Comments of CAlifornians for Renewable Energy, Inc. (CARE)
on July 20, 2010 GIP Draft Final Proposal

Stakeholder Comments Template

Subject: Small and Large Generator Interconnection Procedures Draft Final Proposal and Meeting

Submitted by	Company	Date Submitted
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This template was created to help stakeholders submit written comments on topics related to the July 20, 2010 Small and Large Generator Interconnection Procedures Draft Final Proposal and July 27, 2010 Small and Large Generator Interconnection Procedures Stakeholder Meeting. Please submit comments and thoughts (in MS Word) to dkirrene@caiso.com no later than 5:00 pm PDT August 4, 2010.

Please add your comments where indicated responding to the questions raised. Your comments will be most useful if you provide the business case or other reasons why you support particular aspects of the proposal. Any other comments on the proposal are also welcome. The comments received will assist the ISO with the development of the FERC filing of modified tariff language.

Introduction

In the current so-called competitive market design, under this scenario, the ratepayer is enslaved to the grid with control of their appliances, air conditioner, thermostats, oxygen machine, by the market participants that currently rule over the grid through FERC approved tariff that the ISO designed and implemented. During the June 14, 2000 contrived blackouts in the San Francisco bay area 10 persons died and no one was ever prosecuted; not even for man slaughter. Under this scheme the direction to reduce load can be in response to acceptance of consumer's bid to sell its demand reduction at a price in an organized market currently controlled by large market participants operating under the ISO's LGIP (i.e., a wholesale price-responsive demand response) or theoretically it could be sold to a retail provider; but customers have no direct say over their own destiny since the ISO grid management is governed by market participants who control the markets instead of the way it should be if the CAISO really cared about the costs and reliability of services to the end use customers.

The current system of ISO governance effectively disenfranchises the ratepayer from oversight which gives a competitive advantage to large market participants to game the market since participants can and will; if given the opportunity to "collude" to get a higher price like was done during the 2000-1 energy crisis; once again by CAISO

design. No one talks now about lower cost for customers from energy deregulation any more do they? Why because of Enron and because of the billions of dollars swindled out of ratepayers with impunity from prosecution; once again by CAISO design.

Wind energy looked promising before we learned that it was just a scheme put forward by Enron in the late 1990s to swindle the ratepayers out of billions of dollars. A huge transfer of wealth from the ratepayers to market participants whose windfall profits ultimately have been socialized by the FERC through wholesale and retail rates for electricity nationwide. Enron's plan was to use renewable energy to "green wash" its plan to build more gas fired power plants throughout California. Rob Bradley[1] who was a known whistleblower at Enron worked at Enron for sixteen years, almost as long as Ken Lay himself; from September 1985 to the mass layoff of December 3, 2001 explains,

> In my last seven years at Enron, my title was corporate director, public policy analysis. In this capacity, I worked on natural gas, electricity, and environmental issues, as well as prepared speeches for Enron's CEO Ken Lay. (I only occasionally worked on speeches for Jeff Skilling--he generally prepared his own presentations.)
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> In this period, I grew very disenchanted with the corporation's positions on renewable energy and climate change. Fortunately, I had my own 501(c)(3) nonprofit, the Institute for Energy Research (IER), to allow me an independent voice to speak and write against climate alarmism and corporate welfare. My outside views caused controversy within Enron, and I was not shy about expressing my opposition within Enron either.
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> The memos below are some examples of my principled opposition to Enron's rent-seeking activities relating to "sustainable" energy. If Enron had been more free-market-oriented, I believe that the company would be a going concern today.

Those who would profit from it either economically or ideologically are engaged in wholesale deception. For in contrast to their alluring but empty promises of closed coal plants and reduced carbon emissions are this reality: Wind energy is impotent while its environmental footprint is massive and malignant.

