SCE's Comments on the CAISO's GIP2 Draft Tariff Language
Submitted by: Fernando Cornejo and Gary Holdsworth
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Item #1 – Section 7.2.2 (generators interconnecting to non-PTO facilities in the ISO balancing authority area)

No comment

Item #2 – Section 7.2.3
(trigger for interconnection financial security posting deadlines and correction of inaccurate cross reference)

Appendix Y – GIP

Section 6.9 – Phase 1 Interconnection Study Results Meeting

Within thirty (30) calendar days of issuing the Phase I Interconnection Study report to the Interconnection Customer, the applicable Participating TO(s), the CAISO and the Interconnection Customer shall hold a Results Meeting to discuss the results of the Phase I Interconnection Study, including assigned cost responsibility. If the volume of interconnection requests in the Phase I study makes it impractical to hold the Results Meeting within 30 calendar days of the issuing of the Phase I Interconnection Study, the CAISO and/or the PTO can propose to take additional time to hold Results Meetings. In the Results Meeting, the applicable Participating TO(s) and the CAISO shall address any written comments made by the Interconnection Customer on the final Phase I Interconnection Study report pursuant to GIP Section 6.8. The CAISO shall prepare the minutes from the meetings, and provide the Interconnection Customer and the other attendees an opportunity to confirm the accuracy thereof.

The Interconnection Customer may submit, in writing, additional comments on the final Phase I Interconnection Study report up to (3) Business Days following the Results Meeting. Based on any discussion at the Results Meeting and any comments received, the CAISO and applicable Participating TO(s) will determine, in accordance with Section 6.10 of this GIP, whether to revise or issue an addendum to the final Phase I Interconnection Study Report. If the CAISO and applicable Participating TO(s) determine that it is necessary to revise the final Phase I Interconnection Study Report, the CAISO will issue the revised report no later than fifteen (15) Business Days following the Results Meeting.

SCE requests similar edits to tariff language in Section 7.7, which would extend the time to hold Results Meetings based on the volume of interconnection requests and request from the CAISO and/or PTO

Similarly, SCE requests that stakeholders consider adding the same "request for additional time" into Section 11.1.1 Tender pertaining to the 30-calendar day requirement for the draft GIA, if the volume of draft GIAs makes it impractical to meet the 30 day timeline, then the CAISO and/or PTO should have the ability to request more time. This is particularly true given the additional round of IC comments before the Results Meetings, and reflects the addition of more time to conduct the Results Meetings, noted in our comments to Section 6.9 and 7.7]]

6.10.2 – Other Errors or Omissions; Addendum

If an error or omission in an Interconnection Study Report is not a substantial error or omission, the CAISO shall not issue a revised final Interconnection Study report. Rather, the CAISO shall document such error or omission and make any appropriate correction by issuing an addendum to the final report. If a revised report is required for any Phase I or Phase II study, then the start date for the Interconnection Customer to submit comments, or the issuance of draft Generator Interconnection Agreement, and the due date for interconnection financial security postings should reset based on the issuance date of the final revised report.

[**SCE would appreciate the CAISO establishing a clear definition for "addendum"]**

The CAISO and applicable Participating TO shall also incorporate, as needed, any corrected information pertinent to the terms or conditions of the GIA in the draft GIA provided to an Interconnection Customer pursuant to Section 11 of this GIP.

Item #3 – Section 7.2.4 (definitions of start of construction and other transmission construction phases, and posting requirements at each milestone)

Appendix Y – GIP

Section 9.3.2 – Third Posting of Interconnection Financial Security

If an Interconnection Customer's Network Upgrades are separated into two or more specific components and/or can be separated into two or more separate and discrete phases of construction and the Participating TO is able to identify and separate the costs of the identified discrete components and/or phases of construction, then the Participating TO, the CAISO, and the Interconnection Customer may negotiate, as part of the Generator Interconnection Agreement, a division of the third Interconnection Financial Security posting ~~of Interconnection Financial Security~~ into ~~smaller deposit~~ discreet amounts and may establish discrete milestone dates for posting the amounts corresponding to each ~~discrete~~ component and/or phase of construction related to the Network Upgrades and/or Interconnection Facilities described in the Generator Interconnection Agreement. The failure to post any amount negotiated within the Generator Interconnection Agreement will be grounds to terminate the Generator Interconnection Agreement.

