



September 11, 2013

Chair Robert Foster
Governor Ashutosh Bhagwat
Governor Angelina Galiteva
Governor Richard Maullin
Governor David Olsen

RE: Interconnection Process Enhancement Queue Management Proposals

Dear Chair Foster and Governors Bhagwat, Galiteva, Maullin, and Olsen:

I am writing on behalf of the Large-scale Solar Association (LSA) to express LSA's concerns about two "Queue Management" proposals being presented for your approval at the September 12th CAISO Board meeting.

LSA very much appreciates the CAISO's efforts in what has become an annual process to refine and improve the generator interconnection process. LSA members have benefitted greatly from these efforts, and LSA has been an active participant in the stakeholder process in all of them.

LSA generally supports most of the IPE Queue Management proposals before you. However, we have very strong concerns with two of those proposals: (1) retroactive modification of suspension rules for Serial Group projects; and (2) timing for tendering draft Generator Interconnection Agreements (GIAs). Those concerns are described below.

Retroactive modification of suspension rules for Serial Group projects

The Serial Group project rules allow the developer to "suspend" the project for up to three years (cumulatively) during the construction process, including suspension of upgrades for the project.

The CAISO proposes here to retroactively limit suspension rights of Serial Group projects that have not yet executed a GIA, or that require an amendment to their GIAs, by: (1) limiting suspension right to three years from Interconnection Request (IR) submission; and (2) implementing the same limitation on suspension rights for upgrades needed for later-queued projects. LSA opposes both of these proposals.

LSA's strongest objection is the application of these changes to projects with already-executed GIAs that require an amendment. The need to amend the GIA may be entirely beyond the developer's control – for example:

- To accommodate a later on-line date needed because the PTO is late in constructing transmission needed for the project; or
- To reflect withdrawals of projects earlier in the interconnection queue. With Serial Group projects, when earlier-queued projects drop out, that can trigger a re-study and GIA amendment, sometimes even to raise the costs allocated to the remaining project.

More specifically, the first proposal is objectionable on its face. Serial Group projects, almost by definition, entered the queue in or before 2008, so the first provision would effectively eliminate the suspension rights for these projects if they have not executed a GIA or need an amendment.

LSA believes that this proposal may be an error – it was proposed by CAISO in the stakeholder process but was withdrawn orally as a “mistake,” so LSA was surprised to see it again here.

The second proposal is contrary to long-standing CAISO practice to maintain existing rules for projects far along in the interconnection-study process if the rules change later. Cluster-study project rules were changed earlier to prohibit suspension of upgrades needed for other projects; at that time, the CAISO specifically excluded the Serial Group. The CAISO has not explained why it was unfair to apply this change to the Serial Group before but somehow would now be fair.

Serial Group projects are not similarly situated to cluster-study projects – their upgrades can change over time, depending on queue withdrawals, and they have no cost caps. If the CAISO’s justification is to make the Serial Group rules consistent with those for cluster-study projects, it should also grant the former the benefits enjoyed by the latter. Moreover, the tariff contains provisions to accelerate upgrades that are an obligation of an earlier-queued project if needed, so in most cases Serial Group suspensions should not delay later-queued project CODs.

LSA is sympathetic to the CAISO’s wish to expedite contracting for Serial Group projects, and to remove impediments to the progress of later-queued projects. In fact, some LSA members would likely benefit from these proposals, since large solar projects tend to be a bit later in the queue and could have lower costs, or require fewer upgrades, if large Serial Group wind or other projects dropped out or had their suspension rights limited.

However, that possible benefit is more than outweighed by LSA’s discomfort with CAISO retroactive revocation of developer rights, especially in situations beyond a developer’s control. LSA urges the Board to reject the proposals in this area, or at least reject the first proposal and provide that the limits on developer rights in the second would not apply to GIA amendments.

Timing for tendering draft GIAs

The current rules provide for tendering of draft GIAs within 30 days after the Phase II Interconnection Study is issued. The CAISO’s proposal would change that timing to 30 days after the Phase II Study Results Meeting, to incorporate issues and changes from the meeting.

LSA agrees that this proposal is sensible generally. However, some developers want to retain the current timeline, e.g., because they have urgent PPA deadlines and need to move more quickly, and the 30-45 day delay under the new timeline might materially impact their projects. LSA requests that developers be allowed to keep the current timeline if they give notice soon after the Phase I Study Results Meeting (i.e., months in advance).

CAISO Management does not appear to oppose this proposal, but it wants to embody this provision (as well as other “self-prioritization” proposals) in BPM changes, and not in the tariff. LSA agrees that other such proposals could be addressed in the BPMs. However, the BPMs are intended to clarify tariff provisions, not to contradict them. Thus, LSA does not believe that the tariff should provide for one draft GIA deadline while the BPMs contain an exception (effectively, a conflict with the tariff); instead, the exception should be contained in the tariff.

Sincerely,

Shannon Eddy

Shannon Eddy
Executive Director