A wind project with a rated capacity of 100 MW, for example, with 40 skyscraper-sized turbines, would likely produce an annual average of only 27 MW, an imperceptible fraction of energy for most grid systems. More than 60% of the time, it would produce less than 27 MW, and at peak demand times, often produce nothing. It would rarely achieve its rated capacity, producing most at times of least demand. Whatever it generated would be continuously skittering, intensifying, magnifying the destabilizing effects of demand fluctuations, for wind volatility is virtually indistinguishable from the phenomenon of people whimsically turning their appliances off and on.

[1] His expose and memos are at http://www.politicalcapitalism.org/enron/

Moreover, the project could never produce capacity value—specified amounts of energy on demand, something that should be anathema to regulatory agencies, with their task of ensuring reliable, secure, affordable electricity. The ability of machines to perform as expected on demand is the basis of modernity, underlying contemporary systems of economic growth, wealth creation and well-being.

Adding wind instability to a grid may be an engineer's idea of job security, but it is criminal for ratepayers, taxpayers, and a better environment. For the grid is then forced to extend itself. As the wind bounces randomly around the system, operators must continuously balance it to match supply precisely with demand, compensating for the ebb and flow much in the way flippers keep the steel ball in play during a game of pinball. Windball expends a lot of energy. In real life on the most American grids, more than 70% of any wind project's rated capacity must come from the flippers of reliable, flexible, fossil-fired generation, constantly turned up and back inefficiently to compensate for wind fluctuations. These inefficiencies will result in substantial carbon emissions and increased consumer costs.

Yes, engineers can make-work by adding wind flux to the system. They can lead a horse to water; but they can't make it change its spots…. By its nature, wind will require lots of whips and whistles, even at small levels of penetration, in ways that will negate the very reason for its being. This is why people quickly switched to steam 200 years ago. Retrofitting modern technology to meet the needs of ancient wind flutter is monumentally backasswards, a sure sign that pundits and politicians, not scientists, are now in charge. It would take more than a smart grid to incorporate such a dumb idea successfully.

Because of wind's unpredictable variability, it can never replace the capacity of conventional generation. Twenty-five hundred 450-foot wind turbines, spread over five hundred miles, can mathematically offset a large coal or nuclear plant; but they cannot do so functionally–for what must happen when 5,000 MW of volatile wind is only producing 100 MW at peak demand times, a common occurrence?

This business is absurd. The whole point of modern power systems has been to move beyond the flickering flutter of variable energy sources. Prostituting modern power performance to enable subprime energy schemes on behalf of half-baked technology is immoral. As is implementing highly regressive tax avoidance "incentives" to make it appear that pigs can fly. No coal plants will be shuttered and little, if any, carbon emissions will be reduced as a result of this project—or thousands of them.

Indeed, wind technology mirrors the subprime mortgage scams that wreaked havoc with the economy. Both are enabled by wishful thinking; bogus projections; no accounting restraints, accountability, or transparency; no meaningful securitization; and regulatory agencies that looked the other way, allowing a few to make a great deal of money at everyone else's expense while providing no meaningful service.

Overall Assessment of the ISO Proposal

> "The SGIP are intended to be simpler than the large generator inter-connection procedures (LGIP) and includes a fast track interconnection process for generators of ***2***MW or less. The ISO's current SGIP follows the historical serial study approach where studies are done one at a time, in the order the applications are received and reviewed for completeness. The overall study process includes the following five steps to facilitate interconnection to the ISO controlled grid: (1) interconnection customer submits interconnection application, (2) ISO or participating transmission owner conducts the feasibility study, (3) ISO or participating transmission owner conducts the system impact study, (4) conducts the facilities study, and (5) interconnection customers completes and executes the small generator interconnection agreement (SGIA) with the ISO and the interconnecting participating transmission owner.[2]"

The current SGIP and LGIP is being challenged before the United States Court of Appeals for the Ninth Circuit Case#10-72083, in *Michael Boyd, et al v. FERC*. Therefore we object to CAISO proposal on the basis of due process of law[3], since approval of the proposal could prejudice CARE's case before the court.

Also the SGIP is currently inconsistent with AB 920[4] which requires a "standard contract" for "customer-generators" who are net metering customers under 1 MW; and SB 32[5] which requires that for an "electric generation facility" that is "located within the service territory of, and developed to sell electricity to, the electrical corporation… of not more than 3 megawatts". Therefore for customers generators and/or an electric generating facility of less than ***3*** MW a standard contract under the SGIP is now required under California law.

