



Generator Interconnection Procedures

Draft Final Proposal Addendum

Prepared for

Small Generator Interconnection Procedures Stakeholder Initiative

August 13, 2010

This addendum to the ISO's draft final proposal <http://www.caiso.com/27d9/27d91299c74670> describes changes made in response to stakeholder comments. This addendum in conjunction with the draft final proposal represents the final proposal that will be presented to the ISO Board of Governors in September for approval. The written work product began as an issues paper posted on April 1, 2010, was revised to be a straw proposal posted May 26, 2010 and was presented as a draft final proposal July 20, 2010. The ISO made changes to the draft final proposal highlighted in the table below based on the comments received on the draft final proposal from stakeholders. The ISO is hosting a call to brief stakeholders on changes to the draft final proposal.

#	Draft Final Proposal	Final Proposal	Comment
1	A project of 2 MW or less that qualifies for the fast track process will be studied on the fast track timeline.	Increase the fast track size limit to 5 MW.	Change made in response to stakeholder comments.
2	Energy Only projects of 20 MW or less can waive the Phase I studies and be studied directly in the Phase II studies.	Option to directly enter into Phase II studies without participating in the Phase I studies has been removed.	Stakeholders pointed out a number of complications that will be introduced with this option and this concept will be deferred to the 2011 stakeholder process if still desired.
3	Energy Only projects would need to choose between proceeding as an Energy Only project in the serial group or transition cluster as described in the transition plan or be transferred into Cluster 4 as a Full Capacity project.	Energy Only projects can complete their studies in the serial group or transition cluster and also request to participate in the Cluster 4 deliverability study to obtain Full Capacity.	Change made in response to stakeholder comments.
4	Financial Security Postings – \$25 million cap for network upgrades for the 2 nd posting.	Cap reduced to \$15 million.	Many stakeholders argued that the proposed amount of \$25 million is too high. This new proposed amount of \$15 million is 2 times the cap of the 1 st financial posting, and is a compromise between the amounts desired by various stakeholders. Any further adjustments can and will be considered in the comprehensive review of the financial security postings to take place in the 2011

			stakeholder process.
5	Financial Security Postings – minimum posting amounts.	The wording of the minimum posting amounts for financial security will be modified to state that if the actual estimated network upgrades are less than the minimum amount stated to be posted, then the posting amount required will be equal to the actual estimated network upgrade amount.	This change will not require developers to put up more security than they would actually incur if the upgrades are built.
6	Clarify that the Independent Study Processing Track is available to any qualified project once approved by FERC.	The independent study processing track is an available option for in-process SGIP projects once approved by FERC.	
7	Clarify the qualification criteria of the Independent Study Processing Track - identification of which transmission facilities are selected for the flow impact test and the short circuit test.	Change the 1 st bullet of section 4.3.3.1 paragraph to read: Identify a transmission facility closest to (electrical distance) to the interconnection point of the ISP that is impacted (upgrades identified or reasonably expected) by cluster projects. If more than one ISP project has entered the ISO queue, then the ISO and the participating transmission owner may select more than one transmission facility, as deemed necessary, for test purposes.	Clarifies that only if a transmission facility has expected network upgrades will it be selected for the independence tests. If there is plenty of capacity for both cluster projects and potential ISP projects, it would not be subject to the independence tests.
8	Criteria of the independent study track	The ISO understands that there are differences between the PTO systems and circumstances. If the PTO and the ISO agree, alternate independent study criteria may be developed for each PTO and will be included in the appropriate Business Practice Manual, but in no case will these criteria be more restrictive than is presently included in this proposal	Change made in response to concerns that ISP criteria should be flexible based on the PTO's individual circumstances.
9	Deliverability Assessment Alternatives	The ISO will propose Alternative 3.	Clarification

10	A one-time option during the cluster 4 study process for previously processed LGIP and SGIP under WDAT, LGIP Energy Only, and SGIP generation to obtain Full Capacity status	A one-time option during the cluster 4 study process for previously processed LGIP and SGIP under WDAT, LGIP Energy Only, and SGIP generation to obtain Full Capacity status. Second-time option may be provided to WDAT projects if WDAT tariff modifications delays occur.	Change made in response to stakeholder comments
11	Revised Study Deposits	The proposed revised study deposits will be retroactive to Cluster 3 projects. This will result in a study deposit reduction for a number projects.	Clarification based on stakeholder comments
12	Start of Construction	Many stakeholders have concerns about the definition of Start of Construction. The ISO believes the best and quickest way to resolve these concerns is to work with stakeholders and define Start of Construction in a technical bulletin and ultimately be included in the appropriate Business Process Manual. The ISO commits to post the technical bulletin and discuss with stakeholders in the fourth quarter of 2010.	
13	LGIA Negotiations	In response to stakeholder comments, it is the current ISO policy that if a developer would like to move forward with LGIA negotiations based on the results of the Phase II studies, even if upgrades are subject to Transmission Planning Process consideration, this would be allowed and accommodated. Obviously there would be a number of conditions that would have to be covered in the LGIA such as the ultimate schedule since this would be dependent on the Transmission Planning Process results.	