



California Independent
System Operator Corporation

January 10, 2007

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: Post-Technical Comments of the California Independent System Operator Corporation
Docket No. AD08-2-000**

Dear Ms. Bose:

Pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213, the California Independent System Operator Corporation ("CAISO") respectfully submits Post-Technical Comments of the California Independent System Operator Corporation.

If there are any questions concerning this filing, please contact the undersigned.

Respectfully Submitted,

/s/ Grant Rosenblum

Grant Rosenblum
Senior Counsel for the California Independent
System Operator Corporation

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Interconnection Queuing Practices

Docket No. AD08-2-000

**POST-TECHNICAL CONFERENCE COMMENTS
OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

In accordance with the Notice Inviting Comments issued by the Commission on December 17, 2007, the California Independent System Operator Corporation (“CAISO”) respectfully submits these post-technical conference comments to supplement its initial comments filed on December 13, 2007, and to further address topics discussed at the technical conference held on December 11, 2007 in the above-referenced docket.

The CAISO appreciates the Commission’s initiative in holding the technical conference and providing the CAISO the opportunity to describe its current circumstances to the Commission. The CAISO, along with other parties from California, uniformly depicted an unprecedented proliferation of interconnection requests that have overwhelmed and exposed certain shortcomings of the current Order No. 2003 interconnection procedures utilized in the CAISO footprint. At the technical conference, Commissioner Kelly expressed the urgency of needed for reform in California by encouraging the CAISO to promptly submit a Section 205 filing modifying its interconnection process. Consistent with the urging of Commissioner Kelly, the CAISO has initiated an expedited stakeholder process, which will result in an anticipated Section

205 filing in April 2008. The CAISO issued a Market Notice on January 3, 2008 (attached hereto), which initiated the formal stakeholder process and set forth its expedited schedule.

In addition, at the technical conference, FERC Commissioners and staff requested input regarding possible actions the Commission could take to assist in the interconnection streamlining reform process. The CAISO has two suggestions.

First, as was evident at the technical conference, different regions of the country face different problems and unique market participant concerns. Each of these regions will develop the best possible solutions to meet their respective needs. Accordingly, the CAISO recommends that the Commission presently refrain from considering any nationally applicable solution to the identified deficiencies in the current interconnection procedures and practices.

Second, although the Commission should not seek to impose a uniform solution, the Commission may facilitate the urgent development of viable regional solutions by monitoring the activities of the reform efforts to ensure that the proposed changes to the interconnection process are consistent with foundational Commission policies. Such Commission monitoring could, and should, result in guidance to the extent necessary to focus the reform efforts in a manner that allows transmission providers to submit expedited Section 205 filings. In this regard, the CAISO believes that the CAISO stakeholder process summarized above will result in a broad consensus on fair and workable solutions to improve the generator interconnection queue process in California. However, this process must not only identify reforms applicable to future interconnection

requests, but also reforms that resolve the current backlog in the interconnection queue.

A going forward solution is necessarily contingent upon clearing up the current queue and any effort that ignores this interdependence is doomed for failure. Thus, while the CAISO stakeholder process is in no way dependent on Commission guidance, the CAISO nevertheless believes the Commission could consider issuing a general policy statement confirming the following:

- The reforms may consider provisions to resolve any current queue backlog, including the targeted suspension of current study requirements and/or waiver of specific tariff provisions in order to permit the consistent application of the reforms to all pending interconnection requests when approved;
- The reforms may utilize group studies, the scope of which are determined by the electrical and regional characteristics of the interconnection requests, that assign network upgrade costs or “earnest money” for interconnection on either a project specific or pro-rata or similar socialized basis;
- The reforms must seek to ensure that study outcomes are more realistic and result in a more efficient interconnection of resources. As such, the reforms must be permitted to require greater developer commitment through enhanced financial commitments or reasonable development milestones;
- The reforms may consider added financial consequences to delay or withdrawal or a reduction in the commercial operation date suspension period;
- The reforms may require all technical data to be submitted on uniform timelines for all resource technology types notwithstanding provisions of Order No. 661

- (i.e., alteration of the 6 month allowance for wind developers to submit their detailed electrical design specifications and other technical data requirements);
- The reforms developed by ISOs and RTOs may, but need not, include greater flexibility in establishing upfront, clearly defined criteria to prioritize study efforts, such as Renewable Portfolio Standard requirements, results of requests for offers, resources with existing power purchase agreements, interconnection in specific regions with prior transmission upgrades, or other state initiatives.

The CAISO again reiterates its appreciation for the initiative exhibited by the Commission and is particularly encouraged by the commitment expressed at the technical conference by each Commissioner to confront these challenges and facilitate appropriate reforms at the CAISO and across the country. The CAISO looks forward to working collaboratively with its stakeholders and the Commission to develop solutions that, in our view, will substantially remedy the current problems the CAISO and its interconnection customers are experiencing with the CAISO's existing interconnection process.

/s/ Grant Rosenblum
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Dated: January 10, 2008

Certificate of Service

I hereby certify that I have this day served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 10th day of January, 2008 at Folsom, California.

/s/ **Melissa Hicks**
Melissa Hicks