

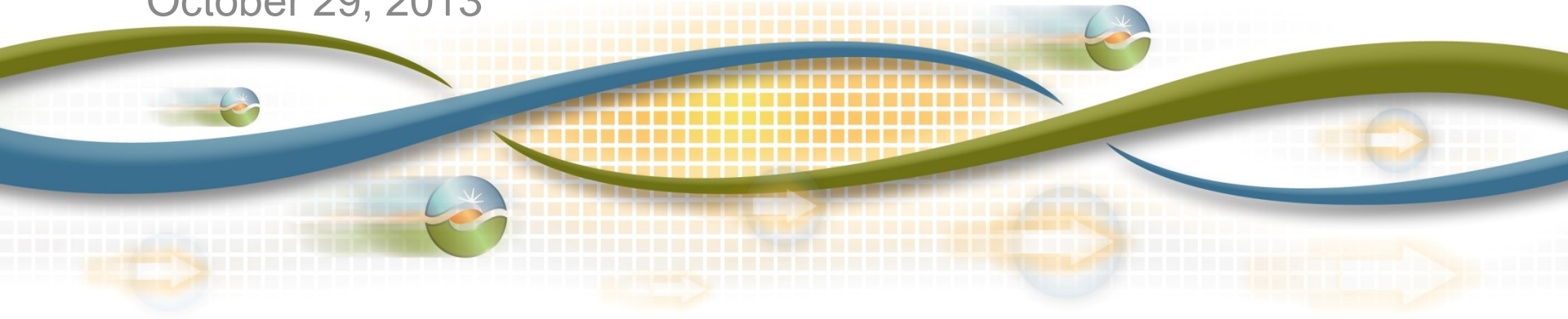
Interconnection Process Enhancements Initiative: Topic 15 – Material Modification Review

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Stakeholder Conference Call

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Scope of IPE Initiatives

Topic No.	Topic Description
1	Future downsizing policy
2	Disconnection of completed phase(s) of project due to failure to complete subsequent phase
3	Clarify tariff and GIA provisions related to dividing up GIAs into multiple phases
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 GIAs
11	LGIA negotiations timeline
12	Consistency of suspension definition between serial and cluster
13	Clarification of timing of transmission cost reimbursement
14	Distribution of forfeited funds
15	Material modification review (formerly Inverter/transformer changes)

Scope of topic 15

- This topic was initially about project requests to make inverter/transformer changes without having to go through material modification assessment
- Stakeholders desire more transparency in the modification process
- Over the past year, the ISO and PTOs have put into place significant process structure around requests for modification
- *ISO proposes to develop language to add to the GIP and GIDAP BPMs to clarify the modification request process*
- Where tariff changes may be needed, those will be incorporated into proposals for topics 1 and 2

Flavors of modification approvals

- Automatically allowed
 - Changes between Phase I and Phase II
- Allowed with approval
 - Changes after Phase II that do not impact other projects
- Not allowed without a new study
 - Any change that would require re-study for Cluster
 - Where the ISO has granted modifications in a post Phase II Interconnection Study phase, the ISO must be able to evaluate the change and find it acceptable without the need to undertake a re-study to meaningfully evaluate it. [GIP BPM Section 9.3.3]*
 - Size increase

Modifications timing impacts review requirements under existing rules

Between Phase I and Phase II:

- Decrease in electrical output (MW)
- Change in generating facility technology or step-up transformer impedance characteristics
- Change in interconnection configuration

After Phase II study report is complete, such changes must go through a modification review to determine if the modification is material

- This includes changes that are outcomes of the Phase II results meeting

Acceptable modification requests

“Safe Harbor” - Under existing rules if final MW of generating facility will be:

1. at least 95% then it's deemed to have met the substantial performance of the contract
2. less than 95% then IC must demonstrate it is warranted under one or more of three criteria (if not then the request is denied)
 - Failure to secure required permits and other governmental approvals
 - Written statement from the permitting or approval authority indicating disapproval due to significant environmental or other impact that cannot be mitigated
 - Failure to obtain legal right to use of the full site acreage necessary