CARE proposes all eligible customer generators under AB 920 and/or an electric generation facility under SB 32 be provided a "as available must take" standard contract pursuant to these new statutes which also then would comply with the requirements under the authority of the FERC as established by the Federal Power Act ("FPA") and the Public Utility Regulatory Policies Act ("PURPA"). CARE's recommended pricing approach is for all renewable resources less then 3MW on the utility customer's side of the meter real time of use net energy price be based on the CPUC regulated utility's avoided cost as specified under the authority of the Federal Energy Regulatory

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[2] The current form of SGIA is ISO Tariff Appendix T, accessible on the ISO's webpage at http://www.caiso.com/2779/277989701fb40.pdf.

[3] CARE is however willing to meet and confer with ISO regarding this litigation to the degree we can come to some mutual understanding on the interconnect requirements that are at issue in our litigation.

[4] See http://www.leginfo.ca.gov/pub/09-10/bill/asm/ab_0901-0950/ab_920_bill_20091011_chaptered.pdf

[5] See http://www.leginfo.ca.gov/pub/09-10/bill/sen/sb_0001-0050/sb_32_bill_20091011_chaptered.pdf

Commission ("FERC") (see 18 C.F.R. §§ 292.303 and 292.304) with the actual avoided cost rates established under State authority (See 18 C.F.R. §§ 292.302 and 292.304).

CARE's recommended interconnection approach is for a study process only including resources greater than 3 MW. Therefore for customers generators and/or an electric generating facility of less than 3 MW a standard contract including an automatic interconnection agreement are required by law.

> "Since LGIP reform procedures were launched in 2008, the ISO has experienced a significant increase in the number of small generation projects seeking interconnection to the ISO controlled grid under the SGIP, as shown in Figures 1 and 2. The large volume of SGIP interconnection requests presents inherent problems similar to these that precipitate the revisions to the LGIP. A serial process requires projects to be studied one at a time, in succession, such that each successive project is studied based on a transmission system that includes the upgrades required by preceding projects. The time associated with the study process, followed by results meetings, followed by a time period for a project to make decisions on if and how it chooses to proceed, becomes a waiting period for projects that follow in the queue. This time consuming process cannot be significantly shortened by simply inserting more manpower into the process. As the number of projects waiting in the queue increases, the time that later queued projects must wait to be processed becomes unreasonable."

CARE believes Figure 1 and Figure 2 demonstrates the clear preference that CAISO gives to Large Generators over Small Generators. The recent upsurge of SGIP applications for interconnect is due to the American Recovery and Reinvestment Act ("ARRA") having provisions for eligibility for a 30% tax credit if 5% of the renewable energy project is completed by December 31, 2010 and ARRA was enacted in 2008.

> The large number of projects involved in the time-consuming serial approach is not the only issue that presents considerable challenges to the SGIP serial process. The interdependency between the LGIP and the SGIP study processes cause further difficulties that are no less of a challenge to the current interconnection process. The interdependency issue, as explained below, is just as important a driver as the increased volume of interconnection requests and, cannot be improved simply by throwing more people/resources in an effort to solve the problem by —grinding through the studies. Some key principles to understand regarding the interdependency issue are listed below.
> 1. Interconnection studies are performed by the ISO and PTOs to determine how best to safely and reliably interconnect new generation resources to the grid.
> 2. The logic for building the system upgrades needed to interconnect generators, (and reflected in the Interconnection studies) are additive in

nature, meaning that the interconnection studies for a given project are build upon base cases of previously studied but not yet constructed transmission facilities—the base case is a snapshot of the system as it will exist on the project's projected interconnect date –and the analysis determines the incremental system impacts of new generation (i.e. the project at issue and others connecting at the same time). The transmission planner's job is to evaluate system impacts and design the specific network upgrades and interconnection facilities needed to incorporate the new generation while preserving system operators' ability to reliably operate the electric system according to NERC/WECC/CAISO Planning Standards.

