

## Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the Interconnection Process Enhancements Issue Paper posted on June 3 and as supplemented by the presentation and discussion during the June 11 stakeholder web conference.

Submit comments to [GIP@caiso.com](mailto:GIP@caiso.com)

**[Comments are due June 25, 2013 by 5:00pm](#)**

The Issue Paper posted on June 3 may be found at:

<http://www.caiso.com/Documents/IssuePaper-InterconnectionProcessEnhancements.pdf>

The presentation discussed during the June 11 stakeholder web conference may be found at:

[http://www.caiso.com/Documents/Agenda\\_Presentation-InterconnectionProcessEnhancementsJun11\\_2013.pdf](http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancementsJun11_2013.pdf)

Following each of the 15 topics presented below, the ISO poses specific questions and requests that stakeholders respond to each.

### Topic 1 – Future downsizing policy

1. What is the demand for a second downsizing opportunity? Would a second downsizing opportunity be sufficient, or do stakeholders believe that there will be further demand beyond a second downsizing opportunity?

**IEP supports the ISO's adoption of a second downsizing opportunity. IEP also believes that there are benefits to additional downsizing windows for pre-cluster 5 projects. There are two key reasons for our position. The first is the decline in market demand for larger scale projects. Off-takers' appetite for single, large MW projects has taken a noticeable turn in the preceding several years toward projects of smaller scale. Many of the pre-cluster 5 projects were envisioned during a time when LSE's were actively seeking multi-hundred MW projects. When interconnection customers have to address the change in demand for their project it**

would be very helpful for them, as well as the queue as it is used to support the transmission planning process, to have additional opportunities to right-size their projects. The second reason is the potential for long delays in network upgrades that, for commercial reasons, may induce a project to reduce its size in order to accommodate a contracted COD.

Additionally, and as discussed in the Issue Paper topic # 3 on dividing GIAs into phases, IEP views the ability to split a project into multiple GIAs as a valuable feature of the GIP that would allow interconnecting customers to downsize after they've split their project into more than one project while maintaining the integrity of their remaining GIA or GIAs.

2. What are stakeholders' views on the ISO's position that a downsizing request window of limited time duration should be utilized in any future downsizing opportunity?

**IEP supports the concept of using a time window to limit the period within which interconnection customers may file a downsizing request.**

3. The ISO believes that funneling downsizing requests through such a window permits ISO and PTO transmission planning engineers to evaluate the collective impacts of all downsizing requests in the most efficient manner possible (in contrast to the inefficiency and associated chaos of having to review the impacts of downsizing requests sequentially, at any time that an interconnection customer chooses to submit such a request). Similarly, expansion of the ability to downsize through a "material modification" review would essentially allow downsizing requests to be submitted at any time and would thus present the same problems. What are stakeholders' views on this?

**IEP understands the ISO's concern with respect to the frequency and unpredictable nature of downsizing requests that could conceivably arise from an expansion of material modification rules. Similarly, we also understand the commercial pressures faced by interconnecting customers that may require they change their project as soon as possible after they encounter a change in commercial circumstances. If the ISO were to incorporate a regular downsizing opportunity – we recommend an annual process – then IEP believes that many, though perhaps not all, instances in which an interconnecting customer needs to change their project size could avoid running through the material modification process – which unlikely to be approved if the change in project size is substantial.**

4. To the extent there were a need for additional downsizing opportunities,
  - a. What would be the optimal frequency of downsizing request windows? For example, one per year or one every two years?

**IEP recommends an annual process consistent in timing with the ISO's cluster study schedule**

- b. How many downsizing request windows do stakeholders believe should be considered?

**IEP doesn't believe it is necessary to set any limit to the number of downsizing request windows in the future. In consideration of the fact that the ISO is seeking comment in this specific question with respect to pre-cluster 5 projects only, it would seem logical**

**that the number of future downsizing request windows is likely to be self-limiting. Meaning, if a project applies for and completes the downsizing process cannot repeat the process then there should be a self-limiting number of annual iterations necessary. At some future time the ISO's invitation to an annual downsizing opportunity won't have any interest since all projects will have reached COD, taken their one opportunity to downsize already, or withdrawn from the queue.**

- c. What should be the timing of a downsizing request window? The ISO suggests that the timing of a downsizing request window should be such that there is sufficient time to validate the requests received and study their combined impacts at the same time the re-assessment study is conducted in accordance with the GIDAP timeline. What are stakeholders' views on that?