Automatic approvals – request modification still needs to be requested

- COD extensions associated with a PTO's delay in construction of upgrades
 - New in-service date should be commensurate with new date for upgrades
 - Period of time between in-service, synchronization, and commercial operation would remain unchanged
- Construction sequencing
 - If construction has commenced and COD delay is within 6 months of GIA COD due to construction delays then amendment is not required

Why ISO and PTO need to review

- Inverters – changes are beyond manufacturer and electrical characteristics need to be checked
- COD – impact to other projects; impact to transmission upgrade timing
- Phasing – impact to other projects; impact to transmission upgrade timing; impact to network upgrade cost recovery
- Equipment – need to check electrical characteristics
- POI – does the requested change have an electrical impact to the project or other projects

Modifications

Modification Request Type	Total	Approved	Denied	Partial Approved	Other
Commercial Operation Date (COD)	87	68	2	17	
COD & Phasing	3			3	
COD & Point of Change in Ownership (POCO)	3	3			
COD & Point of Interconnection (POI)	1	1			
COD & Suspension	1	1			
COD & Technology	9	9			
COD, Phasing & Technology	2	1		1	
Downsizing	6	1	3		2
Fuel Type	2	1	1		
Interconnection	4	2			2
POI	5	4	1		
Interconnection & Phasing	1	1			
Technology	11	11			
Total	135	103	7	21	4

Partial Approval is where the project's request could not be approved as originally requested but the ISO and participating transmission owner were able to reach a mutually agreeable solution, or the approval was conditional on other actions by the project.

Other is typically where more information was requested and the project never replied

Stakeholder Comments – Change with No Review

- Inverter/transformer changes (CPUC, LSA)
- “technology” changes that meet certain criteria (CalWEA)
- Phasing – adding, splitting projects, multiple projects/GIA, combining projects (LSA)
- COD delays of up to 3 years for cluster (LSA)
- Equipment changes if electrical properties studied do not change (LSA)
- COD change due to PTO construction delay (Silverado)
- Changes between Phase I and Phase II including decrease in MW, technology and POI change (SCE)

Additional Stakeholder Comments

- Changes between Phase I and Phase II including decrease in MW, technology and POI change (SCE)
- Allow material modification if project will mitigate the materiality (CalWEA)
- Allow restudy option for cluster projects so that technology changes can be made (CalWEA)
- Maintain a list of types of changes (IEP)
- Technology change should be allowed if “similar or superior performance compared to original proposal” (SDG&E)

Today's Discussion – the What

- What modifications do market participants propose to be “automatically approved”?
- What is the definition of “automatic”?
 - Notice requirement
 - Level of review

Stakeholder Comments – ISO Thoughts

- Inverter/transformer changes – **needs review**
- “technology” changes that meet certain criteria – **after Phase II needs review**
- Phasing – adding, splitting projects, multiple projects/GIA, combining projects – **after Phase II needs review; multiple GIA is beyond the scope of this topic**
- COD delays of up to 3 years for cluster – **needs review**
- Equipment changes if electrical properties studied do not change – **ok, but needs review to determine if an impact**
- COD change due to PTO construction delay – **ok, if all parties agree**

Additional Stakeholder Comments – ISO Thoughts

- Changes between Phase I and Phase II including decrease in MW, technology and POI change – **already allowed**
- Allow material modification if project will mitigate the materiality – **allowed in some instances but concern is over-building transmission**
- Allow restudy option for cluster projects so that technology changes can be made – **defeats the purpose of cluster study**
- Maintain a list of types of changes - **ok**
- Technology change should be allowed if “similar or superior performance compared to original proposal” - **ok, if all parties agree but would need to be reviewed**

Topic 15 Milestones

Date	Milestone
October 29	Stakeholder Call
November 18	Post Draft BPM
December 9	Stakeholder Comments Due
December 16	Stakeholder Call
January 2014	BPM Change Management Process