum is intended to apply to the forfeited funds available after deducting the amounts needed to pay unpaid invoices.

First part: reducing the costs of specific network upgrades

Early in each calendar year the ISO begins the reassessment process as part of the generator interconnection and deliverability allocation procedures (GIDAP). One function of the reassessment is to determine which if any previously needed network upgrades can be eliminated or reduced as a result of project withdrawals in the prior year. Through this process the ISO will identify, for each withdrawn customer, those network upgrades for which the customer had cost responsibility prior to withdrawing, and which are still needed by other customers who remain in the queue after the withdrawal. For each of these upgrades, the ISO will apply the portion of the withdrawn customer's forfeited security posting that was associated with the still-needed upgrade to reduce the cost of that upgrade. To this end the ISO will provide the funds as a "contribution in aid of construction" to the participating transmission owner responsible for constructing the still-needed upgrade.

Because the cost of the still-needed upgrade is reduced in this manner, there will be a corresponding reduction in the transmission revenue requirements of the relevant participating transmission owner, thus benefitting transmission ratepayers. In addition, the ISO will use the lower upgrade cost that results from this use of the forfeited funds in calculating any reallocation of upgrade cost shares under the GIDAP reassessment process, thus benefitting interconnection customers that remain in queue and have cost responsibilities for the still-needed upgrade.

Of the $16.4 million of funds forfeited in 2013, approximately $15.5 million was from security postings by customers seeking interconnection to the ISO grid.[4] Of these funds, approximately $1.25 million was associated with nine network upgrades still needed after the withdrawals. The amounts of funds associated with a given still-needed upgrade can be quite small, however (as little $1,200 for one upgrade in 2013), so Management proposes to apply the funds to offset the costs of a specific upgrade only when the amount applicable to that upgrade is at least $100,000, which is still a relatively small amount in the context of network upgrades. On this basis, approximately $1.19 million of the 2013 funds would be applied to reduce the costs of four still-needed upgrades.

Second part: reducing transmission access charges

The second part of the approach involves the redistribution of forfeited security postings that were associated with network upgrades that are no longer needed after forfeiting customers' withdrawals, and forfeited study deposits.[5] Based on the results of the first part, this part would apply to roughly $15.2 million of the 2013 total.

Management proposes to divide these funds into two categories:

[4] The $16.4 million 2013 total also included $868,000 in security postings by customers seeking interconnection to a utility distribution system and needing upgrades on the ISO grid, and $53,000 in unused study deposits.

[5] This would also include forfeited funds not allocated to specific network upgrades because they did not meet the $100,000 threshold.

a) Security deposits associated with no longer needed regional or high-voltage network upgrades (i.e., facilities rated at or above 200 kV), plus forfeited study deposits. For this category, the ISO will accumulate the total amount forfeited by all withdrawn customers and then apportion shares for each participating transmission owner proportional to each entity's share of the total high-voltage transmission revenue requirements for the entire ISO system, as of December 31 of the year in which the funds were forfeited.[6]

b) For each participating transmission owner, security deposits associated with needed local or low-voltage network upgrades (i.e., below 200 kV) on that entity's system.

Each participating transmission owner will then receive a share of these funds comprised of its pro rata share of category (a) plus its specific category (b). The ISO will transmit the funds to each participating transmission owner well before the end of third quarter of each year, to enable that entity to reflect these funds in its annual FERC filing of its transmission revenue balancing account, which upon FERC approval is reflected in transmission access charges for the next calendar year.

POSITIONS OF THE PARTIES

Most stakeholders either fully support, or support with qualification, Management's proposal on the timing of transmission cost reimbursement. These stakeholders include Pacific Gas and Electric Company (PG&E), Large-scale Solar Association (LSA), California Wind Energy Association (CalWEA), Southern California Edison Company (SCE), and the Cities of Azusa, Banning, Colton, Pasadena, and Riverside, California (Six Cities). The qualifications expressed and Management's responses are summarized in the attached stakeholder matrix.

