

## Stakeholder Comments Template

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

Submitted by	Company	Date Submitted
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This template was created to help stakeholders structure their written comments on topics detailed in the July 5, 2011 *Revised Draft Final 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 July 14, 2011 so that there will be time to include them in Board documents.

Your comments will be most useful if you provide the reasons and the business case for your preferred approaches to these topics.

Please also respond to the question “Do you support the proposal?” for each item listed below.

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

The ISO has determined that WG 1 topics should be taken out of the GIP 2 scope and addressed in a separate initiative with its own timeline

**Work Group 2**

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

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

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

Do you support the proposal?

The Six Cities support the ISO's proposal as presented in the Revised Draft Final Proposal.

Comments:

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

Do you support the proposal?

The Six Cities support the ISO's proposal as presented in the Revised Draft Final Proposal.

Comments:

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

Do you support the proposal?

No.

Comments:

The Six Cities continue to oppose the ISO's suggested modification of security posting requirements to allow interconnection customers to negotiate deferred 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 (especially when the Participating Transmission Owner seeks one hundred percent recovery of abandoned plant costs) as well as to other interconnection customers that also are relying on completion of the project.

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

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

6. Information provided by the ISO (Internet Postings)

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

**Work Group 3**

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

Do you support the proposal?

The Six Cities support the ISO's proposal as presented in the Revised Draft Final Proposal, subject to the clarification suggested below.

Comments:

The description of the method for calculating the risk factor associated with utilization of Network Upgrades required for a project appears to preclude a calculation result that exceeds .5. However, the ISO proposes to deny eligibility for partial termination where the risk factor exceeds that threshold, indicating that the calculation process can produce results higher than that value. The Six Cities support the ISO's proposal to

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deny eligibility for partial termination where the risk factor exceeds .5 (or 50%) and suggest clarification of the calculation method consistent with that principle.

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

Do you support the proposal?

The Six Cities support the ISO's proposal as presented in the Revised Draft Final Proposal.

Comments:

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

Do you support the proposal?

No.

Comments:

Repayment of interconnection customer funding for network upgrades should not begin until all network upgrades for which the customer is responsible are complete and have been placed in service. Beginning repayment for network upgrades prior to completion of the upgrades would reduce funds available to support completion of the upgrades and increase the risk of abandonment.

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

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

11. CPUC Renewable Auction Mechanism

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

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

- a. Application of Path 1-5 processes

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

- b. Maintaining Deliverability upon QF Conversion

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

- c. Distribution Level Deliverability

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

#### **Work Group 4**

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

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

14. 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.

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

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

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

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

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

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

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

18. Consider using generating project viability assessment in lieu of financial security postings

Do you support the proposal?

The Six Cities support the ISO's proposal as presented in the Revised Draft Final Proposal.

Comments:

The criteria for assessing project viability suggested by some stakeholders would not adequately protect the Participating Transmission Owner or transmission customers from risk of loss due to subsequent cancellation of the generation project.

19. Consider limiting interconnection agreement suspension rights

Do you support the proposal?

No.

Comments:

Although the ISO proposes to clarify that the Participating Transmission Owner will be protected against financial loss through abandoned plant recovery, there is no such protection for transmission customers. Interconnection Customers should not be permitted to suspend their obligations to support Network Upgrades in circumstances where such suspension will give rise to increased risk of abandonment at the ultimate expense of transmission customers.

20. Consider incorporating PTO abandoned plant recovery into GIP

Do you support the proposal?

No.

Comments:

The Six Cities strongly oppose incorporating into the GIP any automatic pre-approval for abandoned plant recovery for any network upgrades. Transmission customers have no opportunity for direct input in the GIP process and no ability to manage risks of abandoned plant under GIAs. Although it may be the case that the Participating Transmission Owner could have non-voluntary funding responsibility for Network Upgrades under some circumstances, that does not override the fact that the Participating Transmission Owner is the entity best able to manage the risks of potential abandonment. 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. Shifting all risks of abandoned plant costs to transmission customers would undermine incentives for the Participating Transmission Owner to exercise effective project management.

**Work Group 5**

21. Partial deliverability as an interconnection deliverability status option.

Do you support the proposal?

The Six Cities support the ISO's proposal as presented in the Revised Draft Final Proposal.

Comments:

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

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

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

Do you support the proposal?

The Six Cities neither support nor oppose the ISO's proposal on this topic.

Comments:

24. Operational partial and interim deliverability assessment

Do you support the proposal?

The Six Cities support the ISO's proposal as presented in the Revised Draft Final Proposal.

Comments:

25. Post Phase II re-evaluation of the plan of service

Do you support the proposal?

The Six Cities support the ISO's proposal as presented in the Revised Draft Final Proposal.

Comments:

**Other Comments:**

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