Section 9.3.3 – Offsets for Network Upgrades Funded by Participating TOs

[SCE would appreciate a clarification on the purpose of the following paragraph within Section 9.3.3 as well as how the 45-day requirement for IC to post its IFC was determined]

If, after execution of the Generator Interconnection Agreement by all parties to that agreement, the Participating TO has made an up-front Network Upgrade funding commitment that is conditioned on a request for abandoned plant approval pending before FERC, the obligation to post the Interconnection Financial Security for Network Upgrades related to the Participating TO up-front funding commitment will be suspended during the pendency of the request before FERC. If FERC issues an order denying the request for abandoned plant approval, the obligation to post the Interconnection Financial Security for Network Upgrades will immediately be reinstated, and the Interconnection Customer will be required to post the Interconnection Financial Security within forty-five (45) days of the issuance of the FERC order unless the parties to the Generator Interconnection Agreement renegotiate that agreement within the forty-five (45) day period to provide for alternative timeframes or methods for funding the posting. Such a renegotiated Generator Interconnection Agreement will be deemed to be conforming to a FERC-approved standard form of Generator Interconnection Agreement only if it extends the time period for posting the Interconnection Financial Security to a date no later than seventy-five (75) days after the FERC order denying abandoned plant approval was issued or provides for continued Participating TO up-front funding of the Network Upgrades. If the parties to the Generator Interconnection Agreement are unable to renegotiate and execute the Generator Interconnection Agreement within the forty-five (45) day period, the Interconnection Customer must post the Interconnection Financial Security before the close of such time period.

Item #4 – Section 7.2.6 (information provided by the ISO through internet postings)

No comment

Item #5 – Section 7.3.2
(reduction in generator project size for permitting or other extenuating circumstances)

No comment

Item #6 – Section 7.3.3 (repayment of interconnection customer funding for network upgrades associated with a phased generating facility)

Tariff Appendix CC – LGIA

Section 11.4.1.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities

Upon the Commercial Operation Date of each phase of a Phased Generating Facility and corresponding Network Upgrade, the Interconnection Customer shall be entitled to a repayment equal to the Interconnection Customer's contribution to the cost of Network Upgrades for that completed phase for which the Interconnection Customer is responsible, as set forth in Appendix G, if all of the following conditions are satisfied:

(a) The Generating Facility is capable of being constructed in phases;

(b) The Generating Facility is specified in the LGIA as being constructed in phases;

(c) The completed phase corresponds to one of the phases specified in the LGIA;

(d) The Interconnection Customer has tendered notice pursuant to the LGIA that the phase has achieved Commercial Operation;

(e) All parties to the LGIA have agreed that the completed phase meets the requirements set forth in the LGIA and any other operating, metering, and interconnection requirements to permit generation output of the entire capacity of the completed phase as specified in the LGIA;
(f) The Network Upgrades necessary for the completed phase to meet the desired level of deliverability are in service; and

(g) The Interconnection Customer has posted one hundred (100) percent of the Interconnection Financial Security required for the Network Upgrades for all the phases of the Generating Facility.

Upon satisfaction of these conditions (a) through (g), the Interconnection Customer shall be entitled to receive a partial repayment of its financed cost responsibility in an amount equal to the percentage of the Generating Facility declared to be in Commercial Operation multiplied by the cost of the Network Upgrades associated with the completed phase. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Generating Facility is completed.

A reduction in the electrical output (MW capacity) of the Generating Facility pursuant to LGIA Article 5.19.4 shall not diminish the Interconnection Customer's right to repayment pursuant to this LGIA Article 11.4.1. If the LGIA includes a partial termination provision and the partial termination right has been exercised with regard to a phase that has not been built, then the Interconnection Customer's eligibility for repayment under this Article as to the remaining phases shall not be diminished. If the Interconnection Customer completes one or more phases and then breaches the LGIA, the Participating TO and the CAISO shall be entitled to offset any losses or damages resulting from the breach against any repayments made for Network Upgrades related to the completed phases.

Any repayment amount for completion of a phase shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer pursuant to Article 5.17.8 or otherwise, and shall be paid to the Interconnection Customer by the Participating TO on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Commercial Operation Date; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years from the Commercial Operation Date. Notwithstanding the foregoing, if this LGIA terminates within five (5) years from the Commercial Operation Date, the Participating TO's obligation to pay refunds to the Interconnection Customer shall cease as of the date of termination.

