

Stakeholder Comments Template

Subject: Generator Interconnection Procedures Straw 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 May 26, 2010 Generator Interconnection Procedures Straw Proposal and June 3, 2010 Generator Interconnection Procedures Stakeholder Meeting. Please submit comments and thoughts (in MS Word) to dkirrene@caiso.com no later than the close of business on June 21, 2010.

Please add your comments where indicated responding to the questing raised. Your comments on any other aspect of the proposal are also welcome. The comments received will assist the ISO with the development of the Draft Final Proposal.

CPUC staff appreciates the opportunity to provide comments on CAISO's May 26, 2010¹ Generator Interconnection Procedures Straw Proposal and the June 3, 2010 stakeholder meeting on this proposal. CPUC staff understands that CAISO's new proposal attempts to address the recent CAISO backlog problem of many small generation projects awaiting approval to seek interconnection to the CAISO-controlled grid. CPUC staff urges CAISO to maintain a balance between the serial study requests for many small generator projects where projects are studied one at a time versus the cluster process where multiple projects are studied simultaneously.

The CAISO should find an effective way to solve many of these application processes that will particularly help new renewable projects come online quickly as part of meeting California's Renewable Portfolio Standards (RPS) goal. CPUC staff is also encouraged that CAISO is trying to resolve many of these issues by forming a working group of interested stakeholders of which CPUC is a member, and requests that CAISO's new proposal does not deviate from the fundamental intent of the Small Generation Interconnection Process (SGIP). CPUC staff submits the following comments to some CAISO questions as appropriate at this time.

¹ <http://www.caiso.com/27a2/27a2f34fa360.pdf>

Proposed Independent Study Process

1. Do you think that the proposed independent study process criteria are appropriate?

CPUC staff encourages the CAISO to work with stakeholders to resolve the proposed independent study criteria. It seems that the intent of the proposed independent study process is to take on a limited number of eligible qualified projects. Even though the current proposal criteria were developed based on input from many stakeholders, CPUC staff suggests that the CAISO consider developing criteria with the goal of bringing newer and smaller projects online quicker.

2. How should the proposed independent study process be specifically modified to incorporate desired features that are in the current SGIP serial process?
3. How can the independent study criteria be modified to allow PTOs to utilize this process if they do not have a backlog and waiting for the cluster window does not make sense?
4. What pre-application information and guidance is needed to prequalify projects so that the process is not overwhelmed with applications?
5. How much "ISO and PTO judgment" should be allowed in qualifying projects and how should it be delineated?

CPUC staff believes that any "ISO and PTO judgment" should be transparent so the CAISO and the PTO need not have to use internal methods to qualify a project.

6. What would be sufficient transparency into the ISO and PTO judgment process in qualifying projects and how would that be provided?

The interconnection process should be transparent at every stage of its development. The CAISO and the PTO should be sufficiently transparent in making decisions and in achieving deadlines in line with key milestones. If a particular project is rejected, the CAISO, should give ample evidence and reasoning to stakeholders why the project was rejected. Similarly, there should be a transparent and agreed upon benchmark on how independent projects get selected without a requirement to divulge confidential information.

7. If the proposed independent study process is included in the final proposal, is there still a need for the current LGIP Phase II accelerated study process? (CAISO Tariff Appendix Y Section 7.6)

CPUC staff would like to see the current process moving forward quickly. If there is duplication in the proposed independent study process and the LGIP Phase II accelerated process, then CAISO should take further steps to streamline processes.

Proposed Study Deposit Amounts

Are the proposed study deposit amounts appropriate, if not please explain?

The proposed study deposits are \$250,000 (greater than 20 MW) and \$100,000 (20 MW or less) for Full Capacity and Energy Only projects. CPUC staff is supportive of the deposit requirements but suggests that there be graduated fees between \$100,000 and \$250,000 for projects that range between, for example, 21 MW and 2000 MW.

Proposed Cluster Study Process

Do the proposed timelines for the cluster study process seem reasonable? Please add explanations for both yes or no responses?

Coordinating generator interconnections with the transmission planning process

Do you support the concept of coordinating the proposed generator interconnection process with the transmission planning process, why or why not?

CPUC staff supports that CAISO coordinate the generator interconnection process with the transmission planning process. Having a meaningful coordination between planning and interconnection process can avoid redundant project development and can save unnecessary costs to ratepayers.

Deliverability Assessments

1. What are your thoughts on the proposed alternatives for deliverability assessments?

CPUC staff agrees with the CAISO proposal that Energy Only generation can be converted for Full Capacity deliverability status for Resource Adequacy counting without a project having to go through the current Large Generation Interconnection Process. Under CAISO proposed Option 1, the proposal refers to allocating transmission availability to Energy only Projects on an annual basis. The conversion process from Energy Only to Full Capacity by allocating available transmission should be transparent and completely unbiased so all parties get transmission allocated without an additional negative impact on PTO ratepayers.

2. What adjustments should be made to each alternative?

Proposed Transition Plan

1. Do you think that the proposed transition plan is reasonable for LGIP projects?
2. Do you think that the proposed transition plan is reasonable for SGIP projects?
3. Do you have any comments on the proposed dates for grandfathering projects in queue and migration of new projects and in queue projects into the proposed cluster process?

Do you have any additional comments that you would like to provide?

CPUC staff suggests that CAISO raise the 2 MW limit for projects that qualify for the fast track process to 5 MW. Staff is making this recommendation from a policy perspective. This recommendation is not based on a detailed electrical or engineering analysis. The limit should be raised to 5 MW based on recent information on solar photovoltaic (PV) costs and

knowledge of existing distribution grid capacity for California Investor-Owned Utilities (IOU). Specifically, a CPUC-funded consultant study estimates solar PV costs of different project sizes using publicly available data. The draft results show that the cost of a 0.5-2 MW solar PV project is much higher than a 2-5 MW solar PV project.² Thus, a higher threshold could potentially benefit California ratepayers if larger sized projects could utilize the fast track process. In addition, based on an analysis of excess capacity at the distribution feeder level (using California IOU data from 2008), it seems that a large number of distribution feeders could easily interconnect renewable energy projects greater than 2 MW.³ The 5 MW limit, while not the upper limit of projects that can easily connect to the existing distribution system, seems to be a fair limit based on the data.

² “LTPP Solar Performance and Cost Estimates,” presented on June 18, 2010: Workshop on Planning Standards (Part 2) – Renewables, slide 15. <http://www.cpuc.ca.gov/NR/rdonlyres/A0CBE958-E2C4-4AC7-9D56-3AB4D14D723D/0/BVE3PV> Assessment.ppt#1592,15,Comparison of PV Costs, Plus Large Central Station Costs

³ “Energy Division FIT Staff Proposal,” March 2009. <http://docs.cpuc.ca.gov/efile/RULINGS/99105.pdf>