Stakeholder Comments Template

Submitted by	Company	Date Submitted
Fernando E. Cornejo *fernando.cornejo@sce.com* *Selene Sánchez* *selene.sanchez@sce.com*	*Southern California Edison*	*December 6, 2013*

Please use this template to provide your comments on the Interconnection Process Enhancements (IPE) Revised Straw Proposal for Topics 3-5 and 12-15 posted on November 8 and as supplemented by the presentation and discussion during the November 18 stakeholder meeting.

Submit comments to GIP@caiso.com (with the exception of comments on Topic 15 draft BPM language posted on November 18—see below)

Comments are due December 6, 2013 by 5:00pm

The Revised Straw Proposal for Topics 3-5 and 12-15 posted on November 8 may be found at:

http://www.caiso.com/Documents/RevisedStrawProposal_Topics3-5_12-15_InterconnectionProcessEnhancements.pdf

The presentation discussed during the November 18 stakeholder meeting may be found at:

http://www.caiso.com/Documents/Agenda_Presentation-RevisedStrawProposal-InterconnectionProcessEnhancementsTopics3-5_12-15.pdf

Please provide your comments on the ISO's proposal for each of the topics listed below.

Topic 3 – Clarify tariff and GIA provisions related to dividing up GIAs into multiple phases or generating projects

Note: The ISO asks stakeholders to provide feedback on the commercial reasons they need phasing, what the minimum megawatt amount and maximum number of phases allowed might be, and whether limits such as those proposed in the revised straw proposal can meet the needs of stakeholders. For example, if you believe that more liberal limits are needed than the limits proposed by the ISO in the revised straw proposal, please provide the proposed limits and the commercial/business justification. Also, as discussed with stakeholders during the November 18 web conference, the ISO is willing to consider allowing phasing after a project has reached its commercial operation date, but wishes to understand from developers the need for such a provision.

Comments: SCE generally agrees with the Topic 3 proposal concerning adding opportunities for Interconnection Customers (ICs) to divide their projects into multiple phases. However, SCE recommends that the following amendments be incorporated into the revised straw proposal:

- ICs should be required to provide proper business-need and/or justification to phase projects
- Proposed changes to the Commercial Operation Date (COD) of individual phases should follow the same evaluation for material impact that is currently followed for changing the COD of the interconnection request and should be funded by the IC
- It should be made clear that phasing permitted under this revised straw proposal is limited to projects seeking interconnection to the CAISO-control grid under the CAISO Interconnection Tariff
- Recommend removal of Item 3.D as this option creates the potential for last-minute complexities associated with completing Phase II Studies within the allowable timeframe. Further, operational studies are not performed as part of a Phase I study thus resulting in no real benefit obtained when such phasing request can be made as part of the Phase II submittal
- The term "phasing" should be clearly defined so that it is easily understood. This clarity is needed to ensure parties do not confuse phasing with construction sequencing or confuse phasing to mean different projects with different GIAs utilizing one interconnection queue position. SCE's position is that one interconnection request equals one project yielding one interconnection agreement which can include multiple phases for multiple PPA's. SCE does not believe queue management can be properly administered if numerous LGIA negotiations for a single queue position were required. Such change would result in further complication to an already difficult queue management issue to the detriment of other projects in queue who are not participating in such queue hoarding practices.

SCE will not speculate as to the reasons why IC) may desire additional phasing opportunities, beyond what is currently allowed under the CAISO's current business practices and those proposed in the revised straw proposal.

Topic 4 – Improve Independent Study Process

Note: For those elements of the straw proposal presented as draft tariff changes, please provide general comments at this time in lieu of line-edit suggestions to the tariff language.

Comments: SCE agrees in general with the ISO on Topic 4. However, SCE recommends that the following revisions be incorporated into the revised straw proposal:

- Add clarifying language to Item #2 stating that the results of the most recently completed Independent Study Process (ISP) will be used to assess electrical independence of the new ISP request
- Include clarifying language stating that projects submitted under the ISP are not subject to a cost cap
- Include clarifying language stating that a total of 90 calendar days are required to perform the System Impact Study and 60-90 calendar days are needed to perform the Facility Study unless a combined study agreement is executed in which case the required time may be shortened
- Include clarifying language stating that the IC shall have no more than 90 calendar days to execute an Energy-Only Generation Interconnection Agreement and that deferral of such time requirement is not allowed for an ISP. Further, add language that the Energy-Only GIA will be amended to reflect Full Deliverability Study results whenever such studies are completed.

Topic 5 – Improve Fast Track

Note: For those elements of the straw proposal presented as draft tariff changes, please provide general comments at this time in lieu of line-edit suggestions to the tariff language.

Comments: SCE agrees in general with the ISO on Topic 5. However, SCE recommends that the following amendments be incorporated into the revised straw proposal:

- Add a requirement for the IC to provide study funds for performing the Facilities Study required to identify scope that will be put into an LGIA and specify time duration. As discussed in the working group, the cost was estimated at $50,000 and study duration at 90 days
- Add a requirement to limit the number of FT projects sharing gen-tie facilities to not exceed 10 MW of yet to be constructed resources. This requirement is needed to ensure single generators are not encouraged to divide their large project into numerous FT requests in an attempt to circumvent the appropriate study process
- Add clarifying language stating that 90 calendar days are required to perform the Facility Study needed to define physical upgrades required to enable interconnection which needs to be described in a GIA

Topic 12 – Consistency of suspension definition between serial and cluster

Note: As described in the November 8 revised straw proposal and discussed during the November 18 web conference, this topic has been withdrawn.

