

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the 2015 Interconnection Process Enhancements (IPE) Issue Paper/Straw Proposal for Topics 1- 11 that was posted on March 23, 2015 and as supplemented by the presentation and discussion during the March 30, 2015 stakeholder meeting.

Submit comments to initiativeComments@caiso.com

Comments are due April 10, 2015 by 5:00pm

The Issue Paper/Straw Proposal for Topics 1- 11 that was posted on March 23, 2015 may be found at:

http://www.caiso.com/Documents/IssuePaper-StrawProposal_InterconnectionProcessEnhancements2015.pdf

The presentation for the March 30, 2015 stakeholder meeting is available on the ISO website at: http://www.caiso.com/Documents/Agenda-Presentation-InterconnectionProcessEnhancements2015_IssuePaper-StrawProposal.pdf

For each topic, please select one of the following options to indicate your organization's overall level of support for the CAISO's proposal:

1. Fully support;
2. Support with qualification; or,
3. Oppose.

If you choose (1) please provide reasons for your support. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal. If you choose (3) please explain why you oppose the proposal.

Topic 1 – Affected Systems

SCE would like to understand if and how the CAISO's proposal to revise its tariff to place obligations on potentially Affected Systems will be enforceable given that potentially Affected Systems have not signed agreements to be bound by such provisions of the CAISO Tariff. SCE requests the CAISO to explain, assuming FERC would approve the CAISO's proposed tariff revision, how the CAISO could enforce such provisions with respect to the other Affected Systems which have not agreed to these provisions, especially entities that are not under the jurisdiction of FERC (e.g., LADWP or Salt River Project). In particular, please explain how the CAISO would enforce the following provision:

- *“If an electric system operator comes forward after the established timeline as an Affected System, any mitigation required for a project identified by the Affected System will be the responsibility of the Affected System and not the CAISO, the Participating Transmission Owner(s), or the Interconnection Customer.”*

SCE agrees with the CAISO that the current process for identifying and addressing issues associated with potentially Affected Systems needs revision. As an alternative to the CAISO's proposal, SCE recommends that the CAISO seek to amend existing Balancing Authority Area agreements, or enter into new, legally-binding Affected System agreements, to ensure appropriate, enforceable mechanisms, including cost responsibility for mitigation, will be implemented. SCE believes that these agreements should have processes in place that include timelines, allows input from the Interconnection Customer and Participating TO, and cost responsibility for studies.

Topic 2 – Time-In-Queue Limitations

SCE fully supports establishing criteria to determine whether a project is commercially viable, prior to granting a developer an extension to its proposed In-Service or Commercial Operation Date (COD) beyond the 7 and 10 year thresholds for cluster study and serial study projects, respectively. Establishing such criteria will at least partially address the challenges associated with non-viable projects lingering in the interconnection queue, and avoid unnecessary network upgrades.

Topic 3– Negotiation of Generator Interconnection Agreements

SCE is neutral on the CAISO's proposal to revamp the existing negotiation of generator interconnection agreement (GIA) timeline. SCE agrees that GIA negotiations are proving much too long in practice, particularly when large network upgrade lead times continue to extend into the 6-8 years range from GIA execution timeframe. SCE agrees that there should be

something that compels parties to complete GIA negotiations within the tariff timeframes. SCE agrees that the current practice of negotiating the GIA immediately following the completion of the interconnection studies poses some problems, but SCE also sees corollary problems with the CAISO proposal to work backwards from the proposed COD. SCE's primary concern with the CAISO proposal is twofold; 1) the impact that this delay in executing the GIA might have on IC's ability to secure project financing, and 2) more importantly, the likelihood that the scope, cost, and schedule of the plan of service might become stale in the meantime. SCE is unsure whether there will be more need for technical assessments as to scope, cost, and schedule of a plan of service under the CAISO proposal, versus the current GIA negotiation construct. Assuming the passage of time is the same under either scenario, ICs are likely going to want, and SCE would probably insist on at least one technical assessment of the plan of service that would take place before the start of the 120 day negotiation period, particularly if the Phase II study is more than one year old. The system is too dynamic, and costs become outdated quickly. Next, there is the uncertainty around how far back to go in order to declare the start of negotiations. What if a long-lead item is estimated at 2 years and turns out to be 4 years? This would lead to delays in the COD due to no fault of the parties other than estimation error. The benefit of starting negotiations immediately following the Phase II study eliminates this estimation error that will undoubtedly occur under the CAISO proposal. Thus, although SCE sees merit in the CAISO proposal, it does not necessarily see it being superior to the current GIA negotiation construct.

