



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

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May 14, 2010

**via email: (skarpinen@caiso.com)
And U.S. Mail**

California ISO Board of Governors
Mason Willrich, Chair
151 Blue Ravine Road
Folsom, CA 95630

Attention: May 17-18, 2010 CAISO Board of Governors Meeting

**Re: DRA Recommendations on the Large Generator Facilities Initiative Final Draft
Straw Proposal dated April 26, 2010**

I. INTRODUCTION

The Division of Ratepayer Advocates (DRA) appreciates the opportunity to comment on the Final Draft Straw Proposal of the Interconnection Standards Review Initiative ("Proposal"), issued by CAISO staff on March 25, 2010.¹ The Proposal was first discussed at a stakeholder presentation teleconference on February 19, 2010 and again at a stakeholder meeting/teleconference on April 1, 2010.

The purpose of this letter is to recommend that the CAISO Board (Board) delay its consideration and approval of the Proposal until sufficient time is allowed for stakeholders to perform a meaningful evaluation of the Proposal and provide feedback to CAISO staff. We make this recommendation for several reasons. First, the process of review and stakeholder input was rushed to the point of not allowing a meaningful evaluation of the Proposal. Second, there was at least one time that CAISO staff was late in posting comments on the Proposal, further impinging on stakeholder's ability to review feedback. Third, an important stakeholder meeting was not properly noticed, so stakeholders, like DRA, were unaware of the meeting and could not participate. Lastly, we believe that the Proposal is flawed in enough ways that the Board cannot make a meaningful decision based on its contents. We believe it is necessary to allow the Board to honor the intent and spirit of the stakeholder process, as required under FERC Order No. 890, so that the Board will be in the position of receiving the best information possible before it makes a decision.

¹ DRA has a statutory responsibility to advocate for customers of the investor owned utilities that are under the jurisdiction of the California Public Utilities Commission. California Public Utilities Code Section 309.5(a).

CAISO staff commenced work on the Proposal to address concerns over grid reliability during the process of integrating a large amount of intermittent renewable generation resources. But in doing so, we believe CAISO staff established an overly aggressive schedule to accomplish an important and complicated task in too short a period of time. CAISO staff stated its intent to refine a limited number of interconnection standards for large generating facilities, with the intention of finalizing any refinements to the interconnection standards by the end of April 2010, and then to seek CAISO Board approval in May 2010. This would then follow with a filing of the new Large Generator Interconnection Agreement at FERC. DRA objected to the accelerated schedule when it was first put forward by CAISO staff because we believed it would frustrate the stakeholder process and lead to the adoption of a Proposal that had not been fully scrutinized.

However, the Proposal was issued by Staff on March 25, 2010 for stakeholder review. DRA reviewed the Proposal and was concerned that, if approved, it would impose new and substantial requirements on renewable projects that required further detailed analysis. That analysis could not be completed before the due date for comments established by CAISO staff. Even so, DRA submitted comments on the Proposal to CAISO staff, raising this concern and more, as did seven other stakeholders. These comments were submitted by individual stakeholders before April 12, 2010, but were not posted the CAISO website until April 26, 2010, a full 2 weeks later, further impinging on stakeholder's ability to perform a meaningful review of information.

Staff then issued the **Final** Draft Straw Proposal on April 26, 2010 and scheduled a stakeholder teleconference for April 28, 2010. Unfortunately neither the issuance of the Straw Proposal nor the scheduling of a stakeholder teleconference were published on the CAISO market notice website. As a result, DRA did not receive notice of the document or the teleconference and did not have a reasonable opportunity to perform a timely review of the Straw Proposal or participate in the teleconference. Furthermore, upon examination of the schedule for written comments on the Proposal provided in the April 28th teleconference to stakeholders (the teleconference that DRA did not know had been held), CAISO staff only allowed two working days for review and submission of comments after the April 28th teleconference. In addition to the lack of notice, the review time was grossly insufficient to allow for meaningful input by stakeholders, even for those that were on the teleconference and were fully aware of the schedule.

In our view the Final Draft Straw Proposal contains many problems that need further analysis before being considered by the Board. For example, the CAISO staff is requesting the Board to require all generators to install automatic voltage control systems. These systems are applicable to synchronous machines. Their appropriateness for use with renewable resources such as wind, solar, and certain hydroelectric resources has not been verified. If they are not appropriate, applying this requirement to renewable projects will be expensive to implement and unnecessary.

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The Final Draft Straw Proposal will be before the CAISO Board for approval at its May 17-18 meeting. Given our concern over the process and the proposed changes recommended by CAISO staff, DRA respectfully requests that the CAISO Board delay consideration of the Final Draft Straw Proposal until sufficient time has been allowed for a robust and meaningful stakeholder review process with proper notice.

Thank you for your attention to this matter. Please contact Mr. Hank Pielage of Division of Ratepayer Advocates at 415-703-1147, if you have any specific questions or concerns.

Respectfully,



Dana S. Appling, Director
DIVISION OF RATEPAYER ADVOCATES

DSA: rm

Laura Doll, Board Member, CAISO
Robert Foster, Board Member, CAISO
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