

Guide to ISO Revisions to Draft GIP Phase 2 Tariff Amendment Language

(Changes to Sept 30 Draft in response to written comments and Oct 12 and 13, 2011 stakeholder conference calls)

Ref #	Stakeholder	Tariff Section – Comment	ISO Response on Oct. 12 & Oct. 13 Calls
		GIP (Appendix Y)	
1.	LSA (made on a call)	GIP Section 2.4.3 – The phrase “for purposes of Interconnection Financial Security” should be added to the third paragraph of the section between “Interconnection Studies” and “will be set forth”	The first requested correction is unnecessary. The ISO has included the second change.
2.	SDG&E	GIP Section 2.4.3 – Comments that the third paragraph should read “ All cost estimates for Interconnection Facilities and Network Upgrades contained in Interconnection Studies will be set forth in present dollar costs as well as time-adjusted dollar costs, adjusted to the estimated year of construction of the components being constructed”	The phrase “adjusted to the estimated year of construction of the components being constructed” has been included in the last paragraph.
3.	LSA	GIP Section 3.6 – Add phrase “within the defined timeframe”	To address the concern, the ISO has added the phrase (such posted information to be placed on the CAISO Website behind secured portals as necessary to protect any Critical Energy Infrastructure Information

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Note: While this Nov 1 version of tariff language represents the ISO’s near-final draft, that the ISO reserves the right to make changes to this Nov 1 version prior to filing at FERC.

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			contained therein) after the words “under CAISO Tariff Section 24.2.5.2” in the existing sentence.
4.	LSA	GIP Section 4.2.1 – Modify phrase in first bullet point under “Technical criteria” to read “added to the Generating Facility”	The ISO has changed the language to say “the total nameplate capacity of the existing Generating Facility plus the increase increment capacity....”
5.	LSA	GIP Section 4.2.1 – Comments and proposed edits regarding bullet points under “Technical criteria”	<p>The ISO agrees with comment during the stakeholder calls that the (third) bullet relating to separate breakers/expansion breakers should be stricken. The ISO has removed the bullet.</p> <p>The CAISO has also modified the final technical criteria bullet to state that “The processing of an Interconnection Request for behind-the-meter expansion under the GIP Independent Study Process shall not result in any increase in the rated Generating Facility electrical output (MW capacity) beyond the rating which pre-existed the Interconnection Request. Further, the processed Interconnection Request shall not operate as a basis under the CAISO tariff to increase the Net Qualifying Capacity of the Generating Facility beyond the rating which pre-existed the Interconnection Request.” The last sentence of the bullet has been stricken, as</p>

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			the statement that the IC’s avenue for increasing deliverability is to use the Section 8.3 annual deliverability process is really an advisory statement that is better suited for the FERC transmittal letter.
6.	LSA, SCE	GIP Section 4.2.1 – Add phrase “Partial Deliverability” to first bullet point under “Business criteria”	The ISO has included the edit.
7.	LSA	GIP Section 4.2.1 – Question in third bullet point under “Business criteria” whether this bullet means the same thing as the last bullet in the technical session.	<p>The ISO response is that the bulleted section means that the IC can request switch its behind the meter ISP to a regular ISP under which the proposed modification is studied under an interconnection study for purposes of adding an increase increment to the rated MW generating facility output and get the increase increment incorporated into the GIA.</p> <p>The ISO has also restated the points in the final bullet of the business criteria as follows: “The Interconnection Customer may at any time request that the CAISO convert the Interconnection Request for behind the meter expansion to an Independent Study Process Interconnection Request to evaluate a increase increment of electrical output (MW generating capacity) for the existing Generating Facility. The Interconnection Customer must accompany</p>

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			such a conversion request with an appropriate Interconnection Study Deposit and agree to comply with other sections of Section 4 applicable to an Independent Study Process Interconnection Request.”
8.	SDG&E	GIP Section 4.2.1 – The provisions under the heading “Technical criteria” are mostly or completely inapplicable with regard to solar generators	First, the ISO has clarified what are the two sets of requirements by creating subsections (4.2.1.1 and 4.2.1.2) for each requirement set. Second, the ISO has modified the language in section 4.2.1.2 to make the clarification that SDG&E has made that the second set of requirements (now Section 4.2.1.2) only applies to solar PV and wind technologies. The ISO has made this change because it concurs with SDG&E that the technical criteria can only be applied to solar PV or wind technologies.
9.	SDG&E	GIP Section 4.2.1 – Comments that the language is confusing because of initial wording and the use of the terms “first” and “second” set of requirements	The ISO has addressed this comment by making changes to the initial sentence and restructuring to two sets of requirements as subsections.
10	Generator stakeholder comment from conference call	GIP Section 4.2.1 – The third bullet point under the heading “Technical criteria” should either be deleted in its entirety or the language highlighted by the ISO in its posting should be deleted	In the conference call discussion of the bulleted item, various stakeholders suggested that it would be better to delete the bullet entirely. The ISO has done so.
11	Stakeholder comment on conference call	GIP Section 4.2.1 – In the stakeholder discussion on the third bullet around the	See comment above—the ISO has deleted the bullet entirely.

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		meaning of the term “GIAC,” one stakeholder offered the interpretation that GIAC means “GIA capacity,” <i>i.e.</i> , the capacity that existed before expansion occurred.	
12	LSA	GIP Section 4.6 – Add phrase that begins “if it is a new . . .”	The ISO has added parenthetical references to account for an IR which covers an increase in capacity of an existing unit which makes the clarification that LSA seeks.
13	LSA	GIP Section 4.6 – Add phrase that begins “Projects that meet . . .”	The ISO believes that this point is more than a clarification and so the ISO declines to make the change. The point of an ISP “behind the meter expansion” is to restore lost deliverability. The comment seeks to introduce into the GIP the resource adequacy consequences of such an ISP processing—whereas resource adequacy consequences are a matter outside of the scope of the GIP. The existing section refers to details in the facility attainment of full capacity deliverability status when the purpose of the IR is to cause full capacity deliverability status (or greater partial deliverability status).
14	CAC-EPUC	GIP Section 5.1 – Modify the cross-reference in the second paragraph to read “CAISO Tariff Section 25.1(d) or -(e) ” [<i>meaning a reference to Section 25.1(e) should be added</i>]	The ISO agrees and has made this change.

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15	LSA	GIP Section 6.5.2.2 – LGA expressed confusion over language referring to customer election of build network upgrades and inclusion in financial security postings and requested certain clarifying statements included that the upgrades were not required for full capacity deliverability and will not be included in postings or cost responsibility.	The ISO has made modifications to the section that address LSA’s points. The ISO has also removed the last sentence of the Sept 30 posted language relating to desire to build identified network upgrades in this section.
16	LSA	GIP Section 6.7 – LSA edits relate to the discussion of the off peak deliverability transmission upgrades.	The ISO has removed the last sentence of the Sept 30 posted iteration of Section 6.7 that referred to IC election to construct network upgrades. The text inadvertently introduced the possibility of IC election to have the PTO build the off peak delivery upgrades under the GIP.
17	SCE	GIP Section 6.7 – edits relate to the discussion of the off peak deliverability transmission upgrades.	See ISO response above.
18	LSA	GIP Section 6.8 – LSA has requested additional opportunity to provide comment later than three business days before the Results Meeting.	The ISO has relocated the pre-results meeting comment provision to 6.9, as this section addresses the Phase 1 Results Meeting and post meeting comments. The ISO has modified the language to provide the customer an opportunity to provide comments later than three days, but notes that such comments will be considered as informal inquiries. This allows the customer to raise the issues and then formalize them

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			in written comment within the 3 business days after the Results meeting window.
19	SDG&E	GIP Section 6.9 SDG&E has suggested that the ISO add a new requirement stating that The CAISO shall provide to parties at the Phase I Results Meetings a summary of the Interconnection Customer’s financial security amounts due, the appropriate due date for the posting of the security, the details of calculations of the amounts due, and (if applicable) cost allocations between PTOs for network upgrades	The ISO has not made this change at this time and is of the opinion that it should be considered for GIP 3. The ISO communicates with the PTOs and cross-shares information to arrive at the numbers, which takes some time. SDG&E typically has a few number of ISO-grid interconnection requests than the other two PTOs in a given cycle. So the ISO infers from the recommendation that SDG&E that it can calculate such numbers for and cross-verify accuracy with the ISO before the results meetings. But this may not be true with respect to the work for the requests in the SCE and PG&E service territory portions of the ISO grid. The ISO requests SDG&E to re-raise the matter as a GIP Phase 3 item. In the meantime, the ISO will make inquiries with to the PTOs to see if the practice is feasible to incorporate into upcoming results meetings.
20	LSA	GIP Section 6.9.3 – LSA comments that a customer should have the right to revisit changes described in 6.9.3 at a later time if a revised report is issued.	The ISO has not made this change. The request adds a new design point and so the potential impact on the PTO and ISO work load was vetted in the stakeholder process. LSA should raise the request in GIP Phase3, where there will be a chance for

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			such evaluation and stakeholder input.
21	LSA	GIP Section 6.9.4 – Under the existing GIP, the ISO and PTO evaluates (without a restudy) the potential impact on initial posting amounts for a customer if the customer elects to downsize the facility from the generating capacity size studied in Phase 1 LSA suggests that it could be helpful if the CAISO could provide this information prior to the customer making any downsizing decisions.	The request adds an additional design element to the proposal—that the ISO provide preliminary determinations that are accurate enough for the customer to base its decision on. This reverses the current approach, where the ISO’s action would be based on the customer’s finalized decision based in writing. Altering the process as LSA suggests could require the ISO to provide firm estimates before it does the evaluation work, or do it twice—once before the customer makes any decision to downsize and once again after the customer intakes the information and possibly alters its request. This has workload and timing implications on the process, subjects which were not evaluated in the Phase 2 stakeholder effort. The ISO has not incorporated the design point suggested here. The ISO suggests that LSA raise the matter again when stakeholders and the ISO turn to scoping of GIP Phase 3.
22	LSA	GIP Section 6.10.1 – LSA has commented that the idea of substantial error should apply also to the Independent Study Process and the Fast Track.	The ISO has modified Section 6.10 to apply to Independent Study Process Reports as well as cluster study reports. The ISO has also made a modification to 9.2.2 to allow the customer an additional posting time of the later of 90 days of the original report or

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			<p>30 days from the revised final report. The ISO has also made a modification to Section 9.3.1 to allow the customer an additional posting time of the later of 120 days from the original report or 30 days from the revised report.</p> <p>The ISO is not convinced that the substantial error concept applies to any Fast Track study report, as any written report is expected to evolve less study work than the other types of reports. If LSA and other stakeholders have further input on that subject, it is appropriate for GIP Phase 3.</p>
23	Clean Coalition	GIP Section 6.10.1 – Suggests that different, smaller dollar figures be used as part of the dollar number thresholds for substantial error as applied to small generators.	This comment requests a change in the result that is the outcome of the GIP Phase 2 process. As the threshold was specifically discussed and modified from original proposal to final design element in Phase 2 process, the ISO does not believe it is appropriate to reopen the design point now.
24	SCE	GIP Section 6.10.2 –SCE requests that “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	The GIP Phase 2 does provide that late-issued revised extend the date for financial postings (see GIP Phase 2 tariff amendment language for Sections 9.2 and 9.3). Possible extension for issuance of the initial interconnection agreement was not specifically discussed in stakeholder meetings, and so the impact of delay and

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		based on the issuance date of the final revised report.”	the interrelationship of pushing out this date with other GIP activities going on at this time was not evaluated. The GIP Phase 2 proposal does extend out the time for negotiating the GIA. The ISO is not willing at this point to embed the extension idea into the tariff at this time until further discussion and evaluation is done. The ISO suggests that SCE’s suggestion is an appropriate GIP Phase 3 topic.
25	LSA	GIP Section 6.10.3 – LSA suggested adding the phrase “though the required Interconnection Financial Security amounts may be adjusted” To reflect that non substantial errors may prompt adjustment of posting amounts.	The ISO has modified Section 6.10.2 (instead of 6.10.3). to address LSA’s point. This section addresses non substantial errors and study addenda. The ISO has added the words “although the error or omission may result in an adjustment of the corresponding Interconnection Financial Security” to the end of the first sentence
26	Various commentators on telephone conference call.	GIP Section 7.1 – Various parties suggested clarification of certain text in this section and suggested that the method for allocating partial deliverability (item (iii) be removed from the tariff and placed in the GIP BPM)	The ISO has removed the detailed provisions of the operational partial and interim Deliverability Assessment from the GIP Phase 2 tariff amendment language and has stated that the methodology for performing the assessment will be published on the ISO website or within a Business Practice Manual. The ISO has retained some details of the former subsection (ii) but modified it to state “The operational Deliverability Assessment will be performed

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			for each applicable queue cluster study group for each applicable study year through the prior year before all of the required Delivery Network Upgrades are in-service. The CAISO will consider operational Deliverability Assessment results stated for the first year in the pertinent annual Net Qualifying Capacity process that the CAISO performs for the next Resource Adequacy Compliance Year. The study results for any other years studied in operational Deliverability Assessment will be advisory and provided to the Interconnection Customer for its use only and for informational purposes only”
27	LSA	GIP Section 7.1 – Comment that the detail in the section should be in the BPM	See note above. The ISO has removed the detail, to be included in the BPM or a separate ISO website posting.
28	SDG&E	GIP Section 7.1 Please clarify what the new sentence “Beginning with Queue Cluster 5, the Phase II Interconnection Study will incorporate eligible Interconnection Requests from the previous Phase I Interconnection Study” means. - Does this imply that beginning with Cluster 5 (and applicable to all the subsequent Clusters), the Phase II studies will incorporate results for IRs from the Phase I studies from previous Clusters	No. All the sentence does is memorialize the fact that, beginning with Cluster 5, the ISO no longer does a combined Phase II interconnection study report for two prior clusters. As parties will recall, the original GIPR scheme called for Clusters 1 and 2 to have a combined Phase II study and also for Clusters 3 and 4 to have a combined cluster study. In the 2010 GIP tariff amendment (GIP Phase 1), the ISO left the approach for clusters that were already underway and

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		(Clusters 1 – 4 for Cluster 5 Phase II)?	structured GIP to begin the new approach with Cluster 5.
29	LSA	GIP Sections 7.1(i) & 7.1(ii) – LSA included some suggested edits and parsed out questions about how the methodology worked for various scenarios.	The tariff writing implications of this comment is no longer addressed, since the detail points will be addressed in BPM or webpage. LSA can ask clarifying questions in connection with that later process to develop the detail points.
30	PG&E	<p>GIP Section 7.1(ii) – PG&E requests clarification in the following sentence: "Generating Facilities obtaining Full Capacity Deliverability Status under the annual full capacity deliverability option will be placed after the cluster that completes its Phase II Interconnection Study immediately before the annual full capacity deliverability assessment." Which "annual full capacity study" is this sentence referring to if not the current cluster under study? Aside from the cluster studies, there is no other annual full capacity study.</p> <p>GIP Section 7.1 (iii) -- PG&E requests clarification on the definition of "lowest transfer distribution factor." This references Section 6.5.2, which describes the deliverability assessments. However,</p>	<p>The tariff writing implications of this comment is no longer addressed, since the detail points will be addressed in BPM or webpage.</p> <p>In answer to the question, however, the sentence was referring to the annual process under Section 8.3 when referring to the “annual process.” The substantive point came from the GIP 2 final revised proposal.</p> <p>PG&E can re-ask its question about the transfer distribution factor in the later process to develop the detail points.</p>

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		there is no mention of this term in that section	
31	LSA	GIP Section 7.1(iii) – questions regarding the method for allocating deliverable partial capacity.	These questions can be re-asked and addressed in the later effort.
32	LSA	GIP Section 7.4 – requests additional language to confirm that financial security postings do not extend to off peak transmission upgrades	The ISO has addressed the point with additional language in 7.4 and in Section 6.5.2.2, (the off peak deliverability assessment tariff section)
33	SCE	GIP Section 7.4 – requests additional language to confirm that off peak transmission upgrades are not covered by cost cap or postings	See comment above.
34	LSA	GIP Section 7.5 – LSA has made suggested similar to Section 6.8 which relate to the Phase I results meeting.	The ISO has relocated the provision for pre-meeting comments and response to comments to Section 7.7 for the same reasons that the ISO relocated the comment provisions for the Phase I results meeting to Section 6.9. The ISO has modified the language to true it up to the ISO’s revisions for Section 6.9 The modified provision to provides the customer an opportunity to provide comments later than three days, but notes that such comments will be considered as informal inquiries. This allows the customer to raise the issues and then formalize them in written comment within the 3 business days after the Results

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			meeting window.
35	LSA	GIP Section 7.7 – LSA suggested modifications to the post-meeting comment process. t	See ISO response above.
36	LSA	GIP Section 8.4 – LSA requests to strike the works “for the purpose of supplying Resource Adequacy capacity to a Load Serving Entity” as not needed.	The ISO has made the requested deletion..
37	PG&E	GIP Section 8.4 –PG&E notes that the language does not address how to handle those projects that have already completed their interconnection studies, but where the CAISO was not involved in conducting the study	PG&E is correct. The situation PG&E describes (retrospective application to existing facilities) was not the subject of the GIP Phase 2 process. And the CAISO has not changed the provision to cover retrospective application for that reason.
38	LSA	GIP Section 9.2.2 – As an extension of its comment on Section 6.10 (substantial error) LSA comments that reference to adjusted posting dates due to substantial error should be referenced in this section and that the idea of substantial error should apply also to the Independent Study Process and the Fast Track.	The ISO concurs and has made modifications to 9.2.2 to allow the customer an additional posting time of the later of 90 days of the original report or 30 days from the revised final report. The ISO has also made a modification to Section 9.3.1 to allow the customer an additional posting time of the later of 120 days from the original report or 30 days from the revised report.
39	SCE	GIP Section 9.3.2 –suggested language edits.	The ISO has incorporated the points raised by SCE.
40	SunPower	GIP Section 9.3.2 – Sunpower requests deletion of the phrase “milestone dates for posting”, preferring to delete the word	The ISO has made a revision to address the point by changing the language to state “into discrete smaller Interconnection Financial

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		<p>“date”, commenting that “some network upgrades may have uncertain construction start dates due to uncertainty of the PTO to obtain necessary permits or CPUC approval. The milestones set to allow phase postings of Third IFS should be flexible enough to respond to milestones that are “permit” driven rather than driven by hard dates.”</p>	<p>Security deposit amounts and may establish discrete <i>milestones (however, outside dates must be included) dates</i> 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 ISO believes that financial posting deadlines should not be left open-ended in the GIA, based solely upon a condition external to the GIA. The LGIA must provide for some resolution (amendment, LGIA termination, or some other path for resolution).</p>
41	LSA	GIP Section 9.3.3 – Suggested deletion of the word “unequivocally” in first paragraph of section	The ISO does not agree with this edit; “unequivocally” comes from FERC order on waiver.
42	LSA	LSA suggests various changes to the terms of Section 9.3.3 to change the time frames for various steps in the outlined process.	The suggested changes revisit the proposal design terms—these terms have been expressly included in iterations of the written proposal documents since the May 27, 2011 Draft Final Proposal. The ISO does not believe it is appropriate to entertain a change in design parameters at this late date, as doing so would cause the proposal to differ from the proposal terms which the Aug 25 ISO Board resolution authorized ISO management to file with FERC.

