

Stakeholder Comments Template

Subject: Generation Interconnection Procedures Phase 2 (“GIP 2”)

Submitted by	Company	Date Submitted
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This template was created to help stakeholders structure their written comments on topics detailed in the February 24, 2011 *Issue Paper for Generation Interconnection Procedures 2 (GIP-2) Proposal* (at <http://www.aiso.com/2b21/2b21a4fe115e0.html>). We ask that you please submit your comments in MS Word to GIP2@caiso.com no later than the close of business on March 10, 2011. For the 21 topics listed below, we ask that you rank each with a score of 0, 1, 2, or 3 in the space indicated (a more detailed description of each topic is contained in the *Issue Paper* at the link, above).

- 3: For topics that are high priority and urgent.
- 2: For topics that are high priority but not urgent.
(i.e., topic could wait until a subsequent GIP stakeholder initiative).
- 1: For topics that have low priority.
- 0: For topics in which “the ISO need not bother.”

Stakeholders need not rank or comment on every topic but are encouraged to do so where they have an opinion. The ISO will assume that a stakeholder has “no opinion” on issues for which no rank is provided.

Your comments on any these issues are welcome and will assist the ISO in the development of a Straw Proposal. Your comments will be most useful if you provide the reasons and the business case for your preferred approaches to these topics.

Comments on Items listed in GIP 2 Issue Paper:

1. Develop procedures and tariff provisions for cost-benefit assessment of network upgrades.

Rank 0-3:

2

Comments:

This is likely to be a controversial and difficult topic. The proposal to spin it off as a separate initiative may prove to be a better approach.

2. Clarify Interconnection Customer (IC) cost and credit requirements when GIP network upgrades are modified in the transmission planning process (per the new RTPP provisions)

Rank 0-3:

3

Comments:

Clearly cost and credit requirements should be reduced when the magnitude of the actual network upgrades goes down. Resetting the obligations downward should not be a problem.

3. Provide additional transparency regarding Participating Transmission Owner (PTO) transmission cost estimation procedures and per-unit upgrade cost estimates;

Rank 0-3:

2

Comments:

PTO per-unit estimates should be provided in a consistent format as much as possible. To the extent possible the estimates should represent a "not to exceed" value.

4. Clarify applicability of GIP for a generator connecting to a non-PTO that is inside the ISO Balancing Area Authority (BAA) and wants to have full capacity deliverability status.

Rank 0-3:

1

Comments:

This appears to apply to a very limited set of potential interconnections. Because it is a "non-conforming" provision, it should be considered in Working Group #3.

5. Explore potential modifications to the triggers that establish the deadlines for IC financial security postings.

Rank 0-3:

3

Comments:

While adjusting the schedule appears reasonable, there is a concern that resetting the clock could negatively impact the schedule of other projects that may be in the same cluster group by further delaying the execution of IAs for other parties that are otherwise ready to execute.

6. Clarify definitions of start of construction and other transmission construction phases, and specify posting requirements at each milestone.

Rank 0-3:

3

Comments:

Clarification of conditions related to start of construction to account for phased development and long lead time for many transmission upgrades would be useful.

7. Clarify ISO information provision to assist ICs.

Rank 0-3:

2

Comments:

Having more information available regarding favorable locations and other data useful in evaluating the viability of potential development sites might be helpful for developers not tied to specific locations. It would also help developers with site-specific development prospects to prioritize potential projects.

8. Consider partial capacity as an interconnection deliverability status option.

Rank 0-3:

3

Comments:

To the extent that full deliverability comes at a very high cost, knowing the level of deliverability that can be achieved without triggering major upgrades would benefit both developers as well as potential buyers who could factor the cost of network upgrades to achieve full deliverability into its evaluation of the benefits of counting the resource toward its resource adequacy obligations.

9. Develop pro forma partial termination provisions to allow an IC to structure its generation project in a sequence of phases.

Rank 0-3:

2

Comments:

Here again, the extremely high level of interconnection costs justifies revisions that provide for more equitable results for phased projects.

10. Provide for partial repayment of IC funding of network upgrades upon completion and commercial operation of each phase of a phased project.

