

Stakeholder Comments Template

Subject: Generation Interconnection Procedures Phase 2 (“GIP 2”)

Submitted by	Company	Date Submitted
<i>Mariam Mirzadeh</i> MMirzadeh@semprautilities.com (858) 654-1973 <i>Rodney Winter</i> RWinter@semprautilities.com (858) 654-1799	<i>San Diego Gas & Electric Company (SDG&E)</i>	<i>4-21-2011</i>

SDG&E provides the following initial comments to the Straw Proposal:

Comments on Items listed in 4.7 Stakeholder Participation:

Gary Holdsworth for SCE: ...”...Lastly, they would like the suspension provisions removed from the Generation Interconnection Agreement (“GIA”) as this could cause delays and uncertainty building transmission for non-suspending entities.”

SDG&E agrees with SCE comments. SDG&E would also add that if these suspension provisions are not removed, the language in this section of the GIA needs to be modified to include when the suspension can become applicable. For example, if an IC provides to the CAISO and SDG&E a written request to suspend work on their project per Article 5.16 of the GIA. However if this IC has not yet provided the required security for the Interconnection Facilities and Network Upgrades per Article 5.5.2 and has not provided the required written authorization to proceed with the work per Article 5.5.3, then the interconnection work the IC is requesting to suspend has never been started. SDG&E argues that work cannot be suspended pursuant to the Article 5.16 of the GIA if work was never started per Articles 5.5.2 and 5.5.3 of the GIA (no security posted and no written authorization to proceed with the interconnection work). This is merely a loop hole in the process used as a delay tactic by the IC.

Comments on Items listed in GIP 2 Straw Proposal:

5.2.1 Agree. PTOs should use common format for presenting per unit cost information. SDG&E also reiterates its earlier comments that as long as Phase I cost estimates include land, ROW, environmental mitigations and permitting and amount to a “not to exceed” cost exposure for the developers, the cost estimates are going to be unreasonably high due to lack of detailed engineering and environmental information. For this reason there is not a lot of detail behind the unit costs for new transmission lines and new substations at this stage of the studies.

5.2.3 Under Phase II Posting Proposed Process, it states “The ISO, PTO and IC will issue a final draft GIA to the IC 120 calendar days after the ISO issues the draft Phase II report to the IC. “ SDG&E would like the CASIO to interpret if it intends to strictly stay to this 120 calendar days, or if this is a suggested guideline rather than a firm deadline.

Much PTO time and effort and expense goes into the GIA negotiations for which the PTO is not compensated. Planning, Transmission and Substation Engineers, Project Management, Legal, and Environmental efforts to negotiate the GIA are provided at no cost, however the IC has no incentive to complete the GIA negotiations within the amount of time established in the tariff.

SDG&E suggests that if the GIA negotiations extend beyond the 120 calendar days per the GIP tariff, the PTO should be allowed to charge the project for the efforts that extend beyond the 120 calendar days.

Further, under the topic of security postings, SDG&E reiterates its comments made to the Issues Paper in March. The deadline for IC financial security postings for projects in the even-numbered clusters should be set before the start of Phase II, the next phase of the study, (i.e., after Phase I is complete but before the Phase II study work begins.) Otherwise, the Phase II study cases are utilizing assumptions that are not supported by developer commitments from the even-numbered clusters to moving forward in Phase II with the project. So financial security for the even-numbered cluster projects should be posted after the Phase I study results meeting but no later than two weeks before the start of the Phase II studies.

5.2.4 SDG&E is not aware that any confusion about the definition of the start of construction exists. The start of construction is when written authorization to proceed with construction is due pursuant to Articles 5.5.2 and 5.6.3 of the LGIA and when the third/final posting of IC financial security is due, pursuant to Articles 5.5.3, 5.6.4 and 11.5 of the LGIA and as should be outlined in LGIA Appendix A.

Consistent with its earlier comments, SDG&E agrees with the last paragraph of 5.2.4 that the relationship between E&P agreement security posting and third/final posting of IC financial security per the LGIA should be clarified in the GIP tariff. The GIA start of construction financial security posting = total GIA financial security posting requirement less any E&P agreement financial security postings.