3. Interconnection studies, in order to be most effective, need to be performed on an aggregate basis to evaluate the collective impact to the grid of all the new generation that is connecting at roughly the same time. This is true regardless of the size of the generation resource interconnecting to the grid.

4. New generation resources, whether they be small (≤ to 20 MW) or large (>20 MW) typically impact the grid in proportion to their MW output. However, there are many exceptions to this general statement. Adding new transmission capability is not a linear exercise (i.e., new transmission capability increases in large, often expensive chunks), and there are many cases where a single, small generator can provide the —tipping point at which a large, expensive upgrade is required. This is what planners mean when they say that transmission upgrades are —lumpy; they cannot be precisely sized to the number of generating MW being added. Under a serial interconnection study process, and according to FERC policies, the small generator in this case is 100% responsible for the large upgrade, even though the amount of generation addition to the transmission line may be small compared to the capability provided by the upgrade.

5. If an SGIP project is allocated a large upgrade, the customer can withdraw its application and even re-enter the queue, effectively —passing the buck to another interconnection customer. Looking at this activity at a higher, aggregator impact, withdrawals such as these have cascading impacts to generators behind it in

Under CARE's proposal the SGIP applicant of less than 3 MW will be issued a standard contract including a standard interconnect agreement between the SGIP applicant, ISO, and participating transmission owner within 60 days of filing an application and providing payment of the $50 application fee.

The burden of proof is on the ISO and participating transmission owner to demonstrate there is any need for additional study of the SGIP applicant's interconnect altogether[6]

[6] Solar photovoltaic projects can be constructed pursuant to the California Solar Initiative and receive interconnect permission from

because under SB 32 the CPUC "*may* [only] *reduce the three megawatt capacity limitation …if* the commission finds *that a reduced capacity limitation is necessary to maintain system reliability within that electrical corporation's service territory*." Since the legislature has determined the 3 MW criteria for interconnect, imposing additional costs for lengthy analysis is unnecessary for SGIP applicants of less than 3 MW. Therefore this makes the proposal to combine small and large generator interconnection procedures into a single interconnection procedure unlawful.

CARE's recommended interconnection approach is for a study process including only those resources greater than 3 MW.

Answers to Template Questions

In September, the ISO Board of Governors will be asked to authorize a filing at FERC of tariff language to implement the elements of the Draft Final Proposal (with possible modifications in response to this round of comments).

1. Do you support ISO Board approval of the proposal? Oppose
Why or why not? *CARE opposes the proposal because the ISO Board has effectively disenfranchises the SGIP ratepayers who are customer generators from participation in the wholesale markets altogether by erecting interconnect requirements that create financial barriers to their entry in to the markets operated by the ISO. The current interconnect process gives clear preference to large generators under the LGIP.*

2. Do you believe the proposal accomplishes the objectives this initiative was intended to address? If not, please explain. *The final proposal is inconsistent with law as explained above in more detail.*

3. Do you believe the proposal reflects an appropriate balance of the various stakeholder interests and concerns raised in this process? If not, please explain. *No, the proposal gives clear preference to large generators under the LGIP.*

Proposed Study Deposit Amounts and/or Processing Fees

1. In general, do you support the proposed study deposit amounts and/or processing fees? *No see above.*
2. If not, what modifications are needed and why? *See proposals above*

Proposed Annual Cluster Study Track

1. In general, do you support the ISO's proposal to study projects of any size in a single, unified cluster? *No SGIP study needed see above.*

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the utility company owning the distribution lines for up to one megawatt with no interconnect charges.

