

## Stakeholder Comments Template

### Subject: Generator Interconnection Procedures Straw Proposal and Meeting

| Submitted by                                                              | Company                          | Date Submitted |
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PG&E appreciates the opportunity to comment on the CAISO straw proposal. The straw proposal does an excellent job of addressing the major issues that triggered the need for reform of the SGIP.

1. Significant number of interconnection requests submitted in the CAISO's SGIP queue.
2. Inability for SGIP projects to be studied for deliverability without being subjected to large deposit requirements and the long timeline of the LGIP.
3. Discrepancy between the timelines of the LGIP and SGIP.

PG&E believes that this process has moved in the right direction, and that the framework of the straw proposal is good. However, there remain many details that need to be worked out. PG&E looks forward to working with the CAISO and other stakeholders in the working group meetings to work out these many details so that the reformed process that has been envisioned in the straw proposal can be implemented and achieve the improvements that are intended.

#### Proposed Independent Study Process

1. *Do you think that the proposed independent study process criteria are appropriate?*

PG&E is concerned that the independent study process will be relied on too heavily. Movement to an annual cluster process will alleviate many of the backlog and work planning issues that currently exist today, where interconnection requests can come at any time in any number, or not at all for long periods of time. An annual process will allow for proper workload planning and coordination of the many different departments that need to participate in the planning process in order to produce realistic and high quality transmission plans. Therefore, PG&E recommends that the independent study process be used in very few circumstances where such a process is warranted and where the generation project can realistically benefit from independent study. That said, PG&E provides the following opinions on the proposed criteria. If the bar is set too low to qualify for the independent study process, then none of the problems

that this stakeholder process seeks to address will be solved. PG&E has sorted the ISP criteria based on importance:

- Independence from Cluster projects: Necessary
- Demonstration of not meeting COD: Necessary
- Site exclusivity: Necessary
- Permits: Support
- PPA: Support
- Purchase order: Not necessary
- Evidence of ability to submit security posting: Not necessary

In order for the independent process to function effectively it must not be impacted by outcomes in the cluster process. If an independent study were to be impacted by the outcomes of the cluster process, it would only cause delay and isn't the intention of the independent process. Therefore, it is essential that to qualify for independent study the generator must be independent from the cluster projects.

For example, say a smaller generator is studied independently, but was not filtered for independence from the cluster. It could be subjected to costs resulting from a lower queue position relative to those generators in the cluster process. Queue position can impact cost allocation. This situation would apply to a smaller generator proposing to interconnect to the same transmission resource as those in the cluster process. Without going into detail here, this scenario brings up the issues of undefined future liability for a smaller generator, if it is not independent from the cluster generation.

The newly proposed timeline for the cluster process is very close to the overall timeline for the current serial SGIP. It makes no sense and would be an undue burden for a generator to be studied independently from the cluster process if the cluster process would complete study of that project within the necessary timeframe to meet the interconnection customer's COD. Evidence of a need for a particular could come from an executed PPA. However, a PPA need not be pre-requisite to qualification under this criterion.

In order for an interconnection customer to show viability and that independent study would be warranted, it must have evidence that it has site exclusivity. This is a characteristic of the current serial SGIP that PG&E continues to support. Additional support that shows project viability is having obtained permits. While this is helpful, again PG&E does not believe that it is necessarily a pre-requisite for qualification to enter the independent study process.

2. *How should the proposed independent study process be specifically modified to incorporate desired features that are in the current SGIP serial process?*

3. *How can the independent study criteria be modified to allow PTOs to utilize this process if they do not have a backlog and waiting for the cluster window does not make sense?*

(Response to Questions 2 and 3 together) Perhaps requests should be submitted to the CAISO throughout the year, rather than at any time, but by adding up to two independent study windows (PG&E suggests a trimester basis, with two independent study windows and the CAISO's proposed cluster window). There would continue to be one annual window for the cluster process. Every application would be filtered for possibility of independent study. If a request comes in during in any of the windows and either it passes the independent screens, or, on a non-discriminatory basis, the PTO believes that it can accomplish the studies in such time so as not to affect or impact the other ICs' interconnections, then the PTO, subject to CAISO concurrence, could elect to perform an independent study. PG&E cannot envision under the current circumstances (with a multitude of requests throughout its service territory), when it would or could justify making such an election. However, it could be a worthwhile option to include in the process, should the current queue situation become less impacted/ congested for a PTO. Having set periodic windows will allow for projects that qualify for independent study to not be delayed by waiting for the annual cluster window. However, it would also allow PTOs to plan for and make available resources to process and analyze independent study interconnection requests.

In order to provide incentives for interconnection customers to propose viable and qualified projects for independent study, perhaps a non-refundable application deposit or fee should be required. This non-refundable deposit would be used toward independent study if the project qualifies, and would be used as the deposit for the cluster process if the project does not qualify for independent study.

4. *What pre-application information and guidance is needed to prequalify projects so that the process is not overwhelmed with applications?*

PG&E believes that it will be helpful for all participants in the process, PTOs, CAISO and interconnection customers, if PTOs provide pre-application information and guidance to potential interconnection applicants. However, compilation of that information must be time and cost-efficient for the PTOs and CAISO, and must be relevant information for the prospective interconnection customers in order for the effort to have any value. Because by nature of the planning cycle and the constantly moving interconnection queue, relevant and useful transmission system information that can be used without providing certain confidential queue-related information can become stale very quickly. To tackle this challenge and determine the specific nature of guidance and material to be provided, further discussion and agreement among the PTOs, CAISO and other stakeholders at the working groups is needed.

