Stakeholder Comments Template

Submitted by	Company	Date Submitted
Bonnie S. Blair bblair@thompsoncoburn.com 202.585.6905 Margaret E. McNaul mmcnaul@thompsoncoburn.com 202.585.6940	Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities")	August 22, 2013

Please use this template to provide your comments on the Interconnection Process Enhancements Straw Proposal posted on July 18 and as supplemented by the presentation and discussion during the August 8 stakeholder meeting.

Submit comments to GIP@caiso.com

Comments are due August 22, 2013 by 5:00pm

The Straw Proposal posted on July 18 may be found at:

http://www.caiso.com/Documents/StrawProposal-Topics1-5_13-15_InterconnectionProcessEnhancements.pdf

The presentation discussed during the August 8 stakeholder meeting may be found at:

http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancements080813.pdf

Please provide your comments following each of the topics listed below.

Topic 1 – Future downsizing policy

Comments: ***The Six Cities generally support the ISO's Straw Proposal regarding Topic No. 1. In particular, the Six Cities support the concept of providing a single annual request window of limited duration that will synchronize with study processes performed in connection with the GIDAP. The proposal appears to include provisions to ensure that downsizing customers bear the costs associated with downsizing, including re-study costs and costs resulting from***

renegotiation of the interconnection customer's GIA. Additionally, the Six Cities support the ISO's proposal to require a downsizing customer to finance the network upgrades for the project at its initially-proposed size if later-queued projects rely on such upgrades. The Six Cities have no specific position on the proposed deposit amounts for re-study costs (i.e., $50,000) and GIA renegotiation costs (i.e., $10,000), although the Six Cities recommend that the final proposal make clear that, in each instance, the downsizing customer must pay the actual costs of each of these activities (or, in the case of re-study costs, an allocated share of the costs) charged against the deposit amounts. While the Six Cities understand the Straw Proposal to provide for this with respect to re-study costs, the Straw Proposal is not entirely clear that the ISO intends for the downsizing customer to pay all actual costs for renegotiation of its GIA.

Topic 2 – Disconnection of first phase of project for failure to build later phase

Comments: ***The Six Cities generally support the ISO's Straw Proposal regarding Topic No. 2. In the event that an interconnection customer fails to complete subsequent phases of a multi-phased project, disconnection may not, in all instances, serve as an appropriate remedy. It is critically important, however, that interconnection customers who fail to complete all phases as originally planned bear the full costs associated with their decision and hold harmless other interconnection customers and the ISO (and its ratepayers) from any and all resulting costs. Most importantly, such interconnection customers should remain liable for the full cost of all network upgrades that were identified for and assigned to a project as originally scoped, subject to subsequent reimbursement only for the portion of the upgrades associated with the phase or phases that were actually constructed and are operational. (See Straw Proposal at 30.) The Six Cities understand that this is not intended to serve as a punitive measure but is instead an attempt to create the proper incentives for interconnection customers to utilize other available downsizing opportunities while mitigating the exposure of other potentially-affected parties to additional costs.***

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

Comments: ***For the reasons stated by the ISO in Paragraph 10 of the Straw Proposal for this Topic, the Six Cities support the ISO's proposal to retain the requirement for the owners of a phased, multi-owner project to assume joint and several liability for all of the obligations relating to the interconnection as specified in the GIA. The Six Cities also support processing a***

request for phasing through the Material Modification process. The Six Cities take no position on the remaining components of this Topic at this time.

Topic 4 – Improve Independent Study Process

Comments: ***The Six Cities have no position on this Topic at this time, but may provide comments on future proposals issued by the Independent Study Process Working Group.***

Topic 5 – Improve Fast Track

Comments: ***The Six Cities have no position on this Topic at this time, but may provide comments on future proposals issued by the Fast Track Working Group.***

Topic 13 – Clarify timing of transmission cost reimbursement

Comments: ***As stated in their initial comments, eligibility for cost reimbursement should require both (i) that the project have achieved commercial operation and (ii) that the required network upgrades are in service. This should apply with respect to both phased and non-phased projects. Reimbursement for up-front payments associated with network upgrades should not begin until those upgrades are actually placed into service.***

Topic 14 – Distribution of forfeited funds

Comments: ***The Six Cities strongly urge the ISO to modify the existing methodology for allocating forfeited funds, and believe that ratepayers, who ultimately are responsible for all costs of the transmission network, should be primary beneficiaries of forfeited funds. The Six Cities, therefore, support Option No. 4 – whereby forfeited funds are used to offset the cost of network upgrades associated with the withdrawn project, if the upgrades are still needed. With respect to any residual (or excess) funds, the Six Cities propose to first allocate the remaining forfeited funds to offset the costs of network upgrades for projects in the same cluster. To the extent there are any residual funds remaining, the Six Cities propose that such funds be used to reduce the TAC on a system-wide basis. The Six Cities understand the concern raised by SCE regarding the administrative challenges of using forfeited funds to offset the TRRs of Participating TOs, and believe that the TRBA could serve as a mechanism to ensure that forfeited funds are flowed through to ratepayers on an annual basis, as***

suggested the ISO. (See Presentation for Interconnection Process Enhancements Initiative Straw Proposal – Topics 1-5 and 13-15 at Slide No. 38.)

Topic 15 – Inverter/transformer changes (material modification process)

Comments: ***The Six Cities have no conceptual concern with the ISO's approach for this Topic, which the Cities understand to now encompass the expansion of this Topic to include (i) the identification of project revisions that are permitted without a Material Modification review, and (ii) the development of language describing the Material Modification process and including such language in the Business Practice Manuals for the GIP and GIDAP.***

Given the modified scope of this Topic, the Six Cities believe that additional clarification concerning what this Topic encompasses would be useful. It is not entirely clear whether the Straw Proposal is intended to serve as a basis for language in the Business Practice Manual or simply to serve as a vehicle to provide further explanation of issues regarding which stakeholders have sought more information.

With respect to the ISO's question regarding how to address capacity reductions greater than permitted under the substantial performance provisions (see Straw Proposal at 63), including the 5% safe harbor (as it is proposed to be modified under Topic No. 2), it seems that the particular treatment of requests for reductions greater than the amount permitted under the safe harbor should depend upon the stage at which the request is made. If a customer can request a reduction through the annual downsizing opportunity described under Topic No. 1, then the customer should do so. If a customer has failed to avail itself of downsizing opportunities and has not met the substantial performance provisions of its GIA, then the procedures for GIA termination should apply. The objectives of any downsizing procedures and termination provisions should be to create the correct incentives for interconnection customers to utilize available downsizing opportunities to modify their projects as needed. Thus, the Six Cities find confusing the ISO's characterization of capacity reductions based on the safe harbor provisions as an "Acceptable Request[]" (see Straw Proposal at 62) for a modification when the ISO has also explained that, as stated in Topic No. 1, "the ISO is proposing to clarify in its tariff that the ISO will not review requests for capacity reductions as part of a customer's general right to seek project modifications" (see Straw Proposal at 62 n.40).