

## 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? No Opinion

Comments:

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

Do you support the proposal? No Opinion

Comments:

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

Do you support the proposal? Yes

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? Yes

Comments:

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

Do you support the proposal? Yes

Comments:

6. Information provided by the ISO (Internet Postings)

Do you support the proposal? Yes

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? Yes and No

Comments:

The concept of having partial termination is reasonable, but the current proposal needs modification and additional options need to be added. The project size needs to be lower. Somewhere in the range of 50-100 MW is needed to accommodate the fact that smaller interconnection requests are being assigned portions of network upgrades that will take 6-8 years to complete. Further, the project size needs to be based on the project description defined in the LGIA to provide certainty at the time of financing. Additionally, the 3 year "time lag" needs to be tied to the estimated completion of the first phase of the project as the initial phase completion is part of the reason for the partial termination proposal.

Finally, a further option needs to be added to the proposal outlined in the June 30, 2011 paper that allows transmission credits to be refunded based on the pro rata share of the generation project that is actually constructed. This option would be applicable when other interconnection or transmission customers make use of the upgrades. For example, a project that completes 75% of the capacity defined in the interconnection agreement would be eligible to receive 75% of the transmission credits that it is owed under the terms of the LGIA and tariff. However, the interconnection customer may receive its remaining transmission credits if the excess transmission capacity is utilized by subsequent interconnection projects or transmission service requests. This is a simple solution that is consistent with the LGIA and can be implemented with little change to the existing tariff and LGIA. Finally, this additional option should be available to the interconnection customer for any reason. As has been discussed, the primary goal for creating a partial termination mechanism is to protect the end-user from

additional transmission costs should a generation project fail to achieve its ultimate capacity. Providing transmission credits on a pro rata basis to the amount of generation capacity that is actually constructed and/or used by other transmission customers achieves this goal.

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

Do you support the proposal? Yes and No

Comments:

The 5% reduction as a safe harbor is too small and reasons for the reduction outside of the safe harbor should include other factors such as those associated with obtaining a PPA. Currently, various entities are purchasing some, but not all of the power from different projects for a variety of reasons. It is not always possible to predict the amount of power that can be sold from a project as some entities will not negotiate a PPA until the generator can show that it has a valid interconnection agreement. While price can play a factor in the PPA negotiation, in various cases the reason for not purchasing the entire output is a desire to reduce the dependency on any one project. As a result, the safe harbor provision should be increased to a more meaningful level of 15-25%. Finally, if the interconnection customer has the option to only receive a pro rata portion of the transmission credits based on its final output level (see answer to question #7), then the safe harbor approach will probably see very limited use if it is used at all.

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

Do you support the proposal? Yes and No

Comments: The proposal is heading in the right direction, but it still needs more flexibility to accommodate various generation development scenarios without harming end-use customers. The interconnection customer should have the option to reduce its capacity and receive pro rata reimbursement for the upgrades regardless of the reason and without additional charge, with the balance refunded when used by another interconnection customer or transmission service customer. Interconnection customers should also be reimbursed at COD of any phase for any upgrade that have been completed for that phase even if other upgrades associated with that phase have yet to be completed. Remember that each of the upgrades is an improvement to the reliability of the system and the interconnection customer should not have to be penalized because some upgrades have longer completion dates or when upgrades get delayed.

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

Do you support the proposal? No Opinion

Comments:

11. CPUC Renewable Auction Mechanism

Do you support the proposal? No Opinion

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? Yes

Comments:

b. Maintaining Deliverability upon QF Conversion

Do you support the proposal? No Opinion

Comments:

c. Distribution Level Deliverability

Do you support the proposal? No Opinion

Comments:

**Work Group 4**

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

Do you support the proposal? Yes

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? No Opinion

Comments:

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

Do you support the proposal? Yes

Comments:

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

Do you support the proposal? Yes

Comments:

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

Do you support the proposal? Yes

Comments:

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

Do you support the proposal? No Opinion

Comments:

19. Consider limiting interconnection agreement suspension rights

Do you support the proposal? Yes

Comments:

20. Consider incorporating PTO abandoned plant recovery into GIP

Do you support the proposal? No

Comments:

The proposal is not clear. Assuming the proposal is to have interconnection customers pick up the costs of abandoned plant under some scenarios, the interconnection customer should not have to cover future upgrade costs if it withdraws prior to executing an interconnection agreement. Until all the studies are completed, the interconnection customer does not have the information to make an informed decision about whether to proceed further or withdraw.

**Work Group 5**

21. Partial deliverability as an interconnection deliverability status option.

Do you support the proposal? Yes

Comments:

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

Do you support the proposal?

Comments:

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

Do you support the proposal? Yes

Comments:

24. Operational partial and interim deliverability assessment

Do you support the proposal? No Opinion

Comments:

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

Do you support the proposal?

Comments:

**Other Comments:**

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

We do not agree with the CAISO's position, as stated on Page 31, that "a failure to build all of the MW of the generating facility could be considered a breach and default of the LGIA." This position will likely do much harm to the renewable industry by creating a degree of uncertainty for multi-phase projects that will preclude such projects from achieving financing.