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		Note: The ISO has transferred pertinent provisions of Section 9.3.3 into the LGIA as Article 11.5.2.3	See Note below re changes to Appendix CC and new Article 11.5.2.3 within near final posted tariff text.
43	LSA	GIP Section 11.2 – LSA suggests to add a provision expressly stating that the negotiation period will be extended day for day for any delay in issuance of the initial draft of the GIA.	The suggested edit introduces a new item in the design proposal which was not discussed in the stakeholder process. At the LGIA stage of the interconnection process, several different work efforts are happening within the PTO and ISO which involves hand off of the interconnection processing to contract negotiators and attorneys. Impact of the suggested delay on internal processes has not been evaluated. For this reason, the ISO declines to introduce the new item at this late date. The ISO suggests that the issue be addressed in GIP Phase 3. The ISO also notes that the current GIP allows parties the opportunity to agree to extend the LGIA negotiation period if necessary. In addition, the GIP 2 proposal already extends the overall LGIA negotiation/execution period for an additional 30 days.
44	LSA	GIP Section 12.3.1 – LSA states that the reference to capital costs should be changed to “costs”.	The ISO agrees and has made the edit. The ISO has also rewritten the new paragraph so that the paragraph in this Section and parallel paragraph 12.3.2 mirror each other. The rewritten paragraph states: “To the extent that this Section operates to impose

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			upon the applicable Participating TO(s) cost responsibility for financing or construct Network Upgrades (which cost responsibility was previously assigned to Interconnection Customer(s) under GIP Section 7.3 and 7.4) in excess of what is covered by the Interconnection Financial Security posted by such Interconnection Customers, the Participating TO(s) shall be presumed to be eligible, subject to prudence and any other applicable review by FERC, to include such costs in its TRR(s).”
45	LSA	GIP Section 12.3.2.2 LSA has suggested various changes on various points, including 1) limiting the timing of the offset right to the time of dispute resolution; and 2) repeating its opposition to the proposal’s repayment element stating that the Network Upgrades for which repayment commences must be placed in service.	The ISO has made changes to address several of LSA’s points. The ISO has not made changes to items 1) and 2), for these reasons 1) The repayment provisions are contained in the LGIA as well as the GIP. Because Article 27.1 already states that “in the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA,” and offset is such a right in law, the ISO is unclear what the additional effect the proposed offset would have—in other words, the GIP

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			<p>provision would not add anything. Logically, therefore, the provision only adds to the GIP if the right of offset can be exercised at the same time as the payments are being made.</p> <p>2) The ISO's reasoning behind the provision that the Network Upgrades must be in service was mentioned at the Aug 25 Board meeting. The stream of payments that repays the customer comes from the Transmission Access Charge (TAC). The PTOs have informed the ISO that the PTOs place the Network Upgrades into their Transmission Revenue Requirements for recovery through TAC only after the Network Upgrades are in service. So the ISO is of the opinion that the GIP Phase 2 provision does not impose any new requirement, but only makes clear what was a "behind the scenes" prerequisite for recovery in TAC. In the renewable development paradigm, where generation facility construction can be modular, the ISO believes it is necessary to make the previously implicit requirement express in the tariff.</p>

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46	SunPower	GIP Appendix 1 – SunPower has asked certain clarifying questions regarding Appendix 1 to the Interconnection Request	<p>While the ISO does not propose changes to the Appendix, the ISO provides the following information in answer to the questions.</p> <p>1) Re : “Number of inverters to be interconnected pursuant to this Interconnection Request: _____ “ , SunPower asks whether this should be deleted as redundant with item 2E, above.</p> <p>The ISO response is that, while item 2E applies to <i>any type</i> of generator, this item only applies to <i>inverter based</i> generators.</p> <p>2) Re “Max design fault contribution current”, SunPower asks whether this intended to replace Section 8, above, for Inverter-Based machines?</p> <p>ISO’s response is that, for inverter based generators, this item substitutes for Section 8.</p> <p>3) Re: Harmonics Characteristics, Sunpower suggests a change to “something like 1Compliance with IEEE 519 Harmonics Requirements (Y/N)’ or asks that more detail be provided about what information is being asked for</p>

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			<p>regarding Harmonics Characteristics if harmonics studies are actually going to be performed.</p> <p>The ISO’s response is that the information is This is usually provided by the manufacturer as percentage of the rated power with the order of the harmonics, e.g. <3% THD at rated power. Alternatively, the customer can answer “compliant with IEEE 519”.</p> <p>4) Re Start-up requirements, SunPower states that it is unclear as to what is being asked for, and asks if the ISO is asking for kW, kVAR during startup SunPower further asks if the information requested is just for the inverter or for the plant (including transformers), and asks further, whether the information sought refers to black start or startup during morning.</p> <p>The ISO response that the ISO is seeking any known requirements for cold start, which could be the KVar during startup for the entire plant.</p>

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		LGIA (Appendix CC)	
		Note: The ISO has transferred pertinent provisions of the new GIP Section 9.3.3 (Offset for PTO Up Front Funding) into the LGIA as Article 11.5.2.3	See Article 11.5.2.3 in near final tariff text posting.
47	LSA	<p>LGIA Article 5.16 – Suggested edits</p> <p>Proposes to delete the three-pronged definition of “common to multiple Generating Facilities” included in the ISO’s draft language and replace it with the following sentence:</p> <p>“The Interconnection Customer’s right of suspension under this section shall not apply to the extent that exercise of that right would delay the Commercial Operation Date or otherwise adversely impact any other Generating Facility in the CAISO interconnection queue at the time of the suspension.”</p>	<p>The request re-introduces an LGA suggestion made in the stakeholder process that was not incorporated into the proposal. The ISO declines to make the requested change. In the stakeholder process LSA offered changes indicating that it wanted the “forward look” into the interconnection queue cluster –which is for purposes of identifying Network upgrades common to “multiple generating facilities”—to extend only into the next cluster after the interconnection customer’s cluster. This limiting horizon was not the one chosen in the stakeholder process or approved by the Board. Under the finalized proposal the LGIA provision provides that the “forward look” will be extend to all interconnection requests which existed at the time of the customer’s Phase II study and are still active—still modeled in the base case—at the time the suspending customer seeks suspension. The ISO does not believe that this does more than clarify what current practice is. It appears that the</p>

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			<p>new language which LSA proposes (offered after the close of the stakeholder process and Board approval of the proposal) has implications on ISO and PTO workload and would not provide any party guidance, in advance of actual suspension, what impact the suspension rights would have—the ISO would need to do a factual evaluation in each case and only after that evaluation was completed would one know how long the suspension could run. The ISO believes that the impact of LSA’s proposed change has not been sufficiently vetted and comes too late, procedurally.</p>
48	LSA	<p>LGIA Article 5.19.4 – LSA requests change to have the decision to permit 5% downsizing be made by the ISO instead of jointly by PTO and ISO.</p>	<p>The ISO has changed the section to state that the decision re downsizing will be made by the ISO in consultation with the PTO.</p> <p>The ISO has made LSAs change lowering the standard of customer effort from “diligent” to “reasonable.” To the extent that there is any change in legal effect, LSA’s change departs from the proposal as approved by the Board.</p>
49	SunPower	<p>LGIA Article 5.19.4 – Requests that the language referencing the benchmark for the 5% change be changed from the</p>	<p>The ISO declines to make the change. SunPower correctly points out that there could have been an accepted change in MW</p>

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		<p>Appendix B form the customer submits before the commencement of Phase 2 studies to the size in the LGIA--Sunpower states that “there may have been an accepted nonmaterial modification before the signing of the GIA.</p> <p>SunPower notes that it “reserves the right to challenge this policy that modifications in excess of 5% would be evaluated by measure other than whether the change is a Material Modification.</p>	<p>size after the commencement of Phase II and such reduced size is incorporated into the LGIA. The ISO design proposal chose the Appendix B form precisely to avoid the result that the reduction “safe harbor” is more than 5% from the commencement of the Phase II study. SunPower’s added provision would open the possibility for a safe harbor reduction to exceed the threshold of 5% of the MW size chose by the customer after receiving the Phase I study results.</p> <p>This issue is related to the prior point: The ISO has explained in the proposal and stakeholder process that permitting downsizing in an environment where the ratepayer ultimately repays the customer for network upgrades means that</p> <ul style="list-style-type: none"> • the customer downsizing may transfer to the ratepayer some risk of building network upgrades too soon, or of building larger upgrades will ever be needed, and • it is not appropriate to allow a circumstance where a customer may oversize its project in the early process to speculate on being able to obtain a buyer for output and, if that

Ref #	Stakeholder	Tariff Section – Comment	ISO Response on Oct. 12 & Oct. 13 Calls
			opportunity fails to arise, be indemnified by the ratepayer by transferring the ultimate cost of oversized transmission to the ratepayer.
50	SunPower	LGIA Section 5.19.4– Suggests amending the sentence in the third paragraph to add “Unless otherwise agreed to by Parties and reflected in the amended GIA” to the beginning of the sentence stating that a permitted reduction will not diminish an IC’s cost responsibility or right to repayment with respect to network upgrades to add the phrase at the beginning of this sentence: “	The ISO declines to make this change. By itself, the ISO is of the opinion that the phrase does not add anything, as parties may agree to modify a standard contract terms. Secondly, adding the provision now has a premature forcing effect upon policy issues to be considered in GIP Phase 3. The ISO does not desire to formulate policy provisions on this subject outside of a stakeholder process, in the context of an LGIA negotiation. And inclusion of the requested phrase suggests that the ISO policy position is up for negotiation through the LGIA process.
51	LSA	LGIA Article 11.4.1 – The LGIA article implements GIP Section 12.3.2 (repayment). LSA correlates here its comments and suggested edits that LSA made to changes to Section 12.3.2	See ISO response to GIP Section 12.3.2, above The ISO’s edits to this LGIA article correlate to those identical provisions (as edited) in 12.3.2
52	SCE	LGIA Article 11.4.1.2 – Suggests first line to be rewritten as Upon the Commercial Operation Date of each phase of a Phased Generating <i>Facility and corresponding Network Upgrade</i>	The ISO has added “and the in-service date of the corresponding Network Upgrades” into the first sentence of the LGIA Article. The language carries over the design point on repayment that applies to all projects—

Ref #	Stakeholder	Tariff Section – Comment	ISO Response on Oct. 12 & Oct. 13 Calls
		Suggested edit	the ISO has said repeatedly in the stakeholder process that the GIP Phase 2 repayment proposal treated a non phased project to be the same as a one-phased project. So the addition just carries the repayment provisions into the LGIA provision pertaining to single phased projects.
53	SCE	<p>LGIA Article 18, <i>et seq.</i></p> <p>-18.3.2--changing “general commercial liability to “commercial <i>general</i> liability” --- ISO has made this change</p> <p>--18.3.3 (auto) strike “Upon request of the Participating TO to restore obligation to pre-GIP Phase 2 obligation for customer to provide insurance in every case, not just when PTO specifically asks for additional insured status.</p> <p>18.3.5 change sentence to read “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</p>	<p>-18.3.2 The ISO has made this change.</p> <p>The ISO declines to make this change--changing the default setting transfers administrative work from the PTO to the customers, in the stakeholder process, customers stated that this change would reduce an administrative burden of automatically having to provide the additional insured status and no counterpoint argument was offered.</p> <p>18.3.5—The ISO is agreeable to this change as it comports with customer stakeholder input that insureds often find it difficult to get their insurers to agree to provide advanced written notice of changes in coverage or conditions.</p>

Ref #	Stakeholder	Tariff Section – Comment	ISO Response on Oct. 12 & Oct. 13 Calls
		<p>the Other Party Group prior to the anniversary date of cancellation or any material change in coverage or condition.”</p> <p>18.3.10 include a self-insurance option for parties to opt to self-insure for Employers’ Liability and Workers’ Compensation insurance as long as the party is a qualified self insurer in the state in which the point of interconnection is located.</p>	<p>18.3.10 The ISO will include a employers’ liability/workers’ compensation self-insurance option. Currently the LGIA does not provide an option for self insurance for employers’ liability and workers’ compensation insurance. The ISO is willing to add the option, which would be available to either the PTO or the interconnection customer.</p>
54	SunPower	<p>LGIA Article 18.3 – SunPower desires to add a alternative standard for insurance carriers by adding discretion “or as otherwise approved by the CAISO.”</p>	<p>The ISO declines to make the change. The suggested change was not vetted in the stakeholder process to identify the frequency or scope of such requests or to identify standards by which the ISO would “otherwise approve” the insurance. Moreover, it is possible that, since the Participating PTO is the primary party to benefit from the coverage, it might be necessary for the PTO to participate in the approval or be designated as the party to co-approve.</p>
55	SunPower	<p>LGIA Article 18.3.1 proposes to strike “which shall list the Participating TO as an</p>	<p>The ISO has made the deletion.</p>

Ref #	Stakeholder	Tariff Section – Comment	ISO Response on Oct. 12 & Oct. 13 Calls
		additional insured,” noting that additional parties cannot be added to workers’ comp insurance.	
56	SunPower	LGIA Section 18.3.5 –proposes to add to waiver of subrogation (except in any case of gross negligence or willful misconduct)	The ISO has not made the requested change. The GIP Phase 2 added language provides a meet and confer avenue for situations where the subrogation or advance written notice provisions cannot be obtained, which would address the issue. The ISO is not willing to include the requested qualifier unless parties can represent to the ISO that including this qualifier to the subrogation waiver is standard. During the stakeholder process, the only discussion on the point was that the subrogation or advance notice waivers may be hard to obtain at all, which is why the “meet and confer” provision was drafted and added.
		SGIA (Appendix T)	
57	SunPower	<p>SGIA Attachment 7 –SunPower raises various concerns regarding the incorporation of the asynchronous language from the LGIA into the SGIA.</p> <p>SGIA, Attachment 7 [these comments reflected in the attached file]</p> <p>1) There is no waiver for projects that may have procured significant</p>	<p>The ISO responses are as follows:</p> <p>1) This point is raised after stakeholder discussion on the point is closed and</p>

Ref #	Stakeholder	Tariff Section – Comment	ISO Response on Oct. 12 & Oct. 13 Calls
		<p>equipment prior to a specific date, unlike that which was proposed to FERC for the LGIA, in Section Ai or elsewhere. If a developer has procured UL-listed inverters, there may be commercial repercussions to that developer due to the modified language.</p> <p>2) Section A iii (Power Factor...) refers to the LGIA—Change to SGIA?</p> <p>3) Section A iii (SCADA..) and Section A iv (PSS...) should be Sections iv and v, respectively</p> <p>4) Section A iii (SCADA...) has added Automated Dispatch System (ADS) capability. SunPower questions why this was added as a default requirement for smaller projects</p> <p>5) Section A iii (SCADA...): SunPower requests that SCADA information requirements similar to that used regarding Power Factor, namely “If the Phase II Interconnection Study shows that such a requirement is necessary to ensure safety and reliability.” Given the potential cost implications of this requirement,</p>	<p>there is no further opportunity for discussion of the impact of the “commercial repercussions” versus the added requirement. Accordingly, the ISO declines to make the change.</p> <p>2) Sunpower is correct that the reference should be to SGIA and not LGIA. The ISO has made the change.</p> <p>3) Sunpower is correct that the small Roman numeral numbering was off. The ISO has corrected the numbering.</p> <p>4) The inclusion of Automated Dispatch System in the title was an error. The ISO has removed the reference.</p> <p>5) This point is raised after stakeholder discussion on the point is closed and there is no further opportunity for discussion of the requested change re SCADA information requirements and SunPower’s alternate proposal to used the same requirement as Power Factor. Accordingly, the ISO declines to make the change.</p>

Ref #	Stakeholder	Tariff Section – Comment	ISO Response on Oct. 12 & Oct. 13 Calls
		clear demonstration of the need for SCADA information should be provided by the CAISO and PTO.	
		CAISO Tariff Section 24	
58	SCE	<p>Tariff Section 24.4.6.5 – SCE asks to modify and add to the last sentence of the ISO proposed tariff text to state This presumption shall not apply in the cases of Network Upgrades which the applicable Participating TO <u>has</u> agreed to <u>voluntarily</u> up-front fund <u>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.</u></p>	<p>The ISO declines to make the suggested edits.</p> <p>SCE explained on the conference call that the modification was intended to cover circumstances where SCE has voluntarily elected to up front finance a customer’s Network Upgrades but then there is a breach of the LGIA/termination of the LGIA by the customer.</p> <p>The circumstance and requested language exceeds the scope of “abandoned plant treatment” which SCE proposed in the stakeholder process. Accordingly, the proposal as adopted by the ISO Board does not extend to this item. The ISO cannot agree to modify the proposal terms to provide for CAISO Tariff coverage of this PTO risk by ratepayers when the matter has not been approved by the Board.</p>
59	LSA	Tariff Section 25.1 – LSA is concerned	The ISO agrees with the concept behind the

Ref #	Stakeholder	Tariff Section – Comment	ISO Response on Oct. 12 & Oct. 13 Calls
		<p>about the Participating TO joining in the determination of whether the generating project qualifies for Section 25.1 treatment and requests to change part of the ISO proposed text as follows:</p> <p>The CAISO and/or the applicable Participating TO [only the CAISO should verify compliance with the CAISO tariff] shall be authorized to verify whether the requirements of Section 25.1(b), -(c), -(d), and -(e) apply to each existing Generating Unit, and the owner of the existing Generating Unit, or its designee, shall be responsible for any costs related to that verification process pursuant to the Business Practice Manual.</p> <p>t</p>	<p>suggested edit and has made the following change.</p> <p>“The CAISO and/or the applicable Participating TO shall be authorized to verify whether the requirements of Section 25.1(b), -(c), -(d), and -(e) apply to each existing Generating Unit, and the owner of the existing Generating Unit, or its designee, shall be responsible for any costs related to that verification process pursuant to the Business Practice Manual. The CAISO may engage the services of the applicable Participating TO in the ISO’s conducting such verification activities, in which case such costs shall be borne by the such party making the request under Section 25.1, and such costs shall be included in any CAISO invoice for verification activities.</p>
60	CAC/EPUC	<p>Tariff Section 25.1 – Comment that the transmittal letter should include a commitment/assurance that costs for “LGIA roll-over” under Section 25.1 should approximate the costs for evaluation of a Fast Track interconnection request. (not a proposed tariff change)</p>	<p>The ISO will consider CAC/EPUC’s suggestion that the transmittal letter for the GIP Phase 2 tariff amendment include language indicating that the aspiration of the ISO and the stakeholders is that costs for conversions of QFs to participating generators should be “similar to that imposed under the Fast Track Process” so that Combined Heat and Power generators are assured that costs will not be</p>

Ref #	Stakeholder	Tariff Section – Comment	ISO Response on Oct. 12 & Oct. 13 Calls
		<p>CAC-EPUC also suggests to change the verification process language so that the ISO verifies compliance with requirements “in consultation with the PTO” instead of jointly with the PTO.</p>	<p>unreasonably high. The ISO did note on the conference calls, however, that the ISO cannot absorb such costs to “keep the price comparable” and that the extent of costs will depend upon the amount of work required by the ISO (and possibly the Participating TO) to bring about the conversion. The ISO noted that it has experience in which the anticipated “administrative action” turned out to require substantial work because the generator-owner did not have documentation to verify it’s claimed performance/output nor any records of original interconnection study. The result was that the ISO was required to undertake substantial investigation efforts to assist the generator in verifying the characteristics of its own unit. In such cases, the ISO cannot promise that costs will be equivalent to a simple “administrative roll-over” and it is inappropriate for the generator to expect parties who pay the ISO’s GMC to absorb a cost that is attributable to the ownership and business activities of the generator.</p> <p>The ISO has made the revision noted in comments to LSA above to address CAC-</p>

Ref #	Stakeholder	Tariff Section – Comment	ISO Response on Oct. 12 & Oct. 13 Calls
			EPUC's concern



Blacklines
Generator Interconnection Procedures Phase 2 Draft Tariff Language
November 2, 2011

[CAISO Note to Stakeholders: Bracketed references such as [GIP Item #1] refer to the numbered GIP phase 2 changes on document "Table of GIP Phase 2 changes"]

CAISO Note to Stakeholders: Changes made since the last posting of the draft tariff language are highlighted in yellow

Appendix Y
For Interconnection Requests
Generator Interconnection Procedures (GIP)

* * *

Section 1 Objectives And Definitions

1.1 Objectives And Applicability

The objective of this GIP is to implement the requirements for both Small and Large Generating Facility interconnections to the CAISO Controlled Grid. This GIP applies to Interconnection Requests that are either: -(i) assigned to a Queue Cluster, (ii) included in the Independent Study Process, or (iii) included in the Fast Track Process, pursuant to the terms of this CAISO Tariff for the performance of its Interconnection Studies.

