

Stakeholder Comments Template

**Integration of Transmission Planning and Generator Interconnection Procedures (TPP-GIP Integration)**

**Draft Final Proposal, posted February 15, 2012**

**Please submit comments (in MS Word) to [TPP-GIP@caiso.com](mailto:TPP-GIP@caiso.com) no later than the close of business on March 1, 2012.**

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, which were discussed in the TPP-GIP Integration Draft Final Proposal posted on February 15, 2012, and during the stakeholder meeting on February 22, 2012.

Please use the list of topics and questions below to structure most of your comments. At the end of the document you may offer comments on any aspect of this initiative not covered by the topics listed. When you state a preference for a particular approach on a topic or issue, your response will be most helpful if you clearly explain the reasoning and business case for your preference.

Because the draft final proposal mostly retains the major design elements and provisions of the previous proposal, the topics identified below concentrate on provisions that are new or revised.

**Section 1. Overall support for the draft final proposal.**

Please select one of the following options to indicate your organization's overall level of support for this proposal: (1) fully support, (2) support with qualification, or (3) oppose. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal.

Six Cities' Comments: The Six Cities support the Proposal with qualifications. The Proposal represents significant progress toward coordinated transmission development and more effective interconnection queue management. The qualifications/modifications that the Six Cities recommend are:

- 1) Apply the new process to all generators in the interconnection queue that have not yet signed GIAs.
- 2) Establish more rigorous criteria to retain a deliverability assignment. As proposed, a project that receives a deliverability assignment would not be required to make any

demonstrable progress toward commercial operation until it passed the requested COD. A project that receives a deliverability assignment should be required to show progress toward commercial operation, not just an absence of backsliding, to retain the deliverability assignment.

3) Provide that expansion of the TPP planning portfolio for an area will not be considered until the Option A projects remaining in Phase 2 have reached construction of at least 30% of the anticipated new project capacity in the area.

4) Establish a limit on reimbursement for RNU for energy-only projects based on an assessment of anticipated benefits to the grid associated with the RNU.

**Section 2. Major differences between the 2/15 draft final proposal and the earlier 1/12 second revised straw proposal.**

1. In response to stakeholder concerns about the previous proposal that ratepayers would reimburse customers fully for all reliability network upgrades (RNU), the draft final proposal will determine whether a project is eligible for full, partial or no reimbursement in a manner that aligns with the allocation of TP deliverability under this proposal.

Six Cities' Comment: The Six Cities support this aspect of the Proposal.

2. Projects that submit energy only interconnection requests and do not seek deliverability will be reimbursed for RNU up to a maximum of \$40,000 per MW of generating capacity.

Six Cities' Comments: There is insufficient support for the ISO's proposal to reimburse energy-only interconnection customers for up to \$40,000 per MW for RNU. This figure appears to be based solely on average RNU costs for previous clusters, rather than any evaluation of the costs versus benefits of RNU for the grid.

3. The proposal distinguishes between area delivery network upgrades (ADNU) and local delivery network upgrades (LDNU), where ADNU are generally identified through the TPP to provide deliverability to a targeted MW amount of generation in an area, while LDNU are identified through the GIP studies to provide resource-specific deliverability.
4. The process for allocation of TP deliverability will be the key determinant of whether a generation project is required to post security and/or pay for a share of ADNU costs after phase 2. All projects will be required to post security for their shares of RNU and LDNU costs. Eligibility for ratepayer reimbursement of these security postings after commercial operation begins will align with whether the project was allocated TP deliverability and then meets the criteria to retain the allocation.

Six Cities' Comment: The Six Cities support this aspect of the Proposal.

5. The allocation of TP deliverability to generation projects under this proposal will occur for the first time at the end of the GIP phase 2 study process for cluster 5, i.e., during the first quarter of 2014. Before the ISO allocates TP deliverability to any cluster 5 projects, the ISO will first determine how much of the TP deliverability provided by the most recent transmission plan must be encumbered by projects in the existing queue (serial through cluster 4) that are in good standing with respect to their PPAs and GIAs, any expansion

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of MIC that was addressed in the TPP, and any deliverability for distributed generation (DG) allocated to regulatory authorities under the DG Deliverability initiative in progress. After accounting for these encumbrances, the remaining amount of TP deliverability will be available for qualified projects in cluster 5.

