

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, posted March 23, 2015 and supplemented by the presentation/discussion at the March 30, 2015 stakeholder meeting.

Submit comments to initiativeComments@caiso.com

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

Topic 1 – Affected Systems

sPower supports the proposal with qualification.

sPower notes that the CAISO’s limited proposal in this area falls far short of the full stakeholder process on Affected Systems (AS) issues that the CAISO has committed to hold. Since the CAISO’s proposal does not address the numerous coordination and timing issues that are problematic with the AS process, sPower suggests an additional CAISO rule change that would be appropriate at this time.

Specifically, sPower requests CAISO application of Interconnection Financial Security (IFS) release provisions to AS costs that are similar to those applied to Interconnection Facilities (IFs).

There are many parallels between AS and IF costs. In particular, developers must pay actual costs for both, with no cost cap or refund.

CAISO rules allow for partial IFS release at project withdrawal from the queue if Phase II Study costs are higher than Phase I Study costs by at least the greater of 30% or \$300K (assuming that this increase was not caused by the developer’s action, e.g., change in the nature of its planned IFs). As AS costs would similarly be unknown to the developer at time of posting IFS, sPower recommends that the CAISO add to the list of reasons for partial IFS release at project withdrawal the later imposition of Affected Systems costs above a reasonable level, e.g., the greater of 30% of CAISO Network Upgrade costs or \$500K.

The same principles apply for both kinds of upgrades, and it would be fair and equitable (in the absence of a more comprehensive solution to the current AS timing problems) to apply the same kinds of partial IFS release provisions to both.

Topic 2 – Time-In-Queue Limitations

sPower opposes the CAISO's proposal, because it takes an overly narrow and "cookie cutter" approach to measuring project viability.

Certainly, the factors that the CAISO cites are good measures of project viability, but if a project fails to meet only one, the CAISO should allow for consideration of other factors (e.g., loss of PPA for reasons beyond the developer's control) in determining viability. Removal of TP Deliverability from such a project would irreparably impair its viability further and likely "kill" the project, and the CAISO should allow some flexibility in this area given the dire results.

Topic 3 – Negotiation of Generator Interconnection Agreements

GIA Tender: sPower would not oppose the CAISO's proposal as long as one key change is made. Specifically, the CAISO should add a provision for issuance of a draft GIA within 30 days of a developer's request.

It is extremely difficult to move a project forward without an executed GIA, e.g., to obtain a PPA, permits, or financing. Leaving the GIA issuance to the very last moment – the In-Service Date, less the longest-duration upgrade construction time, less 120 CDs for negotiation – would jeopardize the project's COD commitments and will not be palatable to many serious developers. It is also common to have negotiated milestone dates between developers and offtakers/purchasers/lenders for key items like draft GIAs; adding this stipulation could prevent the CAISO/PTO's from unintentionally killing an otherwise viable project.

Additionally, sPower proposes that, during active negotiation of the GIA, pushing out the milestone dates by up to 6 months should not require an MMA request on behalf of the developer. There are many instances where the developer provides comments and is waiting on comments from the PTO or CAISO as the milestone deadlines approach. It is already in the BPM that projects with executed GIA's can address this through construction sequencing, and there is no reason to go through the administrative headaches associated with the deposit, accounting processing, and refund to the developer on this item. These processing times have become burdensome to developers with multiple interconnection requests in queue as they tie up capital for long periods of time. There seems to be direct correlation between the increased circumstances in which a separate deposit is required and time it takes the CAISO to provide final accounting and refunds. This is troublesome as it disadvantages small project developers who don't provide balance sheet capital.

Topic 4 -Deposits

sPower opposes this proposal but provides this counter proposal. As mentioned in comments for Topic 3, the CAISO has not been providing timely accounting summaries and release of unused deposits (or providing invoices for additional funds owed for that matter) to developers. sPower reiterates the impact that CAISO holding of capital is having to developers with multiple projects in queue and this proposal exacerbates that issue. sPower proposes to keep the deposits as is at the time of submittal of interconnection request, and instead ask the CAISO to provide

accounting statements within a reasonable timeframe (90 CD?) upon issue of initial Phase 1 study report. Prior to the start of Phase 2 study, the developer will be required to true up costs incurred for the Phase 1 study, if necessary, and provide an additional deposit of an agreed upon value (average of previous phase 2 study costs would be a good starting point). The deposit however would be reduced by any unused funds from the Phase 1 deposit.

This proposal provides the developer with the ability to not have capital tied up for long periods of time and provides transparency (and accountability) on study costs incurred on behalf of PTO and CAISO. It also lessens the financial impact of “at-risk” work performed by the CAISO and PTO.

sPower also proposes that Material Modification deposits should incur FERC interest rate similar to IR study deposits (if not already in place) and if so, should be clarified in the GIDAP.

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

sPower supports the CAISO’s proposal, with qualification.

sPower believes that the CAISO should expand the categories of transmission-related work that can be performed by developers to include “stand-alone tasks” like telecomm-, environmental- and real estate-related work. In sPower’s experience, the PTO estimated costs for this work are non-transparent and exorbitant, and developers should have the option to do these tasks for their projects; in many circumstances the developer already IS performing these tasks especially for permitting and is being double charged essentially.

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

sPower strongly supports the CAISO’s proposal, especially given the lack of information available prior to the Phase 1 Study. sPower believes that the CAISO should expand the categories of modifications allowed to permit the developer to clarify whether they wish to perform “stand-alone tasks” like telecommunications-, environmental- and real estate-related work. In sPower’s experience, the PTO costs for this work are non-transparent and exorbitant, and developers should have the option to do these tasks for their projects and avoid posting IFS, under the same restrictions as proposed in Topic 5 if the work is also SANU-related.

Topics 7-11

sPower has no opinion on these proposals.