Stakeholder Comments Template

Subject: Generator Interconnection Procedures Straw Proposal and Meeting

Submitted by	Company	Date Submitted
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As a consulting member of the Energy-Climate Committee, Sierra Club California and stakeholder in the CAISO proposal to modify the small generator interconnection procedures (SGIP), I appreciate the opportunity to provide the following comments.

The CAISO straw proposal to combine the SGIP and the large generator interconnection procedures (LGIP) into an annual cluster study process and interconnection procedure is not an improvement to the existing SGIP process. It is, instead, a major impediment for developers seeking interconnection under the SGIP. The Generator Interconnection Procedures (GIP) proposal would essentially eliminate the SGIP except for "fast track" 2 MW and Independent Study Process projects meeting what are sure to be rarely achievable criteria. This is certainly not the reform envisioned by FERC Order 2006, and the CAISO should consider whether the GIP straw proposal remains true to the FERC ruling intent and purpose:

Interconnection is a critical component of transmission service, and having a standard interconnection procedures and a standard agreement applicable to Small Generating Facilities will:

1. Limit opportunities for transmitting utilities to favor their own generation.

2. Remove unfair impediments to market entry for small generators by reducing interconnection costs and time.

3. Encourage investment in generation and transmission infrastructure, where needed.

<u>The SGIP requires solutions not elimination</u>

The GIP straw proposal has identified the problem with the existing SGIP process as "a

significant increase in the number of small generation projects seeking interconnection to the ISO controlled grid. The large volume exacerbated problems inherently associated with processing a large number of requests serially, and also revealed areas of the ISO's SGIP process that need improvement."

Since the CAISO has not provided succinct identification of the "areas" of the SGIP that needs improvement, it is difficult to provide suggestions on how the whole SGIP process can be improved. However with respect to the large volume of potential customers requesting interconnection, the CAISO should consider implementing several simple intuitive solutions before eliminating the SGIP serial process:

- The CAISO should provide more personnel capable of processing interconnection requests in a timely manner.
- Direct the Participating Transmission Owners to provide more personnel capable of processing interconnection requests in a timely manner.
- Develop reasonable timelines for execution of interconnection requests that all parties must meet, which are enforceable.
- Develop a transparent real time database of the ISO controlled grid--that would provide generation developers with information on available system capacities. A constantly updated database would serve to enhance all parties' ability to perform preliminary screening of generation development and subsequently the timely coordination of all parties involved in the interconnection service.
- Identify and remove duplicative administrative and technical obstacles from the CAISO and IOU interconnection processes.

SGIP offers accessibility and diversity.

While optimizing the SGIP has not been realized, the SGIP provides important and diverse opportunities for small renewable energy generators to connect quickly and inexpensively. It subsequently creates benefits for non-traditional energy producers and the environment. For example this is crucial to reduce dairy manure methane emissions, by making digester generation economical. Combined heat and power generators also need to be supported and it's tangible contributions recognized. These are a few examples of the many potential participants and resources positioned to utilize the CAISO SGIP.

Modifications to SGIP

The CAISO and stakeholders should recognize the importance of maintaining separate SGIP and LGIP processes.

This "first attempt" as identified in the CAISO proposal, to resolve issues identified in the Paper dated April 1st, 2010, should focus on improving and maintaining the existing SGIP process. While the ISO's experience with a significant increase in the number of SGIP requests is problematic, it should be viewed as good news that smaller projects are finally gaining significant market share and signals a preferred direction that many generation developers are moving towards. Furthermore, despite the small number of successful SGIP projects, with only one CAISO SGIP solar project connected to the ISO grid, the small generator industry continues to evolve. This deserves supporting, as the IOUs struggle and fail to timely meet RPS targets--not punishment of a stakeholder class, which is the net effect of the current straw proposal to eliminate the SGIP.

Moreover, the GIP straw proposal reflects preferential treatment for LGIP projects by shortening the timeframe for the current LGIP while not providing that same benefit to projects under the current SGIP. It would indeed be unfortunate if the GIP as proposed would chill the interest in timely interconnection of small generation developers--leaving the CAISO ratepayers with a less diverse generation fleet that is unnecessarily reliant on increasing transmission infrastructure to remote locations.

The straw proposal contemplates modifications to the processing fees for interconnection of small generators. Here too the CAISO departs from the FERC 2006 final rule and introduces additional encumbrances and complexity that could be viewed as another obstacle for the small generation developer/ interconnection customer who seek financial certainty--beforehand. A refined proposal should strive to create clarity regarding financial postings. The discussion of progressive fee/ deposit increases and so called true ups at the June 3, 2010 stakeholder meeting has also introduced debilitating uncertainties that the CAISO staff should clarify going forward. As the FERC had envisioned, fees for easily interconnected small generators should be reduced drastically, and simplified. This will help our state reach its RPS targets and climate goals.

Deliverability analysis

Deliverability refers to the ability of the electric system to accept the small generating facility's output without regard to the ultimate point of delivery. While the ISO and or other entities may and should offer the interconnection customer deliverability analysis as an additional service, it should be wholly separated from the interconnection process and not become an additional impediment for generation developers that request a streamlined and timely SGIP process.

Ancillary issues to proposed SGIP modifications

The CAISO has proposed combining the SGIP and LGIP into a combined GIP annual cluster study that would be integrated with the CAISO Transmission Planning Process

(TPP) or upon FERC approval, the Revised Transmission Planning Process (RTPP). Clearly the CAISO focus and jurisdiction in these processes has been to connect new generation via increased transmission infrastructure development. The CAISO efforts are obviously in response to California's ambitious RPS targets. However the CAISO should remain cognizant of the fact that transmission connected renewable energy resources are not the only avenue towards attainment of renewable energy goals--which to date remain elusive. The GIP should not create impediments for any other resources to be optimized.

WDAT impacts?

The participating IOUs' in the CAISO balancing authority area have provided comments regarding the proposed modifications to the current SGIP. While the IOUs' comments are not fully aligned, all of the IOUs have injected their Wholesale Distributed Access Tariffs (WDAT) into the discussion. The CAISO must carefully consider the ramifications towards the development of distribution system connected generation if the GIP process creates substantial impacts to the IOUs' WDAT. Additionally, resource planning and regulatory processes are underway and are including WDAT connected resource contributions to all plausible scenarios. These processes are refining the 33% implementation analysis--which the CAISO staff has been contributing to and surely recognizes the importance of. WDAT accessibility should not be impeded as a result of the ISO's GIP initiative. The CAISO GIP process is simply not the proper venue to reform the IOUs WDAT inadvertently or otherwise.

Respectfully Submitted,

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