

Stakeholder Comments Template

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

Submitted by	Company	Date Submitted
Ron Dickerson	Energy Climate Committee Sierra Club California	August 1, 2010

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.

Overall Assessment of the ISO Proposal

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? Why or why not?

The Energy Climate Committee-Sierra Club California appreciates the opportunity to participate in the California Independent System Operator's SGIP initiative and provide these comments.

The ECC-SCC is comprised of activist members who advocate for the increased use of clean energy resources in California. For the transition to clean energy to be successful, California must capture those resources that contribute to our goals in ways that reduce the negative affects upon our citizens and the environment. The ECC-SCC is committed to advocating for clean energy resources that provide benefits in a widely recognizable and tangible manner. Stakeholders from a wide range of interests recognize the potential for Distributed Renewable Generation is vast. The ECC-SCC notes the public's

perception and successes of the CSI-SGIP programs reveal a model that wholesale market participants are now increasingly expecting to duplicate at a scale that delivers RPS eligible resources in a cost effective and timely manner. The ECC-SCC finds that renewable wholesale distributed generation (WDG) is a resource type that will help meet our states' elusive RPS goals.

The ECC-SCC has serious concerns that the CAISO GIP proposal will stifle WDG by placing undue burden on the Small Generation interconnection Customer with the complexity, uncertainties, obligations, and risks associated with the LGIA/LGIP Customer. The FERC had developed the SGIA and SGIP to offer a simple process for interconnecting Small Generating Facilities to the nation's electric grid. While interdependency between the LGIP and SGIP interconnection studies is problematic for the CAISO and Participating Transmission Owners, the GIP final proposal remains punitive to Small Generation Interconnection Customers by changing the two-track LGIP/SGIP study system into a single cluster study track. This exposes the Small Generation developer to risks inherent to Large Generation projects' more complex processes, without the benefit of equal return. This is unjust and unreasonable. Nor is the inability of the ISO and PTOs to evaluate and process an increasing number of interconnection requests sufficient reason to eliminate the current SGIP process. While the upgrades needed for generator interconnection are additive in nature, the study process obligations for small generation developers should not be.

Furthermore, the ECC-SCC is perplexed by the lack of data and transparency that has plagued the current initiative. While the ISO claims it will address the data issue in a subsequent stakeholder process, The ECC-SCC feels that is too late. The burden of proof has not been met to justify the substantial effects of implementing the GIP proposal. This is not a chicken or egg paradox. Transparency and data sharing is key and a mandatory precursor for a fair process.

2. Do you believe the proposal accomplishes the objectives this initiative was intended to address? If not, please explain.

The GIP proposal if realized would essentially eliminate the SGIP. Even the ISO staff recognizes that currently proposed ISP and Fast track interconnection opportunities will be rare. The ISO proposal is clearly not meant to improve opportunities for interconnecting Small Generating Facilities to the state and nations' electric grid. Rather, the GIP proposal main objective appears to be a redefining of the priority given by ISO toward LGIA/LGIP and significantly away from SGIA/SGIP. This re-balancing contravenes clear FERC precedent with respect to the need to have a streamlined process for 20 MW and smaller projects, as described in FERC Order 2006 and others.

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 ECC-SCC appreciates and agrees with the FIT Coalition's comments that the GIP could have profound effects on WDG market segment in the 1MW-20MW range. All of the potential resources in this range combined could lead to 10,000 megawatts or more of new WDG by 2020, a very substantial amount of new generation. E3 studies in

the CPUC LTPP have identified as much as 15 GW of RPS eligible resources that could fill the void that is currently missing in the planning and deployment of "appropriately sized" generation, and would be contributing to a healthy competitive market. These resources will be interconnected on both ISO- jurisdictional and IOU-jurisdictional lines. A major advantage of the 20 MW and below market for renewables is the streamlined interconnection process – which will be eliminated if the GIP proposal is implemented.

The ECC-SCC remains extremely concerned that the GIP proposal would also provide an unfair signal and opportunity for IOUs to modify their WDAT (as suggested by at least one PTO in the July 27 meeting) and impede distribution system interconnected renewable generation projects that are probably the most cost effective and least impacting type of renewable generation. Because of the right sized characteristics of WDG an important and vital class of stakeholders go underrepresented in the GIP process: Ratepayers and local communities. If the ISO GIP triggers similar changes to the IOUs WDAT, the potential Locational Marginal Pricing benefits for communities served by WDG will go unrealized. So too will a plethora of local employment opportunities that WDG can uniquely provide.

The ECC-SCC believes that the GIP proposal does not balance the various stakeholder interests-- heard and unheard. In fact there are clearly only a few interests served by the ISO initiative, which seems to be heavily weighted toward the larger developers and larger project types, due to the fact that it is generally only these companies that have the resources to take part in highly complex regulatory proceedings such as the CAISO GIP proposed tariff modifications.

