Stakeholder Comments Template

Generator Interconnection Procedures Phase 3 ("GIP 3")

Issue Paper, posted March 1, 2012

Please submit comments (in MS Word) to GIP3@caiso.com no later than the close of business on March 23, 2012.

Submitted by	Company	Date Submitted
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For the seven topics listed below, we ask that you rank each with a score of *0, 1, 2, or 3* in the space indicated (a more detailed description of each topic is contained in the issue paper posted at http://www.caiso.com/informed/Pages/StakeholderProcesses/GeneratorInterconnectionProceduresPhase3.aspx).

Please ascribe the following definitions to your scores:

1.1. *3:* For topics that are high priority and urgent (i.e., the topic is a candidate for the first phase of GIP 3).

1.2. *2:* For topics that are high priority but of less urgency than a score of 3 (i.e., the topic is a candidate for the second phase of GIP 3).

1.3. *1:* For topics that have low priority (i.e., the topic could wait until the next GIP stakeholder initiative subsequent to GIP 3).

1.4. *0:* For topics that are not appropriate to address in a GIP enhancement initiative.

Stakeholders need not score, or comment on, every topic but are encouraged to do so where they have an opinion. The ISO will assume that a stakeholder has "no opinion" on issues for which no score is provided.

In addition to scoring each topic on which you have an opinion, please also provide your comments on each. Also, if you disagree with the characterization of any particular topic in the issue paper, please explain how you describe the issue, how this compares to the existing rules, and what the objective on that topic should be in this initiative. Also, provide specific proposals to address each of the topics you have given a score of 3 (i.e., high priority and urgent topics). For those topics you have given a score of 3, please provide the reasons and the business case for your perspective on the relative priority of the topic (e.g., explain the commercial impacts of not treating the topic as a Phase 1 high priority item in GIP 3).

Please also identify those topics which you believe may require a long time to address and therefore be candidates for work groups.

Please also provide any additional topics that you believe should be considered within the scope of the GIP 3 initiative; but, do not provide a score for these (the ISO will compile these into one composite list and use a survey process to request stakeholders to score them). For

any additional topics that you provide in your comments, please provide specific proposals to address them.

Your comments in this regard will assist the ISO in the development of the Straw Proposal (on the Phase 1 high priority items) to be posted on April 10, 2012.

Comments on Items listed in GIP 3 Issue Paper:

8minutenergy Renewables appreciates the opportunity to provide comments on 1 high priority GIP3 Phase 1 issue that is downsizing of a project.

1. **Downsizing** The potential need for an Interconnection Customer ("IC") to downsize or and/or delay in the late stages of the interconnection process may arise for various reasons (both for commercial reasons and those beyond an IC's control). An IC's primary recourse may be to withdraw from the queue and re-enter a later cluster. The current tariff prohibits the ability to downsize or delay the commercial operation date if a later queued project is adversely affected. There is no allowance for an IC to build in the option to downsize or, compensate/indemnify materially affected later-queued projects, or to remedy material impact in any way. The objective of this topic would be to identify and explore potential remedies.

   Score 0-3: 3.
   This is a very high-priority issue for developers. As explained in more detail below, the potential to lose an Interconnection Request (IR) or a GIA because of a need to downsize or cancel a portion of the project later, or to defer the COD, has caused developers severe financing problems.

   8minutenergy Comments:

   Because of the long CAISO interconnection-study timelines and the long lead times for transmission development generally, generation-project development is typically in very early stages when an Interconnection Request (IR) must be submitted. For example, key environmental and engineering studies may not be complete, PPAs will not yet have been secured or sized, and transmission costs – a critical component – will not yet be known.

   Thus, it is critically important that developers have flexibility in sizing the project throughout the development process, including after GIA execution. (The "partial termination" work in GIP-2 focused on phased projects, but developers of non-phased projects also need this flexibility, and there is no reason to limit downsizing capability based on whether or not the project is "phased" in the GIA.)

   Current GIP allows downsizing of a project:

   1 Right after the Phase I Study, when developers can downsize projects within 5 Business Days of the Results Meeting.

   2 GIP2 allows for a 5% "safe harbor" capacity reduction for any reason, and a greater reduction on a case-by-case basis for permitting or site-control issues beyond the developer's control.

   3 The CAISO has agreed to "Partial Termination" for some projects, on a case-by-case basis, where the failure of a later phase of a project to achieve COD does not affect the validity of a GIA with respect to an earlier phase.

   Capacity reductions other than situations those stated in Items 1-3 earlier are subject to the "Material Modification" test, which could results in loss of queue position if the modification is found to be material and impact later queue projects. What is absent in current GIP is there could be many other

valid reasons such as, failure to obtain a PPA for the entire project capacity, inability to finance the whole project that force developers to downsize the projects.

8minutenergy strongly suggests that CAISO should allow project downsizing of any amount, at any time after studies are complete for the following situations:

- ICs could forego cost reimbursement for the transmission related to capacity not built. In that case rate payers will not be negatively impacted for unused transmission capacity.
- ICs continue to satisfy any obligations to pay for network upgrades on the schedules and other milestones specified in their GIAs. This in effect will avoid negatively impacting later-queued projects, due to the fact that network upgrades sill still be built, and on the expected schedule.
- ICs cost obligation could be reduced if the all network upgrades are not required or even cancelled without negatively impacting later-queued projects, with IC's paying for the study to make this determination.
- "first comer, late mover" TPP-GIP Integration Initiative mechanism could be used to compensate the downsizing developer if other projects make use of the upgrades made

COD delays: 8minutenergy strongly believes that it is very important that ICs have flexibility in moving the COD when needed throughout the project development process including after GIA execution. COD delays for projects that do not negatively impact later-queued projects as long as ICs continue to satisfy the milestones in GIA and transmission upgrade cost obligations as specified in GIAs.

Other Comments:

1. Please list any additional topics that you believe should be considered for the scope of GIP 3; but, do not assign a score (the ISO will use a subsequent survey process to invite stakeholders to score additional topics). For any additional topics that you suggest, please provide the reasons and the business case for your perspective on the relative priority of the topic (e.g., explain the commercial impacts of not treating the topic as a Phase 1 high priority item in GIP 3). Also, identify those topics which you believe may require a long lead time to address and therefore be candidates for work groups. And lastly, please provide specific proposals to address each additional topic you have suggested.