Item #7 – Section 7.3.6 (accommodation of qualifying facility conversions, repowering, deliverability at distribution level, and other special circumstances associated with small projects)

<u>Appendix Y – GIP</u>
Section 4.2.1
An Interconnection Request shall have satisfied the flow impact test if it satisfies either one of two sets of alternative requirements identified in this Section ("Path 4)

Second set of requirements under this GIP Section 4.2.1:

An Interconnection Request requesting to be processed under the Independent Study Process will pass the flow impact test if it satisfies all of the following technical and business criteria for behind-the-meter capacity expansion of a Generating Facility:

Technical criteria.

- The total nameplate capacity of the expanded Generating Facility does not exceed in the aggregate twenty-five (25) percent of its previously studied capacity and does not exceed, in the aggregate, one hundred (100) MW.

- The behind-the-meter capacity expansion shall not take place until after the original

Generating Facility has achieved Commercial Operation and all Network Upgrades for the original Generating Facility have been placed in service.

- The expanded capacity for the Generating Facility has been placed under a separate breaker (the expansion breaker) such that the expansion can be metered separately at all times.

- Unless specifically requested by the CAISO, the total output of the Generating Facility does not exceed its originally studied capacity at any time. The CAISO will have the authority to trip the expansion breaker if the total output of the Generating Facility exceeds that amount.

- The Interconnection Request for behind-the-meter expansion shall not operate as a basis under the CAISO tariff to increase the Net Qualifying Capacity of the Generating Facility. The Interconnection Customer may submit a request pursuant to GIP Section 8.2 to seek Full Capacity Deliverability Status as to the increase.

(ii) Business criteria.

- The Deliverability Status (Full Capacity, Partial Deliverability, or Energy-Only) of the capacity expansion is the same as the Deliverability Status specified for the formally studied Generating Facility.

- The GIA is amended to reflect the revised operational features of the Generating Facility capacity expansion.

- The Interconnection Customer may at any time request that the CAISO formally study the expanded capacity of the Generating Facility in the GIP study process and formally add that capacity to its GIA capacity so that the expanded capacity can be released from the operational restrictions after the GIP studies are completed and the Interconnection Customer has complied with all of the applicable requirements.

Item #8 – Section 7.4.1
(second and third interconnection financial security posting requirements to offset PTO-funded network upgrades)

No comment

Item #9 – Section 7.4.2 (interconnection agreement insurance requirements)

Tariff Appendix CC – LGIA

18.3.2 Commercial General Liability Insurance. The Participating TO and the Interconnection Customer shall maintain ~~general~~ commercial general liability insurance commencing within thirty (30) days of the effective date of this LGIA, including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification), products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available, and punitive damages to the extent normally available, and a cross liability endorsement, with minimum limits of One Million Dollars ($1,000,000) per occurrence/One Million Dollars ($1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage. If the activities of the Interconnection Customer are being conducted through the actions of an Affiliate, then the Interconnection Customer may satisfy the insurance requirements of this Section 18.3.2 by providing evidence of insurance coverage carried by such Affiliate and showing the Participating TO as an additional insured, together with the Interconnection Customer's written representation to the Participating TO and the CAISO that the insured Affiliate is conducting all of the necessary pre-construction work. Within thirty (30) days prior to the entry of any person on behalf of the Interconnection Customer onto any construction site to perform work related to the Interconnection Facilities or Generating Facility, the Interconnection Customer shall replace any evidence of Affiliate Insurance with evidence of such insurance carried by the Interconnection Customer, naming the Participating TO as additional insured.

18.3.3 Business Automobile Liability Insurance. Prior to the entry of any such vehicles on any construction site in connection with work done by or on behalf of the Interconnection Customer, the Interconnection Customer shall provide evidence of coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars ($1,000,000) per occurrence for bodily injury, including death, and property damage. ~~Upon the request of the Participating TO, t~~The Interconnection Customer shall name the Participating TO as an additional insured on any such policies.