Proposed Study Deposit Amounts and/or Processing Fees

1. In general, do you support the proposed study deposit amounts and/or processing fees?
2. If not, what modifications are needed and why?

We note a potentially regressive nature of Fees in terms of nameplate capacities.

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

2. If not, what modifications are needed and why?

The issue of interdependency is ill defined and assumes LGIP and SGIP projects are equal. The proposed methodology does not sufficiently account for uncertainties. The unified cluster approach may result in small projects being asked to bear unreasonable network upgrade costs.

3. If you do not support a single cluster approach in any form, what would be your preferred alternative and why?

Maintain and improve the currently implemented separate study tracks by increasing personnel, improving study methodologies, and ensuring impartial ISO oversight of PTO interconnection studies.

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 Comment*
2. If not, what modifications are needed and why?
Second Application window – Enter Cluster at Phase II

No Comment

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?

No Comment

2. If not, what modifications are needed and why?
Second Application Window – Enter Cluster at Phase II Criteria

No Comment

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?
2. If not, what modifications are needed and why?

No Comment

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?

Yes, Wholesale Distributed Generation is one of several key resource priorities as identified by California's EAP Loading Order. These resources have significant impacts on the need for network upgrades. The ECC-SCC welcomes the evaluation of SGIP, LGIP and WDAT interconnection impacts on network upgrades using the "Least Cost - Best Fit" approach in transmission planning.

The ECC-SCC members are currently participating in resource planning processes and continue to be disappointed at the lack of unified planning. These processes have yet to capture the full range of resources and benefits at a time when the RPS goals remain elusive. This lack of adequate weighing of resources is threatening to unbalance the hybrid market structure. The CAISO and CTPG processes have placed an inordinate focus on central station generation / transmission infrastructure planning, while effectively ignoring right sized quickly deployable resources that efficiently utilize the existing grid's capacities and have undeniable social and environmental attributes. These actions create anxiety about the CAISO impartiality.

While the uncertainties created by FERC suspension the CAISO RTPP adds further challenges for developers requesting interconnection and our states' struggle to meet

RPS goals, It is worth noting that recent CAISO actions may provide some backstop measures to avoid missing the RPS targets. The Memorandum of Understanding between the CPUC and CAISO to consider and coordinate their respective planning and procurement processes: LTPP-TPP. Hopefully an adequate analysis will result.

- If not, what modifications are needed and why?
2. 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 Comment

Independent Study Processing Track

1. In general, do you support the ISO's Independent Study Processing Track proposal?

The ECC-SCC supports the ISP option for 20 MW and under projects that only requires these projects be electrically independent.

2. What modifications are needed and why?

The criteria should be reasonable and fair, not-rarely achievable.

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?

Again prior data sharing is key. All parties would benefit in the study and interconnection process.

Fast Track less than 2 MW

1. Should the ISO remove the 10th screen from the Fast Track? Why or why not?

Of course removing the 10th screen is fair and just. The requirements would essentially eliminate almost all small generation projects from eligibility.

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.

The Fast Track Process with reasonable screens and eligibility requirements most closely resembles the intent of FERC order 2006. Screen #2 should be expanded to 30% in concurrence with E3 findings in the CPUC LTPP. As previously stated the 10th screen should be eliminated. By increasing the size limit to 10 MW, a reasonable SGIA/SGIP process is potentially maintained.

Method to Determine Generator Independence

1. In general, do you support the ISO's proposed method to determine generator independence?

2. If not, what approach would you propose for determining generator independence? Explain why your proposed approach is superior to the ISO's proposal.
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?

No Comments

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?
2. If not, what modifications would you support and why?

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?
2. If not, what modifications would you support and why?

No comments

Financial Security Postings

1. In general, do you support the ISO's financial security postings proposal?
2. What modifications are needed and why?

No comments

Transition Plan

1. In general do you support the ISO's proposed transition plan?
2. What modifications are needed to all you to support the ISO's transition plan?

No comments

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

No Comment

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?

The elimination of the SGIP and IOU's adoption and alignment of their WDAT to the GIP would serve to seal off the open access provisions of FERC Order 2006. While FERC has permitted ISOs and RTOs flexibility in customizing its interconnection procedures and agreements, the GIP proposal is clearly discriminatory and crosses the line. While there are clearly jurisdictional issues, The CAISO should provide a clear explanation and/or disclaimer with regards to the GIP proposal potential for impacts upon the IOUs WDAT. The ECC-SCC would support a stakeholder process that focuses on these impacts and a resolution going forward.

Respectfully Submitted,

Ron Dickerson, consulting member Energy Climate Committee-Sierra Club California.