Agile Energy, Inc. (Agile) submits these comments in response to the CAISO's January 10th document **"Generation Interconnection Procedures: Deliverability Requirements for Clusters 1 & 2 – Revised Discussion Paper"** (Paper), and the discussion about the Paper at the January 17th stakeholder meeting. The Paper proposes revisions to the Cluster 1-Cluster 2 (C1/C2) Phase II Study, and similar changes to the methodology for the upcoming Cluster 3-Cluster 4 (C3/C4) Phase II Study.

These revisions would address the current situation where generation capacity in the CAISO interconnection queue is far greater than is likely to ever be built, and which have triggered (in interconnection studies) expensive and long-lead-time transmission upgrades that also are unlikely to ever be needed. The Paper proposes to resolve this problem by:

- **Removing several expensive Delivery Network Upgrades (DNUs) that will probably not be needed from those studies**, thereby removing those upgrades (and their costs) from the Second Interconnection Financial Security (IFS) Postings and C1-C4 Generation Interconnection Agreements (GIAs).

- **Addressing those DNUs later, if they are triggered by higher-than-expected generation development in the affected geographic areas**, by:
  - ➢ Treating them as policy-driven upgrades in the annual CAISO Transmission Planning Process (TPP), with no additional costs imposed on generators; and
  - ➢ Reducing Net Qualifying Capacity (NQC) for "new" generating capacity in the affected area(s) until the relevant upgrade(s) is built and in service.

Agile supports the CAISO's efforts to develop a more realistic determination of transmission upgrades needed to serve new generation. The benefits of the proposed approach are likely to exceed the potential risks described in the Paper.

However, Agile believes some elements of the Proposal would be unduly discriminatory toward C3 projects that previously withdrew from the interconnection queue based on the current study methodology. Extending the benefits of the new methodology to such C3 projects should not delay the upcoming C3/C4 Phase II Studies and would give those projects the same opportunities as projects in other clusters to develop their projects on an equitable basis.

Specifically, Agile recommends that the CAISO take one of these two courses of action:

- _**Phase I Study revision**_ _(preferred option)_
  - ➢ **Revise the C3 Phase I Study using the new methodology.** This would both produce a more realistic estimate of upgrades needed for C3 projects and automatically (assuming FERC approval of GIP-2 tariff amendments later this month) provide 30 days from issuance of the revision for IFS postings, for projects where the revision has a significant impact (20% reduction or more) in Network Upgrade cost responsibility. The CAISO has determined that the upgrades meeting the proposed criteria would probably not be needed, and the C3 IFS posting requirements should therefore be reduced to exclude their costs.

- ➢ **Allow C3 projects that withdrew from the interconnection queue earlier to posting security based on the revised Phase I cost estimates**, thereby regaining their queue positions and participating in the Phase II Studies. Because the C3/C4 Phase II Studies have not yet begun, allowing C3 projects to enter that study should not delay it.

- ***Phase II participation only:*** Allow C3 projects another opportunity to regain their queue positions, and participate in the Phase II Studies, by posting security based on the original Phase I cost estimates. This would still require C3 projects to make that posting for DNU costs not likely to be incurred to serve them, but at least they could take advantage of the new methodology through its application in the Phase II Studies.

  If this course of action would require a tariff amendment, the CAISO should file promptly at FERC and request expedited approval, to avoid delays in the Phase II Study timelines.

The CAISO has already admitted that the upgrades to be removed will likely not be needed, and C3 developers that made their withdrawal decisions based on the earlier inflated cost estimates should have the opportunity to revisit those decisions now that better information can be made available.