**IEP agrees with the ISO's suggestion.**

5. Please comment on the ISO's position that future downsizing options should be limited to pre-Cluster 5 customers because the GIDAP already provides certain opportunities to downsize projects that were not available under the GIP.

**The GIDAP indeed includes a downsizing option that is not available under the GIP, specifically the option to reduce project generating capacity in the event that a project's allocation of transmission based deliverability is less than the project's full size. IEP considers the GIDAP provision for "downsizing" due to lack of deliverability a valuable tool to protect commercial interests of generators. However, IEP also considers it to be wholly different than the one-time downsizing previously approved by the ISO and as discussed in this topic. IEP also believes that the GIDAP process is sufficiently new and its results and ultimate impact on the queue are yet to be determined. In principle, IEP suggests that annual project downsizing windows may be beneficial in cluster 5 and later and should be carried forward by the ISO for future review, however, the issue is not ripe for consideration given GIDAP's immature status.**

6. Stakeholders are asked to comment on other important features of the current one-time downsizing opportunity. For example, customers who are affected by but are not downsizing should be protected. As an additional example, downsizing projects should bear the costs of the downsizing study and any resulting interconnection agreement amendments.

**IEP maintains its prior position on the matter that a customer requesting downsizing bears the cost responsibility for that request and that a non-downsizing customer should be held harmless with respect to the costs created by the study and costs due to modification of network facilities and, as much as possible, timing of network upgrade installations.**

7. What are stakeholders' views on the continued use of the non-conforming partial termination provisions as a future downsizing option? Although the ISO does not view this as a generally applicable downsizing option, do stakeholders view its continued availability as critical?

IEP believes the non-conforming partial termination provisions should continue in the event that the non-typical situations for which that provision was intended arise in the future for an interconnecting customer.

## Topic 2 – Disconnection of first phase of project for failure of second phase

IEP understands that the ISO desires to reserve its rights under the GIA to take action in the event of non-performance of a generator, however, we believe that disconnecting a working generator should be reserved for matters of safety primarily, and secondarily for failure to pay the ISO/PTO for use of facilities. As explained in the Issue Paper, a breach of the GIA would occur in the event of a failure to perform or observe a “material” term or condition of the GIA. The ISO considers the failure to build a second phase as material, and thus a breach of the GIA.

In a broader sense than answers to questions below may uncover, IEP seeks the ISO’s explanation of what benefit it believes would be derived or what cost/risk would be averted if the ISO elects to terminate an operational project for failure of a second phase to reach COD. From IEP’s perspective, the ramifications of disconnecting an operational phase of a generation project are all negative and include; de facto abrogation of a commercial contract between the ISO’s customer and their off-taker, potential stranded transmission capacity, loss of RECs for the LSE, and many other ramifications. IEP believes there is a better way to protect the ISO’s rights under the GIA while ensuring that valuable, operational, contracted projects are not taken off line. Simply stated, the in-service phase is not the problem, and the benefits inherent to in-service phases should not be forfeited via disconnection.

1. Please expand on the explanation of how current risk of disconnection affects project finance ability and viability.

The potential for the ISO to disconnect an operational project phase due to failure to get secondary phases to COD is considered a risk that drives higher financing costs as investors risk adjust their lending rates. Many lenders would find termination of an existing operational project phase as completely unacceptable. The potential for real losses as a result of this GIA provision makes phased projects appear far riskier than non-phased projects, when the concept of phasing in general is expected to reduce risk. In conjunction with the GIA provision that would allow the ISO to disconnect a project for its failure to cure the breach is the fact that the cure period in the GIA is so short (90 days from notice of breach) that a generator facing a change in its commercial situation likely would find it difficult if not very unlikely to cure the breach in a 3 months period.

2. Stakeholders are asked to suggest potential ways to reduce risk for developers, short of blanket elimination of ISO termination rights.

**IEP believes that in allowing customers to utilize topic #1 (downsizing) and #3 (splitting GIAs) there may be a means of avoiding the scenario where a generator would be in breach and reducing risk for developers and their investors.**

3. Please suggest what alternative, equitable non-termination remedies to GIA default might look like.

**As explained by the ISO, failure of a second phase to reach COD is considered a breach of the GIA. The ISO has the right to respond to a breach of a GIA by terminating the GIA and disconnecting any functioning phase. IEP believes that option to be a draconian response.**

