

LSA comments (in yellow highlight)

Appendix Y GIP

For Interconnection Requests
Generator Interconnection Procedures (GIP)

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3.5.1.1 Use of Interconnection Study Deposit.

The CAISO shall deposit all Interconnection Study Deposits in an interest bearing account at a bank or financial institution designated by the CAISO. The Interconnection Study Deposit shall be applied to pay for prudent costs incurred by the CAISO, the Participating TOs, or third parties at the direction of the CAISO or Participating TOs, as applicable, to perform and administer the Interconnection Studies and to meet and otherwise communicate with Interconnection Customers with respect to their Interconnection Requests.

Except for proposed Generating Facilities processed under the Fast Track Process set forth in Section 5 of this GIP, the Interconnection Study Deposits shall be refundable as follows:

- (a) Should an Interconnection Request be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under GIP Section 3.8 on or before thirty (30) calendar days following the Scoping Meeting, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceed the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.
- (b) Should an Interconnection Request made under GIP Section 3.5.1 be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under GIP Section 3.8 more than thirty (30) calendar days after the Scoping Meeting, but on or before thirty (30) calendar days following the Results Meeting (or the latest date permitted under this GIP for a Results Meeting if a customer elects not to have a Results Meeting) for the Phase I Interconnection Study or the System Impact Study for Generating Facilities processed under the Independent Study Process, the CAISO shall refund to the Interconnection Customer the difference between (i) the Interconnection Customer's Interconnection Study Deposit and (ii) the greater of the costs the CAISO and Participating TOs have incurred on the Interconnection Customer's behalf or one-half of the original Interconnection Study Deposit up to a maximum of \$100,000, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal.
- (c) Should an Interconnection Request be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under GIP Section 3.8 at any time more than thirty (30) calendar days after the Results Meeting (or the latest date permitted under this GIP for a Results Meeting if a customer elects not to have a Results Meeting) for the

Comment [A1]: Couldn't the new language also apply to Appendix U?

Phase I Interconnection Study, or the System Impact Study for proposed Generating Facilities processed under the Independent Study Process, the Interconnection Study Deposit shall be non-refundable.

- (d) Upon execution of a GIA by an Interconnection Customer, the CAISO and the applicable Participating TOs, or the approval by FERC of an unexecuted GIA, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceeds the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.

Notwithstanding the foregoing, an Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request during an Interconnection Study Cycle shall be obligated to pay to the CAISO all costs in excess of the Interconnection Study Deposit that have been prudently incurred or irrevocably have been committed to be incurred with respect to that Interconnection Request prior to withdrawal. The CAISO will reimburse the applicable Participating TO(s) or third parties, as applicable, for all work performed on behalf of the withdrawn Interconnection Request at the CAISO's direction. The Interconnection Customer must pay all monies due before it is allowed to obtain any Interconnection Study data or results.

All non-refundable portions of the Interconnection Study Deposit that exceed the costs the CAISO, Participating TOs, or third parties have incurred on the Interconnection Customer's behalf, ~~shall be treated in accordance with CAISO Tariff Section 37.9.4. In addition, and~~ any ~~interconnection study deposit~~ funds ~~forfeited by the interconnection customer that are~~ received by the CAISO from a Participating TO, pursuant to a requirement in the Participating TO's wholesale distribution tariff for ~~such forfeited~~ funds to be distributed by the CAISO, shall be treated in accordance with ~~Section 7.6 of Appendix DD to the~~ CAISO Tariff ~~Section 37.9.4.~~

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9.4.2.6 Notification to CAISO and Accounting by Applicable Participating TO(s).

The applicable Participating TO(s) shall notify the CAISO within one (1) Business Day of liquidating any Interconnection Financial Security. Within twenty (20) calendar days of any liquidating event, the applicable Participating TO(s) shall provide the CAISO and Interconnection Customer with an accounting of the disposition of the proceeds of the liquidated Interconnection Financial Security and remit to the CAISO all proceeds not otherwise reimbursed to the Interconnection Customer or applied to costs incurred or irrevocably committed by the applicable Participating TO(s) on behalf of the Interconnection Customer in accordance with this GIP Section 9.4.

