California ISO

Attachment A

Stakeholder Process: Decision on Interconnection Process Enhancements – Track 4

Summary of Submitted Comments

Stakeholders submitted six rounds of written comments to the ISO related to Topic 1 on the following dates:

- Round One, Issue Paper, submitted January 17, 2018
- Round Two, Straw Proposal, submitted May 5, 2018
- Round Three, Revised Straw Proposal, Submitted July 10, 2018
- Round Four, Draft Final Proposal, Submitted September 4, 2018
- Round Five, Addendum to Draft Final Proposal, Submitted November 11, 2018
- Round Six, Addendum #2 to Draft Final Proposal, Submitted December 21, 2018

Topics 2 and 3 of the January 30, 2019 Board Memorandum were introduced in the Addendum to Draft Final Proposal, submitted November 11, 2018. The ISO received minor comments on the proposals for topics 2 and 3. In response to stakeholder comments, the ISO made clarifications and a minor addition in the Addendum #2 to Draft Final Proposal. Only supporting comments were received on the Addendum #2 to Draft Final Proposal.

Parties that submitted written comments to the Revised Straw Proposal:
Avangrid (Avangrid Renewables), EDF-R (EDF Renewables), First Solar, LSA (Large-scale Solar Association), NextEra, PG&E (Pacific Gas & Electric), the Public Advocates Office, SCE (Southern California Edison), SDG&E (San Diego Gas & Electric) the Six Cities and SPower

Parties that participated in meetings or conference calls:
Avangrid Renewables, California Department of Water Resources, California Energy Commission, CESA, City of Anaheim, City of Riverside, Clark Hill PLC, CPUC, Customized Energy Solutions, Duncan Weinberg, Energy GPS, FERC, First Solar, Flynn RCI, GridLiance West, NCPA, NRG Energy, Inc., PG&E, Phoenix Consulting, the Public Advocates Office, SCE, SCAAP, SDG&E, Silicon Valley Power - City of Santa Clara, TEA, Terra-Gen, Thompson Coburn LLP, Tri-State G&T, VEA, WAPA-SNR, Wellhead Electric Company, Western Energy & Water, ZGlobal Inc.

Stakeholder comments are posted at: http://www.caiso.com/informed/Pages/StakeholderProcesses/InterconnectionProcessEnhancements.aspx

Stakeholder meetings include:

- Issue Paper, in-person meeting, January 24, 2018
- Straw Proposal, conference call, May 21, 2018
- Revised Straw Proposal, conference call, July 17, 2018
- Draft Final Proposal, in-person meeting with conference call, September 17, 2018
- Addendum to Draft Final Proposal, conference call, November 20, 2018
- Addendum #2 to Draft Final Proposal, conference call, January 3, 2019

Management proposal	Stakeholders Support with Request for Clarification or Addition of New Topic Avangrid, EDF-R, First Solar, LSA, NextEra, SPower	Stakeholders Conditionally Support PG&E, Public Advocates Office, SCE, SDG&E, Six Cities	Management response
Topic 1 **Network upgrade definitions and cost responsibility treatment**	(1) EDF-R, First Solar, LSA, SPower – request the ISO clarify that the non-allocated portion of interconnection service reliability network upgrades (ISRNU) cost in the maximum cost responsibility (MCR) cannot create headroom for assigned network upgrades when reallocations occur. (2) EDF-R, LSA, SPower – request the ISO consider allowing ISRNUs to be removed from cost responsibility when all projects sharing ISRNU execute GIAs and provide their third interconnection financial security (IFS) posting. (3) First Solar and NextEra – request the ISO exclude conditionally assigned network upgrades (CANUs) from the reliability network upgrade (RNU) reimbursement limit when a CANU converts to an assigned network upgrade. (4) First Solar, Nextera – seek additional RNU reimbursement from later-cluster projects that utilize a previous-cluster RNU that exceeded the RNU reimbursement cap.		(1) The ISO agrees and confirms that headroom is not created by a non-allocated portion of ISRNUs. Headroom cannot be created within the MCR when an ISRNU is assigned to a project and a non-allocated portion is required. Without a modification to the interconnection customer's project, an ISRNU assigned to a project will always be needed and cannot be removed. Any non-allocated ISRNU assigned to a project must be preserved to protect the PTO from having to take on a portion of the ISRNU's cost. Since the amount of the non-allocated ISRNU assigned to a project must be preserved within the MCR up until the third posting, there is no opportunity for headroom to be created. (2) The ISO agrees to remove non-allocated ISRNUs when all projects sharing the upgrade have executed their GIAs and provided their third IFS. (3) The ISO stands behind the belief that all reliability network upgrades (RNUs) assigned to a project should be included in the calculation of the total RNU reimbursement for that project, including CANUs that convert to an assigned network upgrade. (4) As the ISO stated in its response to the same comment in the IPE Track 3 stakeholder comments, this is not in scope of the 2018 IPE process and would take longer to work through than the 2018 IPE initiative can accommodate.