* * *

[GIP item #6] "Phased Generating Facility" shall mean a Generating Facility that is structured to be completed and to achieve Commercial Operation in two or more successive sequences that are specified in a GIA, such that each sequence comprises a portion of the total megawatt generation capacity of the entire Generating Facility.

* * *

2.4.3 The Interconnection Studies.

For Interconnection Requests in a Queue Cluster, the Interconnection Studies consist of a Phase I Interconnection Study and a Phase II Interconnection Study. For Interconnection Requests processed under the Independent Study Process, the Interconnection Studies consist of a System Impact Study and a Facilities Study. The Interconnection Studies will include, but not be limited to, short circuit/fault duty, steady state (thermal and voltage) and stability analyses. The Interconnection Studies will identify direct Interconnection Facilities and required Reliability Network Upgrades necessary to mitigate thermal overloads and voltage violations, and address short circuit, stability, and reliability issues associated with the requested Interconnection Service.

The Phase I and Phase II Interconnection Studies for Queue Cluster Generating Facilities will also identify Delivery Network Upgrades for all Generating Facilities, including those being processed under the Independent Study Process, to allow the full output of a Generating Facility selecting Full Capacity Deliverability Status, the elected output of a Generating Facility seeking Partial Deliverability Status [GIP item #15] and, as applicable, the maximum allowed output of the interconnecting Generating Facility without one or more Delivery Network Upgrades in accordance with the On-Peak Deliverability Assessment and ~~Off-Peak Deliverability Assessment~~ [GIP item #17] set forth in GIP Section 6.5.2.

All cost estimates for Interconnection Facilities and Network Upgrades contained in Interconnection Studies will be set forth in the Interconnection Study report in present dollar costs as well as time-adjusted dollar costs, adjusted to the estimated year of construction of the components being constructed.

* * *

3.5 Processing of Interconnection Requests

3.5.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, except as set forth in GIP Section 5, the Interconnection Customer must submit all of the following during a Cluster Application Window, or at any time during the year for proposed Generating Facilities applying for processing under the Independent Study Process:

- (i) An Interconnection Study Deposit equal to \$50,000 plus \$1,000 per MW of electrical output of the Generating Facility, up to a maximum of \$250,000. With respect to Interconnection Customers that have submitted Interconnection Requests: (1) if such customers, for whom the Phase I Interconnection Studies have not yet commenced, or are in the CAISO's third Queue Cluster, have posted an Interconnection Study Deposit that is less than the amount required by this section, such Interconnection Customers must post the difference between the amount posted and the amount required by this section within thirty (30) calendar days of a FERC order accepting this provision; (2) if such customers, for whom the Phase I Interconnection Studies have not yet commenced, or are in the CAISO's third Queue Cluster, have posted an Interconnection Study Deposit that is greater than the amount required by this section, such Interconnection Customers will receive a refund equal to the difference between the amount originally posted and the amount required under this section within thirty (30) calendar days of a FERC order accepting this provision.
- (ii) A completed application in the form of GIP Appendix 1, including requested deliverability status, requested study process (either Queue Cluster or Independent Study Process), preferred Point of Interconnection and voltage level, and all other required technical data.
- (iii) Demonstration of Site Exclusivity or, for Interconnection Requests in a Queue Cluster, a posting of a Site Exclusivity Deposit of \$100,000 for a Small Generating Facility or \$250,000 for a Large Generating Facility. The demonstration of Site Exclusivity, at a minimum, must be through the Commercial Operation Date of the new Generating Facility or increase in capacity of the existing Generating Facility.

* * *

3.6 Internet Posting

The CAISO will maintain on the CAISO Website a list of all Interconnection Requests. The list will identify, for each Interconnection Request: (i) the maximum summer and winter megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the most recent projected Commercial Operation Date; (v) the status of the Interconnection Request, including whether it is active or withdrawn; (vi) the availability of any studies related to the Interconnection Request; (vii) the date of the Interconnection Request; (viii) the type of Generating Facility to be constructed (e.g., combined cycle, combustion turbine, wind turbine, and fuel type); and (ix) requested deliverability status.

Except in the case of an Affiliate, the list will not disclose the identity of the Interconnection Customer until the Interconnection Customer executes a GIA or requests that the applicable Participating TO(s) and the CAISO file an unexecuted GIA with FERC. The CAISO shall post on the CAISO Website an advance notice whenever a Scoping Meeting will be held with an Affiliate of a Participating TO.

The CAISO shall post to the CAISO Website any deviations from the study timelines set forth herein. The CAISO shall further post to the secure CAISO Website portions of the Phase I Interconnection Study that do not contain customer-specific information following the final Results Meeting and portions of the Phase II Interconnection Study that do not contain customer-specific information no later than publication of the final Transmission Plan under CAISO Tariff Section 24.2.5.2 (such posted information to be placed on the secure CAISO Website to protect any Critical Energy Infrastructure Information contained therein). [GIP item #4] The CAISO shall post to the secure CAISO Website any

documents or other materials posted pursuant to this GIP or a Business Practice Manual that contain Critical Energy Infrastructure Information.

* * *

4.2.1 Flow Impact Test

[GIP item #7 (Proposal Item "Path 4")] An Interconnection Request shall have satisfied the requirements of this Section ~~the flow impact test~~ if it satisfies, alternatively, either the ~~one of two sets of alternative~~ requirements set forth in GIP Section 4.2.1.1 or the set of requirements set forth in GIP Section 4.2.1.2.

4.2.1.1 Requirement Set Number One General Independent Study Requests: ~~first set of requirements under this GIP Section 4.2.1:~~

~~The~~ CAISO, in coordination with the applicable Participating TO(s), will perform the flow impact test for ~~an each~~ Interconnection Request requesting to be processed under the Independent Study Process as follows:

- (i) Identify the transmission facility closest, in terms of electrical distance, to the proposed Point of Interconnection of the Generating Facility being tested that will be electrically impacted, either as a result of Network Upgrades identified or reasonably expected to be needed by Generating Facilities currently being studied in a Queue Cluster, or as a result of Network Upgrades identified or reasonably expected to be needed by earlier queued Generating Facilities currently being studied through the Independent Study Process. If the current Queue Cluster studies or earlier queued Independent Study Process studies have not yet determined which transmission facilities electrically impacted by the Generating Facility being tested require Network Upgrades, and the CAISO cannot reasonably anticipate whether such transmission facilities will require Network Upgrades from other data, then the CAISO will wait to conduct the independence analysis under this section until sufficient information exists in order to make this determination.
- (ii) The incremental power flow on the transmission facility identified in Section 4.2.1(i) that is caused by the Generating Facility being tested will be divided by the lesser of the Generating Facility's size or the transmission facility capacity. If the result is five percent (5%) or less, the Generating Facility shall pass the flow impact test. If the Generating Facility being tested is tested against the nearest transmission facility and that transmission facility has been impacted by a cluster that required an upgrade as a result of a contingency, then that contingency will be used when applying the flow impact test.
- (iii) If the Generating Facility being tested under the flow impact test is reasonably expected to impact transmission facilities that were identified, per Section 4.2.1 (i), when testing one or more earlier queued Generating Facilities currently being studied through the Independent Study Process, then an additional aggregate power flow test shall be performed on these earlier identified transmission facilities. The aggregate power flow test shall require that the aggregated power flow of the Generating Facility being tested, plus the flow of all earlier queued Generating Facilities currently being studied under the Independent Study Process that were tested against the transmission facilities

described in the previous sentence, must be five (5) percent or less of those transmission facilities' capacity.

However, even if the aggregate power flow on any transmission facility tested pursuant to this section (iii) is greater than five (5) percent of the transmission facility's capacity but the incremental power flow as a result of the Generating Facility being tested is one (1) percent or less than of the transmission facility's capacity, the Generating Facility shall pass the test.

If the Generating Facility being tested is tested against the nearest transmission facility and that transmission facility has been impacted by a cluster that required an upgrade as a result of a contingency, then that contingency will be used when applying the flow impact test.

The Generating Facility being tested must pass both this aggregate test as well as the individual flow test described in Section 4.2.1 (ii), in no particular order.

4.2.1.2 Requirement Set Number Two: ~~second set of requirements under this GIP Section 4.2.1 for~~ Requests for Independent Study of Behind-the-Meter Expansion for Solar PV and Wind Technologies

This GIP Section 4.2.1.2 applies to an Interconnection Request relating to a behind-the-meter expansion where the existing Generating Facility prime mover is wind technology or solar photovoltaic technology and the proposed behind-the-meter expansion technology is of the same type. Such an Interconnection Request submitted requesting to be processed under the Independent Study Process will satisfy the requirements of GIP Section 4.2.1 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:

(i) Technical criteria.

- The total nameplate capacity of the existing expanded Generating Facility plus the increase incremental increase in capacity 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 Generating Facility under a separate breaker (the expansion breaker) at all times. Alternatively, and with the consent of the CAISO and the Participating TO, the the Generating Facility operator may decide whether the generation modules that will be tied to the expansion breaker can be a mixture of GIAC facilities and the expansion facilities. The total capacity behind the expansion breaker remains less than or equal to the planned behind-the-meter capacity expansion figure. [CAISO NOTE TO STAKEHOLDERS: UNLESS FURTHER CLARIFICATION CAN BE PROVIDED, THE ISO PROPOSES TO STRIKE THE HIGHLIGHTED LANGUAGE TAKEN FROM THE GIP 2 PROPOSAL]

- 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 processing of an Interconnection Request for behind-the-meter expansion under the Independent Study Process shall not result in any increase in the rated Generating Facility electrical output (MW capacity) beyond the rating which pre-existed the Interconnection Request. Further, the processed Interconnection Request shall not operate as a basis under the CAISO Tariff to increase the Net Qualifying Capacity of the Generating Facility beyond the rating which pre-existed the Interconnection Request. The Interconnection Customer may submit a request pursuant to GIP Section 8.2 to FCapacity DS.

(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 convert the Interconnection Request for behind-the-meter expansion to an Independent Study Process Interconnection Request to evaluate an increase-incremental increase in-of electrical output (MW generating capacity) for the existing Generating Facility. The Interconnection Customer must accompany such a conversion request with an appropriate Interconnection Study Deposit and agree to comply with other sections of GIP Section 4 applicable to an Independent Study Process Interconnection Request. 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.

* * *

4.6 Deliverability Assessment

Interconnection Customers under the Independent Study Process that requests Partial or Full Capacity Deliverability Status will have a Deliverability Assessment performed as part of the next scheduled Phase I and Phase II Interconnection Studies for Queue Clusters. If the Deliverability Assessment identifies any Delivery Network Upgrades that are triggered by the Interconnection Request, the Interconnection Customer will be responsible to pay its proportionate share of the costs of those Upgrades, pursuant to Sections 6 and 7 of this GIP. If the Generating Facility (or increase in capacity of an existing Generating Facility) achieves its Commercial Operation Date before the Deliverability Assessment is completed and any necessary Delivery Network Upgrades

are in service, the proposed Generating Facility (or increase in capacity) will be treated as an Energy-Only Deliverability Status Generating Facility until such Delivery Network Upgrades are in service.

* * *

Section 5 Fast Track Process

5.1 Applicability and Initiation of Fast Track Process Request

Applicability to a proposed Generating Facility. An Interconnection Customer may request interconnection of a proposed Generating Facility to the CAISO Controlled Grid under the Fast Track Process if the Generating Facility is no larger than 5 MW and is requesting Energy-Only Deliverability Status and if the Interconnection Customer's proposed Generating Facility meets the codes, standards, and certification requirements of Appendices 9 and 10 of this GIP, or if the applicable Participating TO notifies the CAISO that it has reviewed the design for or tested the proposed Small Generating Facility and has determined that the proposed Generating Facility may interconnect consistent with Reliability Criteria and Good Utility Practice.

[GIP item #7 (Proposal heading "Path 3")] Applicability to an existing Generating Facility. If the Interconnection of an existing Generating Facility meets the qualifications for Interconnection under CAISO Tariff Section 25.1(d) or (e) but, at the same time, the Interconnection Customer also seeks to repower or reconfigure the existing Generating Facility in a manner that increases the gross generating capacity by not more than 5 MW, then the Interconnection Customer may request that the Fast Track Process be applied with respect to the repowering or reconfiguration of the existing Generating Facility that results in the ~~MW increase~~ incremental increase in MW.

Initiating the Fast Track Interconnection Request. To initiate an Interconnection Request under the Fast Track Process, the Interconnection Customer must provide the CAISO with:

- (i) a completed Interconnection Request as set forth in Appendix 1 to the GIP_;
- (ii) a non-refundable processing fee of \$500 and a study deposit of \$1,000; and
- (iii) a demonstration of Site Exclusivity. For the Fast Track Process, such demonstration may include documentation reasonably demonstrating a right to locate the Generating Facility on real estate or real property improvements owned, leased, or otherwise legally held by another.

The CAISO shall review and validate the Fast Track Process Interconnection Request pursuant to GIP Section 5.2.

All provisions of this GIP will apply unless superseded by provisions in this GIP Section 5.

* * *

6.4 Scope and Purpose of Phase I Interconnection Study

The Phase I Interconnection Study shall (i) evaluate the impact of all Interconnection Requests received during the two Cluster Application Windows for a particular year on the CAISO Controlled Grid, (ii) preliminarily identify all Network Upgrades needed to address the impacts on the CAISO Controlled Grid of the Interconnection Requests, (iii) preliminarily identify for each Interconnection Request required Interconnection Facilities, (iv) assess the Point of Interconnection selected by each Interconnection Customer and potential alternatives to evaluate potential efficiencies in overall transmission upgrades

costs, (v) establish the maximum cost responsibility for Network Upgrades assigned to each Interconnection Request in accordance with GIP Section 6.5, and (vi) provide a good faith estimate of the cost of Interconnection Facilities for each Interconnection Request.

-The Phase I Interconnection Study will consist of a short circuit analysis, a stability analysis to the extent the CAISO and applicable Participating TO(s) reasonably expect transient or voltage stability concerns, a power flow analysis, including off-peak analysis, and an On-Peak Deliverability Assessment and Off-Peak Deliverability Assessment (which will be for informational purposes only beginning with the Phase II Interconnection Study for Queue Clusters 3 and 4), as applicable, in accordance with GIP Section 6.5.2. The Phase I Interconnection Study will state for each Group Study or Interconnection Request studied individually (i) the assumptions upon which it is based, (ii) the results of the analyses, and (iii) the requirements or potential impediments to providing the requested Interconnection Service to all Interconnection Requests in a Group Study or to the Interconnection Request studied individually. The Phase I Interconnection Study will provide, without regard to the requested Commercial Operation Dates of the Interconnection Requests, a list of Network Upgrades to the CAISO Controlled Grid that are preliminarily identified as required as a result of the Interconnection Requests in a Group Study or as a result of any Interconnection Request studied individually and Participating TO's Interconnection Facilities associated with each Interconnection Request, and an estimate of any other financial impacts (i.e., on Local Furnishing Bonds).

* * *

6.5.2 Delivery Network Upgrades.

6.5.2.1 The On-Peak Deliverability Assessment. [GIP item #15]

The CAISO, in coordination with the applicable Participating TO(s), shall perform an On-Peak Deliverability Assessment for Interconnection Customers selecting Full Capacity or Partial Deliverability Status in their Interconnection Requests. The On-Peak Deliverability Assessment shall determine the Interconnection Customer's Generating Facility's ability to deliver its Energy to the CAISO Controlled Grid under peak load conditions, and identify preliminary Delivery Network Upgrades required to provide the Generating Facility with Full Capacity or Partial Deliverability Status. The preliminary Delivery Network Upgrades identified by the On-Peak Deliverability Assessment will be used to establish the maximum cost responsibility for Delivery Network Upgrades for each Interconnection Customer selecting Full Capacity or Partial Deliverability Status. Deliverability of a new Generating Facility will be assessed on the same basis as all other existing resources interconnected to the CAISO Controlled Grid.

The On-Peak Deliverability Assessment will identify the Network Upgrades that are required to enable the Generating Facility of each Interconnection Customer requesting Full Capacity or Partial Deliverability Status to meet the requirements for deliverability. Deliverability requires that the Generating Facility Capacity, or the portion of Generating Facility Capacity designated for Partial Deliverability, as set forth in the Interconnection Request, can be delivered to the aggregate of Load on the CAISO Controlled Grid, consistent with Reliability Criteria, under CAISO Controlled Grid peak load and Contingency conditions, and assuming the aggregate output of existing Generating Facilities with established Net Qualifying Capacity values and other Generating Facilities in the Interconnection Study Cycle seeking Full Capacity or Partial Deliverability Status identified within the On-Peak Deliverability Assessment based on the effect of Transmission Constraints.

The On-Peak Deliverability Assessment will further perform an analysis to estimate the MW of deliverable generation capacity for the individual or Group Study if the highest cost Delivery Network Upgrade component were removed from the preliminary Delivery Network Upgrade plan, or, at the CAISO's sole discretion, if any other identified Delivery Network Upgrade component(s) were removed from the preliminary Delivery Network Upgrade plan. This information is provided to allow Interconnection Customers to address at the Results Meeting potential modifications under GIP Section 6.9.2 or change the Interconnection Request's Full Capacity Deliverability Status for purposes of financing under GIP Section 12.3.1.