2. If not, what modifications are needed and why? *No SGIP study needed see above.*
3. If you do not support a single cluster approach in any form, what would be your preferred alternative and why? *CARE's recommended interconnection approach is for a study process including only those resources greater than 3 MW. For customers generators and/or an electric generating facility of less than 3 MW a standard contract including an automatic interconnection agreement are required by law.*

Second Application Window – Scoping Meeting

1. In general, do you support the ISO's proposal to open a second application window to receive interconnection requests for the purpose of receiving a scoping meeting? *No see above.*
2. If not, what modifications are needed and why? *See above.*

Second Application window – Enter Cluster at Phase II

1. In general, do you support the ISO's proposal to open a second application window to receive interconnection requests for the purpose of waiving the Phase I study and entering the cluster for study at the Phase II study? *See above.*
2. If not, what modifications are needed and why? *See above.*

Second Application Window – Enter Cluster at Phase II Criteria

1. In general, do you support the ISO's proposed criteria to qualify a project to waive the Phase I study and enter the cluster at the Phase II study? *No see above.*
2. If not, what modifications are needed and why? *See above.*

Coordination with the Transmission Planning Process

1. In general, do you support the ISO's proposal to reevaluate certain network upgrades in the Transmission Planning Process? *No see above.*
2. If not, what modifications are needed and why? *See above.*
3. If a network upgrade is selected for reevaluation by the Transmission Planning Process should the associated generation project proceed with a Large Generator Interconnection Agreement that contains a provision to allow for later amendment of the Large Generator Interconnection Agreement if warranted by the Transmission Planning Process reevaluation results? Why or why not? *No ISO already gives undue preference to Large Generators see United States Court of Appeals for the Ninth Circuit Case#10-72083, in Michael Boyd, et al v. FERC*

Independent Study Processing Track

1. In general, do you support the ISO's Independent Study Processing Track proposal? *No*

2. What modifications are needed and why? *See above.*
3. What specific aspects of a developer's project development process make it impossible for a developer to demonstrate eligibility for the Independent Study Processing Track at the time of the Interconnection Request? *The July 29, 2010 reply comments below of Solutions For Utilities, Inc. to responses to the Petition for Modification of Decision 07-07-027 in Rulemaking 06-05-027 (continued in Rulemaking 08-08-009)demonstrate the synergistic corruption of ISO and SCE in favor of LGIP applicants in the interconnect process which clearly is intended to erect barriers for entry by SGIP applicants .*[7]

"SFUI's President, Mary Hoffman, as a concerned citizen, decided to participate in bringing renewable energy to California in the form of a solar farm in approximately May of 2008. I contacted SCE at that time and was told the opportunity for such participation was in the form of their CREST program under the Feed-In Tariff ("FIT"). After reviewing the CREST documents at that time, it was stated therein that a facility must be ***"sized to load".*** *So how were you to have a solar farm if you could not generate in excess of what was needed for onsite load? I filed Informal Complaint No. 08-03-2636 at the CPUC. See Attachment 1-1 hereto. Attachment 1-2 hereto advises that SCE has filed Advice Letter 2244-E on June 18, 2008, to be retroactive to February 14, 2008, removing the size-to-load requirement and replacing that with a capacity of not more than 1.5 MW, as shown in Attachment 1-3 hereto.*

The orchestration by SCE of making the Feed-In-Tariff program dysfunctional is very apparent. It started with the contract language of size-to-load in the CREST Agreement; which rendered the Feed-In-Tariff program dead at the gate. The second two-step was the passing of their standard CREST Agreement and Interconnection Financing and Facilities Ownership Agreement ("IFFOA") that contained the contract language referred to in SFUI's PFM. The third step was to assure project economics would almost make the project not viable. (In 2008, the project economics were not viable based on 2007 MPR; they are extremely hard to realize using today's 2009 MPR.) The fourth step is to deny access to the grid by devising a feasibility study system that puts FIT-sized generators in with the Mega MW generators who need transmission upgrades just to come online. In this way, SCE informs developers that they may have a CREST agreement, but they may not interconnect for six to eight years until after the big projects have gone first; or you may have a CREST agreement, but we will have to add an addendum that states you agree not to export excess electricity to our grid during daylight hours, due to capacity considerations, again with MEGA MW projects stalling the pipeline."

Additionally the attached 3-2-10 Official Transcript for the hearing held by the CPUC in regards to Solution's Complaint 10-01-001at page 19 line 20 through page 26 line 24 demonstrates the preference ISO and SCE give to LGIP applicants.