The CASIO proposes If the Network upgrades on behalf of an Interconnection Customer consist of multiple components and or multiple phases of a single large transmission project which will be constructed as multiple construction phases, then the Interconnection Customer’s requirement to under CAISO GIP Section 9.3.2 to increase the amount of the Financial Security Instrument to equal one hundred percent (100%) of the cost of Network Upgrades shall be divided into separate components corresponding to the multiple components or multiple phases of scheduled construction. The PTO shall present a schedule outlining the cost and construction timing of the various components/phases of the IC’s required network upgrades. **SD&E believes the security postings in phases can be negotiated into the terms of the GIA, however the division of security postings into separate components should not be mandated by the GIP tariff. SDG&E does not support the use of the proposed standard project phase criteria. This will serve to**

complicate and lengthen the already elongated 120 calendar day GIA negotiation period specified in the tariff which is rarely adhered to.

5.2.5 SDG&E suggested and supports development of a procedure to alleviate confusion as experienced in the most recent security postings following Cluster 2 Phase I. CAISO should provide to parties a summary of the IC's financial security amounts due, due dates, and details of calculations and cost allocations between PTOs for network upgrades at the Phase I and Phase II Results Meetings.

5.2.6 SDG&E applauds the CASIO efforts to provide more current information by consistently and more frequent updates to the Queue.

5.3.1 Considering the fact that there is no provision for restudy/re-evaluation of a project, partial termination might cause issues with the CASIO Queue involving adverse impacts on lower projects in the queue, and might result in the Queue providing to the market bad or incorrect information. Allowing an IC to terminate/abandon a large capacity phase of a project with large upgrades associated with it could cause unrealistic upgrades to be associated with projects lower in the Queue. If different phases of a project have a separate COD, and separate upgrades associated, CAISO should consider making phases of a project completely separate projects.

5.4.3 SDG&E agrees a uniform approach should be adopted. All dollar amounts should be provided in "As-Year-Spent" dollars.

5.4.4 Currently GIP 6.7 Section provides that the unit costs shall establish the maximum value for the Interconnection Financial Security required from each IC under GIP Section 9 for such Network Upgrades. SDG&E agrees with the CAISO that the maximum cost responsibility is the lower of Phase I or Phase II cost estimates.

Because the IC mix and MW capacity in the cluster is usually different in Phase II, the Phase I cost estimates could not establish the maximum values for Interconnection Financial Security required from each IC.

Other Comments: SDG&E believes this should also be considered within the scope of GIP 2:

1. Interconnection Customer Permitting Responsibilities for Network Upgrades where Costs are Allocated per Section 6.5 of the GIP and as identified in GIA Appendix G: **Interconnection Customer's Proportional Share of Costs of Network Upgrades for Applicable Project Group**

If the results from the GIP studies and the GIA Appendix G for the project reflect that a proportional share of Network Upgrade costs have been allocated to a project, the Interconnection Customer has not been identified as responsible for permitting the Network Upgrade even if the project caused the majority of the need for the upgrade and has been allocated the majority of the Network Upgrade costs.

If the costs for a Network Upgrade are allocated to several projects in a cluster, where each is allocated less than 100% of the total cost, it is not clear who is responsible for the environmental studies and permitting the Upgrade.

Because the GIP studies and GIA do not identify the other projects and percentages allocated to the other projects in the cluster, the Interconnection Customers are not aware of which project is responsible for permitting the Network Upgrade.

In many cases these Network Upgrades are located in a geographic area removed from the project.

There is no mechanism for allocating the costs and responsibilities for the required permitting of Network Upgrades. The CAISO GIP tariff and/or GIA should be more specific for Network Upgrades where the costs are shared among projects in a cluster to identify the majority cost responsibility and identify the project responsible for permitting the Network Upgrade.

If not, the permitting costs for the shared Network Upgrade should be shared in exact proportion to the costs for the Network Upgrade allocated per GIA Appendix G.

SDG&E looks forward to providing further comments upon completion of its review of the other details that have been proposed in the Straw Proposal.