

## **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](mailto:GIP3@caiso.com) no later than the close of business on March 23, 2012.**

<b>Submitted by</b>	<b>Company</b>	<b>Date Submitted</b>
Barry R. Flynn (888-634-7516 and <a href="mailto:brflynn@flynnrci.com">brflynn@flynnrci.com</a> ), Pushkar G. Waglé (888-634-3339 and <a href="mailto:pushkarwagle@flynnrci.com">pushkarwagle@flynnrci.com</a> )	Flynn Resource Consultants Inc. on behalf of the Bay Area Municipal Transmission Group (BAMx). BAMx consists of Alameda Municipal Power, City of Palo Alto Utilities, and the City of Santa Clara’s Silicon Valley Power.	March 23, 2012

This template is for submission of stakeholder comments on the topics listed below, which were discussed in the Generator Interconnection Procedures Phase 3 (“GIP 3”) Issue Paper posted on March 1, 2012, and during the stakeholder meeting on March 15, 2012. **Please submit your comments in MS Word to [GIP3@caiso.com](mailto:GIP3@caiso.com) no later than the close of business on March 23, 2012.** 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:

- 3: For topics that are high priority and urgent (i.e., the topic is a candidate for the first phase of GIP 3).
- 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: For topics that have low priority (i.e., the topic could wait until the next GIP stakeholder initiative subsequent to GIP 3).
- 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.

### *Comments Template for GIP 3 Issue Paper*

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:**

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: 0

#### Comments:

BAMx opposes creating any avenues enabling interconnection customers to request a downsize of generating facility MW capacity and/or delay the commercial operation date of proposed generating facilities that could result in having them retain their queue position even though they lack viability.

2. **Distribution of forfeited funds** Non-refundable portions of the IC study deposits and financial security postings are distributed in the same manner as are penalties assessed market participants (i.e., distributions are made to scheduling coordinators). Current procedures provide for retention of certain portions of IC study deposits and financial

security postings upon withdrawal from the queue. The objective of this topic would be to investigate/explore whether there is a more appropriate way to distribute these funds.

Score 0-3: 0

Comments:

BAMx believes that there are much more important initiatives that are time-critical as suggested in the "Other Comments" section but to the extent it receives future consideration, we believe the alternative of crediting the funds to the HV TAC should be considered.

3. **Independent study process** The determination of independent study process ("ISP") eligibility heavily relies on cluster study results which can result in delays meeting tariff timelines. Under existing rules, interconnection requests ("IRs") must satisfy the eligibility criteria set forth in Section 4 of the GIP (Appendix Y). The objective of this topic would be to investigate the potential for improving the ISP determination process to allow projects that are electrically independent to move forward on a faster pace than the annual cluster process would provide.

Score 0-3:

Comments:

No Comment at this time.

4. **Fast track study process** The current eligibility screens were designed for distribution rather than transmission. Under existing rules, an IR must satisfy the eligibility screens set forth in Section 5 of the GIP (Appendix Y). The objective of this topic would be to investigate eligibility screens that may better suit the intent of the fast track study process (i.e., allow qualified projects to move forward on a faster pace than the provided by the annual cluster study process).

Score 0-3: 3

Comments:

BAMx understands that the Fast Track process is available for projects of up to 5 MW, when it can be determined, through a limited evaluation methodology that the project can be interconnected with no upgrades or with *de minimis* upgrades. We believe that the qualified fast track projects should be allowed to move forward on a faster pace and that investigation of such possibilities can be done fairly quickly as one of the first phase topics under GIP-3.

5. **Behind the meter expansion** Some stakeholders have expressed interest in behind-the-meter ("BTM") expansion for phased generation interconnection projects. Under existing rules BTM expansion meeting business and technical criteria is studied using the independent study process track; however, the expansion can only happen after the

*Comments Template for GIP 3 Issue Paper*

original facility is in service. The objective of this topic would be to investigate/explore criteria and procedures that could enable BTM expansion before the entire original facility is in service.

Score 0-3:

Comments:

We seek more information and specific examples from the CAISO about the existing queue project sponsors who have made a request to allow for behind-the-meter expansions. BAMx would consider supporting this topic under GIP-3 if it results in better management of the existing queue. We believe that more time is required to better understand ramifications of these efforts. Therefore, we refrain from scoring this topic until more information becomes available.

6. **External transmission lines** Generator projects interconnecting to a gen-tie external to the ISO-controlled grid cannot obtain deliverability on the ISO grid (either directly or through the gen-tie developer). The objective of this topic would be to investigate/explore the development of rules under the GIP enabling the developer of such a gen-tie to offer deliverability (on the ISO grid) to generating projects interconnecting to the gen-tie.

Score 0-3:

Comments:

We seek more information and specific examples from the CAISO about such generation projects requesting deliverability on the CAISO grid. We believe that more time is required to better understand ramifications of these efforts. Therefore, we refrain from scoring this topic until more information becomes available.

7. **Timeline for tendering draft GIAs** The large volume of IRs is making it difficult to tender draft GIAs within the 30-day timeline of the GIP. Under current rules, section 11 of the GIP requires tendering a draft GIA within 30 days after the ISO provides the final phase II results. The objective of this topic would be to investigate/explore potential modifications to the timeline for tendering a draft GIA.

Score 0-3:

Comments:

No comments at this time.

**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.

BAMx suggests the following two critically important topics be added to the GIP-3 initiatives.

- a. Revision of GIAs; and
- b. Revision of Deliverability Assessment Methodology.

**a. Revision of GIAs**

The CAISO has stated that it wishes to find more effective means to unclogging the generation interconnection queue. We believe the contractual criteria under which the generation projects continues to have rights to required transmission be considered is an extremely important topic and deserves a place in GIP-3. One area that deserves detailed consideration is revisions to milestones under which contractual obligations under GIAs remain effective. The lack of changes in those criteria would further enhance the chance of constructing unneeded network upgrades.

BAMx recommends that the CAISO revise its GIAs for projects that have not yet signed their GIAs. Termination of GIAs for unviable projects would not only significantly contribute towards helping prevent unneeded transmission, but would also allow viable projects to be interconnected more timely and efficiently. We therefore believe that this topic is a strong candidate for the first phase of the GIP-3 initiative.

**b. Revision of Deliverability Assessment Methodology**

BAMx believes that reforming the CAISO's deliverability assessment process currently deployed to perform the Generation Interconnection studies should be a second phase high priority item in GIP Phase 3. The existing deliverability assessment methodology has lead to wastage of time on extremely unrealistic studies that have resulted in very high cost network upgrades. There is no consideration currently given to whether building those upgrades for the purpose of Resource Adequacy (RA) is in the ratepayer's interest. We believe this is an extremely important issue that needs to be considered by the CAISO or by CPUC as soon as possible.

Reforming the deliverability assessment methodology and process is also likely to be one of the most effective steps that the CAISO could take in streamlining its interconnection study process.

Given the potentially longer lead-time that these efforts may take relative to the remaining seven topics proposed for GIP-3 scope, BAMx suggests the CAISO form a separate workgroup to consider reforming the deliverability assessment methodology and process under GIP-3.

2. If you have other comments, please provide them here.