[7] See http://docs.cpuc.ca.gov/EFILE/REP/121386.htm

MR. CHACON: No. I think that fairly well summarizes the issues with the position relative to other projects. And these other projects that are queued ahead are also finalizing their permitting process. They're also seeking to interconnect, and it really makes it extremely difficult to look at any one project at a time and say that there's not a problem when you have to look at the whole all together to determine whether or not there's adequate transmission facilities to accommodate everybody requesting interconnection.
ALJ LONG: Are we looking at an Edison queue for review, or is this the infamous ISO queue?
MR. CHACON: It's both.
ALJ LONG: Both.
MR. CHACON: We have a number of WDAT, S for small generator, interconnections, 20 megawatts and below. From the last recollection, I think the totals are more than 200 megawatts. And we have the large generator interconnection request primarily in the ISO interconnection queue, but it is the bulk of the projects seeking interconnection.
ALJ LONG: So we have two one-lane roads feeding into one very narrow lane is what I'm hearing.
MR. CHACON: Correct.
ALJ LONG: WDAT, right? WDAT.
MR. CHACON: WDAT.
ALJ LONG: Which is?
MR. CHACON: The Wholesale Distribution Access Tariff.
ALJ LONG: Your tariff, or is that the FERC tariff?
MR. CHACON: It is -- I think it's Edison.
ALJ LONG: I'm sorry. It's the Edison FERC regulated tariff?
MR. LUGO: Correct.
MS. MILLER: Your Honor, if I may, the WDAT tariff, the wholesale tariff, is FERC jurisdictional, and it has very specific procedures that are mandated by FERC order for parties to go into the interconnection queue.
But on Solar Farm No. 1 the basic -- what happened was it applied before this whole -- a lot of these projects requested interconnection. That's why it's in a different posture. In essence, it lucked out. And provided that we can solve the technical

difficulties, that project is ahead of these other projects that are further down in the queue. Frankly, Solar Farm No. 2 is -- they submitted their applications farther down, and I think that a lot of people at Edison have been trying to be helpful asking, do you really want to continue your application for Solar Farm No. 2? If you do, we can do that, but recognize that it means you're going to be paying for studies that may ultimately provide a result that you don't like, which is that we have to construct major transmission upgrades. And under Rule 21 the applicant pays for the upgrades. So we are constrained by our tariffs.

ALJ LONG: All right. Let's stay with the queue for a moment. Now, first of all, the queue is simply a batching or sequencing of reviewing projects as they come in. In other words, if I'm third in the door and you're fourth, I get studied before you do and so on; is that right?

MS. MILLER: Mr. Chacon, you probably can talk.

MR. CHACON: Yes and no. I mean within the queue process the original intent of the queue was to identify the incremental upgrades that would be triggered by that corresponding generator for cost allocation purposes. But as part of our studies we also perform what we call operational studies which take everybody in queue and consider their in-service dates or proposed in-service dates to make a determination of whether or not the existing system can accommodate the project as they materialize moving forward.

ALJ LONG: As a whole group?

MR. CHACON: As a whole group. So for example, for those projects that want to be in service in 2011, we would evaluate everybody in queue irrespective of when they applied to make a determination of whether or not the existing system can accommodate those corresponding projects.

ALJ LONG: And how do you weed out the goofy from the okay and the terrific?

MR. CHACON: As we perform the operational studies for the projects as we receive them, we would do the operational study up until that given moment for that particular project because we don't know what else is coming in the future. In the context of his operational study we can make a determination of whether or not the existing system is adequate to accommodate him and