The methodology for the On-Peak Deliverability Assessment will be published on the CAISO Website or, when effective, included in a CAISO Business Practice Manual. The On-Peak Deliverability Assessment does not convey any right to deliver electricity to any specific customer or Delivery Point.

The cost of all Delivery Network Upgrades identified in the On-Peak Deliverability Assessment as part of a Phase I Interconnection Study shall be estimated in accordance with GIP Section 6.4. The estimated costs of Delivery Network Upgrades identified in the On-Peak Deliverability Assessment shall be assigned to all Interconnection Requests selecting Full Capacity or Partial Deliverability Status based on the flow impact of each such Generating Facility on the Delivery Network Upgrades as determined by the Generation distribution factor methodology set forth in the On-Peak Deliverability Assessment methodology.

6.5.2.2 Off-Peak Deliverability Assessment. [GIP item #15 and #17]

The CAISO, in coordination with the applicable Participating TO(s), shall perform an Off-Peak Deliverability Assessment ~~for to Interconnection Customers selecting Full Capacity Deliverability Status in their Interconnection Requests to determine identify Delivery Network Upgrades 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 Delivery Network Upgrades will be identified under this Section to ensure shall comprise those needed for that 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 is 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.~~

Beginning with the Phase II Interconnection Study for Queue Clusters 3 and 4, the ISO will perform the Off-Peak Deliverability Assessment performed under this Section 6.5.2.2 for Interconnection Customer informational purposes only, and any Delivery Network Upgrades identified in the assessment will be referred to as "off peak deliverability transmission upgrades," the description of such upgrades in any report will be conceptual in nature, and such transmission upgrades will not be included in a plan of service within the applicable Interconnection Study report.

At the CAISO's discretion, an additional Off-Peak Deliverability Assessment may be performed to estimate the MW of deliverable generation capacity from the LCRIG studied individually or from the Group Study if the highest cost, or any other, Delivery Network Upgrade component were removed from the preliminary Delivery Network Upgrade plan. This information is provided to allow Interconnection Customers to address at the Results Meeting potential modifications under GIP Section 6.9.2 or change the Interconnection Request's Full Capacity Deliverability Status for purposes of financing under GIP Section 12.3.1.

The cost of all transmission upgrades Delivery Network Upgrades identified in the Off-Peak Deliverability Assessment performed during the course of the as part of Phase I Interconnection Study shall be estimated in accordance with GIP Section 6.6. However, because these transmission upgrades shall be conceptual in nature only (as of the Phase II Interconnection Study for Clusters 3 and 4), then, beginning with that study, the transmission upgrades identified in this Section 6.5.2.2 shall be treated as follows:

- (i) these transmission upgrades will not be required for the proposed Generating Facility (or proposed increase in capacity) that is the subject to the Interconnection Request to achieve Full Capacity Deliverability Status;
- (ii) the estimated costs for these transmissionsuch upgrades. The estimated costs of Delivery Network Upgrades identified in the Off-Peak Deliverability Assessment shall not be assigned to any Interconnection Customer in an Interconnection Study report, such costs shall not be considered in determining the cost responsibility or maximum cost responsibility of the Interconnection Customer for Network Upgrades under this GIP or in determining the Interconnection Financial Security than an Interconnection Customer must post under Section 9;
- (iii) and the applicable Participating TO(s) shall not be responsible under this GIP for financing or constructing such transmission upgrades. each Interconnection Request included in the Group Study or studied individually based on the flow impact of each such LCRIG on the Delivery Network Upgrades as determined by the Generation distribution factor methodology set forth in the Off-Peak Deliverability Assessment methodology.

any they do, 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.

* * *

6.7 [GIP item #11] Effect of Phase I Study Cost Form Basis Of Financial Security 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, tThe costs 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. As set forth in Section 9.5 of this GIP, after issuance of the Phase II Interconnection Study, the Interconnection Customer's Interconnection Financial Security obligations and maximum cost responsibility for Network Upgrades will be based on the lesser of the cost estimates set forth in the Phase I and Phase II Interconnection Studies. [GIP item #11]. In contrast, the costs assigned to Interconnection Customers for Participating TO's Interconnection Facilities --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.~~

6.8 Phase I Interconnection Study Procedures

The CAISO shall coordinate the Phase I Interconnection Study with applicable Participating TO(s) pursuant to GIP Section 3.2 and any Affected System that is affected by the Interconnection Request pursuant to GIP Section 3.7. Existing studies shall be used to the extent practicable when conducting the Phase I Interconnection Study. The CAISO will coordinate Base Case development with the applicable Participating TOs to ensure the Base Cases are accurately developed. The CAISO shall use Reasonable Efforts to commence the Phase I Interconnection Study by June 1 of each year, and to complete and ~~publish~~ issue to Interconnection Customers the Phase I Interconnection Study report within one hundred thirty-four (134) days after the annual commencement of the Phase I Interconnection Study; however, each individual study or Group Studies may be completed prior to this maximum time where practicable based on factors, including, but not limited to, the number of Interconnection Requests in the two associated Cluster Application Windows, study complexity, and reasonable availability of subcontractors as provided under GIP Section 13.2. The CAISO will share applicable study results with the applicable Participating TO(s) for review and comment and will incorporate comments into the study report. The CAISO will issue a final Phase I Interconnection Study report to the Interconnection Customer. At the time of completion of the Phase I Interconnection Study, the CAISO may, at the Interconnection Customer's request, determine whether the provisions of GIP Section 7.6 apply.

At any time the CAISO determines that it will not meet the required time frame for completing the Phase I Interconnection Study due to the large number of Interconnection Requests in the two associated Cluster Application Windows, study complexity, or unavailability of subcontractors on a reasonable basis to perform the study in the required time frame, the CAISO shall notify the Interconnection Customers as to the schedule status of the Phase I Interconnection Study and provide an estimated completion date with an explanation of the reasons why additional time is required.

Upon request, the CAISO shall provide the Interconnection Customer all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Phase I Interconnection Study, subject to confidentiality arrangements consistent with GIP Section 13.1.

~~**[GIP items #2 and addendum #8]** The Interconnection Customer may provide comments on the final Phase I Interconnection Study report within ten (10) Business Days of receipt of the report, but in no less than three (3) Business Days before the Results Meeting the report, whichever is sooner. These comments will be addressed in the Phase I Interconnection Study Results Meeting.~~

~~**[CAISO NOTE: THIS PROVISION HAS BEEN RE-LOCATED TO SECTION 6.9]**~~

6.9 Phase I Interconnection Study Results Meeting

Within thirty (30) calendar days of ~~issuing~~ providing 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. **[GIP item #2]** 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.

[GIP items #2 and addendum #8] Should the Interconnection Customer provide written comments on the final Phase I Interconnection Study report within ten (10) Business Days of receipt of the report, but in no event less than three (3) Business Days before the Results Meeting conducted to discuss the report, whichever is sooner, the ISO will address the written comments in the Phase I Interconnection Study Results Meeting. Should the Interconnection Customer provide comments at any later time (up to the time of the Results Meeting), then such comments shall be considered informal inquiries to which the CAISO will provide informal, informational responses at the Results Meeting, to the extent possible.

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 (in consultation with the applicable Participating TO(s))~~ will determine, in accordance with Section 6.10 of this GIP, whether it is necessary to follow the final Phase I Interconnection Study report with a revised ~~revise study report 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, ~~t~~ The CAISO will issue any such ~~the~~ revised report or addendum to the Interconnection Customer no later than fifteen (15) Business Days following the Results Meeting.

* * *

6.9.2 Modifications.

6.9.2.1 At any time during the course of the Interconnection Studies, the Interconnection Customer, the applicable Participating TO(s), or the CAISO may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to the applicable Participating TO(s), the CAISO, and Interconnection Customer, such acceptance not to be unreasonably withheld, the CAISO shall modify the Point of Interconnection and/or configuration in accordance with such changes without altering the Interconnection Request's eligibility for participating in Interconnection Studies.

6.9.2.2 At the Phase I Interconnection Study Results Meeting, the Interconnection Customer should be prepared to discuss any desired modifications to the Interconnection Request. After the ~~publication~~ issuance of the final Phase I Interconnection Study, but no later than five (5) Business Days following the Phase I Interconnection Study Results Meeting, the Interconnection Customer shall submit to the CAISO, in writing, modifications to any information provided in the Interconnection Request. The CAISO will forward the Interconnection Customer's modification to the applicable Participating TO(s) within one (1) Business Day of receipt.

Modifications permitted under this Section 6.9.2 shall include specifically: (a) a decrease in the electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Generating Facility technology or the Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration.

For any modification other than these, the Interconnection Customer may first request that the CAISO evaluate whether such modification is a Material Modification. In response to the Interconnection Customer's request, the CAISO, in coordination with the affected Participating TO(s) and, if applicable, any Affected System Operator, shall evaluate the proposed modifications prior to making them and the CAISO shall inform the Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except for that specified by the CAISO in an Interconnection Study or otherwise allowed under this GIP Section 6.9.2, shall constitute a Material Modification. The Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

The Interconnection Customer shall remain eligible for the Phase II Interconnection Study if the modifications are in accordance with this GIP Section 6.9.2.

6.9.3 Confirmation of Deliverability Status [GIP item #15]

Within five (5) Business Days following the Phase I Interconnection Study Results Meeting, the Interconnection Customer shall submit to the CAISO the completed form of Appendix B (Data Form To Be Provided by the Interconnection Customer Prior to Commencement of the Phase II Interconnection Study) to the Generator Interconnection Study Process Agreement, and within such Appendix B, the Interconnection Customer shall either (i) confirm the desired deliverability status that the Interconnection Customer had previously designated in the completed form of Appendix A to the Generator Interconnection Study Process Agreement (Assumptions Used in Conducting the Phase I Interconnection Study) or (ii) change the status of desired deliverability as follows:

- (a) from Full Capacity Deliverability Status to Energy-Only Deliverability Status;
- (b) from Full Capacity Deliverability Status to Partial Deliverability Status with a specified Partial Deliverability level in MW;
- (c) from Partial Deliverability Status to Energy-Only Deliverability Status; or
- (d) reduce the level of Partial Deliverability Status in MW.

6.9.4 Determination of Impact of Modifications Decreasing Generating Capacity Output or Deliverability Status Reductions on Calculation of Initial Financial Security Posting [GIP item #15]

After receiving from the Interconnection Customer any modification elections involving decreases in electrical output (MW) of the Generating Facility and/or changes (i.e., reductions) in deliverability status as permitted in Section 6.9.3 above, the CAISO, in coordination with the applicable Participating TO(s), will determine, based on best engineering judgment, whether such modifications will eliminate the need for any Delivery Network Upgrades identified in the Phase I Interconnection Study report. The CAISO and applicable Participating TO(s) will not conduct any re-studies in making this determination.

If the CAISO and applicable Participating TO(s) should determine that one or more Delivery Network Upgrades identified in the Phase I Interconnection Study are no longer needed, then, solely for purposes of calculating the amount of the Interconnection Customer's initial Financial Security Posting under Section 9.2, such Delivery Network Upgrade(s) will be considered to be removed from the plan of service described in the Interconnection Customer's Phase I Interconnection Study report and the cost estimates

for such upgrades shall not be included in the calculation of Interconnection Financial Security in Section 9.2. The CAISO will inform in a timely manner any Interconnection Customers so affected, and provide the Interconnection Customers with written notice of the revised initial Interconnection Financial Security posting amounts. No determination under this Section 6.9.4 shall affect either (i) the timing for the initial Interconnection Financial Security posting or (ii) the maximum value for the Interconnection Customer's total cost responsibility for Network Upgrades established by the Phase I Interconnection Study report.

6.10 [GIP item #2] Revisions and Addenda to a Final Interconnection Study Report

6.10.1 Substantial Error or Omissions; Revised Study Report

Should the CAISO discover, through written comments submitted by an Interconnection Customer or otherwise, that a final Phase I or Phase II Interconnection Study Report (which can mean a final Phase I or Phase II Interconnection Study Report for cluster studies or a final System Impact or Facilities report for the Independent Study Process) contains a substantial error or omission, the CAISO will cause a revised final report to be issued to the Interconnection Customer. A substantial error or omission shall mean an error or omission that results in one or more of the following:

- (i) understatements of the Interconnection Customer's cost responsibility for either Network Upgrades or Participating TO Interconnection Facilities by more than five (5) percent or one million dollars (\$1,000,000), whichever is greater; or
- (ii) overstatements of the Interconnection Customer's cost responsibility for either Network Upgrades or Participating TO Interconnection Facilities of more than twenty (20) percent; or
- (iii) results in a delay to the schedule by which the Interconnection Customer can achieve Commercial Operation, based on the results of the final Interconnection Study, by more than one year.

A dispute over the plan of service by an Interconnection Customer shall not be considered a substantial error or omission unless the Interconnection Customer demonstrates that the plan of service was based on an invalid or erroneous study assumption that meets the criteria set forth above.

6.10.2 Other Errors or Omissions; Addendum

If an error or omission in an Interconnection Study Report (for either the cluster process or Independent Study Process) is not a substantial error or omission, the CAISO shall not issue a revised final Interconnection Study report, although the error or omission may result in an adjustment of the corresponding Interconnection Financial Security. Rather, the CAISO shall document such error or omission and make any appropriate correction by issuing an addendum to the final report.

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.

6.10.3 Only Substantial Errors or Omissions Adjust Posting Dates

Unless the error or omission is a substantial error resulting in the issuance of a revised final Interconnection Study report, the correction of an error or omission shall not operate to delay any deadline for posting Interconnection Financial Security set forth in Section 9 of this GIP. In the case of a substantial error or omission resulting in the issuance of a revised final Phase I or Phase II Interconnection Study report, the deadline for posting Interconnection Financial Security shall be extended as set forth in GIP Section 9. In addition to issuing a revised final report, the CAISO will promptly notify the Interconnection Customer of any revised posting amount and extended due date occasioned by a substantial error or omission.

An Interconnection Customer's dispute of a CAISO determination that an error or omission in a ~~final Phase I or Phase II Interconnection~~ Study report does not constitute substantial error shall not operate to change the amount of Interconnection Financial Security that the Interconnection Customer must post or to postpone the applicable deadline for the Interconnection Customer to post Interconnection Financial Security. In case of such a dispute, the Interconnection Customer shall post the amount of Interconnection Financial Security in accordance with Section 9 of this GIP, subject to refund in the event that the Interconnection Customer prevails in the dispute.

Section 7 Phase II Interconnection Study for Queue Clusters

The provisions of this Section 7 of this GIP shall apply to all Interconnection Requests except those processed under the Independent Study Process, as set forth in Section 4 of this GIP, the Fast Track Process, as set forth in Section 5 of this GIP, or the 10 kW inverter process as set forth in Appendix 7 of this GIP.

7.1 Scope Of Phase II Interconnection Study and Operational Deliverability Assessment [GIP item #15]

~~Within five (5) Business Days following the Phase I Interconnection Study Results Meeting, the Interconnection Customer shall submit to the CAISO the completed form of Appendix B (Data Form To Be Provided by the Interconnection Customer Prior to Commencement of the Phase II Interconnection Study) to its Generator Interconnection Study Process Agreement, and within such Appendix B, the Interconnection Customer shall either (i) confirm the desired deliverability status that the Interconnection Customer had previously designated in the completed form of Appendix A to the Generator Interconnection Study Process Agreement (Assumptions Used in Conducting the Phase I Interconnection Study); or (ii) change the status of desired deliverability from Full Capacity Deliverability Status to Energy-Only Deliverability Status.~~

The CAISO, in coordination with the applicable Participating TO(s), will conduct a Phase II Interconnection Study that will incorporate eligible Interconnection Requests from the previous two Phase I Interconnection Studies. Beginning with Queue Cluster 5, the Phase II Interconnection Study will incorporate eligible Interconnection Requests from the previous Phase I Interconnection Study. The Phase II Interconnection Study shall (i) update, as necessary, analyses performed in the Phase I Interconnection Studies to account for the withdrawal of Interconnection Requests, (ii) identify final Reliability Network Upgrades needed to physically interconnect the Generating Facilities, (iii) assign responsibility for financing the identified final Reliability Network Upgrades, (iv) identify, following coordination with the CAISO's Transmission Planning Process, final Delivery Network Upgrades needed to interconnect those Generating Facilities selecting Full Capacity Deliverability Status, (v) assign responsibility for financing Delivery Network Upgrades needed to interconnect those Generating Facilities selecting Full Capacity Deliverability Status, (vi) identify for each Interconnection Request final Point of Interconnection and Participating TO's Interconnection Facilities, (vii) provide a +/-20% estimate for each Interconnection Request of the final Participating TO's Interconnection

Facilities, (viii) optimize in-service timing requirements based on operational studies in order to maximize achievement of the Commercial Operation Dates of the Generating Facilities, and (ix) if it is determined that the Delivery Network Upgrades cannot be completed by the Interconnection Customer's identified Commercial Operation Date, provide that operating procedures necessary to allow the Generating Facility to interconnect as an energy-only resource, on an interim-only basis, will be developed and utilized until the Delivery Network Upgrades for the Generating Facility are completed and placed into service.

With respect to the foregoing items, the Phase II Interconnection Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work, including the financial impacts (i.e., on Local Furnishing Bonds), if any, and schedule for effecting remedial measures that address such financial impacts, needed on the CAISO Controlled Grid to implement the conclusions of the updated Phase II Interconnection Study technical analyses in accordance with Good Utility Practice to physically and electrically connect the Interconnection Customer's Interconnection Facilities to the CAISO Controlled Grid. The Phase II Interconnection Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Participating TO's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities.

[GIP item #18 and addenda #4 and 5] The CAISO will perform an operational partial and interim Deliverability Assessment (operational Deliverability Assessment) as part of the Phase II Interconnection Study. The operational Deliverability Assessment will be performed for each applicable queue cluster study group for each applicable study year through the prior year before all of the required Delivery Network Upgrades are in-service. The CAISO will consider operational Deliverability Assessment results stated for the first year in the pertinent annual Net Qualifying Capacity process that the CAISO performs for the next Resource Adequacy Compliance Year. The study results for any other years studied in operational Deliverability Assessment will be advisory and provided to the Interconnection Customer for its use only and for informational purposes only. pursuant to the following requirements:

(i) Modeling based on Commercial Operation Date. The operational Deliverability Assessment will model each Generating Facility based on either (i) the Commercial Operation Date set forth in a GIA executed for the Generating Facility or filed unexecuted with FERC, (ii) the estimated Commercial Operation Date set forth in the latest Interconnection Study report for a Generating Facility for which an Interconnection Study has been completed but for which a GIA has not been executed, (iii) the requested Commercial Operation Date for a Generating Facility in the current queue cluster, or (iv) the adjusted Commercial Operation Date, as applicable. For each Generating Facility, the CAISO will, for purposes of this assessment only, assume a Commercial Operation Date different than the one set forth in the Generating Facility's GIA or latest Interconnection Study report, as applicable, if the CAISO determines that such Commercial Operation Date is infeasible. In making this determination, the CAISO will consider the status and progress of the Interconnection Study or GIA, the Participating TO's estimated time to complete the Interconnection Facilities and Network Upgrades required for the interconnection, and other information provided by the Interconnection Customer. The CAISO will set forth as study assumptions in the study those factors that the CAISO considered in adjusting the Commercial Operation Date for purposes of the study.

