Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the 2015 Interconnection Process Enhancements (IPE) Draft Final Proposal that was posted on July 6, 2015 and as supplemented by the presentation and discussion during the July 13, 2015 stakeholder meeting.

Submit comments to InitiativeComments@caiso.com

Comments are due July 27, 2015 by 5:00pm

The Draft Final Proposal posted on July 6, 2015 may be found at:
http://www.caiso.com/Documents/DraftFinalProposal_InterconnectionProcessEnhancements-2015.pdf

The presentation discussed during the July 13, 2015 stakeholder meeting may be found at:

http://www.caiso.com/Documents/Agenda-Presentation-InterconnectionProcessEnhancements2015-DraftFinalProposal.pdf

For each topic that was modified in the Draft Final Proposal please select one of the following options to indicate your organization's overall level of support for the CAISO's proposal:

1. Fully support;
2. Support with qualification; or,
3. Oppose.

If you choose (1) please provide reasons for your support. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal. If you choose (3) please explain why you oppose the proposal.

Topic 2 – Time-In-Queue Limitations

First Solar supports the CAISO's proposal on Topic 2 with qualification.

First Solar strongly supports the CAISO's revisions to its straw proposal and appreciates CAISO staff's careful consideration of stakeholders' comments. In particular, First Solar supports the CAISO's proposal to permit extensions of the interconnection commercial online date (COD) to align with a COD in an executed Power Purchase Agreement (PPA) and the addition of a grace period for projects that fail to obtain a PPA but which otherwise satisfy the viability criteria. First Solar proposes the following further modifications and clarifications:

(1) Modify project financing viability criterion to allow for executed PPAs that are pending regulatory approval;

(2) Increase the grace period for projects without a PPA to two years;

(3) Clarify the "matching" requirement for PPA-based COD extensions to allow for projects with one interconnection agreement but multiple PPAs, to recognize that project sizing identified in the initial interconnection request may vary from contracted-for capacity under a PPA.

(4) Provide an additional round of stakeholder comments to address the cost impacts of the conversion to energy-only status.

1. **Modify project financing viability criterion to include executed PPAs**

The draft Final Proposal changed the PPA prong of the viability test from "Having an executed power purchase agreement…" to "having an executed and regulator-approved power purchase agreement…" It is unclear from discussion and analysis in the draft Final Proposal why CAISO added the regulatory approval requirement. In the Final Proposal, the CAISO should return to the PPA criterion as formulated in the revised straw proposal to permit extensions of COD for interconnection customers with executed PPAs even if final regulatory approval is not yet secured, and do a check during the annual verification process for progress on regulatory approval.

The addition of the regulatory approval requirement is unnecessary and could frustrate or needlessly delay extensions of COD for viable projects. Even prior to final regulatory approval, securing a PPA remains the single most significant event in the project development cycle. Although the CAISO states that it has observed many instances where a generator with a PPA failed to commence construction or achieve commercial operation, the regulatory approval process is not the cause of such failures. The majority of PPAs submitted for regulatory approval are ultimately approved. As such, the regulatory approval requirement does not serve as a meaningful indicator of a project's commercial viability. In addition, the project developer has no control over the timing of filing for regulatory approval of a PPA or any ability to influence the timing of the regulatory approval itself. Thus, prohibiting extensions of COD for projects with executed PPAs but where there is not yet final regulatory approval would arbitrarily penalize interconnection customers for events beyond their control. Rather than close the door on generators with executed PPAs pending regulatory review, the CAISO should simply use the annual viability assessment to verify that a PPA obtains final regulatory approval.

2. Increase the grace period for projects without a PPA to two years

The draft Final Proposal adds a grace period of one year prior to conversion to energy-only status for projects that satisfy all commercial viability criteria except for the project financing criterion. While First Solar supports this proposal, First Solar suggests that the grace period should be extended to 2 years to allow for additional time for a project that is otherwise viable to secure a power purchase agreement through a competitive procurement. These procurement cycles tend to occur only once a year, so a project that is short listed but not picked up one year should be given a second cycle to get picked up. With the push for a higher RPS in California, more time should be given for projects that have been under development to secure a PPA.

3. Clarifications to matching requirement

In discussing the PPA-based COD extension, the CAISO states that "the PPA needs to 'match' the project, that is, generation developers will only be able to use one PPA for one project, and demonstrate that the project described in the PPA is the same project described in the interconnection request."[1] First Solar suggests some clarifications to this "matching" requirement to accommodate circumstances where there is a legitimate reason for the PPA and interconnection request to differ.

First, First Solar commonly divides output from a given project with a single interconnection agreement across multiple PPAs. In such instances the stated capacity in the interconnection request or GIA would exceed the contracted-for output in the individual PPAs. As such, CAISO should remove the restriction that "developers will only be able to use one PPA for one project" or otherwise clarify that developers with multiple PPAs for a single project will not be prohibited from seeking extensions of COD.