everybody else before him that we do know has requested interconnection.
It is in the context of additional applications being submitted that a determination was made that the existing system can no longer accommodate everybody in queue with the in-service dates.
And so in a nutshell, the determination as to who can come on line is predicated based on to some degree when the application was received because we perform an operational study beforehand and we either determine that there is ample room or there isn't. And when the determination is made that there is insufficient room, then the results provided are that in order to interconnect you and everybody else in the same in-service date, the following upgrades are necessary, which is where in the context of the second project, the subject of the complaint, to provide this information, we sat down and we indicated that the existing system has already been identified to be fully subscribed and that additional upgrades are going to be necessary to interconnect the generators that seek to be interconnected in the timeframes that they want.
ALJ LONG: Very helpful, but how does someone get culled from the herd? How does that queue in the volume that the queue originally represents of project and volume, how does that ever shrink?
MR. CHACON: When we move forward through the study process, the generators are obligated in the FERC world to follow the FERC interconnection process with the outcome being a large generator interconnection agreement executed by the generators. So as we're moving forward, generators are following the process paying for the studies necessary to move them from feasibility study to system impact study to facility study and ultimately to a large generator interconnection agreement.
Those generators that are in queue ahead of the second request, for the most part all of them are in the large generator interconnection agreement phase. One of them is expected to execute their large generator interconnection agreement in short order. The other large projects are currently negotiated and reviewing their agreements that have been tendered to them. So it is through the execution of those large generator interconnection agreements that we know at that point in time which projects ultimately are advancing forward and

which projects ultimately decide to no longer pursue interconnection. There's a withdrawal process where they request withdrawal from queue.
ALJ LONG: But we're still commingling -- and I'll stay with the highway allusion here -- we're still commingling the mini minors with the 18-wheelers. The small projects and the big projects are all being studied in a conglomerate as a part of that analysis of the total queue, right?
MR. CHACON: Well, they have to. I mean the electric system doesn't know which project is a small project, you know, which project is a large project. Its performance is predicated based on the electrons flowing through the grid.
ALJ LONG: No. I get that part, but I mean the larger projects could be so big that regardless the system has to be expanded to accommodate them. The question is whether there's a consideration of available capacity being used for the smaller projects that absent the big ones wouldn't require an upgrade.
MR. CHACON: And that's where the operational study comes into play. So we do evaluate that very issue. For the small ones in the example I provided to you where we do the operational study, it was in the context of a small generator, but it was bigger than the 1 and a half, but it was smaller than the L's, that the determination was made that the system was no longer adequate to accommodate the smalls as they began to develop. As I indicated to you, we've got in excess of 200 megawatts of smalls collectively.
ALJ LONG: All right. So you have 200 small units in the queue being analyzed?
MR. CHACON: 200 megawatts of smalls, yes.
ALJ LONG: But the available capacity, ignoring the big ones for the moment, is less than 200?
MR. CHACON: Correct.
ALJ LONG: Okay. So to do any of the big ones that are bigger than 200, how big are the bigs? What's the small big?
MR. CHACON: Small big consistent to the tariff is more than 20 megawatts.
ALJ LONG: Okay.
MR. CHACON: The smallest big we have in this particular area right now is 80.
ALJ LONG: But you couldn't do the 80 on your own without upgrades, could you? There's no capacity?

MR. CHACON: No. We could.
ALJ LONG: You could.
MR. CHACON: He was the very first project in line, and we were able to find a way to interconnect him. We were able to do the next big with his corresponding upgrades, which, as we discussed to Solar Farms, was with the implementation of special protection systems. It is the addition of that second large project that in essence makes the use of special protection systems no longer palatable moving forward.
ALJ LONG: Okay.
MR. CHACON: So the small, low-hanging upgrades that were available have already been identified and have already been assigned to these other projects. And in the case of the 80 megawatts, he already has a large generator interconnection agreement in place.
ALJ LONG: Okay.

This is under oath of Mr. Jorge Chacon, who also was the main SCE speaker at the July 27, 2010 CAISO Workshop held regarding this issue.