All non-refundable portions of the Interconnection Financial Security remitted to the CAISO in accordance with this GIP Section 9.4, ~~shall be treated in accordance with CAISO Tariff Section 37.9.4. In addition, and~~ any ~~interconnection financial security~~ funds ~~forfeited by an interconnection customer that are~~ received by the CAISO from a Participating TO, pursuant to a requirement in the Participating TO's wholesale distribution tariff for ~~such~~

Comment [A2]: It is inconvenient for new provisions to be added only to the GIDAP, as it requires generator owners and others to go back and forth. (The same is true for the downsizing language.) LSA recommends that the new language be added to all of the applicable appendices.

forfeited funds to be distributed by the CAISO, shall be treated in accordance with Section 7.6 of Appendix DD to the CAISO Tariff Section 37.9.4.

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Appendix DD

Generator Interconnection and Deliverability Allocation Procedures (GIDAP)

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3.5.1.1 Use of Interconnection Study Deposit.

The CAISO shall deposit all Interconnection Study Deposits in an interest bearing account at a bank or financial institution designated by the CAISO. The Interconnection Study Deposit shall be applied to pay for prudent costs incurred by the CAISO, the Participating TOs, or third parties at the direction of the CAISO or Participating TOs, as applicable, to perform and administer the Interconnection Studies and to meet and otherwise communicate with Interconnection Customers with respect to their Interconnection Requests.

Except for proposed Generating Facilities processed under the Fast Track Process set forth in Section 5, the Interconnection Study Deposits shall be refundable as follows:

- (a) Should an Interconnection Request be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under Section 3.8 on or before thirty (30) calendar days following the Scoping Meeting, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceed the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.
- (b) Should an Interconnection Request made under Section 3.5.1 be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under Section 3.8 more than thirty (30) calendar days after the Scoping Meeting, but on or before thirty (30) calendar days following the Results Meeting (or the latest date permitted under this for a Results Meeting if a customer elects not to have a Results Meeting) for the Phase I Interconnection Study or the System Impact Study for Generating Facilities processed under the Independent Study Process, the CAISO shall refund to the Interconnection Customer the difference between (i) the Interconnection Customer's Interconnection Study Deposit and (ii) the greater of the costs the CAISO and Participating TOs have incurred on the Interconnection Customer's behalf or one-half of the original Interconnection Study Deposit up to a maximum of \$100,000, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal.

Interconnection Customers in Queue Cluster 5 who have provided the Study Deposit may receive a refund of the Interconnection Study Deposit, less actual costs expended on the Interconnection Studies to

date, by withdrawing from the Queue within ten (10) calendar days after July 25, 2012.

- (c) Should an Interconnection Request be withdrawn by the Interconnection Customer or be deemed withdrawn by the CAISO by written notice under Section 3.8 at any time more than thirty (30) calendar days after the Results Meeting (or the latest date permitted for a Results Meeting if a customer elects not to have a Results Meeting) for the Phase I Interconnection Study, or the System Impact Study for proposed Generating Facilities processed under the Independent Study Process, the Interconnection Study Deposit shall be non-refundable.
- (d) Upon execution of a GIA by an Interconnection Customer, the CAISO and the applicable Participating TOs, or the approval by FERC of an unexecuted GIA, the CAISO shall refund to the Interconnection Customer any portion of the Interconnection Customer's Interconnection Study Deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of withdrawal, that exceeds the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.

Notwithstanding the foregoing, an Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request during an Interconnection Study Cycle shall be obligated to pay to the CAISO all costs in excess of the Interconnection Study Deposit that have been prudently incurred or irrevocably have been committed to be incurred with respect to that Interconnection Request prior to withdrawal. The CAISO will reimburse the applicable Participating TO(s) or third parties, as applicable, for all work performed on behalf of the withdrawn Interconnection Request at the CAISO's direction. The Interconnection Customer must pay all monies due before it is allowed to obtain any Interconnection Study data or results.