(ii) Timing and modeling requirements. The operational Deliverability Assessment will be performed for each future year until the year before all of the required Delivery Network Upgrades are in-service for each applicable study group. The CAISO will consider operational Deliverability Assessment results stated for the first year in the pertinent annual Net Qualifying Capacity process that the CAISO performs for the next Resource Adequacy Compliance Year. The operational Deliverability Assessment results for any other years will be advisory and provided for informational purposes only. For each study year, the operational Deliverability Assessment will model the Generating Facilities in or before the study year and will model Network Upgrade components that are projected to be in-service in or before the study year. Generating Facilities obtaining Full Capacity Deliverability Status under the annual full capacity deliverability option will be placed after the cluster that completes its Phase II Interconnection Study immediately before the annual full capacity deliverability assessment.

For a Generating Facility that is to be implemented in phases, the operational Deliverability Assessment will model the phasing of the Generating Facility. The operational Deliverability Assessment will model all resources, including generation, load, and imports, in accordance with the On-Peak Deliverability Assessment methodology.

(iii) Method for allocating deliverable partial capacity. If system conditions cannot accommodate the full deliverability of all Generating Units in the applicable study area that will be in Commercial Operation for the study year,

The CAISO will publish the methodology under which the CAISO will perform the operational deliverability assessment on the ISO Website or within a Business Practice Manual.

* * *

7.4 **Financing Of Delivery Network Upgrades [GIP item #17]**

The responsibility to finance all Delivery Network Upgrades identified in the On-Peak Deliverability Assessment and Off-Peak Deliverability Assessment as part of Phase II Interconnection Study shall be assigned to all Interconnection Requests selecting Full Capacity or Partial Deliverability Status based on the flow impact of each such Generating Facility on each Delivery Network Upgrade as determined by the Generation distribution factor methodology set forth in the On-Peak and Off-Peak Deliverability Assessment methodologies. The financing responsibility shall be up to, but no greater than, the cost assignment for Delivery Network Upgrades for each Interconnection Request under GIP Sections 6.5.2.1 and 6.5.2.2.

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, such costs shall not be considered in determining the cost responsibility or maximum cost responsibility of the Interconnection Customer for Network Upgrades under this GIP, and the applicable Participating TO(s) shall not be responsible under this GIP for financing or constructing such transmission upgrades.

7.5 Phase II Interconnection Study Procedures

The CAISO shall coordinate the Phase II Interconnection Study with applicable Participating TO(s) and any Affected System that is affected by the Interconnection Request pursuant to GIP Section 3.7. Existing studies shall be used to the extent practicable when conducting the Phase II Interconnection Study. The CAISO will coordinate Base Case development with the applicable Participating TOs to ensure the Base Cases are accurately developed. The CAISO shall use Reasonable Efforts to commence the Phase II Interconnection Study by January 15 of each year, and to complete and ~~publish~~ issue to Interconnection Customers the Phase II Interconnection Study report within one hundred ninety-six (196) calendar days after the annual commencement of the Phase II Interconnection Study. The CAISO will share applicable study results with the applicable Participating TO(s), for review and comment, and will incorporate comments into the study report. The CAISO will issue a final Phase II Interconnection Study report to the Interconnection Customer.

At the request of the Interconnection Customer or at any time the CAISO determines that it will not meet the required time frame for completing the Phase II Interconnection Study, the CAISO shall notify the Interconnection Customer as to the schedule status of the Phase II Interconnection Study and provide an estimated completion date with an explanation of the reasons why additional time is required.

Upon request, the CAISO shall provide the Interconnection Customer all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Phase II Interconnection Study, subject to confidentiality arrangements consistent with GIP Section 13.1.

~~**[GIP Item #2 and addendum #8]** The Interconnection Customer may provide comments on the final Phase II Interconnection Study report within ten (10) Business Days of receipt of the report, but in no case less than three (3) Business Days before the meeting to discuss the report pursuant to Section 7.7 of this GIP, whichever is sooner. These comments will be addressed in the meeting with the CAISO and applicable Participating TO(s).~~

* * *

7.7 Results Meeting With The CAISO And Applicable Participating TO(s)

Within thirty (30) calendar days of providing the final Phase II Interconnection Study report to the Interconnection Customer, the applicable Participating TO(s), the CAISO and the Interconnection Customer shall meet to discuss the results of the Phase II Interconnection Study, including selection of the final Commercial Operation Date.

~~**[GIP item #2 and addendum #8]** Should the Interconnection Customer provide written comments on the final Phase II Interconnection Study report within ten (10) Business Days of receipt of the report, but in no case less than three (3) Business Days before the Results Meeting, whichever is sooner, then the ISO will address the written comments in the Phase II Interconnection Study Results Meeting. Should the Interconnection Customer provide comments at any later time (up to the time of the Results Meeting), then such comments shall be considered informal inquiries to which the CAISO will provide informal, informational responses at the Results Meeting, to the extent possible.~~

~~[GIP item#2 and addendum #8] In this meeting, the applicable Participating TO(s) and the CAISO shall address any comments made by the Interconnection Customer on the final Phase II Interconnection Study report pursuant to GIP Section 7.5.~~

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

* * *

8.3 NEEDS TITLE

To the extent that a Participating TO's tariff provides the option for customers taking interconnection service under the Participating TO's tariff to obtain Full Capacity Deliverability Status, the CAISO will, in coordination with the applicable Participating TO, perform the necessary deliverability studies to determine the deliverability of customers electing such option. The CAISO shall execute any necessary agreements for reimbursement of study costs it incurs and to assure cost attribution for any Network Upgrades relating to any deliverability status conferred to such customers under the Participating TO's tariff.

8.4 Deliverability Option for Generators Interconnecting to Non-Participating TOs in the CAISO Balancing Authority Area [GIP item #1 and addendum #7]

This process applies to Generating Facilities that interconnect to the transmission facilities of a Non-Participating TO located within the CAISO Balancing Authority Area that wish to obtain Full Capacity Deliverability Status under the CAISO Tariff ~~for the purpose of supply Resource Adequacy capacity to a Load Serving Entity~~. Such Generating Facilities will be eligible to be studied by the CAISO for Full Capacity Deliverability Status pursuant to the following provisions:

- (a) The Generating Facility seeking Full Capacity Deliverability Status under the CAISO Tariff must submit a request to the CAISO to study it for such Status. Such study request will be in the form of the CAISO's pro forma Interconnection Request, must include the Generating Facility's intended Point of Delivery to the CAISO Controlled Grid, and must be submitted during a Cluster Application Window. The Generating Facility will be required to satisfy the same study deposit and Interconnection Financial Security posting requirements as an Interconnection Customer, but will not be considered an Interconnection Customer under the CAISO Tariff.
- (b) The Non-Participating TO that serves as the interconnection provider to the Generating Facility must treat the CAISO as an Affected System in the interconnection study process for the Generating Facility.
- (c) As part of the Non-Participating TO's interconnection study process, the CAISO, in its sole discretion and on a case-by-case basis, will determine the adequacy of transmission on the Non-Participating TO's system for the Generating Facility to

be deemed fully deliverable to the elected Point of Delivery to the CAISO Controlled Grid. Only those proposed Generating Facilities (or proposed increases in Generating Facility capacity) customers for which the CAISO has determined there is adequate transmission capacity on the Non-Participating TO system to provide full deliverability to the applicable Point of Delivery will be eligible to be assessed for Full Capacity Deliverability Status under the CAISO Tariff.

- (d) If the Generating Facility is eligible for study for Full Capacity Deliverability Status, the CAISO will include the Generating Facility in the Interconnection Study process for the Queue Cluster associated with the Cluster Application Window in which the Generating Facility has submitted its study request. The Point of Delivery with the CAISO will be treated as the Point of Interconnection for purposes of including the Generating Facility in a Group Study with any applicable CAISO Interconnection Customers in the relevant Queue Cluster. Pursuant to the Queue Cluster Interconnection Study process, as set forth in this GIP, the Generating Facility will be allocated its share of any applicable Delivery Network Upgrades.
- (e) The CAISO, Participating TO, and Interconnection Customer will execute any necessary agreements for reimbursement of study costs incurred it incurs and to assure cost attribution for any Network Upgrades relating to any deliverability status conferred to each such interconnection customer under the Non-Participating TO's tariff.
- (f) The Non-Participating TO's interconnection customer will receive repayment of funds posted for the construction of the Delivery Network Upgrades on the CAISO Controlled Grid in the same manner as CAISO Interconnection Customers, as specified in GIP Section 12.3.2.

* * *

9.2 Initial Posting Of Interconnection Financial Security

9.2.1 The Interconnection Customer shall post, with notice to the CAISO, two separate Interconnection Financial Security instruments: (i) a posting relating to the Network Upgrades; (ii) a posting relating to the Participating TO's Interconnection Facilities.

9.2.2 Timing of Postings. [GIP item #2] The postings set forth in this GIP Section 9.2 shall be made on or before ninety (90) calendar days after publication/issuance of the final Phase I Interconnection Study report for Interconnection Customers in a Queue Cluster, or on or before sixty (60) calendar days after the CAISO provides the results of the System Impact Study for Interconnection Customers in the Independent Study Process.

Revised Cluster Study Reports. However, If the CAISO revises a final Phase I Interconnection Study report pursuant to GIP Section 6.10, the initial postings set forth in this GIP Section 9.2 will be due from the Interconnection Customer by the later of ninety (90) calendar days after issuance of the original final Phase I Interconnection Study Report or forty (40) calendar days after issuance of the revised final Phase I Interconnection Study Report.

Revised Independent Study Track Reports. If the CAISO revises a final System Impact Study report pursuant to GIP Section 6.10, the initial postings set forth in this GIP Section 9.2 will be due from the Interconnection Customer by the later of ninety (90) calendar

days after issuance of the original final System Impact report or thirty (30) calendar days after issuance of the revised System Impact Study report.

* * *

9.2.4 Posting Amount for Participating TO's Interconnection Facilities.

[GIP item #12]

9.2.4.1 **For Small Generating Facilities.** Each Interconnection Customer for a Small Generating Facility assigned to a Queue Cluster and each Interconnection Customer for a Small Generating Facility in the Independent Study Process shall post an Interconnection Financial Security instrument in an amount equal to the lesser of fifteen (15) percent (15%) of the total cost responsibility assigned to the Interconnection Customer in the final Phase I Interconnection Study or System Impact Study for Participating TO's Interconnection Facilities or (ii) \$20,000 per megawatt of electrical output of the Small Generating Facility or the amount of megawatt increase in the generating capacity of each existing Generating Facility as listed by the Interconnection Customer in its Interconnection Request, including any requested modifications thereto, but in no event less than \$50,000.

9.2.4.2 **For Large Generating Facilities.** Each Interconnection Customer for a Large Generating Facility assigned to a Queue Cluster and each Interconnection Customer for a Large Generating Facility in the Independent Study Process shall post an Interconnection Financial Security instrument in an amount equal to the lesser of (i) fifteen (15) percent (15%) of the total cost responsibility assigned to the Interconnection Customer in the final Phase I Interconnection Study or System Impact Study for Participating TO's Interconnection Facilities, (ii) \$20,000 per megawatt of electrical output of the Large Generating Facility or the amount of megawatt increase in the generating capacity of each existing Generating Facility as listed by the Interconnection Customer in its Interconnection Request, including any requested modifications thereto, or (iii) \$7,500,000, but in no event less than \$500,000.

9.2.4.3 **Cost Estimates Less than Minimum Posting Amounts.** If the costs of the estimated Participating TO Interconnection Facilities for either a Small Generating Facility or Large Generating Facility are less than the minimum posting amounts that would apply under Sections 9.2.4.1 or 9.2.4.2, then the posting amount required will be equal to the estimated Participating TO Interconnection Facilities amount.

The Interconnection Customer shall also post an Interconnection Financial Security instrument in the amount of twenty percent (20%) of the total cost responsibility assigned to the Interconnection Customer in the final Phase I Interconnection Study or System Impact Study for the Participating TO's Interconnection Facilities.

9.2.5 Consequences for Failure to Post. The failure by an Interconnection Customer to timely post the Interconnection Financial Security required by this GIP Section 9.2 shall result in the Interconnection Request being deemed withdrawn and subject to GIP Section 3.8. The Interconnection Customer shall provide the CAISO and the Participating TO with written notice that it has posted the required Interconnection Financial Security no later than the applicable final day for posting.

9.2.6 Effect of Decrease in Output on Initial Posting Requirement. If an Interconnection Customer decreases the electrical output of its facility after the completion of the Phase I Interconnection Study, pursuant to Section 6.9.2, and the CAISO, in consultation with the applicable Participating TO(s), is able to reasonably determine, prior to the date for initial posting of Interconnection Financial Security, that as a result of such decrease (solely or

in combination with other modifications made by Interconnection Customers in the same Study Group) some of the Network Upgrades and/or Participating TO Interconnection Facilities identified in the Phase I Interconnection Study will no longer be required, then the calculation of the initial posting of Interconnection Financial Security will not include those Network Upgrades and/or Participating TO Interconnection Facilities. Such determination will be made based on the CAISO's best engineering judgment and will not include any re-studies.

9.3 Additional Posting Of Interconnection Financial Security

9.3.1 Second Posting of Interconnection Financial Security.

9.3.1.1 **[GIP item #8]** The Interconnection Customer shall make second postings, with notice to the CAISO, of two separate Interconnection Financial Security instruments: (i) a second posting relating to the Network Upgrades, except to the extent that the provisions of GIP Section 9.3.3 apply; (ii) a second posting relating to the Participating TO's Interconnection Facilities.

9.3.1.2 Timing of Posting. **[GIP item #2]** The postings in this GIP Section 9.3.1 shall be made on or before one hundred eighty (180) calendar days after ~~publication~~issuance of the final Phase II Interconnection Study report for Interconnection Customers in a Queue Cluster, or on or before one hundred twenty (120) calendar days after the CAISO provides the results of the Facilities Study for Interconnection Customers in the Independent Study. However, if the CAISO revises a final Phase II Interconnection Study report pursuant to GIP Section 6.10, the postings set forth in this GIP Section 9.3.1.2 will be due from the Interconnection Customer by the later of one hundred-eighty (180) calendar days after issuance of the original final Phase II Interconnection Study report or sixty (60) calendar days after issuance of the revised final Phase II Interconnection Study report. If the CAISO revises the final Facilities Study report pursuant to GIP Section 6.1, the postings set forth in this Section 9.2 will be due by the later of one hundred-twenty (120) calendar days after the issuance of the original final Facilities Study report or thirty (30) calendar days from the issuance of the revised Facilities Study report.

[GIP item #8] Each Interconnection Customer for a Small Generating Facility assigned to a Queue Cluster and each Interconnection Customer for a Small Generating Facility in the Independent Study Process shall post an Interconnection Financial Security instrument such that the total Interconnection Financial Security posted by the Interconnection Customer for Network Upgrades equals the lesser of (i) \$1 million or (ii) thirty ~~(30)~~ percent ~~(30%)~~ of the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in either the final Phase I Interconnection Study, final Phase II Interconnection Study, System Impact Study, or Facilities Study, whichever is lower, except to the extent that the provisions of GIP Section 9.3.3 apply. In no event shall the total amount posted be less than \$100,000.

Each Interconnection Customer for a Large Generating Facility assigned to a Queue Cluster and each Interconnection Customer for a Large Generating Facility in the Independent Study Process shall post an Interconnection Financial Security instrument such that the total Interconnection Financial Security posted by the Interconnection Customer for Network Upgrades equals the lesser of (i) \$15 million or (ii) thirty ~~(30)~~ percent ~~(30%)~~ of the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in either the final Phase I Interconnection Study, final Phase II Interconnection Study, System Impact Study, or Facilities Study, whichever is lower, except to the extent that the provisions of GIP Section 9.3.3 apply. In no event shall the total amount posted be less than \$500,000.

Notwithstanding the foregoing, if the costs of the estimated Network Upgrades are less than the minimum posting amounts set forth above, the posting amount required will be equal to the estimated Network Upgrade amount.

9.3.1.3 Posting Amount for Participating TO's Interconnection Facilities.

[GIP item #12] Each Interconnection Customer for a Small Generating Facility assigned to a Queue Cluster and each Interconnection Customer for a Small Generating Facility in the Independent Study Process shall post an Interconnection Financial Security instrument such that the total Interconnection Financial Security posted by the Interconnection Customer for Participating TO Interconnection Facilities equals the lesser of (i) \$1 million or (ii) thirty (30) percent (30%) of the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in either the final Phase I Interconnection Study, final Phase II Interconnection Study, System Impact Study, or Facilities Study, whichever is lower. In no event shall the total amount posted be less than \$100,000.

Each Interconnection Customer for a Large Generating Facility assigned to a Queue Cluster and each Interconnection Customer for a Large Generating Facility in the Independent Study Process shall post an Interconnection Financial Security instrument such that the total Interconnection Financial Security posted by the Interconnection Customer for Participating TO Interconnection Facilities equals the lesser of (i) \$15 million or (ii) thirty (30) percent (30%) of the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in either the final Phase I Interconnection Study, final Phase II Interconnection Study, System Impact Study, or Facilities Study, whichever is lower. In no event shall the total amount posted be less than \$500,000.

Notwithstanding the foregoing, if the costs of the estimated Participating TO Interconnection Facilities are less than the minimum posting amounts set forth above, the posting amount required will be equal to the estimated Participating TO Interconnection Facilities amount.

~~The Interconnection Customer shall also post an Interconnection Financial Security instrument such that the total Interconnection Financial Security posted by the Interconnection Customer for Participating TO Interconnection Facilities equals thirty percent (30%) of the total cost responsibility assigned to the Interconnection Customer in the final Phase II Interconnection Study for Participating TO's Interconnection Facilities.~~

9.3.1.4 Early Commencement of Construction Activities. If the start date for Construction Activities of Network Upgrades or Participating TO's Interconnection Facilities on behalf of the Interconnection Customer is prior to one hundred eighty (180) calendar days after ~~publication~~issuance of the final Phase II Interconnection Study report for Interconnection Customers in a Queue Cluster or prior to one hundred twenty (120) calendar days after ~~publication~~issuance of the final Facilities Study report for Interconnection Customers in the Independent Study Process, that start date must be set forth in the Interconnection Customer's GIA, and the Interconnection Customer shall make its second posting of Interconnection Financial Security pursuant to GIP Section 9.3.2 rather than GIP Section 9.3.1.