Fast Track less than 2 MW

1. Should the ISO remove the 10th screen from the Fast Track? Why or why not? *See above.*
2. Should the ISO increase the size limit for Fast Track qualification? If so, would you support a 5MW size limit or a different value? Explain your reasons. *See above.*

Method to Determine Generator Independence

1. In general, do you support the ISO's proposed method to determine generator independence? *No.*
2. If not, what approach would you propose for determining generator independence? Explain why your proposed approach is superior to the ISO's proposal. *No opinion.*
3. If you prefer completely eliminating the independence criterion to qualify for the Independent Study Processing Track, how would you address the concern about impacts of Independent Study Processing Track projects on other interconnection customers (including cluster projects) in higher queue positions? *See above*

Deliverability Proposal

One-Time – Enter Cluster 4

1. In general, do you support the ISO's proposal to allow a one-time deliverability assessment to obtain Full Capacity during cluster 4? *No*
2. If not, what modifications would you support and why? *Will not support.*

Annual – Available Transmission

1. In general, do you support the ISO's proposal to provide an annual opportunity for qualified projects to request and obtain Full Capacity using available transmission? *No opinion.*
2. If not, what modifications would you support and why? *See above.*

Financial Security Postings

1. In general, do you support the ISO's financial security postings proposal? *No, CARE objects to ISO's past, present, and any future involvement altogether in financial securities since ISO is a Party and had a role in the 2000-1 energy crises. These are matters that are still before the United States Court of Appeals for the Ninth Circuit in CAlifornians for Renewable Energy v. FERC, Case No. 08-70010 and CARE v. FERC, Case No. 09-71515.*
A "bottomless pit" of unsecured debt opened up worldwide when the Congress allowed unregulated banks to be created in 2000 in the Enron loophole. The "Enron loophole" exempted most over-the-counter energy trades and trading on electronic energy commodity markets from government regulation.[8] The "loophole" is so-called as it was drafted by Enron Corporation lobbyists working with U.S. Senator Phil Gramm (R-TX) to create a deregulated market for their experimental "Enron On-line" initiative.[9]The "loophole" was enacted in sections § 2(h)(3) and (g) of the Commodity Exchange Act, 7 U.S.C. as a result of the Commodity Futures Modernization Act of 2000, signed by U.S. president Bill Clinton on December 21, 2000. It allowed for the creation, for U.S. exchanges, of a new kind of derivative security, the single-stock future, which had been prohibited since 1982 under the Shad-Johnson Accord, a jurisdictional pact between John S. R. Shad, then chairman of the U.S. Securities and Exchange Commission, and Phil Johnson, then chairman of the Commodity Futures Trading Commission. On June 22, 2008, then U.S. Senator Barack Obama proposed the repeal of the "Enron loophole" as a means to curb speculation on skyrocketing oil prices.[10] In the first half of 2008 the notional amounts outstanding of over-the-counter (OTC) derivatives continued to expand. Notional amounts of all types of OTC contracts stood at $683.7 trillion at the end of June 2008.[11]

2. What modifications are needed and why? *N/A*

Transition Plan

1. In general do you support the ISO's proposed transition plan? *No*

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[8] Jickling, Mark (2008-07-07). "The Enron Loophole". Congressional Research Service. http://assets.opencrs.com/rpts/RS22912_20080707.pdf.
[9] Mother Jones, http://www.motherjones.com/politics/2008/05/foreclosure-phil
[10] "Obama vows crackdown on energy speculators: McCain fires back after Democrat tries to tie rival to 'Enron loophole" Associated Press 2008-06-22. http://www.msnbc.msn.com/id/25318274/
[11] See http://www.bis.org/publ/otc_hy0811.pdf?noframes=1 at page 5.

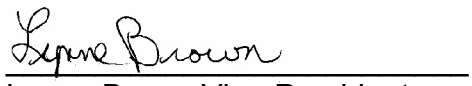
2. What modifications are needed to all you to support the ISO's transition plan? *See above.*

What aspect of the ISO's Draft Final Proposal do you find most favorable? *N/a*

What aspect of the ISO's Draft Final Proposal do you find least favorable? Please provide the business case or other rationale for your answer. *See above.*

Do you have any additional comments that you would like to provide? *N/A*

Respectfully submitted,



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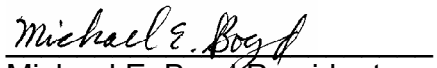

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August 3, 2010

Verification

I am an officer of the commenting corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except matters, which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 3rd, 2010, at Soquel, California

Michael E. Boyd – President,
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