Management proposal	Stakeholders Support with Request for Clarification or Addition of New Topic Avangrid, EDF-R, First Solar, LSA, NextEra, SPower	Stakeholders Conditionally Support PG&E, Public Advocates Office, SCE, SDG&E, Six Cities	Management response
Topic 1 (cont'd) **Network upgrade definitions and cost responsibility treatment**		(5) PG&E, SCE, SDG&E, Six Cities – believe the trigger for PTO backstop funding of network upgrades should be the point of customers providing third IFS postings, as proposed in first addendum to draft final proposal. SCE stated – "execution of a GIA does not guarantee that a project will move forward towards commercial operation in a timely manner, given the high probability of either suspension or withdrawal, and believes the more appropriate milestone to be the posting of the third IFS."	(5) Interconnection customers are required to make postings of IFS after the phase I study, after the phase II study and at the beginning of construction of network upgrades, the latter known as the third posting. Currently the trigger for PTO backstop funding is the execution of the GIA. This initiative originally considered moving the trigger for PTO backstopping the financial responsibility for network upgrade cost to the third posting. Upon consideration of stakeholder comments from the addendum to the draft final proposal, the ISO agrees that setting the third IFS posting as the point that PTO becomes responsible for backstopping the financial responsibility for network upgrade costs creates an excessively long period of uncertainty for interconnection customers before they know if they will be required to take on a conditionally assigned network upgrade or not. The ISO believes retaining the GIA execution as the backstop trigger, coupled with the proposal to remove the requirement to execute a GIA in order to retain an allocation of transmission plan deliverability (discussed in management response (6) below), creates the right balance of risk between developers and the PTOs.

Management proposal	Stakeholders Support with Request for Clarification or Addition of New Topic Avangrid, EDF-R, First Solar, LSA, NextEra, SPower	Stakeholders Conditionally Support PG&E, Public Advocates Office, SCE, SDG&E, Six Cities	Management response
Topic 1 (cont'd) **Network upgrade definitions and cost responsibility treatment**		(6) SCE, SDG&E, Public Advocates Office, Six Cities – believe interconnection customers should be required to execute a GIA to retain Transmission Plan Deliverability (TP Deliverability). The Public Advocates Office stated – "While this proposal offers a compromise solution that addresses concerns regarding executing a GIA too early in the development process, it risks creating another problem on the timely reallocation of TP deliverability in the event a generation project fails to continue to make progress towards commercial operation. While the proposal would remove the requirement to execute a GIA to retain TP deliverability allocation, it is silent as to what measures would be used as a replacement to ensure system deliverability is reallocated in a timely fashion."	(6) Coupled with the ISO's proposal to retain the GIA execution as the backstop trigger (discussed in management response (5) above), Management proposes to remove the requirement that projects receiving an allocation of transmission plan deliverability must execute a GIA to retain the allocation. Management believes the proposal will better align the execution of GIAs with the construction timelines for network upgrades and with the point where projects are more likely to move forward to construction. This will decrease the number of projects with executed GIAs that withdraw – the point where a PTO is required to assume the financial responsibility of the withdrawing project for the construction of still needed network upgrades. The Public Advocates Office states – the ISO is "silent as to what measures would be used as a replacement to ensure system deliverability is reallocated in a timely fashion." The July 10, 2018, Revised Straw Proposal, made significant modifications to the TP Deliverability allocation process to ensure that projects that receive an allocation move forward or lose their allocation.

Management proposal	Stakeholders Support with Request for Clarification or <u>Addition of New Topic</u> Avangrid, EDF-R, First Solar, LSA, NextEra, SPower	<u>Stakeholders Conditionally Support</u> PG&E, Public Advocates Office, SCE, SDG&E, Six Cities	Management response
<u>Topic 1</u> <u>(cont'd)</u> **Network upgrade definitions and cost responsibility treatment**			(6) (Continued) Historically, the allocation group most likely to receive an allocation and not proceed to commercial operation were those projects that used the balance sheet financing option to obtain its allocation. The tariff changes filed with FERC removed the balance sheet financing option and instituted a "proceeding without a power purchase agreement" option that includes criteria that significantly restricts projects that receive an allocation through that option from sitting on its allocation and not moving forward. Assuming FERC approves that filing, it will be more difficult for projects choosing the proceeding without a power purchase agreement option to retain its allocation if it is not proceeding as expected, regardless of whether it has an executed GIA or not. Moreover, as SCE stated, "execution of a GIA does not guarantee that a project will move forward towards commercial operation in a timely manner, given the high probability of either suspension or withdrawal" The ISO believes its proposal (collectively described in these management responses (5) & (6)) provides the appropriate balance of risk between the PTOs and developers.

Management proposal	Stakeholders Support with Request for Clarification or Addition of New Topic Avangrid, EDF-R, First Solar, LSA, NextEra, SPower	Stakeholders Conditionally Support PG&E, Public Advocates Office, SCE, SDG&E, Six Cities	Management response
Topic 1 (cont'd) **Network upgrade definitions and cost responsibility treatment**		(7) SDG&E suggests that if a project executes a GIA and that project withdraws, then the upgrade would then be converted from a precursor to a conditionally assigned upgrade.	(7) This proposal was not raised until the second addendum comment period and would be a contentious issue between stakeholders. This would be a significant change to a long-standing policy and is provided too late to consider in the 2018 IPE.