9.3.1.5 Consequences for Failure to Post The failure by an Interconnection Customer to timely post the Interconnection Financial Security required by this GIP Section 9.3.1 shall constitute grounds for termination of the GIA pursuant to LGIA Article 2.3 or SGIA Article 3.3, whichever is applicable.

9.3.2 Third Posting of Interconnection Financial Security.

On or before the start of Construction Activities for Network Upgrades or Participating TO's Interconnection Facilities on behalf of the Interconnection Customer, whichever is earlier, the Interconnection Customer shall modify the two separate Interconnection Financial Security instruments posted pursuant to GIP Section 9.3.1 as follows. **[GIP item #8]** With respect to the Interconnection Financial Security Instrument for Network Upgrades, the Interconnection Customer shall modify this Instrument so that it equals one hundred **(100)** percent ~~(100%)~~ of the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in either the final Phase I Interconnection Study or Phase II Interconnection Study for Interconnection Customers in a Queue Cluster, or the final System Impact Study, or Facilities Study for Interconnection Customers in the Independent Study Process, whichever is lower, except to the extent that the provisions of GIP Section 9.3.3 apply. With respect to the Interconnection Financial Security Instrument for Participating TO Interconnection Facilities, the Interconnection Customer shall modify this instrument so that it equals one hundred **(100)** percent ~~(100%)~~ of the total cost responsibility assigned to the Interconnection Customer for Participating TO Interconnection Facilities in the final Phase II Interconnection Study for Interconnection Customers in a Queue Cluster, or the final Facilities Study for Interconnection Customers in the Independent Study Process.

[GIP item #3] If an Interconnection Customer's Network Upgrades and/or Interconnection Facilities 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 discrete smaller Interconnection Financial Security deposit amounts and may establish discrete milestone dates (however, outside dates must be included) 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 by an Interconnection Customer to timely post the Interconnection Financial Security required by this GIP Section 9.3.2 shall constitute grounds for termination of the GIA pursuant to LGIA Article 2.3 or SGIA Article 3.3, whichever is applicable.

9.3.3 Offsets for Network Upgrades Which Funded by Participating TOs Elect to Up-Front Fund.

[GIP item #8] To the extent that the Participating TO unequivocally commits (subject to conditions set forth or to be set forth in a GIA) to up-front fund Network Upgrades for which an Interconnection Customer has been assigned cost responsibility, the Interconnection Customer will be relieved of the obligation to make the second and third postings of Interconnection Financial Security for such Network Upgrades. The Interconnection Customer will remain obligated to make the second and third postings of Interconnection Financial Security for that portion of its assigned Network Upgrades that the Participating TO does not unequivocally (subject to conditions set forth or to be set forth in a GIA) commit to up-front fund.

As a prerequisite for the Participating TO up-front funding commitment to relieve the Interconnection Customer of its posting requirements for the related Network Upgrades, the up-front funding commitment must be conditional upon the Interconnection Customer's meeting milestones for Interconnection Customer development and construction of the Generating Facility as set forth in Appendix B to the LGIA or Attachment 4 to the SGIA, as applicable. Such Interconnection Customer milestones will

include, with respect to the proposed Generating Facility or an identified phase of such facility, as identified in the LGIA, such events as the securing of Site Exclusivity, posting of Financial Security under GIP Section 9 for the Interconnection Customer's cost responsibility for Network Upgrades (exclusive of up-front funded amounts) and for the Participating TO's Interconnection Facilities, securing of necessary permits, licenses, and/or property rights required for the construction, selection of applicable engineering, procurement and construction contractors, securing of necessary financing, and such other commercially reasonable milestones as the Participating TO, CAISO, and Interconnection Customer shall consent and agree to (such consent shall not be unreasonably withheld).

If the Participating TO withdraws its contractual commitment to up-front fund the Network Upgrades the Interconnection Customer will be required to post Interconnection Financial Security covering the Network Upgrades for which the Participating TO is withdrawing its up-front funding, within thirty (30) days of the Participating TO's notice to the Interconnection Customer that the up-front funding is being withdrawn.

If the Interconnection Customer's obligation to make the second posting of Interconnection Financial Security arises before the Generator Interconnection Agreement is executed by all parties to that agreement, the Interconnection Customer will be provided an additional thirty (30) days to post any Interconnection Financial Security related to Participating TO up-front funded Network Upgrades. The Interconnection Customer will continue to engage in good faith efforts to complete the negotiation of the Generator Interconnection Agreement during the additional thirty (30) day period. If the Generator Interconnection Agreement is not executed by all parties to that agreement within the additional thirty (30) day period, the Interconnection Customer will then be required to post the remaining Interconnection Financial Security, subject to refund.

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-accepted 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.

9.4 Effect Of Withdrawal Or Termination On Financial Security

Except as set forth in GIP Section 9.4.1, withdrawal of an Interconnection Request or termination of a GIA shall allow the applicable Participating TO(s) to liquidate the Interconnection Financial Security, or balance thereof, posted by the Interconnection Customer for Network Upgrades at the time of withdrawal. To the extent the amount of the liquidated Interconnection Financial Security plus capital, if any, separately provided

by the Interconnection Customer to satisfy its obligation to finance Network Upgrades in accordance with GIP Section 12.3 exceeds the total cost responsibility for Network Upgrades assigned to the Interconnection Customer by the final Phase I or Phase II Interconnection Study, whichever is lower, or in the governing study for the Independent Study Process, the applicable Participating TO(s) shall remit to the Interconnection Customer the excess amount.

-Withdrawal of an Interconnection Request or termination of a GIA shall result in the release to the Interconnection Customer of any Interconnection Financial Security posted by the Interconnection Customer for Participating TO's Interconnection Facilities, except with respect to any amounts necessary to pay for costs incurred or irrevocably committed by the applicable Participating TO(s) on behalf of the Interconnection Customer for the Participating TO's Interconnection Facilities and for which the applicable Participating TO(s) has not been reimbursed.

* * *

9.4.2 Schedule for Determining Non-Refundable Portion of the Interconnection Financial Security for Network Upgrades.

9.4.2.1 Up to One Hundred Eighty Days After Final Phase II Interconnection Study Report For Queue Cluster Generating Facilities or up to One Hundred Twenty Days After Final Facilities Study Report for Independent Study Process Generating Facilities.

If, at any time after the initial posting of the Interconnection Financial Security for Network Upgrades under GIP Section 9.2 and on or before one hundred eighty (180) calendar days after the date of issuance of the final Phase II Interconnection Study report for Interconnection Customers in a Queue Cluster, or on or before one hundred twenty (120) days after the date of issuance of the results of the Facilities Study for Interconnection Customers in the Independent Study Process, the Interconnection Customer withdraws the Interconnection Request or terminates the GIA, as applicable, in accordance with GIP Section 9.4.1, the applicable Participating TO(s) shall liquidate the Interconnection Financial Security for Network Upgrades under GIP Section 9.2 and reimburse the Interconnection Customer in an amount of (i) any posted amount less fifty (50) percent (50%) of the value of the posted Interconnection Financial Security for Network Upgrades (with a maximum of \$10,000 per requested and approved megawatt value of the Generating Facility Capacity at the time of withdrawal being retained by the Participating TO(s)), or, (ii) if the Interconnection Financial Security has been drawn down to finance Pre-Construction Activities for Network Upgrades on behalf of the Interconnection Customer, the lesser of the remaining balance of the Interconnection Financial Security or the amount calculated under (i) above. If the Interconnection Customer has separately provided capital apart from the Interconnection Financial Security to finance Pre-Construction Activities for Network Upgrades, the applicable Participating TO(s) will credit the capital provided as if drawn from the Interconnection Financial Security and apply (ii) above.

* * *

9.5 Maximum Cost Responsibility for Financial Security Postings and Network Upgrade Costs [GIP Item #11]

For Interconnection Customers in a Queue Cluster, after the CAISO issues the Phase II Interconnection Study report to the Interconnection Customer, the maximum value for the Financial Security required of each Interconnection Customer and the maximum cost responsibility of each Interconnection Customer for Network Upgrades shall be established by the lesser of the costs for Network Upgrades assigned to the

Interconnection Customer in the final Phase I Interconnection Study report or the final Phase II Interconnection Study report.

For Interconnection Customers in the Independent Study Process, the maximum value for the Interconnection Customer's Financial Security and the maximum cost responsibility for Network Upgrades shall be established by the lesser of the costs for Network Upgrades assigned to the Interconnection Customer in the final System Impact Study report or final Facilities Study report.

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Section 11 Generator Interconnection Agreement (GIA)

11.1 Tender

11.1.1 Within thirty (30) Calendar Days after the CAISO provides the final Phase II Interconnection Study report, or the Facilities Study report (or System Impact Study report if the Facilities Study is waived) to the Interconnection Customer, the applicable Participating TO(s) and the CAISO shall tender a draft GIA, together with draft appendices. The draft GIA shall be in the form of the FERC-approved form of GIA set forth in CAISO Tariff Appendix T or Appendix CC, as applicable. The Interconnection Customer shall provide written comments, or notification of no comments, to the draft appendices to the applicable Participating TO(s) and the CAISO within (30) calendar days of receipt.

11.1.2 Consistent with GIP Sections 13.3 and 11.1.1, when the transmission system of a Participating TO, in which the Point of Interconnection is not located, is affected, such Participating TO shall tender a separate agreement, in the form of the GIA, as appropriately modified.

11.2 Negotiation

Notwithstanding GIP Section 11.1, at the request of the Interconnection Customer, the applicable Participating TO(s) and CAISO shall begin negotiations with the Interconnection Customer concerning the appendices to the GIA at any time after the CAISO provides the Interconnection Customer with the final Phase II Interconnection Study report. **[GIP item #2]** The applicable Participating TO(s) and CAISO and the Interconnection Customer shall negotiate concerning any disputed provisions of the appendices to the draft GIA for not more than ~~one hundred-twenty-nine~~ (120~~90~~) calendar days after the CAISO provides the Interconnection Customer with the final Phase II Interconnection Study report, or the Facilities Study report (or System Impact Study report if the Facilities Study is waived). If the Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft GIA pursuant to GIP Section 11.1 and request submission of the unexecuted GIA with FERC or initiate Dispute Resolution procedures pursuant to GIP Section 13.5. If the Interconnection Customer requests termination of the negotiations, but, within ~~one hundred-twenty-nine~~ (120~~90~~) calendar days after issuance of the final Phase II Interconnection Study report, fails to request either the filing of the unexecuted GIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if the Interconnection Customer has not executed and returned the GIA, requested filing of an unexecuted GIA, or initiated Dispute Resolution procedures pursuant to GIP Section 13.5 within ~~one hundred-twenty-nine~~ (120~~90~~) calendar days after issuance of the final Phase II Interconnection Study report, it shall be deemed to have withdrawn its Interconnection Request. The applicable Participating TO(s) and CAISO shall provide to the Interconnection Customer a final GIA within fifteen (15) Business Days after the completion of the negotiation process.

* * *

12.2.2 Construction of Network Upgrades that are or were an Obligation of an Entity other than the Interconnection Customer

The applicable Participating TO(s) shall be responsible for financing and constructing any Network Upgrades necessary to support the interconnection of the Generating Facility of an Interconnection Customer with a GIA under this GIP, whenever either:

- (i) the Network Upgrades were included in the Interconnection Base Case Data for a Phase II Interconnection Study on the basis that they were Network Upgrades associated with Generating Facilities of Interconnection Customers that have an executed GIA (or its equivalent predecessor agreement) or unexecuted GIA (or its equivalent predecessor agreement) filed with FERC, but the Network Upgrades will not otherwise be completed because such GIA or equivalent predecessor agreement was subsequently terminated or the Interconnection Request has otherwise been withdrawn; or
- (ii) the Network Upgrades were included in the Interconnection Base Case Data for a Phase II Interconnection Study on the basis that they were Network Upgrades associated with Generating Facilities of Interconnection Customers that have an executed GIA (or its equivalent predecessor agreement) or unexecuted GIA (or its equivalent predecessor agreement) filed with FERC, but the Network Upgrades will not otherwise be completed in time to support the Interconnection Customer's In-Service Date because construction has not commenced in accordance with the terms of such GIA (or its equivalent predecessor agreement).

The obligation under this GIP Section 12.2.2 arises only after the CAISO, in coordination with the applicable Participating TO(s), determines that the Network Upgrades remain needed to support the interconnection of the Interconnection Customer's Generating Facility notwithstanding, as applicable, the absence or delay of the Generating Facility that is contractually, or was previously contractually, associated with the Network Upgrades.

Further, to the extent the timing of such Network Upgrades was not accounted for in determining a reasonable Commercial Operation Date among the CAISO, applicable Participating TO(s), and the Interconnection Customer as part of the Phase II Interconnection Study, the applicable Participating TO(s) will use Reasonable Efforts to ensure that the construction of such Network Upgrades can accommodate the Interconnection Customer's proposed Commercial Operation Date. If, despite Reasonable Efforts, it is anticipated that the Network Upgrades cannot be constructed in time to accommodate the Interconnection Customer's proposed Commercial Operation Date, the Interconnection Customer may commit to pay the applicable Participating TO(s) any costs associated with expediting construction of the Network Upgrades to meet the original proposed Commercial Operation Date. The expediting costs under this GIP Section 12.2.2 shall be in addition to the Interconnection Customer's cost responsibility assigned under GIP Section 6.5.

[GIP item #141] To the extent that this Section operates to impose requires upon the applicable Participating TO(s) cost responsibility for financing or construct Network Upgrades (which cost responsibility was previously assigned to Interconnection Customer(s) under GIP Section 7.3 and 7.4) the applicable Participating TO(s) to incur costs associated with financing and constructing Network Upgrades in excess of what is those amounts covered by the Interconnection Financial Security posted by such Interconnection Customers, the Participating TO(s) shall be presumed to be eligible,

subject to prudence and any other applicable review by FERC, to include such costs in **its** **their** TRR(s).

* * *

12.3 Network Upgrades

12.3.1 Initial Funding

Unless the applicable Participating TO(s) elects to fund the full capital for identified Reliability and Delivery Network Upgrades, they shall be funded by the Interconnection Customer(s) either by means of drawing down the Interconnection Financial Security or by the provision of additional capital, at each Interconnection Customer's election, up to a maximum amount no greater than that established by the cost responsibility assigned to each Interconnection Customer(s) under GIP Sections 7.3 and 7.4.

Where the applicable Participating TO(s) does not elect to fund the full capital for specific Reliability and Delivery Network Upgrades, the applicable Participating TO(s) shall be responsible for funding any capital costs for the Reliability and Delivery Network Upgrades that exceed the total cost responsibility assigned to the Interconnection Customer(s) under GIP Sections 7.3 and 7.4

- (a) Where the funding responsibility for any Reliability Network Upgrade or Delivery Network Upgrade has been assigned to a single Interconnection Customer in accordance with this GIP, and the applicable Participating TO(s) has elected not to fund the full capital of the Reliability Network Upgrade or Delivery Network Upgrade, the applicable Participating TO(s) shall invoice the Interconnection Customer under LGIA Article 12.1 or SGIA Article 6.1, whichever is applicable, up to a maximum amount no greater than that established by the cost responsibility assigned to each Interconnection Customer(s) under GIP Sections 7.3 and 7.4 for the Reliability Network Upgrade or Delivery Network Upgrade, respectively.
- (b) Where the funding responsibility for a Reliability Network Upgrade has been assigned to more than one Interconnection Customer in accordance with this GIP, and the applicable Participating TO(s) has elected not to fund the full capital of the Reliability Network Upgrade, the applicable Participating TO(s) shall invoice each Interconnection Customer under LGIA Article 12.1 or SGIA Article 6.1, whichever is applicable, for such Reliability Network Upgrade based on the ratio of the maximum megawatt electrical output of each new Generating Facility or the amount of megawatt increase in the generating capacity of each existing Generating Facility as listed the Generating Facility's Interconnection Request to the aggregate maximum megawatt electrical output of all such new Generating Facilities and increases in the generating capacity of existing Generating Facilities assigned responsibility for such Reliability Network Upgrade. Each Interconnection Customer may be invoiced up to a maximum amount no greater than that established by the cost responsibility assigned to that Interconnection Customer under GIP Section 7.3.
- (c) Where the funding responsibility for a Delivery Network Upgrade has been assigned to more than one Interconnection Customer in accordance with this GIP, and the applicable Participating TO(s) has elected not to fund the full capital of the Delivery Network Upgrade, the applicable Participating TO(s) shall invoice each Interconnection Customer under LGIA Article 12.1 or SGIA Article 6.1, whichever is applicable, for such Delivery Network Upgrade based on the percentage flow impact of each assigned Generating Facility on each Delivery Network Upgrade as determined by the Generation distribution factor

methodology used in the On-Peak and Off-Peak Deliverability Assessments performed in the Phase II Interconnection Study. Each Interconnection Customer may be invoiced up to a maximum amount no greater than that established by the cost responsibility assigned to that Interconnection Customer under GIP Section 7.4.

[GIP item #14] To the extent that this Section operates to require impose upon the applicable Participating TO(s) cost responsibility for financing and constructing to fund capital costs for Reliability and Delivery Network Upgrades (which were previously assigned to Interconnection Customer(s) under GIP Section 7.3 and/or 7.4) because the costs of such Upgrades exceed the total cost responsibility assigned to Interconnection Customer(s) under GIP Section 7.3 and 7.4, in excess of the what is covered by the Interconnection Financial Security posted by such Interconnection Customer(s)), the Participating TO(s) shall be presumed to be eligible, subject to prudence review and any other applicable review by FERC, to include such capital costs not funded by Interconnection Customers in its their TRR(s).

Any permissible extension of the Commercial Operation Date of a Generating Facility will not alter the Interconnection Customer's obligation to finance Network Upgrades where the Network Upgrades are required to meet the earlier Commercial Operation Date(s) of other Generating Facilities that have also been assigned cost responsibility for the Network Upgrades.

12.3.2 Repayment of Amounts Advanced for Network Upgrades and Refund of Interconnection Financial Security [GIP item #6 and addendum #3]

12.3.2.1 Repayment of Amounts Advanced Regarding Non-Phased Generating Facilities

Upon the Commercial Operation Date of a Generating Facility that is not a Phased the Generating Facility, which shall be the Commercial Operation Date of the entire Generating Facility, if phased, the Interconnection Customer shall be entitled to a repayment for the Interconnection Customer's contribution to the cost of Network Upgrades in accordance with its cost responsibility assigned under GIP Sections 7.3 and 7.4. Such amount shall be paid to the Interconnection Customer by the applicable Participating TO(s) on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the Generating Facility's 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 of the Commercial Operation Date. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment. The Interconnection Customer may assign such repayment rights to any person.

Instead of direct payments, the Interconnection Customer may elect to receive Merchant Transmission Congestion Revenue Rights (CRRs) in accordance with the CAISO Tariff Section 36.11 associated with the Network Upgrades, or portions thereof that were funded by the Interconnection Customer. Such CRRs would take effect upon the Commercial Operation Date of the Generating Facility, which shall be the Commercial Operation Date of the entire Generating Facility, if phased, in accordance with the GIA.