**IEP suggests that the ISO would impact the fewest stakeholders least by offering an alternative to termination. We believe that alternative would begin with an assessment of the cost and operational impacts of the breach – indeed confirming whether or not they exist [including analysis of later queued projects that may obtain deliverability from the upgrades associated with the breach sooner than they would otherwise, i.e. getting upgrades into service and avoiding stranded cost]. In short, IEP suggests that a crucial component to dealing with these situations is a careful consideration of the magnitude of the “problem” caused by the non-performing project. Under the right circumstances it’s possible that the impacts to other queued projects and the PTO would be minimal, which illuminate the trouble with classifying all instances where a project doesn’t reach COD for a secondary phase as truly “material” and therefore a breach; thus triggering potential disconnection.**

**If the only option available to cure an alleged breach is termination of a viable, operational phase, we believe the ISO must first calculate the negative impact to the breach and offer the customer a means to mitigate those negative impacts.**

4. Please comment on the proposed modification to the safe harbor to “greater of 5% or 10 MW.

**IEP supports the ISO’s suggestion to modify the safe harbor provision; however, the applicability and value of the “greater of 5% of project capacity or 10 MW” safe harbor is unknown, and may prove ineffectual. IEP recommends that the ISO consider expanding the safe harbor provision based on evaluation of the MW or percentage change threshold under which other interconnection customers are held harmless.**

### **Topic 3 – Clarify tariff and GIA provisions related to dividing up GIAs into multiple phases or generating projects**

1. Are there additional scenarios beyond the three scenarios described on page 29 of the issue paper?
2. What thresholds should be used in allowing projects to be broken into multiple phases?
3. Under circumstances dictated by commercial, environmental, regulatory or technical issues a multi-generator project may only be able to proceed with less than the originally planned f generation project size.

4. Should there be a minimum total MW size threshold to be eligible to divide a project into phases? For example, would it make sense to allow a 5 MW project to be split into smaller phases?
5. Should there be a maximum number of phases into which a project can be divided?

**IEP does not understand from the ISO's comments or discussion if the ISO or PTO's have had issues with large numbers of customers subdividing projects into unmanageable numbers of phases. It appears that the limit of "4" phases resulted from prior customer request, and indeed IEP expects that so long as the final phase must reach COD as per the original project that most projects will subdivide into a relatively small number of phases anyway. Ultimately, IEP believes that any phasing decisions should be up to the interconnection customer. If there must be limitations on phasing (and it would be helpful to understand why), IEP recommends setting a threshold of 4 phases up and until which the customer does not need to provide any explanation to the ISO. Beyond 4 and up to a maximum of 10 the ISO could require some justification regarding the need to split the project and provide that justification to the ISO whose approval would not be unreasonably withheld.**

6. Should there be a minimum MW size for each phase?

**IEP believes that commercial terms will, in most cases, determine these sizes – as it will the number of phases – and as such need not have an arbitrary limit on size. That said, IEP does find concern in the potential for a project to split into phases that, had they been managed independently, would have been under the SGIP and not the LGIP. We realize that may not have been the intention of the customer but it could be the reality. We raise this concern only as far as the ISO may identify benefits for a "small" project getting LGIP treatment and therefore inequities for projects that didn't split into 20 MW or less phases.**

7. Should criteria be imposed that include both a minimum total MW threshold and a minimum phase size in MW or a percentage of the total project?

**See prior response**

8. When during the interconnection process should an IC be allowed to request to implement a phased structure for its project?

**IEP believes that the ISO would benefit the most stakeholders (developers and LSEs) by allowing a phased approach to be implemented as late as feasible in the interconnection process. The likelihood of an interconnecting customer will know their ultimate commercial position occurs later rather than earlier in the development cycle, and as such, a later opportunity to subdivide would be welcomed; certainly after the GIA is in place.**

## Topic 4 – Improve Independent Study Process

1. Are you interested in participating in the ISP working group and able to devote significant time outside of the standard Interconnection Process Enhancement stakeholder process?

**IEP does not wish to participate in the working group**

2. If yes, are you interested in the policy aspects, technical aspects or both?
3. Do you have an interest in the behind the meter expansion component of the ISP and if so, please summarize your thinking on revisions to the behind the meter expansion component?

## Topic 5 – Improve Fast Track

1. Are you interested in participating in the FT working group and able to devote significant time outside of the standard Interconnection Process Enhancement stakeholder process?

**IEP does not wish to participate in the working group-**

2. If yes, are you interested in the policy aspects, technical aspects or both?
3. Are you able to provide engineering expertise for developing FT screens related to a networked transmission system?

## Topic 6 – Provide for ability to charge customer for costs to process a material modification request

1. Should the cost for modification requests be a fixed fee or deposit and actual costs incurred be charged against deposit?