18.3.5 The Commercial General Liability Insurance, Business Automobile Insurance and Excess Public Liability Insurance policies shall name the other Parties identified in the sections above, their parents, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group ~~prior to the anniversary date~~ of cancellation ~~or any material change~~ in coverage ~~or condition~~. If any Party can reasonably demonstrate that coverage policies containing provisions for insurer waiver of subrogation rights, or advance written notice are not commercially available, then the Parties shall meet and confer and mutually determine to (i) establish replacement or equivalent terms in lieu of subrogation or notice or (ii) waive the requirements that coverage(s) include such subrogation provision or require advance written notice from such insurers.

18.3.10 Notwithstanding the foregoing, each Party may self-insure a) to meet the minimum insurance requirements of Article 18.3.1 so long as that Party is a qualified self-insurer in the state in which the Point of Interconnection is located, and B) to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior unsecured debt or issuer rating is BBB-, or better, as rated by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior unsecured debt rating and issuer rating are both unrated by Standard & Poor's or are both rated at less than BBB- by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this Article 18.3.10, it shall notify the other Parties that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

Item #10 – Section 7.4.3
(adjusted vs. non-adjusted dollars in interconnection study reports and interconnection agreements)

No comment

Item #11 – Section 7.4.4
(financial responsibility cap and maximum cost responsibility)

<u>Appendix Y – GIP</u>
Section 6.7 - Effect of Phase I Study Cost Estimates on Initial Financial Security Posting and Cost Responsibility
~~Until such time as the Phase II Interconnection Study report is issued to the Interconnection Customer, the coss assigned to Interconnection Customers for Network Upgrades under this Section 6 of the GIP shall establish the maximum value for the Interconnection Financial Security required from each Interconnection Customer under GIP Section 9 for such Network Upgrades, as well as the maximum value for each Interconnection Customer's total cost responsibility for Network Upgrades . In contrast, the costs assigned to Interconnection Customers for Participating TO's Interconnection Facilities and the costs attributable to transmission upgrades identified in an Off-Peak Deliverability Assessment (if the Interconnection Customer elects to finance construction of such off-peak transmission upgrades) under this Section 6 of the GIP are estimates only that establish the basis for the initial Interconnection Financial Security required from each Interconnection Customer under GIP Section 9.2~~

The costs assigned to Interconnection Customers in the Phase I study under Section 6.5.2.1 [On-Peak Deliverability Assessment] of the GIP shall establish: 1) the maximum value for the Interconnection Financial Security required from each Interconnection Customer under GIP Section 9 for such Network Upgrades, and 2) the maximum value for the each Interconnection Customer's total cost responsibility for Network Upgrades. The costs assigned to Interconnection Customers in the Phase I study under Section 6.5.2.2 [Off-Peak Deliverability Assessment] are conceptual and are not included in the Interconnection Customer's total cost responsibility for Interconnection Financial Security or financial responsibility. As stated in Section 6.5.2.2, such facilities shall be treated as merchant transmission facilities and the financial responsibility for such upgrades will be determined through Section 24 of the CAISO Tariff. The cost assigned to Interconnection Customers in the Phase I study for Participating TO's Interconnection Facilities under Section 6 of the GIP are estimates only that establish the basis for the initial Interconnection Financial Security <u>postings</u> required from each Interconnection Customer under GIP Section 9.2.

Item #12 – Section 7.4.5
(posting cap to financial security postings of a PTO's interconnection facilities)

No comment

Item #13 – Section 7.4.7 (interconnection agreement suspension rights)

