

Stakeholder Comments Template

**Integration of Transmission Planning and Generation
Interconnection Procedures (TPP-GIP Integration)
Straw Proposal, July 21, 2011**

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, covered in the TPP-GIP Integration Straw Proposal posted on July 21, 2011 and discussed during the stakeholder meeting on July 28, 2011.

Please submit your comments below where indicated. At the end of this template you may add your comments on any other aspect of this initiative not covered in the topics listed. If you express support for a preferred approach for a particular topic, your comments will be most useful if you explain the reasons and business case behind your support.

Please submit comments (in MS Word) to TPP-GIP@caiso.com no later than the close of business on Tuesday, August 9, 2011.

1. The ISO has laid out several objectives for this initiative. Please indicate whether your organization believes these objectives are appropriate and complete. If your organization believes the list to be incomplete, please specify what additional objectives the ISO should include.

Response: The Six Cities agree with the objectives listed and have not identified any additional objectives at this time.

2. At the end of the Objectives section (section 4) of the straw proposal, the ISO lists seven previously identified GIP issues that may be addressed within the scope of this initiative.
 - a. Please indicate whether your organization agrees with any or all of the identified topics as in scope. If not, please indicate why not.

Response: The Six Cities agree that the seven previously identified GIP issues listed at pages 6-7 of the Straw Proposal are appropriately in scope for this initiative.

- b. Please identify any other unresolved GIP issues not on this list that should be in scope, and explain why.
3. Stage 1 of the ISO’s proposal offers two options for conducting the GIP cluster studies and transitioning the results into TPP.
 - a. Which option, Option 1A or Option 1B, best achieves the objectives of this initiative, and why? Are there other options the ISO should consider for structuring the GIP study process?
 - b. What, if any, modifications to the GIP study process might be needed?

Response: The Six Cities do not have a position on these questions at this time.

4. Stage 2 of the straw proposal adds a step to the end of the TPP cycle, in which the ISO identifies and estimates the costs of additional network upgrades to meet the interconnection needs of the cluster. Please offer comments and suggestions for how to make this step produce the most accurate and useful results.

Response: The Six Cities do not have any suggestions in response to this question at this time.

5. Stage 3 of the straw proposal identifies three options for allocating ratepayer funded upgrades to interconnection customers in over-subscribed areas.
 - a. Please identify which option, Option 3A, 3B, or 3C, your organization prefers and why. Are there other options the ISO should consider?

Response: Of the three options identified, the Six Cities support Option 3C as the first choice and consider Option 3B the next best alternative. The auction approach in Option 3C could help to identify the most viable and cost-effective projects and thereby assist in reducing the over-subscription of the queue. In addition, if auction payments are refunded to projects only if and when they achieve commercial operation, interconnection customers will share with transmission customers the risks of under-utilized transmission investment.

- b. If Option 3A is selected, what are appropriate milestones to determine which projects are the “first comers?”
 - c. If Option 3B is selected, what is the appropriate methodology for determining pro rata cost shares?
 - d. If Option 3C is selected, how should such an auction be conducted and what should be done with the auction proceeds from the winning bidders?

Response: The Cities do not have any suggestions at this time concerning how the auction should be conducted. However, auction proceeds from the winning bidders should be held in a trust account and returned to the winning bidders only when their associated projects achieve commercial operation. If a project that makes an auction payment does not achieve commercial operation, the auction proceeds should be forfeited to the ISO and credited against the High Voltage TRR.

6. The straw proposal describes how the merchant transmission model in the current ISO tariff could apply to network upgrades that are paid for by an interconnection customer and not reimbursed by transmission ratepayers. Do you agree that the merchant transmission model is the appropriate tariff treatment of such upgrades, or should other approaches be considered? If you propose another approach, please describe the business case for why such approach is preferable.

Response: The Six Cities agree that the merchant transmission model is an appropriate treatment for upgrades paid for by an interconnection customer and not reimbursed by transmission ratepayers, provided that it is modified to require subsequent interconnection customers that use a facility funded by a “first mover” to reimburse the financially responsible interconnection customer(s) for a pro rata portion of the facility’s cost. Subsequent interconnection customers that reimburse the initially responsible interconnection customer should receive a proportionate share of the option CRRs awarded to the initially responsible interconnection customer.

7. Stage 3 of the proposal also addresses the situation where an IC pays for a network upgrade and later ICs benefit from these network upgrades.
 - a. Should the ISO’s role in this case be limited to allocating option CRRs to the IC that paid for the upgrades?

Response: No. It would be appropriate for the Tariff to require that where an IC pays for a network upgrade and later ICs benefit from these network upgrades, the subsequent ICs must reimburse the financially responsible IC(s) for a pro rata portion of the facility’s cost and receive a proportionate share of the option CRRs allocated to the IC that paid for the upgrades.

- b. Should the ISO include provisions for later ICs that benefit from network upgrades to compensate the earlier ICs that paid for the upgrades?

Response: Yes. See above.

8. In order to transition from the current framework to the new framework, the ISO proposes Clusters 1 and 2 proceed under the original structure, Cluster 5 would

proceed using the new rules, and Clusters 3 and 4 would be given an option to continue under the new rules after they receive the results their GIP Phase 1 studies.

- a. Please indicate whether you agree with this transition plan or would prefer a different approach. If you propose an alternative, please describe fully the reasons why your approach is preferable.
- b. If the straw proposal for the transition treatment of clusters 3 and 4 is adopted and a project in cluster 3 or 4 drops out instead of proceeding under the new rules, should the ISO provide any refunds or other compensation to such projects? If so, please indicate what compensation should be provided and why.

Response: The Six Cities do not have a position on these questions at this time.

9. Some stakeholders have expressed a need for the ISO to restudy the need for and costs of network upgrades when projects drop out of the queue. The ISO seeks comment on when and restudies should be conducted, in the context of the proposed new TPP-GIP framework.

Response: The ISO should restudy the need for network upgrades if projects expected to use the upgrades drop out of the queue and would substantially reduce the expected utilization of the upgrade(s). The TPP should include, on an annual basis, review of the impacts of projects that have dropped out of the queue on network upgrades planned in prior TPP cycles.

10. Some stakeholders have suggested that there may be benefits of conducting TPP first and then have developers submit their projects to the GIP based on the TPP results. Does your organization believe that conducting the process in such a manner is useful and reasonable?

Response: The Six Cities agree that there likely would be benefits in conducting TPP first and then evaluating specific interconnection requests under the GIP. This approach would allow generation developers to make more informed decisions about where to locate their projects and could help to address the problem of over-subscription of the interconnection queue.

11. Please comment below on any other aspects of this initiative that were not covered in the questions above.

Response: The Six Cities do not have any additional comments at this time.