

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 (IPE) Draft Final Proposal for Topics 4, 5, and 13 posted on March 25 and as supplemented by the presentation and discussion during the April 2 stakeholder meeting.

Submit comments to GIP@caiso.com

Comments are due April 16, 2014 by 5:00pm

The Draft Final Proposal for Topics 4, 5, and 13 posted on March 25 may be found at:

http://www.caiso.com/Documents/DraftFinalProposal-Topics_4-5-13-InterconnectionProcessEnhancements.pdf

The presentation discussed during the April 2 stakeholder meeting may be found at:

http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancementsApr2_2014.pdf

Please provide your comments on the ISO's proposal for each of the topics listed below.

Topic 4 – Improve Independent Study Process

The ISO's draft final proposal to improve the Independent Study Process (ISP) addresses four areas:

- Criteria for ISP eligibility
- Process and timeline enhancements
- Tests for electrical independence
- Clarification on behind-the-meter (BTM) expansion and its impact on net qualifying capacity (NQC)

Please select one of the following options to indicate your organization's overall level of support for the ISO's draft final proposal addressing the ISP:

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.

Comments

LSA's comments on this issue are limited to the last topic listed above - Clarification on BTM expansion and its impact on NQC). LSA's comments are summarized in the chart below and explained further in the remainder of this section.

LSA supports the CAISO's proposal, with qualification. LSA appreciates the changes that the CAISO has made to improve the proposal, particularly the provision allowing an existing project to retain its FCDS status if it adds BTM capacity. However, two aspects of the BTM proposals should be revised, to improve the cohesion and consistency of the proposal relative to other CAISO rules and processes. LSA's specific proposed changes are shown in the table below and explained further in the text that follows.

ISSUE	DRAFT FINAL PROPOSAL	LSA POSITION	RATIONALE
BTM Request submittal	Allowed via MMA request if construction on original project has begun Must submit new Interconnection Request if original project has reached COD Not clear if original project has begun construction but has not yet reached COD	Allow via MMA request, regardless of original-project status If potential material issues identified, request rejected & IC must submit new IR	The analysis to determine BTM capacity materiality is the same, regardless of original-project construction status.
BTM capacity ownership	Not eligible for separate ownership – BTM capacity addition is a facility expansion, not a separate facility	Allow separate ownership, subject to acceptable Shared Facilities Agreement	Same restrictions as separate portions of original project.

BTM Request Submittal

LSA appreciates and agrees with the CAISO's determination that a BTM capacity addition request could be submitted through an MMA request if the original generation project has not yet begun construction. Pursuant to such a request, the CAISO and PTO would examine (on a case-by-case basis) the impact of any added equipment on short-circuit duty issues, participation in applicable RAS, and other relevant factors.

LSA's understanding is that – as with any MMA request – if issues of materiality are identified that cannot easily be resolved or mitigated, or if a detailed study is needed, the request would be denied. If the request is denied, the Interconnection Customer (IC) must then submit an Interconnection Request (IR) for the addition, under the ISP or another applicable process.

LSA maintains that the same materiality assessment would apply to a BTM addition if the original project has begun construction, or if it has already reached COD. It is not clear why a BTM addition would be immaterial if a project has not yet begun construction but would be material if the project had already begun construction or reached COD. In addition, LSA does not understand the CAISO's rationale for requiring an IC with an operating project to enter the much more lengthy ISP to assess what could be a very simple modification.

In other words, an IC should be allowed to request a BTM capacity addition through an MMA request, regardless of the construction status of the original project. LSA agrees that – as with any other modification approved through the MMA process – the applicable GIA would be amended to reflect the modification. LSA also has no objection to incorporation of the BTM capacity information into the CAISO’s interconnection-queue listing, in order to notify others.

BTM Capacity Ownership

LSA understands the CAISO’s statement that the BTM addition is an expansion of the original project and not a different project. However, it is not clear to LSA why that should preclude different ownership from the original project.

