

Stakeholder Comments Template

Integration of Transmission Planning and Generator Interconnection Procedures (TPP-GIP Integration)

Draft Final Proposal, posted February 15, 2012

Please submit comments (in MS Word) to TPP-GIP@caiso.com no later than the close of business on March 1, 2012.

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, which were discussed in the TPP-GIP Integration Draft Final Proposal posted on February 15, 2012, and during the stakeholder meeting on February 22, 2012.

Please use the list of topics and questions below to structure most of your comments. At the end of the document you may offer comments on any aspect of this initiative not covered by the topics listed. When you state a preference for a particular approach on a topic or issue, your response will be most helpful if you clearly explain the reasoning and business case for your preference.

Because the draft final proposal mostly retains the major design elements and provisions of the previous proposal, the topics identified below concentrate on provisions that are new or revised.

Section 1. Overall support for the draft final proposal.

Please select one of the following options to indicate your organization’s overall level of support for this proposal: (1) fully support, (2) support with qualification, or (3) oppose. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal.

Comment: SDG&E supports the CAISO’s efforts towards incorporating the deliverability of proposed generation projects into the TPP by creating a study process that evaluates and economically qualifies any major network upgrade that provides deliverability for Resource Adequacy (RA) counting purposes.

Section 2. Major differences between the 2/15 draft final proposal and the earlier 1/12 second revised straw proposal.

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1. In response to stakeholder concerns about the previous proposal that ratepayers would reimburse customers fully for all reliability network upgrades (RNU), the draft final proposal will determine whether a project is eligible for full, partial or no reimbursement in a manner that aligns with the allocation of TP deliverability under this proposal.
2. Projects that submit energy only interconnection requests and do not seek deliverability will be reimbursed for RNU up to a maximum of \$40,000 per MW of generating capacity.
3. The proposal distinguishes between area delivery network upgrades (ADNU) and local delivery network upgrades (LDNU), where ADNU are generally identified through the TPP to provide deliverability to a targeted MW amount of generation in an area, while LDNU are identified through the GIP studies to provide resource-specific deliverability.

***Comment:** The CAISO's current proposal for TPP-GIP integration would modify the existing GIP phase 1 study approach to identify (i) LDNUs for "all projects in cluster N," and (ii) ADNUs for TPP-based resource portfolio that specifies "reasonable MW amounts of new generation in each study area." SDG&E is concerned that the use of two different resource portfolios ("all projects in cluster N" and "reasonable MW amounts of new generation in each study area") will undermine the objective of the TPP-GIP integration proposal because the LDNUs will not be subject to reasonable limits on the amount of new generation to be studied for purposes of deliverability. SDG&E believes that the TPP-based resource portfolio should include new resources that are outside of established Competitive Renewable Energy Zones (CREZs)—for example, non-CREZ renewable resources included in the CPUC's discounted core, assumed distribution-level renewable resource additions, fossil-fired generation additions that support renewable integration—so is not clear why it is necessary to also identify "LDNUs."*

If it is determined that the TPP-based generation portfolio does not include the locational specificity necessary to support identification of a reasonable set of deliverability network upgrades, then SDG&E proposes that the criteria developed in the Technical Bulletin for addressing the Delivery Network Upgrades for Clusters 1 through 4 (or some similar method based on the scope and cost of the upgrades) be used to identify LDNUs. SDG&E believes the LDNUs should be low cost/ small scope upgrades; otherwise the deliverability network upgrades should be identified within the TPP.

4. The process for allocation of TP deliverability will be the key determinant of whether a generation project is required to post security and/or pay for a share of ADNU costs after phase 2. All projects will be required to post security for their shares of RNU and LDNU costs. Eligibility for ratepayer reimbursement of these security postings after commercial operation begins will align with whether the project was allocated TP deliverability and then meets the criteria to retain the allocation.

The CAISO needs to develop procedures to address new generation projects that develop less capacity than originally proposed in the developer's Interconnection Request. These procedures need to specify whether there would be reimbursement proportional to the capacity actually being developed.

