

Stakeholder Comments Template

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

Submitted by	Company	Date Submitted
DougDavie ddavie@wellhead.com (916) 447-5171	Wellhead Electric	7/15/2011

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 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?

Comments:

The proposal does not address the fundamental problem with the current estimating process – it is WORST CASE and even uses assumptions that can be easily seen to be clearly inappropriate for some projects. Still, this sets cost responsibilities which means security deposits are excessive - clearly unintended and inappropriate. It can also result (for example in the Cluster 3/4 Phase 2 study) in higher queued cluster projects being held responsible for upgrades that are triggered by the later cluster projects. This is not at all what was contemplated by the IR reform process simply because the earlier cluster project had an inappropriately high cost estimate resulting from the use of unrealistic assumptions.

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

Do you support the proposal?

Comments:

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

Do you support the proposal?

The clarifications are good but the deadlines MUST be linked to the later of the report issuance or the posting of all applicable technical data/cases to the web site for use by the ICs (or their consultants)

Comments:

The CAISO also needs to look at the requirements with the perspective that the interconnection process is intended to facilitate the development of generating projects that will compete thus causing prices to be lower than would otherwise be the case. Unnecessary hurdles simply reduces competition which should not be the result caused.

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

Do you support the proposal?

Clarifications are OK but the separation of upgrades into separate project must be an IC options – neither the CAISO nor the PTO should not have the option to say “NO”

Comments:

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

Do you support the proposal?

Comments:

6. Information provided by the ISO (Internet Postings)

Do you support the proposal?

Comments:

As previously indicated, deadlines for comments, decisions and security deposits for the Phase 1 and Phase 2 studies need to be delayed until the CAISO puts all of the relevant studies on the website so that ICs can do their appropriate analysis.

I had the experience of not having the appropriate case on the web site and having to make manual changes based on input from the CAISO. However, my consultant was unable to reproduce the CAISO results because there were apparently other changes needed that we were not told to make. This makes it nearly impossible for ICs to do their technical analysis; the CAISO must allow additional time for review and comment on the studies as well as additional time to make right-sizing decisions after the results meetings because that decision relies on this same information.

The CAISO should also provide notification to the IC when study cases are posted to the internet and this should be done on the same day they are posted. This would normally precede the completion of the Phase 1 or Phase 2 reports as the analysis must be completed before the report can be finalized. This would also allow the IC to get started on their technical analysis thus allowing more complete comments on the short time line provided in the process.

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, we support the proposal but also believe it is unnecessarily restrictive.

Comments:

The 200 MW threshold is inappropriate. It undermines right sizing incentives and discriminates against smaller projects that can be in the same circumstances with regards to the time it takes to build network upgrades. If a project is proposed in phases, the project should also be able to downsize to any one of the phase sizes that fit into the expected transmission available.

It is also not clear why there should be any penalty/option payment when the upgrades that were intended for the project are used by another project. There are no damages in this case and the CAISO should not be in the business of simply imposing penalties for making good business decisions.

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

Do you support the proposal?

Yes, this needs to be clearly allowed but the proposal does nothing to resolve the issue in ways that work for financial institutions

Comments:

The CAISO needs to clearly communicate to developers that it will allow (perhaps even encourage) a project to downsize after it has signed an interconnection agreement in the event it will not be able to complete the full project contemplated. The ONLY issue should be the extent to which any upgrades become stranded investments as a result of the cancellation (i.e. actual damages incurred by the CAISO/PTO ratepayers).

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

Do you support the proposal?

The concept is supported but the proposal is inadequate

Comments:

Refunds of network upgrades MUST be linked to the COD of the associated generating project (or phase thereof). The purpose of the deposit is to ensure the upgrades are used and useful and that is accomplished when the generating project becomes operational, regardless of the status of completion of the upgrade. Financial hits the projects takes due to the later completion date of the upgrades does not need to be added to by delaying refunds of moneys clearly having served their purpose.

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

Do you support the proposal?

Comments:

11. CPUC Renewable Auction Mechanism

Do you support the proposal?

Wellhead supports a non discriminatory process for all generation projects participating in the wholesale market. There is no basis for giving preferential treatment to any one set of market participants with regards to access and use of the FERC jurisdictional transmission system.

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?

Comments:

b. Maintaining Deliverability upon QF Conversion

Do you support the proposal?

Comments:

c. Distribution Level Deliverability

Do you support the proposal?

Wellhead support this to the extent the requirements/process are consistent with that required of any project connecting to the transmission network i.e. there is no discrimination or preference for any wholesale market participant

Comments:

Work Group 4

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

Do you support the proposal?

Comments:

Wellhead believes this issue needs to be revisited in the new Transmission Planning and Generation Interconnection Integration initiative

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?

This is a needed change

Comments:

As a general rule, the CAISO should put administrative issues, like Insurance, in the LGIA appendices that can be modified without having to get project specific FERC approval of the LGIA.

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

Do you support the proposal?

Comments:

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

Do you support the proposal?

Comments:

The CAISO also needs to make clear that a downsizing decision necessarily changes the cost responsibility used in determining the security deposit as provided in the Tariff – it is not logical that the cost responsibility is ONLY changed for the Phase 1 deposit; such a policy changes the Tariff and result in the downsizing decision likely being a

wrong decision because later queued projects can harm the project making the right downsizing decision which the Tariff encourages.

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

Do you support the proposal?

Comments:

Since the purpose of Phase 1 and Phase 2 security deposits was to ensure developers were serious, it seems questionable that any PTO deposit is needed on top of the network deposits. This is becoming a more serious issue as some utilities are trying to put costs clearly required by network upgrades into a non-refundable PTO deposit category.

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

Do you support the proposal?

Comments:

19. Consider limiting interconnection agreement suspension rights

Do you support the proposal?

Comments:

20. Consider incorporating PTO abandoned plant recovery into GIP

Do you support the proposal?

Comments:

Work Group 5

21. Partial deliverability as an interconnection deliverability status option.

Do you support the proposal?

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, off peak deliverability is not needed for Fully Deliverable determinations.

Comments:

However, this case is informative and project should have the option of funding upgrades identified in the off-peak deliverability case and receiving priority for use of the upgrade in CAISO market operation decisions (i.e. the get value for being "firm" in off peak hours). Such off peak cases would only include projects that have expressed an interest in such increased level of service/priority.

24. Operational partial and interim deliverability assessment

Do you support the proposal?

Yes, projects should be able to get the benefits of unused system capabilities but the priority for such use needs to follow queue priority and must NOT result in Fully deliverable projects having increased exposure to curtailments (i.e. there is a pecking order for curtailing which would be EO first, temporary-FD second, and then FD

Comments:

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

Do you support the proposal?

Comments:

Comments Template for July 5, 2011 Revised Draft Final

Transmission planning is NOT static and this issue is simply recognizing that reality. The issue will certainly get more attention in the new Transmission Planning and Generation Interconnection Integration initiative

Other Comments:

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