

Revised Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this revised template to provide your comments on the Interconnection Process Enhancements Draft Final Proposal for Topics 1 and 2 posted on September 12 and as supplemented by the presentations and discussion during the September 19 stakeholder web conference, and the September 24 amendment to the draft final proposal.

Submit comments to GIP@caiso.com

Comments are due Monday, October 7, 2013 by 5:00pm

Stakeholders are asked to base their comments on all of the following documents:

1. The Draft Final Proposal posted on September 12 which may be found at:

http://www.caiso.com/Documents/DraftFinalProposal_Topics_1-2_InterconnectionProcessEnhancements.pdf

2. The presentation discussed during the September 19 stakeholder web conference which may be found at:

http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancements-DraftFinalProposal_Topics1-2.pdf

3. Supplemental presentation slides amending the September 12 draft final proposal's approach to downsizing study costs and discussed during the September 19 stakeholder web conference which may be found at:

http://www.caiso.com/Documents/SupplementalPresentation-InterconnectionProcessEnhancements-DraftFinalProposal_Topics1-2.pdf

4. The September 24 amendment to the September 12 draft final proposal which may be found at:

http://www.aiso.com/Documents/Addendum-DraftFinalProposal_Topics_1-2_InterconnectionProcessEnhancements.pdf

Based on all the documents referenced above, please provide your comments on each of the topics listed below.

Topic 1 – Future downsizing policy

Please select one of the following options to indicate your organization's overall level of support for the proposal on Topic 1:

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.

IEP voiced its support of the one-time downsizing initiative recently processed by the ISO. IEP has also expressed its general interest for consideration by the ISO of additional generator interconnection downsizings as may be appropriate. IEP's interest in downsizing, as downsizing was already accomplished previously and how it's proposed by the ISO in this initiative, has always been with the desire to make the queue more realistic and to make sure that unviable projects do not prolong their stay in the queue. Such is the case with IEP's response to the ISO's proposal for annual downsizing through this initiative – IEP supports with qualifications the ISO's proposal on Topic 1 – "Future Downsizing Policy", with the desire to see it produce outcomes that are supportive of commercial considerations but also considerate of the need to improve interconnection queue.

One aspect of the ISO's proposal that IEP does not support is the absence of a downsizing window for those interconnecting customers whose projects have pre-mid-October 2014 CODs and as such will not have the opportunity to access downsizing in order to align their commercial realities with their GIA. As the ISO had originally explained, the timeline between the straw proposal and Board approval for Topic #1 wouldn't allow for a downsizing window this year. As a result, projects with CODs between now and November 2014 and whose build out may have them fall short of their interconnection request MW would be in breach of their GIA. In this regard this issue is closely linked with Topic #2 – Disconnection of completed phase(s) of project due to failure to complete subsequent phases. Whether or not a project has a phased development plan, the issue remains that

projects with COD between now and mid-October will be without an opportunity to downsize.

In recognition that the CAISO Board and FERC approval processes required to enact the ISO's proposal would make an annual downsizing in November 2013 difficult if not impossible to deploy, IEP suggests that the ISO consider modifying its plan for implementation of annual downsizing by taking one of the following two approaches.

The first suggested approach would alter the application period for only this initiative's first annual downsizing window such that IC's could apply to downsize immediately following ISO Board approval of the annual downsizing window, up until the mid-November 2014 date envisioned by the CAISO's proposal. Although the downsizing window would be open much sooner and longer than envisioned in the ISO's proposal, the window would close on the same proposed mid-November 2014 date. By modifying the initial annual downsizing window in this manner, customers with COD's between November 7/8 (the date anticipated for ISO Board approval of the ISO's downsizing proposal) and the date of the ISO's proposed application window opening (mid-October 2014) could avail themselves of the downsizing opportunity and thereby avoid a breach of their GIA. This action should have the effect of improving the accuracy of the queue as well. In this suggested change to the ISO's proposal, each subsequent year would follow the path anticipated by the ISO in its proposal; annual mid-Oct to mid-Nov downsizing application windows.