Second, the matching requirement should allow for some flexibility in variation between the PPA and GIA as to stated project size. Depending on the purchasing utility's practice, a PPA may indicate a larger project size than the GIA if the utility defines project size pre-transformation and line losses. In order to allow for such variations and not establish over restrictive matching requirements, the CAISO should simply require that project developer demonstrate that the PPA is associated with the project seeking the COD extension.

4. Cost impacts of conversion to energy only status

During the July 13 stakeholder web conference, the Large-scale Solar Association (LSA) and Pacific Gas & Electric Company questioned CAISO staff regarding potential cost impacts on the PTO or other interconnection customers resulting from converting projects that fail to meet viability criteria to energy-only status. First Solar believes that this is an important consideration that the CAISO should address through this stakeholder process, but only after an additional round of comments on this

[1] Draft Final Proposal, p. 19.

discrete issue. Because this issue was not raised until the July 13 stakeholder web conference, neither the CAISO nor stakeholders have had adequate time to analyze the issue or consider possible solutions, and addressing this will require a careful assessment of financial and policy implications necessitating further engagement with stakeholders to navigate the issues. First Solar urges the ISO to set another round of comments and discussion on this discrete issue prior to taking the final proposal to the Governing Board.

Proposed revisions to draft Final Proposal Tariff language

Milestone Modification, Time in Queue, and Commercial Viability Criteria

The modified Commercial Operation Date of the new Generating Facility or increase in capacity of the existing Generating Facility shall not exceed [ten/seven] years from the date the Interconnection Request is received by the CAISO, unless the Interconnection Customer demonstrates that the Generating Facility is commercially viable. The CAISO's agreement to an extension of the proposed Commercial Operation Date does not relieve the Interconnection Customer from compliance with the requirements of any of the criteria in [Section 8.9.3] for retention of TP Deliverability.

The CAISO's agreement to an extension of the proposed Commercial Operation Date is predicated on the Generating Facility meeting and maintaining the criteria on which commercial viability is based. <u>The criteria for</u> commercial viability shall be defined as:

a. Providing proof of having, at a minimum, applied for the necessary governmental permits or authorizations and that the permitting authority has deemed such documentation "as data adequate" for the authority to initiate its review process;

b. Providing proof of having an executed ~~and regulator-approved~~ power purchase agreement, attesting that the Generating Facilities will be balance-sheet financed, or otherwise receiving a binding commitment of project financing;

c. Demonstrating Site Exclusivity for 100% of the property necessary to construct the facility through the Commercial Operation Date requested the modification request. A Site Exclusivity Deposit does not satisfy this criterion;

d. Having an executed Generator Interconnection Agreement ("GIA"); and

e. Being in good standing with its GIA such that neither the Participating TO nor the CAISO has provided the Interconnection Customer with a Notice of Breach of the GIA (where the breach has not been cured or the Interconnection Customer has not commenced sufficient curative actions).

If the Interconnection Customer fails to meet the commercial viability criteria but informs the CAISO that it intends to proceed with the modified Commercial Operation Date, the Generating Facility's Deliverability Status will be Energy-Only Deliverability Status.

If a Generating Facility satisfies all the commercial viability criteria except criterion [6.9.2.4(b)], the CAISO will postpone converting the Generating Facility to Energy-Only Deliverability Status for ~~one~~ two years from the day the Interconnection Customer submits the modification request or one year after the Interconnection Customer exceeds [ten/seven] years from the date the Interconnection Request is received, whichever occurs later. Interconnection Customers exercising this provision must continue to meet all other commercial viability criteria.

Generating Facilities in Cluster 7 and beyond whose Phase II Interconnection Study report requires a timeline beyond the 7-year threshold are exempt from the commercial viability criteria in this section provided that the COD modification is made within six (6) months of the CAISO's publishing the Phase II Interconnection Study report. This exemption is inapplicable to report addendums or revisions required by a request from an Interconnection Customer for any reason

[New subsection:] Alignment with Power Purchase Agreements

An Interconnection Customer with an executed GIA and an executed regulator-approved power purchase agreement may request to automatically extend the GIA Commercial Operation Date to match the beginning of the power purchase agreement Commercial Operation Date. Such requests are not exempt from the commercial viability criteria provisions in [Section #]. The CAISO will consider the power purchase agreement Commercial Operation Date to be the Commercial Operation Date provided for in the executed power purchase agreement, inclusive of all extensions provided for per the terms of the power purchase agreement. To exercise this provision, the Interconnection Customer must (1) provide a copy of the power purchase agreement ~~and evidence of regulatory approval~~, and (2) include ~~confirm~~ the power purchase agreement's standing and details in the annual Transmission Plan Deliverability affidavit process.

[New subsection:] Annual Assessment

The CAISO will perform an annual review of the Generating Facility's commercial viability. If the Interconnection Customer fails to maintain the level of commercial viability on which the Commercial Operation Date approval was based, the Deliverability Status of the Generating Facility corresponding to the Interconnection Request shall convert to Energy-Only Deliverability Status.