All non-refundable portions of the Interconnection Study Deposit that exceed the costs the CAISO, Participating TOs, or third parties have incurred on the Interconnection Customer's behalf, ~~shall be treated in accordance with CAISO Tariff Section 37.9.4. In addition, and any interconnection study deposit funds forfeited by the interconnection customer that are~~ received by the CAISO from a Participating TO, pursuant to a requirement in the Participating TO's wholesale distribution tariff for ~~such forfeited~~ funds to be distributed by the CAISO, shall be treated in accordance with ~~CAISO Tariff Section 7.6 Section 37.9.4.~~

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7.6 Application of Forfeited Study Deposit and Financial Security Amounts

In conjunction with each reassessment, the CAISO will calculate and disburse interconnection study deposit and interconnection financial security amounts that have been forfeited by interconnection customers in accordance with the provisions of Appendix Y to the CAISO Tariff and this GIDAP as follows:

(a) Disbursement Following Forfeiture Period

Any interconnection study deposit and interconnection financial security amounts forfeited by an interconnection customer shall be disbursed by the CAISO based on the period during which the interconnection customer withdrew its

interconnection request or terminated its generator interconnection agreement. The first such forfeiture period shall be from January 1, 2013 through December 31, 2014. Subsequently, each forfeiture period shall be the twelve-month period that begins on January 1 and ends on December 31 of each year. With respect to any forfeited interconnection study deposit or interconnection financial security amounts that are not received by the CAISO during the period in which the applicable withdrawal or termination occurred, such amounts will be disbursed in the next annual reassessment that commences after they are received.

Comment [A3]: Please clarify the intent of this sentence. It is obvious that the CAISO cannot dispose of security amounts that it has not yet received.

(b) Disbursement of Forfeited Interconnection Financial Security for Still-Needed Network Upgrades At or Above \$100,000 Threshold

For each interconnection customer that withdrew its interconnection request or terminated its generator interconnection agreement during the last forfeiture period to close prior to the reassessment, the CAISO shall calculate the proportion of the interconnection financial security forfeited by the interconnection customer attributable to Network Upgrades that the CAISO determines will still be needed by remaining interconnection customers. For each such still-needed Network Upgrade, the CAISO will divide the interconnection customer's estimated cost responsibility for the Network Upgrade by the interconnection customer's estimated total cost responsibility for all Network Upgrades and multiply this result by the total interconnection financial security forfeited by the interconnection customer. If this amount is equal to or greater than \$100,000, it shall be disbursed to the applicable Participating TO(s) as a contribution in aid of construction of the still-required Network Upgrade and shall be reflected as a pro rata reduction in the cost responsibility of remaining interconnection customers for this Network Upgrade.

Comment [A4]: As discussed throughout the stakeholder process (and agreed to by the CAISO), the security should be used first to cover any unpaid invoices, and then the remaining amounts should be addressed here.

(c) Disbursement of All Other Forfeited Interconnection Financial Security and Forfeited Interconnection Study Deposits

For each interconnection customer that withdrew its interconnection request or terminated its generator interconnection agreement during the last forfeiture period to close prior to the reassessment, the CAISO shall disburse any interconnection study deposits forfeited by the interconnection customer, as well as any forfeited interconnection financial security not disbursed pursuant to subsection (b) above, to offset Regional Transmission Revenue Requirements, as recovered through the CAISO's Transmission Access Charge, and to offset Local Transmission Revenue Requirements.

This offset shall be performed by first allocating these forfeited interconnection study deposit and interconnection financial security amounts to the following three categories in proportion to the interconnection customer's most recent estimated cost responsibility, prior to withdrawal or termination, for Network Upgrades whose costs would be recovered through each of the following categories: (1) a Regional Transmission Revenue Requirement, (2) the Local Transmission Revenue Requirement of the Participating TO to which the interconnection customer had proposed to interconnect, and (3) the Local Transmission Revenue Requirement of any other Participating TO on whose system the interconnection customer was responsible for funding Network Upgrades recovered through a Local Transmission Revenue Requirement.

Comment [A5]: What is meant by a "pro rata" reduction here? In any case, this phrase seems unnecessary.