**IEP believes that cost for processing a modification request should be based on actual costs with a cap/not-to-exceed price, where actual costs are charged against the deposit.**

2. Should existing study funds be used for modification assessments?

**IEP is concerned about, but not necessarily opposed to, the use of study funds for two reasons. First, certain interconnecting customers may desire to track their costs independently or may have received internal authorizations for funds to be used for specific purposes. Mixing these uses may not be to their liking. Secondly, it may come to pass that a customer making a material modification request has insufficient funds in their study deposit account which would trigger the need for additional study funds.**

**IEP believes this question may be most equitably addressed by allowing the interconnecting customer to make that decision at the time of their material modification request, wherein they are provided with (a) a not-to-exceed cost for the material modification request and deposit requirement [if different than the NTE cost], and (b) the balance of their existing study funds. From there, the customer should have the choice to use existing funds or start a new fund explicitly for the modification request.**

3. If a separate deposit is made, should it be refunded at the end of that modification assessment or once the project achieves COD?

**Any remaining funds from the modification request deposit should be refunded at the end of the modification assessment.**

## Topic 7 – COD modification provision for small generator projects

1. Do stakeholders agree that small generators should be afforded a similar mechanism to modify their project as a large generator?

**Yes--IEP agrees**

2. Should small generators be allowed to change their POI if the change does not impact other queued projects and there is a benefit for making that change?

**Yes--IEP agrees**

3. Should small generators be allowed to modify their project during the study process?

**Yes, subject to provisions similar to those in effect for large projects, IEP would agree that small generation projects should be allowed to modify their project during the study process**

4. Should small generators be allowed to extend their commercial operation date for three years from the COD in their interconnection request would be deemed not material, similar to Section 4.4.5 of Appendix U for larger generators?

**IEP agrees generally with the spirit of the ISO's suggested changes to the SGIP to allow for extensions of the COD for no more than 3 years – the intention being to bring this aspect of the SGIP in line with the LGIP, and that such change should not be deemed material.**

**IEP requests that the ISO confirm that the proposed SGIP changes that may flow from this topic will be made in consideration of the CPUC's rules governing the Renewable Auction Mechanism (RAM) since those rules govern projects of similar size to the SGIP (up to 20 MW). In Resolution E-4582, May 9, 2013, the CPUC reaffirmed that renewable generation procured under the RAM must reach commercial operation within 30 months of regulatory approval (24 months + one-time 6 month extension). The words "regulatory approval" are emphasized because the regulatory process is not by its nature predictable and in comparison to the LGIP and proposed SGIP time limits on queue position, could quite easily have a longer "queue life" (effectively from offer date to COD) than the proposed limit on SGIP. IEP would not be supportive of any changes in the length of COD delay that would advantage RAM projects over other SGIP projects.**

## Topic 8 – Length of time in queue provision for small generator projects

1. Should small generator have the same time to develop their project as a large generator (i.e. 3 years)? If no, what should the length of time be for the developer of a small generator?

**In concert with our comments in the prior topic, IEP would view an extension of COD as long as 3 years to potentially be at odds with the timeline the state has envisioned in similarly sized projects via the CPUC's Renewable Auction Mechanism.**



## Topic 9 – Clarify that PTO and not ISO tenders GIA

1. Do stakeholders have a concern with amending the tariff to be consistent with existing implementation?

**IEP agrees that one entity should be responsible for tendering the GIA.**

2. If yes, what are those concerns and how would the stakeholder propose to resolve those concerns?

## Topic 10 – Timeline for tendering draft GIAs

1. Do stakeholders have an issue with changing the trigger for tendering of GIAs?

**IEP is not concerned with changing the timeline for tendering draft interconnection agreements.**

## Topic 11 – LGIA negotiations timeline

1. Do Stakeholders agree with the best effort language?

**IEP understands that historically the timeline for negotiations has surpassed the objective of 120 days stated in the tariff. However, given the existing capabilities for the three parties (PTO, ISO and customer) to negotiate a revised negotiations timeline, IEP does not understand why the ISO considers this an issue worthy of inclusion in this process.**

2. If Stakeholders agree with triggering the tendering of agreements off of the Results Meeting, do you agree with triggering the negotiation off of the same event?

**IEP agrees with triggering the negotiations off the results meeting and as a result of that additional time afforded by that change we reiterate our question in item 1 above.**

3. Do Stakeholders want to change the 15 BD to 10 BD for providing a final GIA for execution? If yes, do Stakeholders agree that the information request sheet must be provided in advance of finalizing the negotiation?

