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September 8, 2009

Board of Governors
California Independent System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

RE: First Solar Supports Board Decision Approving Proposed Amendment to Large
Generator Interconnection Procedures

Dear Governors:

First Solar Inc. ("First Solar") respectfully submits this letter in support of Agenda Item #4 for the September 11, 2009 Board of Governors' meeting: Decision on Proposed Amendments to Large Generator Interconnection Procedures. First Solar urges the Board of Governors to vote in favor of Agenda Item #4. First Solar also supports an immediate filing at the Federal Energy Regulatory Commission ("FERC") for approval before the due date for the initial Interconnection Financial Security ("IFS") posting.

First Solar is the largest photovoltaic manufacturer in the world and the cost leader for the industry. First Solar has a global manufacturing capacity of approximately 1,000 MW and will surpass 1GW of cumulative installed solar power, mostly consisting of utility-scale generation power plants installed in Europe. First Solar completed two important projects for California: a large (2 MW) commercial roof pilot project for Southern California Edison, and a 10 MW ground project for Sempra Generation to serve California customers through a power purchase agreement ("PPA") with Pacific Gas and Electric Company. First Solar purchased the Opti Solar large scale project pipeline, primarily in California, early this year and have a number of projects impacted by the proposed tariff changes. More specifically, First Solar has projects in the transition cluster and has signed power purchase agreements for such projects. The GIPR tariff amendments will ensure that these projects, in addition to many other renewable projects that are critical to California's renewable goals remain on schedule.

First Solar applauds the CAISO for undertaking this ambitious effort on such an expedited schedule, but also believes even once these amendments are implemented, there are aspects of the GIPR that still must be addressed. We recommend that the CAISO convene a stakeholder process to address the remaining aspects of the GIPR that must be improved. Among the areas that need further discussion, a new stakeholder process should consider the following issues:

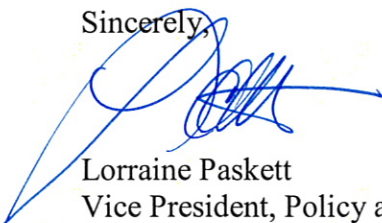
- 1) The financial burden on interconnecting generators for the carrying costs of transmission upgrades can be prohibitively large given: a) the very long transmission project timelines, b) the five year recovery period and c) the spread between the FERC approved interest rate and the cost of capital developers will incur to finance such investments. While one

important objective of the GIPR process is to determine which projects are real and ready to support transmission upgrades, some interconnecting generators, with PPAs which are commercially viable, may now face carrying costs that are so large that project economics are threatened and financing becomes virtually impossible. In essence, some of the policies established to identify mature and viable projects, if unchanged, may result in making viable projects un-financeable, further delaying needed transmission upgrades and therefore threaten the ability of California utilities to meet the state's renewable energy goals.

- 2) Eligibility for refund of the IFS should include situations where a permit is obtained, but the permit is materially different than the one sought by the generator.
- 3) Some terms in the GIPR tariff should be defined with greater precision. For example, the term "start date for construction" as it applies to IFS posting requirements is ambiguous.
- 4) The LGIP remains an impediment to timely achievement of the State's RPS goals. A new stakeholder process should consider reforms that will shorten the time required for interconnection.
- 5) Projects with PPA development security posted with CA utilities should received credit or other recognition of the development security against their CAISO obligations so that generators with PPAs are not asked to post more financial security for their projects than developers that have yet to execute a PPA.

First Solar thanks the CAISO for undertaking this ambitious effort to revise the CAISO Tariff on such an expedited basis. We again express our support for adoption of the Tariff amendments and expeditious filing with FERC. First Solar remains committed to working with the CAISO towards the development of an effective LGIP.

Sincerely,



Lorraine Paskett
Vice President, Policy and Market Development
First Solar, Inc.

Cc: Yakout Mansour, CEO, CAISO
Karen Edson, Vice President of External Affairs, CAISO