5. The allocation of TP deliverability to generation projects under this proposal will occur for the first time at the end of the GIP phase 2 study process for cluster 5, i.e., during the

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first quarter of 2014. Before the ISO allocates TP deliverability to any cluster 5 projects, the ISO will first determine how much of the TP deliverability provided by the most recent transmission plan must be encumbered by projects in the existing queue (serial through cluster 4) that are in good standing with respect to their PPAs and GIAs, any expansion of MIC that was addressed in the TPP, and any deliverability for distributed generation (DG) allocated to regulatory authorities under the DG Deliverability initiative in progress. After accounting for these encumbrances, the remaining amount of TP deliverability will be available for qualified projects in cluster 5.

Comment: It is important to also account for the projects that are interconnecting under the FIT (which are considered must take).

6. If there is some TP deliverability available for allocation to projects in the current cluster and to option (A) projects in the prior cluster that opted to park for a year, such projects must at least meet the minimum threshold criteria of being included on an active LSE short list and having submitted the necessary permit applications in order to be eligible for the allocation of TP deliverability.

Comment: SDG&E would prefer that the CAISO eliminate the 1-year "parking" option altogether. However, assuming this option is retained, SDG&E can support this suggestion.

7. If the volume of projects that meet the threshold exceeds the amount of TP deliverability available, the ISO will calculate a numerical score for each project based on the criteria and point values presented in the proposal, and will allocate deliverability to the highest scoring projects without regard to whether the project chose option (A) or (B).

Comment: SDG&E supports this suggestion.

8. A project that is allocated TP deliverability under the proposed approach will be required to demonstrate annually that it meets the criteria for retaining the allocation; i.e., (i) no regression with respect to criteria on which it received the allocation; (ii) executed GIA is in good standing (no ISO notification of breach); (iii) no delay of COD unless for reasons beyond customer's control. If a project loses its allocation, it must either withdraw from the queue or convert to energy only deliverability status.

Comment: SDG&E supports this suggestion.

9. An option (A) project that does not receive TP deliverability after parking for one year must either withdraw from the queue or execute an energy only GIA. To allow parking for a longer period would complicate the GIP study process by maintaining a backlog of projects to be studied for RNU and LDNU that may not be making progress but have little incentive to withdraw.

Comment: SDG&E believes the project should either convert to an Option B project or become Energy Only.

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10. An option (B) project that does not receive TP deliverability within the allocation process immediately following its phase 2 study results must either withdraw from the queue or execute a GIA committing it to pay its share for all required network upgrades without ratepayer reimbursement.

Comment: If there are two or three projects selecting Option B and sharing the cost of one or more ADNU how would the financing, permitting and construction of the ADNUs be managed. The ADNUs will be in several LGIAs with partial cost in each LGIA, would under this condition a multi party agreement with CAISO and the PTO (as signatories with no financial obligation), be required?

11. Projects that withdraw from queue after the phase 2 study results may be eligible for partial refund of their first financial security postings in accordance with existing tariff provisions, as expanded by the following new eligibility conditions: (1) An (A) project will be eligible if it fails to be allocated TP deliverability; the period for “early” withdrawal under this condition will be 18 months from phase 2 study results. (2) A (B) project will be eligible if its phase 2 cost estimate for ADNU exceeds its phase 1 estimate by the smaller of 20 percent or \$20 million. The “early” withdrawal period will be 180 days from phase 2 study results.
12. The ISO will maintain the March 31, 2012 closing date for the cluster 5 request window, in contrast to April 30 as stated in the previous proposal. In recognition of the possibility that FERC’s order may significantly modify the proposal that the ISO Board rules on in March and the ISO files shortly thereafter, the ISO’s filing will include a provision to allow parties to withdraw requests up to 10 days after the FERC order without any penalty applied to the refund of their initial study deposits.

Section 3. Please provide any additional comments on major structural components of the proposal.

13. GIP Phase 1

Comment: What activities are included during the time for the box in the timeline after Phase 1 study is completed? The box identifies as “Projects choose (A) require TPP-based deliverability, or (B) will pay for DNU” with over four months in length. Is restudy performed during this time?

14. Transition from Phase 1 to Phase 2

Comment: The time line needs some refinement touches to detail the restudy schedule with milestones and deliverables. Also roles and responsibilities for the restudy and its scope should be developed.

15. GIP Phase 2

16. Allocation of TP Deliverability Post Phase 2

17. Subsequent to the Allocation Process

Section 4. Please use the space below to offer comments on any other aspect of the proposal not covered above.