Attachment A

Stakeholder Process: TPP-GIP Integration

Summary of Submitted Comments

Stakeholders submitted four rounds of written comments to the ISO on the following dates:

- Round One (comments on Straw Proposal), 8/9/2011
- Round Two (comments on Revised Straw Proposal), 9/29/2011
- Round Three (comments on Second Revised Straw Proposal), 1/31/2012
- Round Four (comments on Draft Final Proposal), 3/1/2012

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

Other stakeholder efforts include:

- White Papers Issued
  - 7/22/2011 – Straw Proposal
  - 9/12/2011 – Revised Straw Proposal
  - 11/23/2011 – Discussion Paper (for 12/1/2011 Working Group Meeting)
  - 1/12/2012 – Second Revised Straw Proposal
  - 2/15/2012 – Draft Final Proposal
  - 3/9/2012 – Final Proposal
- In-Person Meetings
  - 7/28/2011
  - 9/19/2011
  - 12/1/2011 (Working Group Meeting)
  - 1/19/2012
  - 2/22/2012
- Conference Calls
  - 3/16/2012

Management Proposal	PTOs and LSEs	Municipals	Resource and Transmission Developers	Others	Management Response
Overall proposal: Integrate the transmission planning process ("TPP") and the generator interconnection procedures ("GIP") in a manner which achieves the initiative objectives.	PG&E, SCE, SDG&E – Support with qualification	CMUA, Six Cities, BAMx/CCSF – Support with qualification.	Apex, IEP, LS Power, First Solar, LSA, Clean Line, 8minute, Sempra – Support with qualification. CalWEA and Wellhead Electric – Oppose	CPUC staff – Strongly support with qualification CEERT – Support with qualification	Management appreciates the broad support and constructive participation it has received from stakeholders in this initiative, and has attempted to address issues qualifying this support as discussed further in this matrix. Fundamentally, this initiative shifts ISO interconnection policy from a paradigm where ratepayers fully reimburse generation projects for interconnection network upgrade costs, to a paradigm where some projects will be relieved of some or all upgrade costs while others will be required to pay their way or drop out of the queue. The challenge that Management's proposal addresses is to provide a process that is fair and workable, and tries to limit ratepayer exposure to excessive costs while enabling viable generation projects to succeed. Thus a tension among competing objectives characterizes the more significant qualifications stakeholders have voiced regarding their support.
ISO will apply the new process to GIP cluster 5 (which starts this year) and beyond, but not to the existing queue.	Support	Support; however, Six Cities – Apply the new process to generators in existing queue that have not yet signed Generator Interconnection Agreements (GIA). BAMx/CCSF, CMUA – Apply the new framework to all past GIAs that are now inactive and existing	Support	Support	Management recognizes the concerns regarding the existing queue, but believes that application of the new process to projects in the existing queue would face substantial risk in the FERC approval process, due to the fact that these projects entered the queue and have made expenditures and commitments under the expectation that existing tariff rules would apply. The final TPP-GIP Integration proposal has provisions to mitigate possible adverse impacts of the large existing queue on cluster 5 and beyond, and in addition the ISO has other initiatives in progress to address existing queue issues.

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		queue projects without signed GIAs. GIAs for existing queue projects should include stringent milestones to demonstrate progress toward commercial operation.			
Minimize ratepayer risk of having to pay for excessive reliability network upgrades and local delivery network upgrades	Support; however, treat all energy only projects the same on reliability network upgrade cost reimbursement	Support; however: Six Cities, CMUA – Limit reliability network upgrade cost reimbursement based on assessment of benefits to the grid BAMx, CCSF – Limit reliability network upgrade cost reimbursement to a capped amount	All reliability network upgrade cost costs should be reimbursed by ratepayers; the ISO's proposed limit of $40,000 per MW on reimbursement for reliability network upgrades is much too low.	CPUC staff – Support; however treat all energy only projects the same on reliability network upgrade cost reimbursement	In response to stakeholder comments, Management proposed to limit cash repayment of reliability network upgrade costs to $40,000 per MW of installed generating capacity, and to drop the previous proposal to treat different groups of projects differently on this issue. Further, after calculating the average per-MW cost of reliability network upgrades using a larger and more inclusive historical data set, Management proposed to increase this limit to $60,000 per MW. Trying to tie reliability network upgrade cost reimbursement to estimated grid benefits would be extremely difficult analytically and the results would be subject to challenge. Management also proposes to use local delivery network upgrade costs as a tie-breaker for instances where the available amount of transmission plan deliverability can accommodate only one of two or more projects that score equally on the ranking criteria.
Before allocating transmission plan deliverability to each new cluster, the ISO will first reserve sufficient transmission plan	SCE – Should not completely eliminate some amount of deliverability for viable projects in cluster 5	BAMx/CCSF – Limit the possibility that deliverability allocation to cluster 5 and beyond could drive a need for further transmission	General concern expressed that too much deliverability may be reserved for these existing commitments	CPUC staff – concerned that excessive encumbrance will limit ability to accommodate new generation. Efforts should be made to	This step of the process is the perfect example of the tension between limiting the risk of ratepayer exposure to excessive transmission investment, while enabling viable generation projects to move forward. Reserving too much transmission plan deliverability for prior commitments may severely limit the amount