No comment

Item #14 – Section

7.4.8 (PTO 100% abandoned plant recovery) **[SCE requests CAISO change the section heading of Section 9.3.3 to read: Offsets for Network Upgrades Upfront Funded by Participating TOs]** **24.4.6.5 LGIP Network Upgrades** To the extent that additional components or expansions to Network Upgrades remain the responsibility of the Participating TO and such Network Upgrades are subsequently abandoned, the Participating TO shall be presumed to be eligible, subject to prudency and any other applicable review by FERC, to include in its TRR the costs of such Network Upgrades if the costs attributable to the abandonment of such Network Upgrades (as modified, replaced or otherwise reconfigured in the Transmission Planning Process) exceed the amounts funded by Interconnection Customers pursuant to Appendix Y. This presumption shall not apply in the cases ~~of Network Upgrades~~ which the applicable Participating TO has agreed to voluntarily up-front ~~fund~~ finance Network Upgrades or components thereof or additions thereto; unless that voluntarily commitment has been terminated and the Participating TO is nevertheless required to assume responsibility for Network Upgrades or components thereof or additions thereto under the provisions of the CAISO Tariff. ~~independent of any obligation to fund pursuant to the Transmission Planning Process.~~
Item #15 – Section 7.5.1 (partial deliverability as an interconnection option) **No comment**
Item #16 – Section 7.5.2 (technical requirements under an interconnection agreement) **No comment**
Item #17 – Section 7.5.3 (off-peak deliverability assessment) **<u>Appendix Y – GIP</u>** **6.5.2.2 – Delivery Network Upgrades – Off-peak Delivery Assessment** The CAISO, in coordination with the applicable Participating TO(s), shall perform an Off-Peak Deliverability Assessment to identify transmission upgrades in addition to those Delivery Network Upgrades identified in the On-Peak Deliverability Assessment, if any, for a Group Study or individual Phase I Interconnection Study that includes one or more Location Constrained Resource Interconnection Generators (LCRIG), where the fuel source or source of energy for the LCRIG substantially occurs during off-peak conditions. The transmission upgrades identified under this Section shall comprise those needed for the full maximum megawatt electrical output of each proposed new LCRIG or the amount of megawatt increase in the generating capacity of each existing LCRIG as listed by the Interconnection Customer in its Interconnection Request, whether studied individually or as a Group Study, to be deliverable to the aggregate of Load on the CAISO Controlled Grid under the Generation dispatch conditions studied. The methodology for the Off-Peak Deliverability Assessment will be published on the CAISO Website or, if applicable, included in a CAISO Business Practice Manual. Beginning with the Phase II Interconnection Study for Queue Clusters 3 and 4, this assessment will be performed for informational purposes only, and any Delivery Network Upgrades identified in this assessment will be conceptual in nature, and the transmission upgrades identified for under this Section will not be included in a plan of service within the applicable Interconnection Study

report. These Delivery Network Upgrades will not be subject to any cost cap (i.e. Section 12.3.1 will not apply) or base case (Section 12.2.2 will not apply) or basis for financial security postings (Section 9.5 will not apply).

The cost of all transmission upgrades identified in the Off-Peak Deliverability Assessment performed during the course of the ~~I~~ Phase I Interconnection Study shall be estimated in accordance with GIP Section 6.6. However, commencing with Cluster 3 and Cluster 4, these transmission upgrades shall be conceptual in nature only and not included in the Plan of Service within the applicable interconnection Study report. ~~As a result, the Interconnection Customer will be wholly responsible for financing or constructing such transmission upgrades~~. ~~because these transmission upgrades shall be conceptual in nature only as of the Phase II Interconnection Study for Clusters 3 and 4, beginning with that study the estimated costs shall not be assigned to any Interconnection Customer in an Interconnection Study report, and the applicable Participating TO(s) shall not be responsible for financing or constructing such transmission upgrades~~. These Delivery Network Upgrades will not be subject to any cost cap (i.e. Section 12.3.1 will not apply) or base case (Section 12.2.2 will not apply) or basis for financial security postings (Section 9.5 will not apply).

If any Interconnection Customers determine they ~~do in fact~~ desire to have the transmission upgrades constructed, then projects for constructing these upgrades may be submitted to the CAISO as merchant transmission projects for consideration under Section 24 of the CAISO Tariff. The financial responsibility for such upgrades will be determined through Section 24 of the CAISO tariff.

7.4 – Financing of Delivery Network Upgrades
Beginning with the Phase II Interconnection Study for Clusters 3 and 4, any transmission upgrades identified in the Off-Peak Deliverability Assessment as part of the Phase II Interconnection Study, and the estimated costs thereof, shall be conceptual in nature only, and therefore, commencing with that study, the estimated costs of transmission upgrades identified in the Off-Peak Deliverability Assessment shall not be assigned to any Interconnection Customers in an Interconnection Study report, and the applicable Participating TO(s) shall not be responsible for financing or constructing such transmission upgrades. These Delivery Network Upgrades will not be subject to any cost cap (Section 12.3.1 would not apply) or base case (Section 12.2.2 would not apply) or basis for financial security postings (Section 9.5 would not apply)

Item #18 – and Section 7.5.4 (operational partial and interim deliverability assessment)

No comment