The CAISO will distribute to each Participating TO's Transmission Revenue Balancing Account a pro rata share of the total funds from category (1) above in proportion to the ratio of each Participating TO's Regional Transmission Revenue Requirement to the total of all Participating TO Regional Transmission Revenue Requirements as of the last day of the

applicable forfeiture period, as well as all funds in categories (2) and (3) applicable to that Participating TO.

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11.4.2.5 Notification to CAISO and Accounting by Applicable Participating TO(s).

The applicable Participating TO(s) shall notify the CAISO within one (1) Business Day of liquidating any Interconnection Financial Security. Within twenty (20) calendar days of any liquidating event, the applicable Participating TO(s) shall provide the CAISO and Interconnection Customer with an accounting of the disposition of the proceeds of the liquidated Interconnection Financial Security and remit to the CAISO all proceeds not otherwise reimbursed to the Interconnection Customer or applied to costs incurred or irrevocably committed by the applicable Participating TO(s) on behalf of the Interconnection Customer in accordance with this Section.

All non-refundable portions of the Interconnection Financial Security remitted to the CAISO in accordance with this Section, ~~shall be treated in accordance with CAISO Tariff Section 37.9.4. In addition, and~~ any interconnection financial security funds forfeited by an interconnection customer that are received by the CAISO from a Participating TO, pursuant to a requirement in the Participating TO's wholesale distribution tariff for such forfeited funds to be distributed by the CAISO, shall be treated in accordance with Section 7.6 CAISO Tariff Section 37.9.4.

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14.3.2.1 Repayment of Amounts Advanced Regarding Non-Phased Generating Facilities

~~An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster X or earlier, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before [the effective date of this provision], Upon the Commercial Operation Date of a Generating Facility that is not a Phased Generating Facility, unless the Interconnection Customer has provided written notice to the CAISO that it is declining all or part of such repayment, the Interconnection Customer shall be entitled to a repayment for the Interconnection Customer's contribution to the cost of Network Upgrades commencing upon the Commercial Operation Date of its Generating Facility as follows.~~

An Interconnection Customer with a non-Phased Generating Facility in Queue Cluster X or later, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered an Interconnection Agreement before [the effective date of this provision], shall be entitled to repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed in service on or before the Commercial Operation Date of its Generating Facility, commencing upon the Commercial Operation Date of the Generating Facility. Repayment for the Interconnection Customer's contribution to the cost of Network Upgrades placed into service after the Commercial Operation Date of its Generating Facility shall, for each of these Network Upgrades, commence no later than the first day of the calendar year following the year in which the Network Upgrade is placed into service.

An Interconnection Customer subject to this Section 14.3.2.1 shall be entitled to repayment for its contribution to the cost of Network Upgrades as follows:

- (1) For RNUs, in accordance with the Interconnection Customer's cost responsibility assigned, up to a maximum of \$60,000 per MW of generating capacity as specified in the GIA.
- (2) For LDNUs, except for LDNUs for Option (B) Generating Facilities that were not allocated TP Deliverability, in accordance with the Interconnection Customer's assigned cost responsibility.
- (3) Option (B) Generating Facilities that were not allocated TP Deliverability will not receive repayment for LDNUs or ADNUs.

Unless an Interconnection Customer has provided written notice to the CAISO that it is declining all or part of such repayment, such repayment amounts shall be paid to the Interconnection Customer by the applicable Participating TO(s) on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable date as provided for in this Section 14.3.2.1 ~~Generating Facility's Commercial Operation Date~~; or (2) any alternative payment schedule that is mutually agreeable to the Interconnection Customer and Participating TO, provided that such amount is paid within five (5) years of the applicable commencement date ~~Commercial Operation Date~~.

For Network Upgrades for which the Interconnection Customer did not receive repayment, the Interconnection Customer will be eligible to receive Merchant Transmission Congestion Revenue Rights (CRRs) in accordance with the CAISO Tariff Section 36.11 associated with the Network Upgrades, or portions thereof that were funded by the Interconnection Customer. Such CRRs would take effect upon the Commercial Operation Date of the Generating Facility in accordance with the GIA.