6. If there is some TP deliverability available for allocation to projects in the current cluster and to option (A) projects in the prior cluster that opted to park for a year, such projects must at least meet the minimum threshold criteria of being included on an active LSE short list and having submitted the necessary permit applications in order to be eligible for the allocation of TP deliverability.

Six Cities' Comment: The Six Cities support this aspect of the Proposal.

7. If the volume of projects that meet the threshold exceeds the amount of TP deliverability available, the ISO will calculate a numerical score for each project based on the criteria and point values presented in the proposal, and will allocate deliverability to the highest scoring projects without regard to whether the project chose option (A) or (B).

Six Cities' Comment: The Six Cities support this aspect of the Proposal.

8. A project that is allocated TP deliverability under the proposed approach will be required to demonstrate annually that it meets the criteria for retaining the allocation; i.e., (i) no regression with respect to criteria on which it received the allocation; (ii) executed GIA is in good standing (no ISO notification of breach); (iii) no delay of COD unless for reasons beyond customer's control. If a project loses its allocation, it must either withdraw from the queue or convert to energy only deliverability status.

Six Cities' Comments: Although the Six Cities support the concept of an annual assessment of whether a project should retain an assignment of deliverability, the criteria to retain a deliverability assignment should be more rigorous. As proposed, a project that receives a deliverability assignment would not be required to make any demonstrable progress toward commercial operation until it passed the requested COD. A project that receives a deliverability assignment should be required to show measurable progress toward commercial operation, not just an absence of backsliding, to retain the deliverability assignment. Such requirements should include commencement of actual physical construction by a date necessary to achieve commercial operation by the requested COD assuming a reasonable construction schedule.

9. An option (A) project that does not receive TP deliverability after parking for one year must either withdraw from the queue or execute an energy only GIA. To allow parking for a longer period would complicate the GIP study process by maintaining a backlog of projects to be studied for RNU and LDNU that may not be making progress but have little incentive to withdraw.

Six Cities' Comment: The Six Cities support this aspect of the Proposal.

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10. An option (B) project that does not receive TP deliverability within the allocation process immediately following its phase 2 study results must either withdraw from the queue or execute a GIA committing it to pay its share for all required network upgrades without ratepayer reimbursement.

Six Cities' Comment: The Six Cities support this aspect of the Proposal.

11. Projects that withdraw from queue after the phase 2 study results may be eligible for partial refund of their first financial security postings in accordance with existing tariff provisions, as expanded by the following new eligibility conditions: (1) An (A) project will be eligible if it fails to be allocated TP deliverability; the period for "early" withdrawal under this condition will be 18 months from phase 2 study results. (2) A (B) project will be eligible if its phase 2 cost estimate for ADNU exceeds its phase 1 estimate by the smaller of 20 percent or \$20 million. The "early" withdrawal period will be 180 days from phase 2 study results.

Six Cities' Comments: Any refunds of financial security postings, for any reason, should be net of any study costs or any other non-avoidable costs incurred by the ISO or relevant Transmission Owner in preparing to provide interconnection facilities, RNU, or DNU for the withdrawing customer.

12. The ISO will maintain the March 31, 2012 closing date for the cluster 5 request window, in contrast to April 30 as stated in the previous proposal. In recognition of the possibility that FERC's order may significantly modify the proposal that the ISO Board rules on in March and the ISO files shortly thereafter, the ISO's filing will include a provision to allow parties to withdraw requests up to 10 days after the FERC order without any penalty applied to the refund of their initial study deposits.

**Section 3. Please provide any additional comments on major structural components of the proposal.**

13. GIP Phase 1
14. Transition from Phase 1 to Phase 2
15. GIP Phase 2
16. Allocation of TP Deliverability Post Phase 2
17. Subsequent to the Allocation Process

Six Cities' Comments: As noted above, consideration of expanding the TPP portfolio should not be based solely on deliverability either "reserved" or assigned. The proposed reservations of deliverability for pre-Cluster 5 projects "in good standing" and the assignment of deliverability for projects in Cluster 5 and later clusters still may result in an over-estimate of needed transmission capacity, exposing ratepayers to significant

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costs for transmission facilities that turn out to be unneeded or under-utilized. Instead of considering expansion of the TPP portfolio based on deliverability assignments, the ISO should not consider such expansion until there has been substantial progress toward actual construction of projects within a study area, for example, completion of at least thirty percent of the new project capacity within the area.

**Section 4. Please use the space below to offer comments on any other aspect of the proposal not covered above.**