

Subject: Small and Large Generator Interconnection Procedures Draft Tariff Language

Draft Final Proposal and July 27, 2010 Small and Large Generator Interconnection Procedures Stakeholder Meeting. Please submit comments and thoughts (in MS Word)

Submitted by	Company	Date Submitted
<i>Doug Davie</i>	<i>Wellhead Electric</i>	<i>10/8/10</i>

Wellhead appreciates the effort the CAISO has put into the revisions to the Interconnection Procedures as well as the opportunity to comment on the draft tariff language. Wellhead believes there is an inconsistency in one section of the Tariff language that needs to be corrected in order to ensure the Tariff consistently encourages project sponsors to “right size” their projects.

The section of the Tariff that needs clarification is 9.2 and relates to the security deposits that are required at the end of the Phase 1 study for projects that are continuing with Phase 2. The Tariff clearly allows/encourages projects to downsize at the end of Phase 1 in order to avoid costly upgrades by changing to the size of the proposed project. However, the language in Section 9.2 does not clearly state that the required security deposit based on the Phase 1 results will take account of the downsizing decision (although that is only interpretation that would be fully consistent with the downsizing option and “right sizing” intent already encompassed in the Tariff).

This clarification is also appropriate because until the CAISO has completed the Phase 1 study, the project sponsor does not know how many additional MWs can be interconnected without triggering upgrades. The CAISO and PTO are the only ones with the information as to when an upgrade will be triggered. Penalizing a project sponsor because it did not have access to all of the same information known to the CAISO and PTO and used in the Phase 1 study is not reasonable.

The CAISO has made a number of changes to the interconnection procedure clearly intended to encourage right sizing and has also made changes to ensure that security deposits are not unreasonable or cause projects unnecessary financial costs. Making it clear that the security deposit for continuing into Phase 2 is based on reality (rather than a set of circumstances that are known to be invalid) is the only fair and reasonable requirement and should be clearly stated in Section 9.2 of the Tariff. A project sponsor should NOT have to post security based on the cost of upgrades that it has decided to avoid.