Topic 4 -Deposits

Interconnection Request Study Deposits

SCE fully supports recalibrating the Interconnection Request deposit to a flat rate of \$150,000, irrespective of generator MW size, based on empirical data. The flat rate of \$150,000 is a more realistic estimate of the study costs, in comparison to the current \$50,000 plus \$1,000/MW rate structure.

Limited Operation Study Deposit

SCE fully supports establishing a \$10,000 deposit requirement for Limited Operation Studies. Although the costs for such a study are clearly to be borne by the project developer, this proposal fills the gap regarding an explicit associated deposit.

Modification Deposits

SCE fully supports establishing a \$10,000 deposit requirement for modification requests. Although the costs for such a study are clearly to be borne by the project developer, this proposal fills the gap regarding an explicit associated deposit.

Repowering Deposits

SCE fully supports establishing a \$10,000 deposit requirement for repowering requests. Although the costs for such a study are clearly to be borne by the project developer, this proposal fills the gap regarding an explicit associated deposit.

Topic 5 - Stand-Alone Network Upgrades and Self-Build Option

SCE fully supports the CAISO proposal to establish explicit financial obligations for an IC that opts to build a Stand-Alone Network Upgrade (SANU). In situations where there is a transfer of financing risks to the PTOs due to non-performance or the withdrawal by an IC who initially elects to self-build, the requirement for the IC to post Interconnection Financial Security (IFS) will serve as an important mitigating measure to reduce the financial exposure of the PTO which may be obligated to complete construction of the network upgrades.

Topic 6 - Allowable Modifications Between Phase I and Phase II Study Results

SCE fully supports the CAISO proposal to add Commercial Operation Date (COD) to the list of specific allowable modifications from the time the Phase I study report is issued until 10 Business Days following the Phase I Study results meeting. It is after the Phase I report is produced that all parties have a better sense of the time required to construct the identified network upgrades. Thus, modifications to COD should be allowed, as long as such requests do not exceed the 7-year period permitted for Cluster Study projects.

Topic 7 – Conditions for Issuance of Study Reports

SCE strongly opposes the CAISO proposal because, for a modification that is sought between Phase I and Phase II studies, it is not clear how the modification can be “requested and approved” when it may result in higher network upgrade costs that will be “deemed as material because it shifts costs to the PTO due to the Phase I cost cap.” A determination that a proposed modification would result in a material impact on a PTO should result in the request being denied.

Topic 8 - Generator Interconnection Agreement Insurance

SCE fully supports the proposed changes to the insurance requirements contained in the GIA. SCE agrees the proposed changes are needed to update terms and conditions to current industry standards. Also, SCE looks forward to providing, as soon as it is appropriate to do so, additional proposed revisions (predominantly, to correct spelling errors or misuse of insurance terminology) to Section 18.3 of the GIA.

Topic 9 -Interconnection Financial Security***Process Clarifications***

SCE fully supports clarifying that an IC may post Interconnection Financial Security (IFS) “any time after, but no later than...” issuance of a reassessment, Phase I or Phase II report. The proposed revision makes it clearer as to the earliest date when IFS can be posted.

Posting Clarification

SCE fully supports the CAISO proposal to add the stipulation that projects that attest to balance-sheet financing will be ineligible to receive a partial recovery of their network upgrades IFS upon withdrawal by claiming they were unable to secure a power purchase agreement. This proposal should neutralize the incentive ICs currently have to “game” the TP Deliverability allocation process by claiming their projects will be self-financed, only to later reverse their financing stance, and upon project withdrawal, receive a relatively higher recovery of their IFS.

Topic 10 - Forfeiture of Funds for Withdrawal During Downsizing Process

SCE fully supports Topic 10, as it closes a loophole that some ICs have exploited. SCE agrees that the CAISO’s proposed addition to Section 7.5.6 preserves the original intent of the downsizing opportunity; which is to allow projects an opportunity to downsize MW output that is required either by PPA, or permitting, or other technical reason, and not to use the downsizing opportunity as a “gaming” opportunity, whereby a project downsizes to a specious amount, such as 0.1 MW, in an effort to lower the amount of forfeited IFS for network upgrades upon eventual withdrawal. With the addition to Section 7.5.6, whereby if a project withdraws after downsizing, that the *a priori* MW capacity will be the basis for calculating any amount of forfeited IFS for network upgrades, this gaming opportunity is eliminated. Closing the loophole may also provide more incentive for ICs to size their projects appropriately when they submit the IR in the first place.

Topic 11 –TP Deliverability Option B Clarifications

SCE fully supports the CAISO’s clarification that only ICs with Area Deliverability Network Upgrades (ADNUs) identified in their Phase I study reports may select Transmission Plan Deliverability Option B. These Option B ICs should have the same opportunities as Option A ICs, in addition to withdrawing, to change their deliverability status to Energy Only or “park” to seek TP Deliverability in the next allocation cycle.