12.3.2.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities

Upon the Commercial Operation Date of each phase of a Phased Generating Facility, the Interconnection Customer shall be entitled to a repayment for the Interconnection

Customer's contribution to the cost of Network Upgrades for that completed phase in accordance with the Interconnection Customer's cost responsibility assigned for the phase under GIP Sections 7.3 and 7.4 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 GIA as being constructed in phases;
- (c) The completed phase corresponds to one of the phases specified in the GIA;
- (d) The ~~phase has achieved Commercial Operation and the~~ Interconnection Customer has tendered notice of the same pursuant to the GIA ~~that the phase has achieved Commercial Operation;~~
- (e) All parties to the GIA have ~~confirmed agreed~~ that the completed phase meets the requirements set forth in the GIA and any other operating, metering, and interconnection requirements to permit generation output of the entire capacity of the completed phase as specified in the GIA;
- (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 (or if less than one hundred (100) percent has been posted, then all required Interconnection Financial Security instruments to the date of commencement of repayment).

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 Article 5.19.4 of the LGIA shall not diminish the Interconnection Customer's right to repayment pursuant to this GIP Section 12.3.2.2. If the GIA 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 Section as to the remaining phases shall not be diminished. If the Interconnection Customer completes one or more phases and then defaults on ~~breaches~~ the GIA, the Participating TO and the CAISO shall be entitled to offset any losses or damages resulting from the default ~~breach~~ against any repayments made for Network Upgrades related to the completed phases provided that the party seeking to exercise the offset has complied with any requirements which may be required to apply the stream of payments utilized to make the repayment to the Interconnection Customer as an offset.]

Any repayment amount for completion of a phase shall ~~include any tax gross-up or other tax-related payments associated with the Network Upgrades not refunded to the Interconnection Customer, and shall~~ be paid to the Interconnection Customer by the applicable Participating TO(s) on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the date by ~~which the Interconnection Customer~~ the requirements of items (a) through (g) above have been fulfilled, ~~has tendered notice under the GIA that the phase has achieved Commercial Operation and the Network Upgrades necessary for the phase to meet the~~

desired level of deliverability have gone into service; or (2) any alternative payment schedule that associates the completion of Network Upgrades with the completion of particular phases and that is mutually agreeable to the Interconnection Customer and Participating TO.

Instead of direct payments, the Interconnection Customer may elect to receive Merchant Transmission Congestion Revenue Rights (CRRs) in accordance with the CAISO Tariff Section 36.11 associated with the Network Upgrades for each phase, or portions thereof that were funded by the Interconnection Customer. Such CRRs would take effect upon the Commercial Operation Date of the phase in accordance with the GIA.

12.3.2.3 Interest Payments and Assignment Rights

[CAISO NOTE TO STAKEHOLDERS: THIS NEW GIP SECTION 12.3.2.3 INCLUDES TARIFF PROVISIONS THAT WERE MOVED FROM GIP SECTION 12.3.2.1 TO THIS SECTION.] Any phased or non-phased repayment pursuant to this GIP Section 12.3.2 shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment. The Interconnection Customer may assign such repayment rights to any person.

* * *

Appendix 1 Interconnection Request INTERCONNECTION REQUEST

Provide three copies of this completed form pursuant to Section 7 of this GIP Appendix 1 below.

1. The undersigned Interconnection Customer submits this request to interconnect its Generating Facility with the CAISO Controlled Grid pursuant to the CAISO Tariff (check one):
 Fast Track Process.
 Independent Study Process.
 Queue Cluster process.
 One-Time Deliverability Assessment pursuant to GIP Section 8.1.
 Annual Deliverability Assessment pursuant to GIP Section 8.
2. This Interconnection Request is for (check one):
 A proposed new Generating Facility.
 An increase in the generating capacity or a Material Modification to an existing Generating Facility.
3. Requested Deliverability Status is for (check one):
 Full Capacity (For Independent Study Process and Queue Cluster Process only)
(Note – Deliverability analysis for Independent Study Process is conducted with the next annual Cluster Study – See GIP Section 4.6)
 Partial Deliverability for MW of electrical output (For Independent Study Process and Queue Cluster Process only) **[GIP item #15]**
 Energy Only
4. The Interconnection Customer provides the following information:
 - a. Address or location, including the county, of the proposed new Generating Facility site or, in the case of an existing Generating Facility, the name and specific location, including the county, of the existing Generating Facility;

Project Name: _____

Project Location:

Street Address: _____

City, State: _____

County: _____

Zip Code: _____

GPS Coordinates: _____

- b. Maximum net megawatt electrical output (as defined by section 2.c of Attachment A to this appendix) of the proposed new Generating Facility or the amount of net megawatt increase in the generating capacity of an existing Generating Facility;

Maximum net megawatt electrical output (MW): _____ or
Net Megawatt increase (MW): _____

- c. Type of project (i.e., gas turbine, hydro, wind, etc.) and general description of the equipment configuration (if more than 1 type is chosen include net MW for each);

___ Cogeneration	___ (MW)
___ Reciprocating Engine	___ (MW)
___ Biomass	___ (MW)
___ Steam Turbine	___ (MW)
___ Gas Turbine	___ (MW)
___ Wind	___ (MW)
___ Hydro	___ (MW)
___ Photovoltaic	___ (MW)
___ Combined Cycle	___ (MW)

___ Other (please describe):

General description of the equipment configuration (e.g. number, size, type, etc):

- d. Proposed In-Service Date (first date transmission is needed to the facility), Trial Operation date and Commercial Operation Date by day, month, and year and term of service (dates must be sequential); _____

Proposed Trial Operation Date: _____

Proposed Commercial Operation Date: _____

Proposed Term of Service (years): _____

- e. Name, address, telephone number, and e-mail address of the Interconnection Customer's contact person (primary person who will be contacted);

Name: _____

Title: _____

Company Name: _____

Street Address: _____

City, State: _____

Zip Code: _____

Phone Number: _____

Fax Number: _____

Email Address: _____

DUNS Number:

- f. Approximate location of the proposed Point of Interconnection (i.e., specify transmission facility interconnection point name, voltage level, and the location of interconnection);

- g. Interconnection Customer data (set forth in Attachment A)

The Interconnection Customer shall provide to the CAISO the technical data called for in GIP Appendix 1, Attachment A. Three (3) copies are required.

5. Applicable deposit amount as specified in the GIP made payable to California ISO. Send check to CAISO (see section 7 for details) along with the:
Appendix 1 to GIP (Interconnection Request) for processing.
Attachment A to Appendix 1 (Interconnection Request Generating Facility Data).

6. Evidence of Site Exclusivity as specified in the GIP and name(s), address(es) and contact information of site owner(s) (check one):

_____ Is attached to this Interconnection Request

_____ Deposit in lieu of Site Exclusivity attached, Site Exclusivity will be provided at a later date in accordance with this GIP

7. This Interconnection Request shall be submitted to the CAISO representative indicated below:

New Resource Interconnection
California ISO
P.O. Box 639014
Folsom, CA 95763-9014

Overnight address: 250 Outcropping Way~~151 Blue Ravine Road~~, Folsom, CA 95630

8. Representative of the Interconnection Customer to contact:

[To be completed by the Interconnection Customer]

Name: _____

Title: _____

Company Name: _____

Street Address: _____

City, State: _____

Zip Code: _____

Phone Number: _____

Fax Number: _____

Email Address: _____

9. This Interconnection Request is submitted by:

Legal name of the Interconnection Customer:

By (signature): _____

Name (type or print): _____

Title: _____

Date: _____

* * *

**Attachment A Generating Facility Data
To GIP Appendix 1
Interconnection Request**

GENERATING FACILITY DATA

* * *

7a Wind Generators

Number of generators to be interconnected pursuant to this Interconnection Request: _____

Average Site Elevation: _____ Single Phase _____ Three Phase _____

Field Volts: _____

Field Amperes: _____

Motoring Power (MW): _____

Neutral Grounding Resistor (If Applicable): _____

I²t or K (Heating Time Constant): _____

Rotor Resistance: _____

Stator Resistance: _____

Stator Reactance: _____

Rotor Reactance: _____

Magnetizing Reactance: _____

Short Circuit Reactance: _____

Exciting Current: _____

Temperature Rise: _____

Frame Size: _____

Design Letter: _____

Reactive Power Required In Vars (No Load): _____

Reactive Power Required In Vars (Full Load): _____

Total Rotating Inertia, H: _____ Per Unit on 100 MVA Base

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

* * *

11. ~~Wind Generators~~ Inverter-Based Machines

~~Number of generators to be interconnected pursuant to this Interconnection Request: _____~~

~~Average Site Elevation: _____ Single Phase _____ Three Phase _____~~

~~Number of inverters to be interconnected pursuant to this Interconnection Request: _____~~

Inverter manufacturer, model name, number, and version:

List of adjustable set points for the protective equipment or software:

Max design fault contribution current:

Harmonics Characteristics:

Start-up requirements:

Field Volts: _____
Field Amperes: _____
Motoring Power (MW): _____
Neutral Grounding Resistor (If Applicable): _____
I22t or K (Heating Time Constant): _____
Rotor Resistance: _____
Stator Resistance: _____
Stator Reactance: _____
Rotor Reactance: _____
Magnetizing Reactance: _____
Short Circuit Reactance: _____
Exciting Current: _____
Temperature Rise: _____
Frame Size: _____
Design Letter: _____
Reactive Power Required In Vars (No Load): _____
Reactive Power Required In Vars (Full Load): _____
Total Rotating Inertia, H: _____ Per Unit on 100 MVA Base

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

12. Load Flow and Dynamic Models:

Provide load flow model for the generating plant and its interconnection facilities in GE PSLF *.epc format, including new buses, generators, transformers, interconnection facilities. An equivalent model is required for the plant with generation collector systems. This data should reflect the technical data provided in this Attachment A.

For each generator, governor, exciter and power system stabilizer, select the appropriate dynamic model from the General Electric PSLF Program Manual and provide the required input data. ~~The manual is available on the GE website at www.gepower.com. Select the following links within the website: 1) Our Businesses, 2) GE Power Systems, 3) Energy Consulting, 4) GE PSLF Software, 5) GE PSLF User's Manual.~~ **Include any user written *.p EPCL files to simulate inverter based plants' dynamic responses (typically needed for inverter based PV/wind plants). Provide a completed *.dyd file that contains the information specified in this section.**

~~There are links within the GE PSLF User's Manual to detailed descriptions of specific models, a definition of each parameter, a list of the output channels, explanatory notes, and a control system block diagram. The block diagrams are also available on the CAISO Website.~~

If you require assistance in developing the models, we suggest you contact General Electric. Accurate models are important to obtain accurate study results. Costs associated with any changes in facility requirements that are due to differences between model data provided by the generation developer and the actual generator test data, may be the responsibility of the generation developer.

* * *

**Appendix 2 GIP Relating To The LGIP Transition Cluster
Large Generator Interconnection Procedures (LGIP)
Relating to the Transition Cluster**

* * *

5. Phase II Interconnection Study

5.1 Phase II Interconnection Study Procedures

The Phase II Interconnection Study, as described in GIP Section 7, for the LGIP Transition Cluster shall commence no later than one hundred twenty (120) calendar days after ~~publication~~issuance of the Phase I Interconnection Study report. Results of the Phase II Interconnection Study shall be provided to the Interconnection Customer within three hundred thirty (330) calendar days after commencement under this Section.

* * *

6. Interconnection Financial Security

The provisions of GIP Section 9 shall apply to the LGIP Transition Cluster, except that (i) the initial posting of Interconnection Financial Security under GIP Section 9.2 in Appendix Y shall be required on or before the later of ten (10) business days after the effective date of this tariff sheet or one hundred twenty (120) calendar days after ~~publication~~issuance of the Phase I Interconnection Study report, but in no event earlier than November 30, 2009 or later than December 18, 2009; and (ii) any Interconnection Customer who has been permitted a modification for either of the reasons specified in Section 4.3.1 of this Appendix 2 shall make its first posting of Interconnection Financial Security for Network Upgrades pursuant to GIP Section 9.2 in an amount equal to the lesser of \$20,000 per megawatt of electrical output of the Large Generating Facility, including any modifications thereto, or \$7,500,000, but in no event less than \$500,000, and shall make its second and third postings of Interconnection Financial Security for Network Upgrades pursuant to GIP Section 9.3 based on the total cost responsibility assigned to the Interconnection Customer for Network Upgrades in the Phase II Interconnection Study.

* * *

Appendix A

**Assumptions In Phase I Interconnection Study
Generator Interconnection
Study Process Agreement for Queue Clusters**

**ASSUMPTIONS USED IN CONDUCTING THE
PHASE I INTERCONNECTION STUDY**

The Phase I Interconnection Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____, subject to any modifications in accordance with Section 6.9.2 of the GIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.

Deliverability status requested
(Full Capacity)

Partial Deliverability for MW **[GIP item #15]**, -or
 Energy only)

NOTICE: YOUR CHOICE OF DELIVERABILITY STATUS CAN AFFECT YOUR ABILITY TO QUALIFY YOUR GENERATING FACILITY AS A RESOURCE ADEQUACY RESOURCE OR AFFECT YOUR TRANSACTIONS FOR SALE OF POWER. PLEASE GIVE CONSIDERATION TO YOUR CHOICE OF DELIVERABILITY STATUS

* * *

ATTACHMENT B
CONTACTS FOR NOTICES
[Section 4.15]

California ISO

Manager, Transmission Engineering
250 Outcropping Way ~~Blue Ravine Road~~
Folsom, CA 95630
Phone: 916.351.2104
Fax: 916.351.2264

[NAME OF PTO]

[Address of PTO]

* * *

Appendix A
Generator Interconnection
Study Process Agreement for Independent Study Process

ASSUMPTIONS USED IN CONDUCTING THE
SYSTEM IMPACT STUDY

The System Impact Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____, subject to any modifications in accordance with Section 6.9.2 of the GIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.

Deliverability Status requested (Full Capacity, Partial Deliverability [GIP item #15], or Energy-Only)

* * *



CAISO TARIFF APPENDIX CC

**Large Generator Interconnection Agreement
for Interconnection Requests in a Queue Cluster Window**

that are tendered a Large Generator Interconnection Agreement on or after July 3, 2010

* * *

[GIP item #6] Phased Generating Facility shall mean a Generating Facility that is structured to be completed and to achieve Commercial Operation in two or more successive sequences that are specified in this LGIA, such that each sequence comprises a portion of the total megawatt generation capacity of the entire Generating Facility.

* * *

5.16 Suspension. The Interconnection Customer reserves the right, upon written notice to the Participating TO and the CAISO, to suspend at any time all work associated with the construction and installation of the Participating TO's Interconnection Facilities, Network Upgrades, and/or Distribution Upgrades required under this LGIA, other than Network Upgrades identified in the Phase II Interconnection Study as common to multiple Generating Facilities, with the condition that the Participating TO's electrical system and the CAISO Controlled Grid shall be left in a safe and reliable condition in accordance with Good Utility Practice and the Participating TO's safety and reliability criteria and the CAISO's Applicable Reliability Standards. In such event, the Interconnection Customer shall be responsible for all reasonable and necessary costs which the Participating TO (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Participating TO's electric system during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which the Participating TO cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, the Participating TO shall obtain Interconnection Customer's authorization to do so.

[GIP Item #13]

Network Upgrades common to multiple Generating Facilities, and to which the Interconnection Customer's right of suspension shall not extend, consist of Network Upgrades identified for:

- (i) Generating Facilities which are the subject of all Interconnection Requests made prior to the Interconnection Customer's Interconnection Request;
- (ii) Generating Facilities which are the subject of Interconnection Requests within the Interconnection Customer's queue cluster; and
- (iii) Generating Facilities that are the subject of Interconnection Requests that were made after the Interconnection Customer's Interconnection Request but no later than the date on which the Interconnection Customer's Phase II Study Report is issued, and have been modeled in the Base Case at the time the Interconnection Customer seeks to exercise its suspension rights under this Section.

The Participating TO shall invoice the Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work required under this LGIA pursuant to this Article 5.16, and has not requested the Participating TO to recommence the work or has not itself recommenced work required under this LGIA in time to ensure that the new projected Commercial Operation Date for the full Generating Facility Capacity of the Large Generating Facility is no more than three (3) years from the Commercial Operation Date identified in Appendix B hereto, this LGIA shall be deemed terminated and the Interconnection Customer's responsibility for costs will be determined in accordance with Article 2.4 of this LGIA. The suspension period shall begin on the date the suspension is requested, or the date of the written notice to the Participating TO and the CAISO, if no effective date is specified.

* * *

[GIP Item #5 and Addendum #9]

5.19.4 Permitted Reductions in output capacity (MW generating capacity) of the Generating Facility. An Interconnection Customer may reduce the MW capacity of the Generating Facility by up to five percent (5%) for any reason, during the time period between the Effective Date of this LGIA and the Commercial Operation Date. The five percent (5%) value shall be established by reference to the MW generating capacity as set forth in the "Interconnection Customer's Data Form To Be Provided by the Interconnection Customer Prior to Commencement of the Phase II Interconnection Study" (Appendix B to Appendix 3 of the GIP).

The applicable Participating TO(s) and CAISO (in consultation with the applicable Participating TO(s)) will consider an Interconnection Customer's request for a reduction in the MW generating capacity greater than five percent (5%) under limited conditions where the Interconnection Customer reasonably demonstrates to the Participating TO and CAISO that the MW generation capacity reduction is warranted due to reasons beyond the control of the Interconnection Customer. Reasons beyond the control of the Interconnection Customer shall include events in the nature of failure to secure required permits and other governmental approvals to construct the Generating Facility at its full MW generating capacity, if the Interconnection Customer has made diligent efforts to do so. Upon such demonstration to the reasonable satisfaction of the Participating TO and CAISO (after consultation with the applicable Participating TO) and the CAISO will permit such reduction.

No permitted reduction of MW generation capacity under this Article shall operate to diminish the Interconnection Customer's cost responsibility for Network Upgrades or to diminish the Interconnection Customer's right to repayment for financing of Network Upgrades under this LGIA.

* * *

11.4.1 Repayment of Amounts Advanced for Network Upgrades. [GIP item #6 and addendum #3]

11.4.1.1 Repayment of Amounts Advanced Regarding Non-Phased Generating Facilities

Upon the Commercial Operation Date of a Generating Facility that is not a Phased Generating Facility, and the in-service date of the corresponding Network Upgrades, the Interconnection Customer shall be entitled to a repayment, equal to the total amount paid to the Participating TO for the costs of Network Upgrades for which it is responsible, as set forth in Appendix G. Such amount 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.

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, 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 **phase has achieved Commercial Operation and the** Interconnection Customer has tendered notice **of the same** pursuant to **this LGIA that the phase has achieved Commercial Operation;**
- (e) All parties to the LGIA have **confirmed agreed** that the completed phase meets the requirements set forth in **this LGIA** and any other operating, metering, and interconnection requirements to permit generation output of the entire capacity of the completed phase as specified in **this 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 **(or if less than one hundred (100) percent has been posted, then all required Financial Security Instruments to the date of commencement of repayment).**

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 by which the requirements of items (a) through (g) have been fulfilled;** 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.