SCE provides no comment on this topic as it has been withdrawn.

Topic 13 – Clarify timing of transmission cost reimbursement

Note: In addition to general comments on the straw proposal for this topic, stakeholders are also asked to provide example scenarios to help illustrate any questions/issues that they may have on reimbursement for in-service upgrades, multiple reimbursement periods, and posting versus billing.

Comments: SCE believes that completion of two events should trigger the commencement of reimbursement of transmission cost: (1) the commercial operation date of the generating facility (or phase of the facility for phased projects) and (2) the in-service date of required network upgrades for the generating facility (or phase of the facility for phased projects). This is consistent with FERC's order in GIP 2, where FERC found the repayment of the cost associated with network upgrades is tied to the utilization of the transmission provider's network, without FERC making a distinction regarding the applicability of this policy between phased versus non-phased projects. Although the requirement that the network upgrades be in-service before the beginning of payment of transmission credits is clear in the CAISO tariff for phased projects, it is not explicit in the context of non-phased projects. In its GIP 2 rehearing and clarification order, in response to the CAISO's attempt to clarify that interconnection customers who were not planning to construct their projects in phases must wait until all the associated network upgrades are placed into service before they will be entitled to receive refunds for network upgrades, FERC rejected the CAISO's interpretation of its own tariff and stated that "if CAISO interprets the tariff differently , CAISO should file revised tariff language to clarify the timing of refunds associated with a non-phased project." However, rather than following through by filing revised tariff language to make its intent clear (i.e. same requirements must be met by non-phased projects as by phased projects) regarding the timing of refunds, as FERC suggested in its clarifying order, the CAISO subsequently filed a tariff amendment removing language in the GIAs that required a non-phased generator to wait until the in-service date of the associated network upgrades prior to begin receiving reimbursement of those costs. While removing the transmission in-service requirement language in the GIA for non-phased projects may help to eliminate any misinterpretation of its tariff by the CAISO, this amendment did not clearly implement FERC's standing policy of having transmission reimbursements tied to the in-service of associated network upgrades. In order to rectify the misalignment that currently exists between the requirements related to the reimbursement of network upgrade cost for non-phased projects and FERC's GIP 2 clarifying order, where FERC stated it is "reconfirming our determination that, under the Order No. 2003 series of orders, repayment of network upgrade costs is appropriately tied to the utilization of the transmission provider's transmission system", the CAISO should file revised tariff language to clarify the timing of refunds associated with a non-phased project is tied-in with the in-service date of the associated network upgrades. This would also be consistent with the CAISO's intent in GIP 2.

The common approach for both phased and non-phased project described above will result in the CAISO tariff being consistent with FERC policy. The CAISO's current proposal on this topic in the IPE that reimbursement commence as soon as the following two conditions are met falls short of FERC precedent: (1) the generating facility, or phase of the for phased projects, achieves COD; and (2) the earlier of: (a) the in-service required date of the of the required network upgrades for the facility or phase of the facility; and (b) a specified period of time after the facility or phase of the generating facility has achieved COD. It is the "earlier of" clause in the second condition that is problematic since, under this condition, a scenario could result where an interconnection customer begins to be reimbursed prior to the in-service of the associated network upgrades. The CAISO's consideration of a two-year period beyond the COD of the generating facility is arbitrary and, once again, not aligned with FERC's previous position that reimbursements should commence upon the in-service of the associated network upgrade(s). Also, it is unnecessary and inappropriate to, as the CAISO states, "further incentivize timely completion of upgrades by the PTO". Construction of the upgrades is bound by the terms of the LGIA

Moreover, allowing any such deviation from established FERC policy (FERC policy being that the timing of commencement upgrades should coincide with in-service date of the network upgrades) would result in repayments commencing before the upgrades/assets are placed in rate base, thus causing a cash-flow mismatch that produces an economic detriment to the PTO.

Topic 14 – Distribution of forfeited funds

Note: Two alternative straw proposals are presented in the November 8 revised straw proposal for stakeholder consideration. The ISO requests stakeholder to comment on the pros and cons and their preferences for either of these alternatives.

Comments: SCE recommends the adoption of Option A, with forfeited funds distributed to transmission ratepayers via offsets to the Transmission Access Charge (TAC). Irrespective of whether the interconnection customer and/or the PTO up-front finance the necessary network upgrades required by a generation project, it is the transmission ratepayers who ultimately fund these costs as well as interconnection study costs. Thus, it would be most equitable to reduce the cost impacts on ratepayers of interconnecting additional generators by reducing the TAC requirements though offsets resulting from the redistribution of forfeited funds associated with activities essential to the interconnection process.

Topic 15 – Material modification requests (formerly "Inverter/transformer changes")

Note: On November 18 the ISO posted draft Business Practice Manual (BPM) language regarding the modification process. The ISO is requesting written stakeholder comments on the draft BPM language by 5pm December 9, 2013. Please submit written comments on the draft BPM language to QueueManagement@caiso.com.

SCE plans to submit comments on the proposed language in the BPM regarding the modification request process on December 9, 2013.