Stakeholder Comments Template

Submitted by	Company	Date Submitted
Rob Sims (*robert.sims@aes.com*) John Crosson (*john.crosson@srpcorp.com*)	Silver Ridge Power (formerly AES Solar)	June 25th, 2013

Please use this template to provide your comments on the Interconnection Process Enhancements Issue Paper posted on June 3 and as supplemented by the presentation and discussion during the June 11 stakeholder web conference.

Submit comments to GIP@caiso.com

Comments are due June 25, 2013 by 5:00pm

The Issue Paper posted on June 3 may be found at:
http://www.caiso.com/Documents/IssuePaper-InterconnectionProcessEnhancements.pdf

The presentation discussed during the June 11 stakeholder web conference may be found at:
http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancementsJun11_2013.pdf

Following each of the 15 topics presented below, the ISO poses specific questions and requests that stakeholders respond to each.

Topic 1 – Future downsizing policy

1. What is the demand for a second downsizing opportunity? Would a second downsizing opportunity be sufficient, or do stakeholders believe that there will be further demand beyond a second downsizing opportunity?

A second downsizing opportunity should be provided, at a minimum, for projects with CODs after 2016. As Silver Ridge Power (Silver Ridge) has noted before, such projects likely would not yet have encountered many of the obstacles that could require project downsizing by the application deadline for the first downsizing window. Ideally, this second opportunity would come around the end of 2014, to give the developers time to determine whether the current project sizes are viable. As Load-Serving Entities come closer to meeting their contracting needs to meet the 33% Renewables Portfolio Standard, they are increasingly contracting for smaller amounts of capacity, and this practice may require projects to downsize if their entire capacity cannot be contracted.

However, there is no reason to limit exercise of a one-time project downsizing opportunity to a special-purpose window. The CAISO should provide annual opportunities to exercise this one-time option, in coordination with the GIDAP Phase II pre-validation/reassessment studies and subject to the "hold harmless" provisions from the first window. It is in the interest of the CAISO as well as other generators to provide opportunities for generators to down size and clear as many MW from the Queue as possible prior to performing annual studies and system planning.

2. **What are stakeholders' views on the ISO's position that a downsizing request window of limited time duration should be utilized in any future downsizing opportunity?**

   See above. Such opportunities should be offered in the regular study process, since this would not add any burden to the CAISO or PTOs performing the studies and would allow consideration of the "collective impact" of all downsizing requests.

3. **The ISO believes that funneling downsizing requests through such a window permits ISO and PTO transmission planning engineers to evaluate the collective impacts of all downsizing requests in the most efficient manner possible (in contrast to the inefficiency and associated chaos of having to review the impacts of downsizing requests sequentially, at any time that an interconnection customer chooses to submit such a request). Similarly, expansion of the ability to downsize through a "material modification" review would essentially allow downsizing requests to be submitted at any time and would thus present the same problems. What are stakeholders' views on this?**

   The CAISO should allow downsizing without the need to go through the Material Modification Assessment (MMA) process or any other study where the Interconnection Customer (IC) agrees to pay for its allocated share of transmission costs for the original project – see Silver Ridge's proposal in Topic 2 below regarding reimbursement. Otherwise, downsizing opportunities should be incorporated into the GIDAP study process, as described above. (In other words, a downsizing option need not be offered through the MMA process if these two options are offered instead.)

4. **To the extent there were a need for additional downsizing opportunities,**
   a. **what would be the optimal frequency of downsizing request windows? For example, one per year or one every two years?**
   b. **how many downsizing request windows do stakeholders believe should be considered?**
   c. **what should be the timing of a downsizing request window? The ISO suggests that the timing of a downsizing request window should be such that there is sufficient time to validate the requests received and study their combined impacts at the same time the re-assessment study is conducted in accordance with the GIDAP timeline. What are stakeholders' views on that?**

   See above – annual consideration of downsizing requests should take place in the GIDAP pre-validation/reassessment process.

5. **Please comment on the ISO's position that future downsizing options should be limited to pre-Cluster 5 customers because the GIDAP already provides certain opportunities to downsize projects that were not available under the GIP.**

   Silver Ridge has no opinion on this issue.

6. **Stakeholders are asked to comment on other important features of the current one-time downsizing opportunity. For example, customers who are affected by but are not downsizing should be protected. As an additional example, downsizing projects should bear the costs of the downsizing study and any resulting interconnection agreement amendments.**

   Silver Ridge supports the "hold-harmless" protection for non-downsizing customers but opposes charges for CAISO/PTO costs to amend the agreements for such customers. Annual GIDAP pre-validation/reassessment studies are likely to result in multiple GIA amendments anyway, and it will be difficult or impossible to separate out the amendments resulting from downsizing vs. the other assumption changes in those studies.

7. **What are stakeholders' views on the continued use of the non-conforming partial termination provisions as a future downsizing option? Although the ISO does not view this as a generally applicable downsizing option, do stakeholders view its continued availability as critical?**

   Silver Ridge believes that this option should continue to be available for those meeting the specified conditions that desire advance cost certainty, including projects where the developers wish to add such provisions to existing GIAs. The CAISO should also re-visit the GIP-2 proposal for this option to see if the objections to that proposal can be reasonably addressed. The CAISO's last-minute decision to remove that proposal from the GIP-2 package that was presented to the CAISO Board in that initiative did not allow stakeholders to understand or ameliorate those concerns.