**IEP agrees**

4. Are Stakeholders concerned with the process of required written agreement from all three parties on extending the tendering and negotiation timeline as a proxy for prioritization? If yes, then what prioritization process would you propose given the questions discussed above?

**IEP is not concerned with the ISO's proposal**

## Topic 12 – Consistency of suspension definition between serial and cluster

**As explained by the ISO during the stakeholder call held on June 11, 2013, the ISO's intention with this proposed change is to address a small number (2) of old serial projects that still do not have executed GIAs and whose position as serial projects allows them indefinite life in the**

queue. According to the ISO's explanation of this issue, and in correction to prior comments by the ISO and stakeholders on this topic, the proposed change would enforce a suspension time limit of 3 years from original COD (not interconnection request). The ISO's intention is to quickly move these projects into a GIA or out of the queue.

1. With the narrow focus of ensuring that other queue projects are not impacted if a serial project suspends, are stakeholders still concerned with the topic?
2. Are stakeholders willing to accept the consequences if a serial project suspends and then impacts the ability for later queue projects to achieve their COD?

**As explained below, IEP doesn't believe this issue is best addressed in this forum, however, we would ask the ISO to consider its need to make the proposed rule change if the suspended project(s) is still making it required financial contributions, some of which may mitigate the impact to later queued projects.**

3. Are stakeholders willing to accept the consequences if a serial project suspends and then impacts the ability for later queue projects to achieve their full capacity deliverability status?  
**See response to #2 above.**
4. Do you have a better idea to mitigate this risk for later queue projects?

**IEP understands that dated projects impose a burden on the ISO and PTOs with respect to planning and estimated, if not actual, allocations of future deliverability. IEP is not convinced, however, that a post hoc change to the interconnection rules under which these projects entered the queue is justified. IEP would prefer that this issue not be addressed in this forum and rather the ISO work with those two customers, as has no doubt been the case up to this point, to get the projects into contract.**

## **Topic 13 – Clarity regarding timing of transmission cost reimbursement**

1. What are stakeholders' views on going forward whether cost reimbursement should require both commercial operation and network upgrades in service?

**As reiterated by the ISO in the stakeholder meeting on June 11, 2013, this proposal would apply to only to cluster 6 onward. Also clarified by the ISO in that meeting is that any customer with an existing GIA – regardless of whether their project is phased or non-phased – will not be affected by this proposal. The proposal would require that both the network upgrade in-service date and COD have been achieved in order for cost reimbursement to begin.**

**IEP does not support the ISO's proposal. The history of transmission project development in our state makes clear the delays that are far beyond the control of the interconnecting customer.**

## Topic 14 – Distribution of forfeited funds

1. If some stakeholders believe that the scheduling coordinator approach should be abandoned, then do stakeholders have any specific ideas for alternative approaches to the distribution of forfeited funds?

**IEP believes that the current allocation of forfeited funds to the SC's is inappropriate and inconsistent with their source. IEP recommends that the ISO consider applying forfeited study, design, and construction funds in order to offset transmission interconnection costs that are currently collected in the TAC, including use of those funds to conduct the studies required to determine if a delay in COD has a "material impact" on other queue projects.**

2. Please comment on the possible use of forfeited IFS funds to offset resulting cost increases for projects remaining in queue as a way to mitigate impacts of withdrawals on other interconnection customers.

**While IEP does not prefer the approach as described, we do view the suggested approach as an improvement over the current protocol of distributing funds to the scheduling coordinators**

3. Please comment on the stakeholder-suggested idea of applying forfeited IFS funds to a PTO's transmission revenue requirement to reduce the transmission access charge and thereby benefit ratepayers who ultimately bear the costs of the transmission upgrades.

**This suggestion is similar to our comments above in item # 1; however, IEP's preference would be that forfeited funds related to the interconnection process be "rolled up" to the ISO to lower its cost of interconnection-related services funded by the TAC.**

4. Please comment on the possible use of forfeited funds by the ISO and PTO for study costs previously incurred that an interconnection customer defaults on.

**Is so far as costs of customer default contribute to the TAC, IEP would support the ISO' proposed use of forfeited funds in this manner.**

## Topic 15 – Inverter/transformer changes

1. The ISO believes that it should be more transparent with respect to its material modification review including which modifications are allowed without a review. What modifications do stakeholders believe should be made without a material modification review?
2. If a formal material modification review is not made, what type of notification process would stakeholders envision should be implemented so that the ISO and PTO are aware of the changes?