

## Stakeholder Comments Template

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

Submitted by	Company	Date Submitted
Bonnie Blair <a href="mailto:bblair@thompsoncoburn.com">bblair@thompsoncoburn.com</a> 202-585-6905	Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, CA	May 5, 2011

This template was created to help stakeholders structure their written comments on topics detailed in the April 14, 2011 *Straw Proposal for Generation Interconnection Procedures 2 (GIP 2) Proposal* (at <http://www.caiso.com/2b21/2b21a4fe115e0.html>). We ask that you please submit your comments in MS Word to [GIP2@caiso.com](mailto:GIP2@caiso.com) no later than the close of business on May 5, 2011.

Your comments on any these issues are welcome and will assist the ISO in the development of the draft final proposal. Your comments will be most useful if you provide the reasons and the business case for your preferred approaches to these topics.

Your input will be particularly valuable to the extent you can provide greater definition and clarity to each of the proposals as well as concerns you may have with implementation or effectiveness.

**Comments on topics listed in GIP 2 Straw Proposal:****Work Group 1**

1. Develop procedures and tariff provisions for cost assessment provisions.

Comments: The Six Cities strongly support increased coordination and integration of the GIP and TPP processes and specifically support the objectives listed on the bottom half of page 17 of the Straw Proposal. The Six Cities also specifically support the ISO's proposal to evaluate as part of the TPP all network upgrades identified in the GIP as necessary to support generator interconnections, rather than just a subset of such upgrades. As of this time, the Cities still are evaluating the ISO's proposal for assigning cost responsibility for network upgrades based upon the renewable portfolio developed in the TPP.

2. Clarify Interconnection Customer (IC) cost and credit requirements when GIP network upgrades are modified in the transmission planning process (per the new RTPP provisions)

Comments: See comments on Item 1 above.

**Work Group 2**

3. Participating Transmission Owner (PTO) transmission cost estimation procedures and per-unit upgrade cost estimates;

Comments:

4. Generators interconnecting to non-PTO facilities that reside inside the ISO Balancing Area Authority (BAA);

Comments: The Six Cities support the ISO's proposal to establish a process to allow the ISO to conduct studies to identify network upgrades necessary to establish full deliverability status for projects that seek to interconnect to the transmission facilities of a non-PTO located inside the ISO BAA. The process should include provisions for close coordination with the affected non-PTO and should require the prospective interconnection customer to fund all necessary ISO study costs.

5. Triggers that establish the deadlines for IC financial security postings.

Comments:

6. Clarify definitions of start of construction and other transmission construction phases, and specify posting requirements at each milestone.

Comments: The Six Cities oppose the ISO's suggested modification of security posting requirements to allow interconnection customers to defer posting of security for later stages of phased construction projects. Even where a transmission project will be constructed in phases, the risk that lack of funding may lead to abandoned plant costs is driven by the entire cost of the project, not individual stages. Allowing construction of a project to begin before full funding is secured increases the risk to transmission customers as well as to other interconnection customers that also are relying on completion of the project.

7. Improve process for interconnection customers to be notified of their required amounts for IFS posting

Comments:

8. Information provided by the ISO (Internet Postings)

Comments:

### Work Group 3

9. Develop pro forma partial termination provisions to allow an IC to structure its generation project in a sequence of phases.

Comments: The availability of a partial termination option must be coordinated with cost responsibility for network upgrades. If an interconnection customer is responsible for all or some portion of network upgrade costs, any option for partial termination should be conditioned upon the interconnection customer bearing the full costs of any network upgrades that cannot be cancelled, avoided, or fully utilized by other customers.

10. Reduction in project size for permitting or other extenuating circumstances

Comments:

11. Repayment of IC funding of network upgrades associated with a phased generation facility.

Comments: The Six Cities support the ISO's position that repayment for network upgrades funded by interconnection customers may not begin until all the network upgrades are placed in service.