Only one stakeholder, Independent Energy Producers (IEP), opposes Management's proposal on the timing of transmission cost reimbursement. IEP states that it opposes Management's proposal because it does not comport with FERC Order No. 2003, specifically the requirement that an interconnection customer receive full reimbursement for network upgrades that it has funded within five years of achieving commercial operation. Management disagrees with IEP's conclusion. As explained during the stakeholder process leading up to this proposal, this issue was addressed by FERC in the context of a prior ISO generation interconnection process tariff amendment. Therein, FERC accepted the ISO's proposal to base the time period for reimbursement of network upgrades for phased generating facilities on both the achievement of commercial operation and the placement into service of the related upgrades. Finding that repayment of network upgrades is appropriately tied to the utilization of the

[6] In some cases an entity's transmission revenue requirements as of December 31 (or any particular date) may be subject to revision and refund at a later time. Because these amounts are used only to determine pro rata shares of the forfeited funds, and such funds will be relatively small compared to overall transmission revenue requirements, Management proposes not to make any revisions to the redistribution of forfeited funds to reflect revisions to transmission revenue requirements.

transmission provider’s network, FERC concluded that the ISO’s proposal to require that network upgrades associated with a particular phase be in service prior to the commencement of the five-year repayment period was just and reasonable and consistent with FERC’s interconnection policies. Despite the fact that FERC decided this matter in the context of phased facilities, FERC did not state or suggest that its reasoning was specific to phased facilities, nor does the ISO believe there is any logical reason that FERC’s reasoning should be so limited.

As shown in the attached stakeholder matrix, all but one of the submitted stakeholder comments either fully support or do not oppose Management’s proposal on the redistribution of funds forfeited by withdrawn interconnection customers. One submission, from Large-scale Solar Association and California Wind Energy Association (LSA/CalWEA), supports Management’s proposal but argues that it should go further in using forfeited security deposits to reduce the costs of network upgrades for remaining customers in the electrical areas of the withdrawn customers. Specifically, LSA/CalWEA argue that forfeited security that was originally posted to apply to network upgrades that are no longer needed should not be redistributed in accordance with the second part above, but should instead be applied to reduce the costs of other network upgrades needed by customers in the same electrical area as the withdrawn customer, even though the withdrawn customer had no cost responsibility for those upgrades.

In response, Management points out that the first part of the above proposal accurately reflects what LSA/CalWEA had requested in a previous comment submittal, and also aligns with a principle that Management finds to be reasonable. That is, if an amount of forfeited security was originally posted to apply to a specific network upgrade and that network upgrade is still needed, that amount should still apply to the cost of the same upgrade. Management finds it problematic, however, to apply forfeited security funds to other network upgrades for which they were not originally intended. A primary concern is that there is no justifiable basis to decide which network upgrades should receive cost reductions from such funds. Using the funds to benefit remaining customers in the same electrical area as a withdrawn project, as LSA/CalWEA suggest, would be only one possible basis for allocation. Management expects that other stakeholders could come up with other defensible ideas if the use of these funds is opened up for further discussion. Since transmission ratepayers ultimately pay the costs of all network upgrades, Management believes that its proposed two-part approach provides an appropriate benefit to customers who have shares of the costs of still-needed upgrades, while returning the remaining funds to ratepayers as expeditiously as possible.

CONCLUSION

Management recommends that the Board approve the proposal described in this memorandum. Management’s proposal is broadly supported by stakeholders and was refined over the course of the initiative to address their comments and concerns. Management believes that this proposal will further enhance the generator interconnection process to better accommodate the needs of interconnection customers.

Board of Governors **July 15-16, 2014** **Decision on interconnection process enhancements**

Motion

Moved, that the ISO Board of Governors approves the proposal for the timing of reimbursement to interconnection customers for the transmission upgrades that they have funded and redistribution of funds forfeited by interconnection customers, as described in the memorandum dated July 8, 2014; and

Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed tariff change.

Moved: Maullin **Second: Foster**

Board Action: **Passed**	Vote Count: **5-0-0**
Bhagwat	Y
Foster	Y
Galiteva	Y
Maullin	Y
Olsen	Y