11.4.1.3 Interest Payments and Assignment Rights

Any phased or non-phased repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment. Interest shall continue to accrue on the repayment obligation so long as this LGIA is in effect. The Interconnection Customer may assign such repayment rights to any person.

11.4.1.4 Failure to Achieve Commercial Operation

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. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying and demonstrating to the Participating TO the appropriate entity to which reimbursement must be made in order to implement the intent of this reimbursement obligation.

* * *

18.3 Insurance. ~~[GIP item #9]Each~~As indicated below, the designated Party shall, at its own expense, maintain in force throughout the periods noted inef this LGIA, and until released by the other Parties, the following minimum insurance coverages, with insurers rated no less than A- (with a minimum size rating of VII) by Bests' Insurance Guide and Key Ratings and authorized to do business in the state where the Point of Interconnection is located, except in the case of any insurance required to be carried by the CAISO, the State of California:

18.3.1 Employer's Liability and Workers' Compensation Insurance. The Participating TO and the Interconnection Customer shall maintain such coverage from the commencement of any Construction Activities providing statutory benefits for workers compensation coverage and coverage amounts of no less than One Million Dollars (\$1,000,000) for employer's liability in accordance with the laws and regulations of the state in which the Point of Interconnection is located, except in the case of the CAISO, the State of California. The Participating TO shall provide the Interconnection Customer with evidence of such insurance within thirty (30) days of any request by the Interconnection Customer. The Interconnection Customer shall provide evidence of such insurance thirty (30) days prior to entry by any employee or contractor or other person acting on the Interconnection Customer's behalf onto any construction site to perform any work related to the Interconnection Facilities or Generating Facility, which shall list the Participating TO as an additional insured.

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, the Interconnection Customer shall name the Participating TO as an additional insured on any such policies.

18.3.4 Excess Public Liability Insurance. Commencing at the time of entry of any person on its behalf upon any construction site for the Network Upgrades, Interconnection Facilities, or Generating Facility, the Participating TO and the Interconnection Customer shall maintain excess public liability insurance over and above the Employer's Liability, Commercial General Liability, and Business Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate. Such insurance carried by the Participating TO shall name the Interconnection Customer as an additional insured, and such insurance carried by the Interconnection Customer shall name the Participating TO as an additional insured.

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 insurance requirements of Article 18.3.1, to the extent that it maintains a self-insurance program that is a qualified self insurer within the state in which the Point of Interconnection is located, under the laws and regulations of such state; 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.

* * *

Appendix T

Small Generator Interconnection Agreement

* * *

Article 5. Cost Responsibility For Network Upgrades

5.1 Applicability

No portion of this Article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Participating TO shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Participating TO and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Participating TO elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by the Interconnection Customer.

5.3 Transmission Credits

No later than thirty (30) days prior to the Commercial Operation Date, the Interconnection Customer may make a one-time election by written notice to the CAISO and the Participating TO to receive Congestion Revenue Rights as defined in and as available under the CAISO Tariff at the time of the election in accordance with the CAISO Tariff, in lieu of a refund of the cost of Network Upgrades in accordance with Article 5.3.1.

5.3.1 Repayment of Amounts Advanced for Network Upgrades [GIP item #6 and addendum #3]

5.3.1.1 Repayment of Amounts Advanced Regarding Non-Phased Generating Facilities

Upon the Commercial Operation Date of a Generating Facility that is not a Phased Generating Facility, the Interconnection Customer shall be entitled to a repayment, equal to the total amount paid to the Participating TO for the cost of Network Upgrades. Such amount shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to the Interconnection Customer, 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 Agreement 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.

5.3.1.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities

Upon the Commercial Operation Date of each phase of a Phased Generating Facility, the Interconnection Customer shall be entitled to a repayment equal to the amount paid to

the Participating TO for the cost of Network Upgrades for that completed phase for which the Interconnection Customer is responsible, 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 SGIA as being constructed in phases;
- (c) The completed phase corresponds to one of the phases specified in the SGIA;
- (d) The Interconnection Customer has tendered notice pursuant to the SGIA that the phase has achieved Commercial Operation;
- (e) All parties to the SGIA have agreed that the completed phase meets the requirements set forth in the SGIA and any other operating, metering, and interconnection requirements to permit generation output of the entire capacity of the completed phase as specified in the SGIA;
- (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.

If the SGIA 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 defaults on the SGIA, the Participating TO and the CAISO shall be entitled to offset any losses or damages resulting from the default against any repayments made for Network Upgrades related to the completed phases, provided that the party seeking to exercise the offset has complied with any requirements which may be required to apply the stream of payments utilized to make the repayment to the Interconnection Customer as an offset.

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, 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 Agreement 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.

5.3.1.3 Interest Payments and Assignment Rights

Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment. Interest shall continue to accrue on the repayment obligation so long as this Agreement is in effect. The Interconnection Customer may assign such repayment rights to any person.

5.3.1.4 Failure to Achieve Commercial Operation

~~If the Small 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. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying the entity to which reimbursement must be made.~~

5.3.2 Special Provisions for Affected Systems

The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected owners of portions of the CAISO Controlled Grid, as applicable, in accordance with the applicable generation interconnection procedure under which the Small Generating Facility was processed (SGIP or GIP). Such agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected owners of portions of the CAISO Controlled Grid. In no event shall the Participating TO be responsible for the repayment for any facilities that are not part of the Participating TO's Transmission System.

5.3.3 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Small Generating Facility.

* * *

[GIP item #6] Phased Generating Facility – A Generating Facility that is structured to be completed and to achieve Commercial Operation in two or more successive sequences that are specified in this SGIA, such that each sequence comprises a portion of the total megawatt generation capacity of the entire Generating Facility.

* * *

Attachment 7

[GIP Item #16] INTERCONNECTION REQUIREMENTS FOR A WIND AN ASYNCHRONOUS GENERATING PLANT FACILITY

Attachment 7 sets forth requirements and provisions specific to a ~~wind generating plant~~ all Asynchronous Generating Facilities. All other requirements of this Agreement continue to apply to ~~wind generating plant~~ Asynchronous Generating Facility interconnections.

A. Technical Standards Applicable to a ~~Wind Generating Plant~~ Asynchronous Generating Facilities

i. Low Voltage Ride-Through (LVRT) Capability

~~An Asynchronous Generating Facility wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.~~

An Asynchronous Generating Facility shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the requirements below.

1. An Asynchronous Generating Facility shall remain online for the voltage disturbance caused by any fault on the transmission grid, or within the Asynchronous Generating Facility between the Point of Interconnection and the high voltage terminals of the Asynchronous Generating Facility's step up transformer, having a duration equal to the lesser of the normal three-phase fault clearing time (4-9 cycles) or one-hundred fifty (150) milliseconds, plus any subsequent post-fault voltage recovery to the final steady-state post-fault voltage. Clearing time shall be based on the maximum normal clearing time associated with any three-phase fault location that reduces the voltage at the Asynchronous Generating Facility's Point of Interconnection to 0.2 per-unit of nominal voltage or less, independent of any fault current contribution from the Asynchronous Generating Facility.
2. An Asynchronous Generating Facility shall remain online for any voltage disturbance caused by a single-phase fault on the transmission grid, or within the Asynchronous Generating Facility between the Point of Interconnection and the high voltage terminals of the Asynchronous Generating Facility's step up transformer, with delayed clearing, plus any subsequent post-fault voltage recovery to the final steady-state post-fault voltage. Clearing time shall be based on the maximum backup clearing time associated with a single point of failure (protection or breaker failure) for any single-phase fault location that reduces any phase-to-ground or phase-to-phase voltage at the Asynchronous Generating Facility's Point of Interconnection to 0.2 per-unit of nominal voltage or less, independent of any fault current contribution from the Asynchronous Generating Facility.
3. Remaining on-line shall be defined as continuous connection between the Point of Interconnection and the Asynchronous Generating Facility's units, without any mechanical isolation. Asynchronous Generating Facilities may cease to inject current into the transmission grid during a fault.
4. The Asynchronous Generating Facility is not required to remain on line during multi-phased faults exceeding the duration described in Section A.i.1 of this Appendix H or single-phase faults exceeding the duration described in Section A.i.2 of this Appendix H.
5. The requirements of this Section A.i. of this Appendix H do not apply to faults that occur between the Asynchronous Generating Facility's terminals and the high side of the step-up transformer to the high-voltage transmission system.

6. Asynchronous Generating Facilities may be tripped after the fault period if this action is intended as part of a special protection system.
7. Asynchronous Generating Facilities may meet the requirements of this Section A.i of this Appendix H through the performance of the generating units or by installing additional equipment within the Asynchronous Generating Facility, or by a combination of generating unit performance and additional equipment.
8. The provisions of this Section A.i of this Appendix H apply only if the voltage at the Point of Interconnection has remained within the range of 0.9 and 1.10 per-unit of nominal voltage for the preceding two seconds, excluding any sub-cycle transient deviations.

Transition Period LVRT Standard

The transition period standard applies to wind generating plant ~~Asynchronous Generating Facilities~~ that have either: (i) interconnection agreements signed and filed with FERC, filed with FERC in unexecuted form, or filed with FERC as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. ~~Wind generating plants Asynchronous Generating Facilities are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4—9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the Participating TO. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or “GSU”), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system.~~
1. ~~This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.~~
1. ~~Wind generating plants Asynchronous Generating Facilities may be tripped after the fault period if this action is intended as part of a special protection system.~~
1. ~~Wind generating plants Asynchronous Generating Facilities may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.~~
1. ~~Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Attachment 7 LVRT Standard are exempt from meeting the Attachment 7 LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Attachment 7 LVRT Standard.~~

Post-transition Period LVRT Standard

All wind generating plants ~~Asynchronous Generating Facilities~~ not covered by the transition period described above must meet the following requirements:

1. ~~Wind generating plants Asynchronous Generating Facilities are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4—9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the Participating TO. The maximum~~

~~clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the CAISO Controlled Grid. A wind generating plant shall remain interconnected during such a fault on the CAISO Controlled Grid for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.~~

- ~~1. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.~~
- ~~1. Wind generating plants Asynchronous Generating Facilities may be tripped after the fault period if this action is intended as part of a special protection system.~~
- ~~1. Wind generating plants Asynchronous Generating Facilities may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.~~
- ~~1. Existing individual generator units that are, or have been, interconnected to the CAISO Controlled Grid at the same location at the effective date of the Attachment 7 LVRT Standard are exempt from meeting the Attachment 7 LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Attachment 7 LVRT Standard.~~

ii. Frequency Disturbance Ride-Through Capacity

An Asynchronous Generating Facility shall comply with the off nominal frequency requirements set forth in the WECC Under Frequency Load Shedding Relay Application Guide or successor requirements as they may be amended from time to time.

iii. Power Factor Design Criteria and Operating Requirements (Reactive Power)

An Asynchronous Generating Facility shall operate within a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this **SLGIA** in order to maintain a specified voltage schedule, if the Phase II Interconnection Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two, if agreed to by the Participating TO and CAISO. The Interconnection Customer shall not disable power factor equipment while the Asynchronous Generating Facility is in operation. Asynchronous Generating Facilities shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the Phase II Interconnection Study shows this to be required for system safety or reliability

~~A wind generating plant shall operate within a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this Agreement in order to maintain a specified voltage schedule, if the system impact study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two, if agreed to by the Participating TO and CAISO. The Interconnection Customer shall not disable power factor equipment while the wind plant is in operation. Wind plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the system impact study shows this to be required for system safety or reliability.~~

ivii. Supervisory Control and Data Acquisition (SCADA) and Automated Dispatch System (ADS) Capability

An Asynchronous Generating Facility shall provide SCADA capability to transmit data and receive instructions from the Participating TO and CAISO to protect system reliability. The Participating TO and CAISO and the Asynchronous Generating Facility Interconnection Customer shall determine what SCADA information is essential for the proposed Asynchronous Generating Facility, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability.

iv. Power System Stabilizers (PSS)

Power system stabilizers are not required for Asynchronous Generating Facilities.

~~The wind plant shall provide SCADA capability to transmit data and receive instructions from the Participating TO and CAISO to protect system reliability. The Participating TO and CAISO and the wind plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.~~

* * *

24.4.6.5 LGIP Network Upgrades

Beginning with the 2011/2012 planning cycle, Network Upgrades originally identified during the Phase II Interconnection Study or Interconnection Facilities Study Process of the Large Generation Interconnection Process as set forth in Section 7 of Appendix Y that are not already included in a signed LGIA may be assessed as part of the comprehensive Transmission Plan if these Network Upgrades satisfy the following criteria:

- (a) The Network Upgrades consist of new transmission lines 200 kV or above, and have capital costs of \$100 million or greater;
- (b) The Network Upgrade is a new 500 kV substation that has capital costs of \$100 million or greater; or,
- (c) The Network Upgrades have a capital cost of \$200 million or more.

The CAISO will post a list of the Network Upgrades eligible for assessment in the Transmission Planning Process in accordance with the schedule set forth in the applicable Business Practice Manual. Network Upgrades included in the comprehensive Transmission Plan may include additional components not included in the Network Upgrades originally identified during the Phase II Interconnection Study or may be expansions of the Network Upgrades originally identified during the Phase II Interconnection Study if the CAISO determines during the Transmission Planning Process that such components or expansions are needed as additional elements under section 24.1. Network Upgrades identified in the LGIP Phase II studies but not assessed in the Transmission Planning Process will be included in Large Generator Interconnection Agreements, as appropriate. Network Upgrades assessed in the Transmission Planning Process but not modified or replaced will be included in Large Generator Interconnection Agreements, as appropriate. Construction and ownership of Network Upgrades specified in the comprehensive Transmission Plan under this section, including any needed additional components or expansions, will be the responsibility of the Participating TO if the Phase II studies identified the original upgrade as needed and such upgrade has not yet been set forth in an executed Large Generator Interconnection Agreement.

[GIP Item #14] 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 prudence 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 case of Network Upgrades which the applicable Participating TO agreed to up-front fund independent of any obligation to fund pursuant to the Transmission Planning Process. If, through the Transmission Planning Process, the CAISO identifies any additional components or expansions of Network Upgrades that result in the need for other upgrades or additions, the responsibility to build and own such additions or upgrades will be determined by this Section 24, according to the category of those other upgrades or additions. Any decision in the Transmission Planning Process to modify Network Upgrades identified in the Large Generator Interconnection Process will not increase the cost responsibility of the Interconnection Customer as described in Appendix Y, Section 7. Category 1 policy-driven elements identified under Section 24.4.6.7 could supplant the need for LGIP Network Upgrades that would be developed in subsequent Generator Interconnection Process cycles. To the extent that a Category 1 policy-driven element eliminates or downsizes the need for a Network Upgrade, the Interconnection Customer's cost responsibility for such Network Upgrade shall be eliminated or reduced. Any financial security posting shall be adjusted accordingly.

* * *

25. Interconnection Of Generating Units And Facilities

25.1 Applicability

This Section 25 and Appendix U (the Standard Large Generator Interconnection Procedures (LGIP)), Appendix Y (the Generator Interconnection Procedures (GIP)), Appendix S (the Small Generator Interconnection Procedures (SGIP)), or Appendix W, as applicable, shall apply to:

- (a) each new Generating Unit that seeks to interconnect to the CAISO Controlled Grid;

- (b) each existing Generating Unit connected to the CAISO Controlled Grid that will be modified with a resulting increase in the total capability of the power plant;
- (c) each existing Generating Unit connected to the CAISO Controlled Grid that will be modified without increasing the total capability of the power plant but has changed the electrical characteristics of the power plant such that its re-energization may violate Applicable Reliability Criteria; ~~and~~
- (d) each existing Generating Unit connected to the CAISO Controlled Grid whose total Generation was previously sold to a Participating TO or on-site customer but whose Generation, or any portion thereof, will now be sold in the wholesale market, subject to Section 25.1.2; ~~and~~
- (e) **[GIP Item #7, under the heading "Path 2"]** each existing Generating Unit that is a Qualifying Facility and that is converting to a Participating Generator without repowering or reconfiguring the existing Generating Unit, subject to Section 25.1.2.

[GIP Item #7, under the heading "Path 1"] The CAISO ~~and/or the applicable Participating TO~~ shall be authorized to verify whether the requirements of Section 25.1(b), -(c), -(d), and -(e) apply to each existing Generating Unit, and the owner of the existing Generating Unit, or its designee, shall be responsible for any costs related to that verification process pursuant to the Business Practice Manual. ~~The CAISO may engage the services of the applicable Participating TO in the ISO's conducting such verification activities, in which case such costs shall be borne by the such party making the request under Section 25.1, and such costs shall be included in any CAISO invoice for verification activities.~~

* * *

25.1.2 Affidavit Requirement

[GIP #7, under the heading "Path 2"] If the owner of a Generating Unit described in Section 25.1(d) or -(e), or its designee, represents that the total capability and electrical characteristics of the Generating Unit will be substantially unchanged, then that entity must submit an affidavit to the CAISO and the applicable Participating TO representing that the total capability and electrical characteristics of the Generating Unit will remain substantially unchanged. If there is any change to the total capability and

electrical characteristics of the Generating Unit, however, the affidavit shall include supporting information describing any such changes. The CAISO and the applicable Participating TO shall have the right to verify whether or not the total capability or electrical characteristics of the Generating Unit have changed or will change.

* * *

37.9.4 Disposition Of Proceeds

The CAISO shall collect penalties assessed pursuant to this Section 37.9 and deposit such amounts in an interest bearing trust account. After the end of each calendar year, the CAISO shall distribute the penalty amounts together with interest earned through payments to Scheduling Coordinators as provided herein.

For the purpose of this Section 37.9.4, "eligible Market Participants" shall be those Market Participants that were not assessed a financial penalty pursuant to this Section 37 during the calendar year.

Each Scheduling Coordinator that paid GMC during the calendar year will identify, in a manner to be specified by the CAISO, the amount of GMC paid by each Market Participant for whom that Scheduling Coordinator provided service during that calendar year. The total amount assigned to all Market Participants served by that Scheduling Coordinator in such calendar year (including the Scheduling Coordinator itself for services provided on its own behalf), shall equal the total GMC paid by that Scheduling Coordinator.

The CAISO will calculate the payment due each Scheduling Coordinator based on the lesser of the GMC actually paid by all eligible Market Participants represented by that Scheduling Coordinator, or the product of a) the amount in the trust account, including interest, and b) the ratio of the GMC paid by each Scheduling Coordinator for eligible Market Participants, to the total of such amounts paid by all Scheduling Coordinators. Each Scheduling Coordinator is responsible for distributing payments to the eligible Market Participants it represented in proportion to GMC collected from each eligible Market Participant.

Prior to allocating the penalty proceeds, the CAISO will obtain FERC's approval of its determination of eligible Market Participants and their respective shares of the trust account proceeds. **GIP Item #2** If the total amount in the trust account to be so allocated exceeds the total GMC obligation of all eligible Market Participants, then such excess shall be treated in accordance with Section 11.29.9.6.38-5-3(b).

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