

Subject:
**Generation Interconnection Procedures: Deliverability Requirements for Clusters 1 & 2 –
Revised Discussion Paper**

Submitted by	Company	Date Submitted
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BrightSource Energy, Inc. (“BrightSource”) appreciates the opportunity to review and submit comments to the California Independent System Operator Corporation’s (“CAISO”) January 10th document “**Generation Interconnection Procedures: Deliverability Requirements for Clusters 1 & 2 – Revised Discussion Paper**” (“Whitepaper”). The Whitepaper proposes revisions to the Cluster 1-Cluster 2 Phase II Study, and corresponding changes to the methodology for the upcoming Cluster 3-Cluster 4 Phase II Study.

While BrightSource generally supports rationalizing the interconnection study and transmission planning process with commercial realities, BrightSource has several concerns about the details and implementation of the specific proposal presented here, particularly as it relates to the treatment of the Serial Queue and the Transition Cluster (“SQ/TC”). It appears that SQ/TC projects would suffer from undue discrimination based on the new proposed study and cost allocation process, because the new methodology would provide only Clusters 1-4 with lower interconnection costs, without commensurate “deliverability” protection for SQ/TC projects that will not receive the benefits of those lower costs.

BrightSource is also concerned that these major changes to the interconnection study process and cost allocation rules, which potentially affect **all** interconnection customers, are being implemented through a Technical Bulletin issued in a Stakeholder Proceeding that began solely as an informational study for Clusters 1 & 2. A major change to transmission planning for generator interconnections and cost allocation methodology should appropriately be implemented through a Section 205 filing to the Federal Energy Regulatory Commission (“FERC”), rather than through a Technical Bulletin.¹ A major change of this nature must also be subject to proper notice to all interconnection customers. Interconnection customers that do

¹ BrightSource intends to fully cooperate with the CAISO so that the interconnection process – and construction of necessary transmission – is not further delayed; however, BrightSource reserves all of its rights to seek relief at FERC if the new methodology has, or threatens to have, discriminatory impacts.

not have interconnection requests in Clusters 1 & 2 may not have participated in this Stakeholder Process, and would not have received appropriate notice if this change is implemented through a Technical Bulletin in this Stakeholder Process.

CAISO's final proposal should clearly state how SQ/TC projects will be treated as new transmission comes on-line, based on the revised study and cost allocation methodology for Clusters 1-4. Specifically, in its final proposal, we believe that CAISO should clarify that:

- (1) Generation projects in the SQ/TC will receive available deliverability allocation prior to projects in Clusters 1-4, to the extent that those projects reach commercial operation, regardless of the delivery upgrades defined in their Generator Interconnection Agreements ("GIA"); and/or
- (2) Transmission upgrades "removed" from the base case for purposes of the Cluster 1-4 studies (based on the criteria set forth in the plan) will be given first priority if still necessary for the SQ/TC, thus ensuring deliverability for SQ/TC projects prior to Cluster 1-4 projects in the same region.

Without these protections, projects in Clusters 1-4 could receive full capacity deliverability prior to SQ/TC projects in the same study areas, which would not be just and reasonable.

We believe that CAISO's final proposal should also explain how certain upgrades could be "removed" from the base case for study purposes, but then included in certain SQ/TC GIAs. The CAISO has indicated that those "removed" transmission projects can still proceed if the triggering generation project(s) moves forward. The explanations provided on this issue to date are internally inconsistent, and we request that CAISO provide a detailed description of how the proposal would function in this regard. Specifically, the following questions should be answered to ensure all stakeholders have a proper understanding of the proposal:

- (1) Will removing the transmission projects from the base case for Clusters 1-4 affect the prioritization of those upgrades by the CAISO and the relevant Participating Transmission Owner?
- (2) Will removing those transmission projects from the base case have any effect on permitting of those projects by the California Public Utilities Commission (i.e., by removing the upgrades from the base case, what is the CAISO intending to indicate as to the necessity of the upgrades and whether the upgrades are in the public interest)?
- (3) Will projects that do not trigger, but rely on, the "removed" upgrades be restudied to ensure that they are able to obtain deliverability in a timely manner?
- (4) Will the transmission base case be affected if any transmission projects are removed from the base case for Clusters 1-4, but then are ultimately constructed?

In sum, the proposal must ensure that SQ/TC projects are not treated in an unduly discriminatory manner, regardless of the transmission actually constructed. The CAISO's Tariff

does not permit an assumption that SQ/TC projects with current and valid interconnection requests will not appear,² unless a clear path is provided to those prior-queued projects for earlier deliverability if they in fact do appear.

The CAISO's Whitepaper appears to leave open the possibility that Cluster 1-4 projects could be deliverable prior to SQ/TC projects that are moving forward. Keeping the status quo for SQ/TC projects – while implementing rules that will result in decreased costs and faster deliverability for projects in Clusters 1-4 – would constitute undue discrimination. The CAISO should clarify in its final proposal how it intends to avoid undue discrimination and protect the rights of prior-queued projects that reach commercial operation to receive deliverability.

² The CAISO intends to remove transmission projects that have been triggered, where, among other things, the generation project's funding is at risk. Unless a generation project has reach financial close, all projects' funding is "at risk," including projects in Clusters 1-4. It is not the CAISO's role to determine which projects will move forward and which will not. Thus, if the CAISO moves forward with this proposal, it must ensure – in practice, not just in theory – that the SQ/TC projects will be given priority if they progress.