5. *How much "ISO and PTO judgment" should be allowed in qualifying projects and how should it be delineated?*

A great deal of CAISO and PTO judgment should be relied upon. The CAISO, as independent entity is in a good position to ensure that projects are being treated on a non-discriminatory basis. The PTOs are in the best position to determine if other queued projects would be impacted by an independent study. The PTOs are also in the best position to determine if they can accomplish an independent study in time to provide the purported time-saving benefits of utilizing the independent study option.

6. *What would be sufficient transparency into the ISO and PTO judgment process in qualifying projects and how would that be provided?*

Written documentation regarding the screening process, with both PTO and CAISO sign-off, and delivered to the IC should be sufficient. It could make sense as well to update the CAISO's public version of the interconnection queue, distinguishing which cluster the IC falls in, or if the project has qualified for and is utilizing the independent study process.

7. *If the proposed independent study process is included in the final proposal, is there still a need for the current LGIP Phase II accelerated study process? (CAISO Tariff Appendix Y Section 7.6)*

The proposed 6-month Phase II schedule should be sufficient for most projects. However, in some cases, the true independence of a project (from other cluster projects) may not be determined until after the Phase I studies have been completed. Therefore, a project that may have not passed the screen for independent study in the first instance could be appropriate for and accelerated Phase II process. Again, while this option may not be used very often, there is little harm in having the option available should current circumstances change.

#### Proposed Study Deposit Amounts

*Are the proposed study deposit amounts appropriate, if not please explain?*

The initial and study deposit amounts are appropriate. The CAISO's simple approach will be easy to handle administratively. In any case, these are just deposits, and the actual study costs must be paid by ICs (or the deposit could be partially refunded if study costs are lower than the deposit).

#### Proposed Cluster Study Process

*Do the proposed timelines for the cluster study process seem reasonable? Please add explanations for both yes or no responses?*

The overall 15 month study timeline is reasonable. However, as PG&E stated at the stakeholder meeting, the milestones within the timeline may need to be shifted to allow for more study time. These studies are complex and time consuming. The working group meetings should focus heavily on adjusting these timelines to strike the proper balance between allowing for review, hand-offs, and for finding areas, if any, where tasks can be performed in parallel to achieve time-efficient results.

#### Coordinating generator interconnections with the transmission planning process

*Do you support the concept of coordinating the proposed generator interconnection process with the transmission planning process, why or why not?*

Coordination with the RTPP is essential. Though the details of how information will flow between the two processes and how that information can be used will have to be worked out in careful detail during the working group meetings.

### Deliverability Assessments

- 1. What are your thoughts on the proposed alternatives for deliverability assessments?*
- 2. What adjustments should be made to each alternative?*

PG&E supports Option 2. As PG&E understands the description, under an "Option 1 only" scenario, current Energy Only projects would have to wait and hope for deliverability, but could not specifically request or effect deliverability. Under Option 2, generation can specifically request to be converted to full capacity. Deliverability should not be a one-time only option. Because deliverability can not be guaranteed, it is only fair that if a generator becomes un-deliverable, for whatever reason, be allowed to request to be studied and become deliverable again. It may need this option in order to satisfy the terms of an executed PPA. On the same token, if at the time of interconnection being deliverable was not the economically efficient or desirable option, but circumstances change, then a resource should be eligible to request deliverability at a later time. Further, PG&E recommends that LSEs should be allowed to request or nominate generation to be studied for deliverability as well. Allowing LSEs this option could solve the issue that the CAISO raised at the stakeholder meeting, where an energy only generator would not request to become deliverable if it saw no benefit, but where the LSE would be able to capture that benefit for its customers.

### Proposed Transition Plan

- 1. Do you think that the proposed transition plan is reasonable for LGIP projects?*  
Yes. With the shortened proposed study process, Clusters 3 and 4 would be completed faster than the current schedule (absent any reform). Further, it gives more time for generation that would have submitted in Cluster 4 to prepare their applications.
- 2. Do you think that the proposed transition plan is reasonable for SGIP projects?*  
Yes. The transition as described accomplishes the goals of allowing projects to be included in a deliverability assessment. As the straw proposal states, details around coordination of the SGIP and the LGIP Clusters 1 & 2 will need to be worked out carefully in the working groups.
- 3. Do you have any comments on the proposed dates for grandfathering projects in queue and migration of new projects and in queue projects into the proposed cluster process?*  
The April 1 cut-off could leave a considerable amount of projects in the serial SGIP process. There are approximately 30 transmission SGIP projects in PG&E service territory that were received prior to April 1 and are still under study. The large number of serial SGIP projects could lead to the same issues that were experienced with the serial LGIP projects.

On the other hand, the transitional SGIP cluster group window (between April 1 and December 31) covers a sizeable period of 9 months. As a point of reference, PG&E has received 16 transmission SGIP IRs in the last two months since April 1. At this rate, there would be approximately 70 SGIP projects that would be studied in a cluster at the same time as the Cluster 1 and 2 Phase II Studies.

PG&E understands that there is a very fine balancing act in the determination of the transition date. This is another detail that needs to be worked out in the working groups.

*Do you have any additional comments that you would like to provide?*

PG&E has some concerns regarding the current CAISO Deliverability Assessment methodology. Currently, all Energy Only projects, regardless of technology, are modeled at zero output in the Deliverability Assessment, including all SGIP projects. Nearly all of the SGIP projects in PG&E service territory consist of solar PV technology. Since intermittent generation, i.e. solar and wind, is currently considered as “must take” generation, the impact of these projects are effectively discounted in the CAISO’s Deliverability Assessment. With a large number of the solar PV projects concentrated in a few areas, PG&E is concerned that there will be transmission constraints that are not correctly identified in the Deliverability Assessments, unless the CAISO can develop a methodology to effectively curtail Energy Only projects. The CAISO’s current philosophy of allowing the market to fix these issues could lead to severe congestion problems in the near future.