



July 14, 2014

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

RE: New Affected Systems Business Practice Manual language

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

On behalf of the Large-scale Solar Association (LSA), I am writing to follow up on LSA's May 27th letter regarding the status of CAISO's requirements for affirmative consent of operators of any non-CAISO electrical systems that may conceivably be impacted by new generation projects (Affected Systems) prior to commencing operations.

LSA represents a dozen developers, owners and providers of utility-scale solar generating resources – including most of the nation's largest. LSA members are responsible for a significant portion of solar-energy capacity under development in California. Thus, they are greatly concerned about any requirements – such as those for Affected System consents – that could impede operational commencement of such projects once they are completed.

As you may recall, LSA's earlier letter concerned implementation of new language in CAISO Business Practice Manuals (BPMs) regarding such consent requirements. There is no dispute that interconnection customers (ICs) must obtain pre-operational consent where the CAISO or one of these other systems has identified potential impacts from a new generation project.

The dispute arose from the proposed requirement that each IC must obtain consent even from Affected Systems where there is no evidence (from studies conducted by the CAISO or those entities) that they are, in fact, affected. As described in LSA's prior letter, those entities have numerous opportunities to identify such concerns throughout the CAISO study process, but many of them do not avail themselves of those opportunities.

After the May meeting, CAISO Management withdrew the Affected Systems consent language. Last week, Management proposed substitute BPM language. LSA very much appreciates the CAISO's willingness to reconsider its approach.

LSA intends to actively participate in the stakeholder process for this new proposal, as we did during the last process. However, I wanted to give you a preview of LSA's comments, and to make a request regarding possible future activities.

The new BPM language is greatly improved over the old. It provides for the CAISO to take the lead in working with Affected Systems initially, and requires affirmative consent for generation-project startup only from “Identified Affected Systems” – those where either the CAISO or the entities themselves have actually identified a reliability impact from the new project. The language also indicates “possible study coordination dates during the CAISO’s Phase II study process that would facilitate timely resolution of any affected system issues.”

Despite these proposed improvements, LSA remains concerned that, among other things, the list of Identified Affected Systems can grow over time, even after Generator Interconnection Agreement (GIA) execution. An Affected System could still identify adverse impacts (and be added to the Identified Affected System list) at any time – even close to (or after) a new project becomes operational. Additional mitigation or consent requirements late in the development process, particularly after a GIA is executed, could jeopardize projects’ ability to meet critical financing, interconnection and power-purchase agreement deadlines.

LSA has long supported development of a joint interconnection-study framework to integrate CAISO and Affected System studies of new generation projects, and requests that the CAISO develop stronger coordination provisions. The current WECC Path Rating Process (referenced in the proposed BPM language) provides some guidance about potential process modifications. The CAISO already participates in that process and could use many of the same practices in its own interconnection studies.

These practices could include, among other things, formation by the CAISO of a Project Review Group that would review and contribute to the interconnection studies that are already part of the CAISO study process. In the WECC Path Ratings Process, interested parties have a limited time to join this group and are not permitted to delay a path rating change later if they do not do so. The process is designed to avoid duplication and/or delay in the path rating process.

As the new BPM language notes, generation projects over 200 MW are already subject to this WECC study process. There is no reason to duplicate CAISO, developer, and other parties’ efforts by performing those WECC studies separately from the regular CAISO studies.

LSA does not believe that tariff changes are needed to implement this approach. However, if CAISO Management finds that tariff changes are necessary, LSA requests the Board direct CAISO Management to identify any necessary changes and (after an appropriate stakeholder process) file them with FERC for approval. The most recent Stakeholder Initiatives Catalog states that the CAISO may consider this kind of effort later this year but does not commit to do so.

Thank you for your attention to this matter. Please don’t hesitate to contact me should you have any questions or would like further detail.

Sincerely,



Shannon Eddy
Executive Director