Rank 0-3:

2

Comments:

[See comments to #9 above.](#)

11. Applying Section 25 of the tariff to conversions of grandfathered generating units to compliance with ISO tariff.

Rank 0-3:

[3](#)

Comments:

This is an important item given the number of existing QF projects coming off or renegotiating contracts and the high potential for repowering these highly viable projects to maintain or enhance their ability to meet RPS obligations. Ormat believes that it might be possible to clarify the provisions of Section 25 through BPM revisions and avoid the need for tariff revisions. Even if tariff revisions are needed, having a clear picture of how existing deliverability would be maintained for converting or repowering projects would be extremely helpful.

12. Clarify site exclusivity requirements for projects located on federal lands.

Rank 0-3:

[3](#)

Comments:

Federal lands play a valuable role in the development of many renewable projects. Clarification of site exclusivity processes would therefore be valuable, though the ISO's role in the process appears to be fairly minor.

13. Specify appropriate security posting requirements where the PTO elects to upfront fund network upgrades.

Rank 0-3:

[2](#)

Comments:

This issue illustrates some of potential problems with the GIP. The ability of PTOs to choose to fund some network upgrades but not others increases the potential for mischief. Relieving ICs of the obligation to post security because the PTO has chosen to fund the network upgrades increases the likelihood that non-viable projects will continue to clutter the interconnection queue. Even if PTO funding of network facilities was limited to upgrades that would be needed regardless of the success or failure of specific generation projects, some significant amount of commitment from interconnecting generators is warranted to flush out non-viable projects.

14. Revise ISO insurance requirements (downward) in the pro forma Large Generation Interconnection Agreement (LGIA) to better reflect ISO's role in and potential impacts on the three-party LGIA.

Rank 0-3:Comments:

[Ormat has no opinion on this issue.](#)

15. Clarify posting requirements for an IC that is already in operation and is applying only to increase its MW capacity.

Rank 0-3:

3

Comments:

This is another topic that would benefit from clarification of the obligations and practices related to repowering projects. Security posting obligations comparable to those for non-grandfathered capacity should remain in place for incremental capacity to existing facilities, but not for capacity that replaces existing capacity. That should provide sufficient relief without providing disproportionate benefits to the developer.

16. Standardize the use of adjusted versus non-adjusted dollar amounts in LGIAs.

Rank 0-3:

3

Comments:

Pick one or the other and use it consistently.

17. Clarify how GIP applies to storage facilities and behind-the-meter expansion of existing facilities.

Rank 0-3:

2

Comments:

To the extent new facilities would export power to the grid at any time, they should probably be studied as generating facilities.

18. Conform technical requirements for small and large generators to a single standard, and develop study methodology to determine voltage impacts pursuant to FERC's 2010 order on ISO's proposed new interconnection standards.

Rank 0-3:

Comments:

Ormat takes no position on this topic.

19. Revisit tariff requirement for off-peak deliverability assessment.

Rank 0-3:

Comments:

Ormat takes no position on this topic.

20. Include operational impacts in assessing generation interconnection impacts.

Rank 0-3:

2

Comments:

Ormat supports considering this topic in the ISO's Renewable Integration Market and Product Review.

21. Revise provisions for transferring queue position to a new IC.

Rank 0-3:

3

Comments:

Easing the provisions for transferring queue position could encourage speculation and further clog the queue. On the other hand, replacing a project that has been part of a study cluster with another of the same size at the same location reduces the likelihood that a restudy will be required and makes it possible to retain the value of engineering work that has already been done. The challenge is to make sure the developer of the withdrawn project does not realize any benefits from maintaining the queue position.

Other Comments:

1. Are the five workgroups and their topic areas organized properly?
As mentioned above, topic #4 (full deliverability for generators connecting to non-PTO within ISO) should probably be moved to work group 3.
2. Are there other topics that you believe should be considered for the scope of GIP 2?
3. If you have other comments, please provide them here.
Ormat believes that it may be possible to address some of the topics by clarifying definitions and procedures in BPMs rather than in a full-blown tariff revision. We support taking this approach wherever feasible to expedite the process.