The second suggested approach is a variation on the first. Rather than expanding the application window just once to accommodate projects with CODs between now and mid-October 2014, the second approach would incorporate a "rolling application window" a year in duration. Projects could apply for downsizing at anytime during the year, as late as the deadline in mid-November or their COD, whichever comes first. The rolling application window would reopen immediately after the prior window closes. Customers making application would be allowed to withdraw their application as indicated by the ISO in its proposal for a one month window – namely any time prior to the window closing date. In the case of a rolling application window, an exception appears to be necessary for any project with a COD that occurs before the downsizing window closing date, in which case the project would have to withdraw its downsizing application before its COD passes, rather than prior to the closing of the downsizing window in mid-November. For example, a project with an August COD that had filed an application in February to downsize and later decided not to downsize would be required to withdraw their downsizing application no later than their COD. This second approach would maintain the certainty of a downsizing study period starting in November of each year while also allowing projects to access downsizing

regardless of how their COD would have lined up with a one month downsizing window. During the year, as IC's confirm their commercial potential those projects applying to downsize would have the effect of improving the accuracy of the queue sooner, since unlikely project scopes are re-sized to adapt to commercial realities.

Addendum – Downsizing Study Costs:

With respect to the ISO's "Addendum to the Draft Final Proposal for Topics 1 and 2" as published on September 24, 2013 and discussed previously in the September 19 stakeholder web meeting, IEP supports the proposal to change the calculation methodology for downsizing study costs. The concept as explained in the Addendum should result in lower study costs for those IC's that elect to downsize.

Addendum – Reduction of posting requirements

With respect to the ISO's "Addendum to the Draft Final Proposal for Topics 1 and 2" as published on September 24, 2013 and discussed previously in the September 19 stakeholder web meeting, IEP supports with qualifications the proposal to change the timing of any applicable reduction to the customer's required financial security posting that results from downsizing. IEP understands that the revision would not reduce any posting requirements already made and thus result in a refund of any excess posting. Rather any reduction in a prior posting requirement would be trued up at the next posting. IEP also understands that this change would make the treatment of financial security posting for downsized projects consistent for customers that use the annual downsizing and those who reduce their project size via the GIDAP. Although IEP agrees with the principle of equal treatment for similarly situated customers (i.e. downsizing via GIDAP and via annual downsizing), IEP's qualified support for, this proposal is driven by the fact that, regardless of the process used, excessive postings should be avoided and if possible returned to the customer, especially if large dollars will be held for long durations.

IEP appreciates the ISO's interest in standardizing its policy for the treatment of postings and understands that an interim process for returning excessive financial postings would be an additional administrative burden. Even so, IEP recommends that the ISO closely monitor excessive postings that result from GIDAP and annual downsizing in the event that a revision of this policy is warranted.

Topic 2 – Disconnection of completed phase(s) of project due to failure to complete subsequent phase

Please select one of the following options to indicate your organization's overall level of support for the proposal on Topic 2:

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.

From the outset of discussion on this topic IEP has maintained that disconnection of an operational phase is highly unlikely to produce any benefits to the ratepayers and thus should not be an avenue under consideration for dealing with a breach of the GIA for whatever the reason. That said, IEP states qualified support for the ISO's proposal in Topic #2 as it attempts to lessen the likelihood that the ISO would resort to such a drastic measure.

As understood by IEP, if an interconnecting customer whose project will not be sufficiently complete by its COD does not downsize prior to COD, they forfeit the pro-rata share of facility costs for the unfinished portion, unless at least one of the 3 exceptions exist regarding permitting or site control issues that are beyond the influence of the customer. If one of those three conditions proven to exist then the customer gets reimbursement as usual.

As an alternative to forfeiture, IEP asks the CAISO to consider allowing an IC whose project will not reach substantial completion by its COD to enter the next downsizing window, consistent with the prior suggestion in Topic #1 that the downsizing window be opened as soon as the prior window closes. Such an approach would avoid the timing gap in the CAISO proposal but also allow the customer to elect to cancel the unfinished balance at COD. The resulting choice at COD is whether to simply forfeit the pro-rata share of facility costs (absent the 3 exceptions if they apply), or enter the window and pay the \$60K downsizing study and GIA revision costs and lower facility financing costs. From the CAISO's perspective the impact is the same – the validity of the queue is enhanced since the unfinished portion of the project is no longer considered in future study work and any cost impact to other customers is covered by the downsizing customer.