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deliverability for projects in the existing queue, projects in later clusters that were previously allocated deliverability, resource adequacy import capacity that was expanded in the TPP, and distributed generation.		expansion.		identify a portion of the earlier-queued projects that are unlikely to come on-line and make that deliverability available to the new cluster.	available for each new queue cluster. As the same time, under-reserving transmission plan deliverability for these prior commitments and allocating too much to new projects, could require the ISO to approve costly transmission to ensure that the transmission system can support the committed deliverability. Because the volume of projects still active in the existing queue is so large, Management believes that it would be imprudently risky to under-estimate the amount of deliverability these projects will eventually utilize. At the same time, it is important to recognize that the first time the new allocation procedure will be perform – which will be for cluster 5 – will be almost two years from now, in the first quarter of 2014. By that time, there should be far less uncertainty about which areas of the grid and which projects will develop, and the ISO will be able to assess with reasonable confidence the amount of deliverability that can be allocated to new cluster 5 projects.
For allocating transmission plan deliverability to projects in a new GIP cluster (e.g., cluster 5), the ISO will first qualify projects based on threshold eligibility criteria. If the amount of eligible projects exceeds available transmission plan deliverability, the ISO will apply an objective scoring mechanism and	PG&E, SCE – Use of LSE short-lists as one of the minimum threshold eligibility criteria will require that adequate confidentiality protections are put into place.	BAMx/CCSF – The minimum threshold criteria are not stringent enough and would result in having excessive numbers of projects satisfying the criteria and remaining in the queue.	First Solar, Wellhead – Being on an LSE short-list is too low a threshold; an approved PPA is preferred. CalWEA, Wellhead -- suggest that the ISO should limit itself to the interconnection process and should not insert itself into the procurement process through the proposed approach for the allocation of deliverability.	CPUC staff – Being on an LSE short-list is too low a threshold. Instead, transmission plan deliverability should first be allocated to projects with approved PPAs in good standing and then to projects with executed PPAs in good standing. In case of "ties" the project with earlier commercial operation date should get an allocation. Remaining transmission plan deliverability should be	Management believes that the proposed criteria and scoring methodology are appropriate for a number of reasons. First, although having a PPA is an important step for a project developer, Management is aware that LSEs are executing more PPAs than they actually need, with the expectation that a significant amount of these PPAs will fail. The ISO proposal therefore includes permitting milestones in addition to PPA milestones, because experience has shown that a project's progress in the permitting process can be a good indicator of viability as a PPA. Second, although being short-listed is a low minimum threshold, the process will allocate deliverability to projects based on this minimal threshold only when there is either ample deliverability available, or all projects competing

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allocate transmission plan deliverability to the highest scoring projects. The criteria used for this process reflect project development milestones, such as being short-listed or having a power purchase agreement (PPA) with a load serving entity (LSE), and having made progress in obtaining permits for construction.				allocated to projects on an LSE short-list but it should be provisional to be withdrawn if the project has not progressed to at least an executed PPA by the next annual cycle.	for the deliverability have progressed no further than the minimal threshold. In today's highly over-saturated environment this is very unlikely. Nevertheless, Management has modified the proposal so that a project that is allocated TP deliverability based only on being short-listed will be required to have a PPA by the start of the next allocation cycle (less than a year later) or will lose the allocation. Third, although developers did not raise this point in their final round of comments, in earlier comments they indicated that requiring a PPA as a minimum threshold requirement would eliminate many potentially viable projects due to the timing of LSE solicitation processes, which can result in short-listing in time for the allocation process but may not lead to PPAs in that time.
Option (A) projects (i.e., those that require transmission plan deliverability) not receiving an allocation of transmission plan deliverability are allowed to "park" for a year for a second chance at obtaining transmission plan deliverability in the next cycle.	SCE – Don't extend "parking" beyond the one year.	BAMx/CCSF – No further relaxation of "parking" limits.	Apex – Allow "parking" for more than one year. IEP – Projects should have option of electing energy only or "parked" status for the portion of project capacity not short-listed or without a PPA. First Solar – Allow parking rather than sign GIA if an option (A) project only meets short-list minimum eligibility criteria. Allow a project to pay	CPUC staff – Agree with limitation of "parking" to one year.	Management has given consideration to extending the ability to "park" beyond one year but proposes to maintain the one year limit on "parking." Any longer extension would render GIP phase 2 study results for these projects obsolete, while refreshing the results every year would maintain a potentially very high volume of projects in the study process, thus exacerbating the current problems caused by excessive queue size. Management considers the ability to "park" for one year as striking the right balance between allowing potentially viable projects a second chance in the allocation process, while preventing less viable projects from lingering in the queue and complicating the study process. Management has modified the proposal in response to stakeholder requests to allow "partial" parking. That is, if a project obtains

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			annual study fees to stay “parked” for more than one year.		deliverability for a portion of its total capacity in the first allocation cycle, it may “park” the rest of its capacity until the next allocation cycle to try to obtain the full amount of deliverability it originally requested.