12. Clarify site exclusivity requirements for projects located on federal lands.

Comments:

13. Interconnection Refinements to Accommodate QF conversions, Repowering, Behind the meter expansion, Deliverability at the Distribution Level and Fast Track and ISP improvements

- a. Fast Track application to facility repowerings

Comments:

- b. QF Conversion

Comments:

- c. Behind the meter expansion

Comments:

- d. Distribution level deliverability

Comments:

#### **Work Group 4**

14. Financial security posting requirements where the PTO elects to upfront fund network upgrades.

Comments:

15. Revise ISO insurance requirements (downward) in the pro forma Large Generation Interconnection Agreement (LGIA) to better reflect ISO's role in and potential impacts on the three-party LGIA.

Comments: The Six Cities support modification of provisions related to insurance requirements to reflect more accurately the ISO's role in the interconnection process.

16. Standardize the use of adjusted versus non-adjusted dollar amounts in LGIAs.

Comments:

17. Clarify the Interconnection Customers financial responsibility cap and maximum cost responsibility

Comments:

18. Consider adding a "posting cap" to the PTO's Interconnection Facilities

Comments: The Six Cities oppose any cap on required postings for PTO Interconnection Facilities. Interconnection Facilities are constructed for the sole benefit of the Interconnection Customer, and the Interconnection Customer should be responsible for posting the entire estimated cost for Interconnection Facilities. Establishing a posting cap for Interconnection Facilities unreasonably would shift risk to the PTO and/or its other customers.

**Work Group 5**

19. Partial deliverability as an interconnection deliverability status option.

Comments: The Six Cities support development of a partial deliverability status option.

20. Conform technical requirements for small and large generators to a single standard

Comments:

21. Revisit tariff requirement for off-peak deliverability assessment.

Comments:

22. Annual updating of ISO's advisory course on partial deliverability assessment

Comments:

23. CPUC Renewable Auction Mechanism requirement for projects to be in an interconnection queue to qualify

Comments:

#### **Other Comments:**

1. Provide comments on proposals submitted by stakeholders.

The Six Cities oppose suggestions by the Large-scale Solar Association to reduce financial security posting requirements based upon entry into a power purchase agreement ("PPA") or the status of construction permits issued by the primary Governing Authority. (Addendum to Straw Proposal at 54-55). Financial security postings under a PPA are for the benefit of the PPA counter-party and will not protect the Participating Transmission Owner or transmission customers from risk of loss due to subsequent cancellation of the generation project. Likewise, submission of a complete application for a construction permit or even issuance of a construction permit does not provide sufficient protection for the PTO and transmission customers against risk of loss due to project cancellation.

The Six Cities support the suggestion by the Large-scale Solar Association that the ISO evaluate the status of projects that have been in the interconnection queue for a lengthy period of time and take available steps to clear non-viable projects so as to avoid construction of network upgrades that are not necessary. (Addendum to Straw Proposal at 57).

The Six Cities support the proposal by the Southern California Edison Company ("SCE") to adopt GIP provisions explicitly allowing PTOs to request a re-evaluation of the post-Phase 2 Plan of Service, including removal of network upgrades that are no longer required due to withdrawing generation from the pre-cluster base cases for future cluster studies. (Addendum to Straw Proposal at 64-65). Allowing such re-evaluations will help to avoid development of network upgrades that turn out to be unnecessary and to ensure that transmission investment properly reflects anticipated development of resources.

## Comments Template for April 14, 2011 Straw Proposal

The Six Cities oppose the proposal by SCE for automatic approval of 100% abandoned plant recovery. (Addendum to Straw Proposal at 64-65). The established FERC policy of dividing responsibility for abandoned plant costs between the Transmission Owner and transmission customers provides an incentive for Transmission Owners to properly manage project development. There is no justification for shifting to transmission customers all risks of abandoned plant costs for all network upgrade projects.

The Six Cities support SCE's proposal to eliminate the ability of an Interconnection Customer to suspend its Generation Interconnection Agreement ("GIA") (Addendum to Straw Proposal at 64-65), at least in circumstances where network upgrades are planned to support the interconnection of the resource in question. The Cities agree with SCE that allowing an individual Interconnection Customer to suspend its GIA for up to three years creates intolerable risk of adverse impacts on other customers and impediments to the orderly development of the transmission system.

2. If you have other comments, please provide them here.