14.3.2.2 Repayment of Amounts Advanced Regarding Phased Generating Facilities

Upon the Commercial Operation Date of each phase of a Phased Generating Facility, unless the Interconnection Customer has provided written notice to the CAISO that it is declining all or part of such repayment, the Interconnection Customer shall be entitled to a repayment for the Interconnection Customer's contribution to the cost of Network Upgrades for that completed phase in accordance with the Interconnection Customer's cost responsibility assigned for the phase and subject to the limitations specified in Section 14.3.2.1, if all of the following conditions are satisfied:

- (a) The Generating Facility is capable of being constructed in phases;
- (b) The Generating Facility is specified in the GIA as being constructed in phases;
- (c) The completed phase corresponds to one of the phases specified in the GIA;
- (d) The phase has achieved Commercial Operation and the Interconnection Customer has tendered notice of the same pursuant to the GIA;

- (e) All parties to the GIA have confirmed that the completed phase meets the requirements set forth in the GIA and any other operating, metering, and interconnection requirements to permit generation output of the entire capacity of the completed phase as specified in the GIA;
- (f) The Network Upgrades necessary for the completed phase to meet the desired level of Deliverability are in service; and
- (g) The Interconnection Customer has posted one hundred (100) percent of the Interconnection Financial Security required for the Network Upgrades for all the phases of the Generating Facility (or if less than one hundred (100) percent has been posted, then all required Interconnection Financial Security instruments to the date of commencement of repayment).

~~Upon~~ Following satisfaction of these conditions (a) through (g), ~~an~~ the Interconnection Customer in a Queue Cluster earlier than Queue Cluster X, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has been tendered a Generator Interconnection Agreement before [the effective date of this provision], shall be entitled to receive a partial repayment of its financed cost responsibility in an amount equal to the percentage of the Generating Facility declared to be in Commercial Operation multiplied by the cost of the Network Upgrades associated with the completed phase. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Generating Facility is completed.

Following satisfaction of these conditions (a) through (e) and (g), an Interconnection Customer in Queue Cluster X or a later Queue Cluster, or an Interconnection Customer in the Independent Study Process or the Fast Track Process that has not been tendered a Generator Interconnection Agreement before [the effective date of this provision], shall be entitled to receive a repayment of its financed cost responsibility payments for the Network Upgrades associated with the completed phase that have been placed in service. The Interconnection Customer shall be entitled to repayment in this manner for each completed phase until the entire Generating Facility is completed. With respect to any Network Upgrades necessary for a completed phase to meet its desired level of deliverability that are not in service by the time the phase achieves Commercial Operation, repayment for each such Network Upgrade will commence no later than the first day of the calendar year following the year in which the Network Upgrade is placed into service.

Comment [A6]: The phrase “financed cost responsibility” is not clear. The refunds apply to costs paid, not “financed.”

A reduction in the electrical output (MW capacity) of the Generating Facility pursuant to the CAISO Tariff shall not diminish the Interconnection Customer's right to repayment pursuant to this Section 14.3.2.2. If the GIA includes a partial termination provision and the partial termination right has been exercised with regard to a phase that has not been built, then the Interconnection Customer's eligibility for repayment under this Section 14.3.2.2 as to the remaining phases shall not be diminished. If the Interconnection Customer completes one or more phases and then defaults on ~~the~~ GIA, the Participating TO and the CAISO shall be entitled to offset any losses or damages resulting from the default against any repayments made for Network Upgrades related to the completed phases provided that the party seeking to exercise the offset has complied with any requirements which may be required to apply the stream of payments utilized to make the repayment to the Interconnection Customer as an offset.

Any repayment amount ~~provided pursuant to this Section 14.3.2.2 for completion of a phase~~ shall include any tax gross-up or other tax-related payments associated with the Network Upgrades not refunded to the Interconnection Customer, and shall be paid to the Interconnection Customer by the applicable Participating TO(s) on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period ~~set forth in this Section 14.3.2.2 commencing on the date by the requirements of items (a) through (g) above have been fulfilled;~~; or (2) any alternative payment schedule that associates the completion of Network Upgrades with the completion of particular phases and that is mutually agreeable to the Interconnection Customer and Participating TO.

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