Motion Number: 2014-07-G5

Attachment E – List of Key Dates in Stakeholder Process

Tariff Amendment to Implement Fourth Set of Interconnection Process Enhancements

California Independent System Operator Corporation

List of Key Dates in the Stakeholder Process for this Tariff Amendment

Date	Event/Due Date
April 8, 2013	CAISO issues paper entitled "Interconnection Process Enhancements – Scoping Proposal"
April 22, 2013	CAISO hosts stakeholder conference call that includes discussion of paper issued on April 8 and presentation entitled "Interconnection Process Enhancements Initiative – Scoping Proposal"
April 30, 2013	Due date for written stakeholder comments on paper issued on April 8
June 3, 2013	CAISO issues paper entitled "Interconnection Process Enhancements – Issue Paper"
June 11, 2013	CAISO hosts stakeholder conference call that includes discussion of paper issued on June 3 and presentation entitled "Interconnection Process Enhancements Initiative – Issue Paper"
June 25, 2013	Due date for written stakeholder comments on paper issued on June 3
July 18, 2013	CAISO issues paper entitled "Interconnection Process Enhancements – Straw Proposal"
August 8, 2013	CAISO hosts stakeholder meeting that includes discussion of paper issued on July 18 and presentation entitled "Interconnection Process Enhancements Initiative – Straw Proposal for Topics 1-5 and 13-15"
August 22, 2013	Due date for written stakeholder comments on paper issued on July 18
November 8, 2013	CAISO issues paper entitled "Interconnection Process Enhancements – Revised Straw Proposal for Topics 3-5 and 12-15"
November 18, 2013	CAISO hosts stakeholder conference call that includes discussion of paper issued on November 8 and presentation entitled "Interconnection Process Enhancements Initiative – Revised Straw Proposal for Topics 3-5 and 12-15"
December 6, 2013	Due date for written stakeholder comments on paper issued on November 8
December 16, 2013	CAISO issues paper entitled "Generation Interconnection and Deliverability Allocation Procedures (GIDAP) Reassessment – Issue Paper," which includes discussion on the distribution of non-refundable financial security and study deposits
January 8, 2014	CAISO hosts stakeholder conference call that includes discussion of paper issued on December 16 and presentation entitled "Generation Interconnection and

Date	Event/Due Date
	Deliverability Allocation Procedures Reassessment Initiative – Issue Paper”
January 15, 2014	Due date for written stakeholder comments on paper issued on December 16
February 5, 2014	CAISO issues paper entitled “Interconnection Process Enhancements – Revised Straw Proposal for Topics 4, 5, and 13”
February 12, 2014	CAISO issues paper entitled “Generation Interconnection and Deliverability Allocation Procedures (GIDAP) Reassessment – Straw Proposal,” which includes discussion on the distribution of non-refundable financial security and study deposits
February 13, 2014	CAISO hosts stakeholder conference call that includes discussion of paper issued on February 5 and presentation entitled “Interconnection Process Enhancements Initiative – Revised Straw Proposal for Topics 4, 5, and 13”
February 19, 2014	CAISO hosts stakeholder conference call that includes discussion of paper issued on February 12 and presentation entitled “Generation Interconnection and Deliverability Allocation Procedures Reassessment Initiative – Straw Proposal”
February 28, 2014	Due date for written stakeholder comments on paper issued on February 5
March 5, 2014	Due date for written stakeholder comments on paper issued on February 12
March 25, 2014	CAISO issues paper entitled “Interconnection Process Enhancements – Draft Final Proposal for Topics 4, 5, and 13”
April 2, 2014	CAISO hosts stakeholder conference call that includes discussion of paper issued on March 25 and presentation entitled “Interconnection Process Enhancements Initiative – Draft Final Proposal for Topics 4, 5, and 13”; CAISO issues paper entitled “Generator Interconnection and Deliverability Allocation Procedures (GIDAP) Reassessment – Draft Final Proposal,” which includes discussion on the distribution of non-refundable financial security and study deposits
April 9, 2014	CAISO hosts stakeholder conference call that includes discussion of paper issued on April 2 and presentation entitled “Generation Interconnection and Deliverability Allocation Procedures Reassessment Initiative – Draft Final Proposal”
April 16, 2014	Due date for written stakeholder comments on paper issued on March 25

Date	Event/Due Date
April 23, 2014	Due date for written stakeholder comments on paper issued on April 2
May 28, 2014	CAISO issues paper entitled “Interconnection Process Enhancements – Draft Final Proposal for Topics 13 and 14”
June 4, 2014	CAISO hosts stakeholder conference call that includes discussion of paper issued on May 85 and presentation entitled “Interconnection Process Enhancements Initiative – Draft Final Proposal for Topics 13 and 14”
June 11, 2014	Due date for written stakeholder comments on paper issued on May 28
September 4, 2014	CAISO issues draft tariff provisions to implement topics 13 and 14
September 12, 2014	Due date for written stakeholder comments on draft tariff provisions issued on September 4
September 22, 2014	CAISO hosts stakeholder conference call that includes discussion of draft tariff provisions issued on September 4
October 9, 2014	CAISO issues revised draft tariff provisions to implement topics 13 and 14
October 14, 2014	CAISO hosts stakeholder conference call that includes discussion of revised draft tariff provisions issued on September 4