Topic 2 – Disconnection of first phase of project for failure of second phase

Note: Silver Ridge appreciates the additional details of the termination process provided in the Scoping Paper but believes that the CAISO should be more explicit about grounds for termination.

1. **Please expand on the explanation of how current risk of disconnection affects project financeability and viability.**

   Development of large projects in phases allows developers to more easily manage financing and construction, and PPAs may be more easily obtainable for smaller pieces of a large project than for the project as a whole. Revenues from earlier project phases can also support financial commitments for later phases.

   However, investors and lenders for earlier phases are very concerned that failure of the developer to build later phases, for any reason, would result in disconnection of earlier phases that are already operational. These concerns have introduced much uncertainty that has made financing and investment more difficult and costly to obtain.

2. **Stakeholders are asked to suggest potential ways to reduce risk for developers, short of blanket elimination of ISO termination rights.**

   Developers should be allowed to terminate later phases, or otherwise reduce project size, either unilaterally if they are willing to pay their original allocated share of transmission costs or through the annual GIDAP study process as described above and subject to "hold harmless" provisions.

   Those downsizing using the first option should be entitled to reimbursement for transmission to the extent that the facilities will be used for later-queued projects. Some guidance for this approach can be found in LGIA Article 11.4.1.4 (Failure to Achieve Commercial Operation), which states as follows:

   > If the Large Generating Facility fails to achieve Commercial Operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, the Participating TO shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades…

   CAISO could use the same methodology that it would apply to determine whether another project later "makes use" of transmission associated with a project that fails to achieve COD to assess whether another project later "makes use" of transmission associated with cancelled/downsized project capacity or phases.

3. **Please suggest what alternative, equitable non-termination remedies to GIA default might look like.**

   See response to #2 above.

4. **Please comment on the proposed modification to the safe harbor to "greater of 5% or 10 MW.**

This proposal seems sensible, since any impact of project downsizing on the grid or on other projects would probably be based on the number of MWs reduced and not the percentage reduction.

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

1. **Are there additional scenarios beyond the three scenarios described on page 29 of the issue paper?**

   Silver Ridge supports consideration of the third option listed in the paper – potential splitting of a project into multiple GIAs, and without "joint and several liability" provisions as long as all obligations to the CAISO and PTO are covered. While the CAISO included this option in the Issue Paper, it appeared to pull back in the June 11th conference call, leaving confusion about whether this option would be considered.

   In fact, this approach could be simpler than the current multiple-LLC structure and could also address the problems associated with cancellation of later project phases above (since an entire LGIA for a later project/phase could be canceled).

2. **What thresholds should be used in allowing projects to be broken into multiple phases?**

   Silver Ridge has no objection to a 20-50MW or smaller minimum phase size, given commercial considerations (e.g., RFO participation limits).

3. **Should there be a minimum total MW size threshold to be eligible to divide a project into phases? For example, would it make sense to allow a 5 MW project to be split into smaller phases?**

   Silver Ridge believes that projects smaller than 20 MW need not be phased.

4. **Should there be a maximum number of phases into which a project can be divided?**

   The proposed 20-50 MW minimum phase size would naturally limit the number of phases – no further restrictions are needed.

5. **Should there be a minimum MW size for each phase?**

   See response to #2 above.

6. **Should criteria be imposed that include both a minimum total MW threshold and a minimum phase size in MW or a percentage of the total project?**

   See responses above.

7. **When during the interconnection process should an IC be allowed to request to implement a phased structure for its project?**

   Silver Ridge does not see any reason to limit the timing for dividing a project into phases. Phased projects are studied as entire projects in interconnection studies, so a later division into phases would not require any re-studies. In fact, this is one of the changes recommended below for a modification that should be allowed outside the MMA process.

Topics 4-11: Silver Ridge has on opinions on these topics.

Topic 12 – Consistency of suspension definition between serial and cluster

Silver Ridge supports the CAISO proposal with the clarifications provided on the June 11th conference call – in particular, that the change would not apply to those with executed LGIAs or draft LGIAs in advanced stages of negotiation.

Topics 13-14: Silver Ridge has on opinions on these topics.

Topic 15 – Inverter/transformer changes

1. **The ISO believes that it should be more transparent with respect to its material modification review including which modifications are allowed without a review. What modifications do stakeholders believe should be made without a material modification review?**

   As noted above, Silver Ridge believes that changes in project phasing (dividing into phases, adding phases, splitting projects into multiple projects/GIAs, or combining projects) should be allowed without an MMA study, assuming that no applicable CODs are moved forward and that the IC continues to bear its share of allocated transmission costs. Project downsizing where the IC agrees to pay its original share of allocated transmission costs likewise should be allowed without an MMA study.

   Minor changes to inverters and transformers (e.g., vendor changes), and perhaps other equipment, should be allowed without an MMA study, if the electrical properties assumed in the interconnection studies are generally the same – i.e., if the new equipment is the same size and has the same rating and connection configuration as the prior equipment.

2. **If a formal material modification review is not made, what type of notification process would stakeholders envision should be implemented so that the ISO and PTO are aware of the changes?**

   This does not seem to be a difficult problem to address. Silver Ridge has no specific suggestions at this time.