For example, when a generating facility is divided into different portions or phases, the CAISO allows separate ownership of those different pieces of the project, subject to joint and several liability of the different entities and a shared facility or cotenancy agreement between them. LSA believes that the same principle should apply to the BTM piece of the facility. (If not and the rest of the original project is split into two or more parts, it’s not clear what would happen to the BTM addition if it cannot also be split, i.e., which piece it would be “attached” to.)

Topic 5 – Improve Fast Track

The ISO’s draft final proposal to improve the Fast Track (FT) process addresses two areas:

- Revisions to the processing fees and study deposit, timelines, customer options meeting, and the supplemental review, among others.
- Compliance with FERC Order 792.

Please select one of the following options to indicate your organization’s overall level of support for the ISO’s draft final proposal addressing the FT process:

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.

Comments

LSA has no comment on these proposals.

Topic 13 – Clarify timing of transmission cost reimbursement

The March 25 paper contains the ISO’s second revised straw proposal on this topic. As a reminder, the ISO’s proposal is comprised of the following three elements:

1. Reimbursement for required network upgrades already in service will commence upon the generating facility or the phase that requires those upgrades achieving commercial operation, as specified in the generator interconnection agreement.

- 2. Reimbursement for required network upgrades placed in service subsequent to the generating facility or phase achieving commercial operation (including those under construction at the time of the commercial operation date of the project or project phase) will commence at the beginning of each calendar year for those required network upgrades placed in the service during the prior year calendar year.**
- 3. The ISO proposes to revise the tariff to apply these new rules on a going-forward basis to both phased and non-phased projects. The ISO believes that the appropriate balance between harmonizing the repayment rules and existing customer expectations is to apply this new policy beginning with customers who have not yet received a generator interconnection agreement. However, in order to avoid a situation in which customers in the same cluster, or even in the same study group, could be subject to different repayment rules, the ISO proposes to apply these new rules beginning with the customers in the first cluster in which all projects have not yet been tendered a generator interconnection agreement at the time of FERC approval of the ISO proposal on this topic.**

Please indicate your organization's overall level of support for these three proposal elements as a whole (i.e., together these three elements comprise the ISO's proposal).

In addition, please also comment on your organization's view regarding the feasibility of the second proposal element. Some stakeholders have expressed concern about the potential for multiple reimbursement periods and accounts that this second proposal element may entail. Others have questioned whether these multiple reimbursement periods will each be of five year duration. The ISO asks stakeholders to comment on these questions.

The ISO is also specifically interested in whether your organization believes that the additional complexity – due to reimbursements commencing at the beginning of each calendar year for those network upgrades placed in service during the prior year calendar year – is outweighed by the benefits to interconnection customers of reimbursement commencement not having to wait until the last required network upgrade is placed in service.

Comments

LSA fully supports the CAISO's proposal as a reasonable compromise between LSA's initial position – that Network Upgrade (NU) reimbursement should begin at COD for all projects, and future payments should not be required beyond that point – and the position of some other stakeholders that NU reimbursement should not begin until all NUs are completed.

In particular, LSA supports the annual commencement of reimbursements for NUs completed over the prior year. This is a particularly important feature that avoids the fundamental unfairness of the current phased-project reimbursement structure that could delay refunds for years after many or most of the upgrades funded by developers were in-service and "used and useful." Thus, whether the CAISO retains the current proposal or reverts to the former "Option B" structure, this annual reimbursement commencement should be retained.

LSA understands that each annual reimbursement commencement would last five years, so full refunds might not be completed until more than five years after generation-project COD. If this structure proves to be too complicated, then all of the reimbursements could be designed to be complete five years after COD. For example, reimbursements that commence in Year 3 after COD could be designed to be completed in two years, and developer payments for NUs would cease after 5 years post-COD.

In any case, PTO accounting or other process inefficiencies should not serve as an excuse to retain developer funds for many years. PTOs that wish to forego the annual commencement of reimbursements entirely should have the option of adopting the policy followed by SDG&E, where NU payments made before COD are reimbursed upon COD and no further NU costs are charged to a generation project beyond that point.