

## RECOMMENDATIONS OF THE LARGE-SCALE SOLAR ASSOCIATION FOR INTERCONNECTION PROCESS ENHANCEMENTS 2018 TOPICS

LSA appreciates the ability to offer the recommendations below to the CAISO for possible inclusion in the upcoming “Interconnection Process Enhancements (IPE) 2018” initiative. LSA has requested such an effort over the last few years and is pleased to see the CAISO moving forward to consider changes to the current processes and practices.

LSA’s suggested IPE 2018 topics fall into two categories – Deliverability issues and interconnection-process details. These topics are listed below and explained further in the remainder of this document.

**Deliverability issues:** Generally, LSA believes that the CAISO should reconsider its process for awarding and retaining scarce deliverability, to ensure that only viable generation projects receive and retain deliverability awards.

- **Deliverability transparency:** Provide information on geographic deliverability availability and awards, to help guide developers in siting projects
- **“Parking” options:** Allow more time for projects to stay in the queue and meet the deliverability-allocation requirements, to recognize market realities for acquiring Power-Purchase Agreements (PPAs).
- **Deliverability allocation/retention using financing affidavits:** Eliminate project ability to acquire or retain deliverability through financing affidavits in lieu of actual approved PPAs. These affidavits have become tools that allow projects with questionable viability to remain in the queue. Alternatively, add measures to verify the claims made in these affidavits.
- **Interim Deliverability Status (IDS):** Examine CAISO IDS issues, including the CAISO IDS methodology and decisions about which projects get available deliverability.
- **ELCC issues:** Explore the implications for deliverability availability and studies of the CPUC’s adoption of the Electric Load Carrying Capacity (ELCC) deliverability methodology for wind and solar projects.
- **Queue re-entry:** Allow generation projects with Energy Only or Partial Capacity Deliverability Status to re-enter the Generator Interconnection Queue for purposes of acquiring deliverability.
- **Queue clearing measures:** Consider other means to clear the queue, including a one-time waiver of withdrawal penalties (which incent non-viable projects to remain in the queue).

**Interconnection process details:** These topics would clarify or improve different aspects of the generator-interconnection process.

- **Shared Stand-Alone Network Upgrade (SANU) issues:** Tariff clarifications from PRR 977, as well as tariff-change suggestions regarding financial security and cost allocation.
- **Affected Systems options:** Inclusion of CAISO-system options to mitigate adverse Affected System impacts identified in CAISO Interconnection Studies, to eliminate or reduce the need to deal with separate Affected System study timelines and financial-impact uncertainty.

- **Contingent upgrades:** Clarify that the cost of Network Upgrades allocated to earlier-queued projects dropping from the queue without executed Generator Interconnection Agreements (GIA) can only be allocated to later-queued projects within the Phase I/Phase II Study cost cap.
- **Transmission Planning Process (TPP):** Explicitly include generator deliverability in decisions to delay or cancel transmission projects and in mitigation plans to address these actions, along with notice to generation developers of resulting impacts.

### ***Deliverability transparency***

This topic would examine additional information that the CAISO could provide that would encourage generation developers to locate projects where deliverability is available, and discourage them from locating projects where it is not.

The CAISO has approved very few policy-driven Area Delivery Network Upgrades (ADNUs) in the annual Transmission Planning Process (TPP) over the past few years to accommodate growth in renewable-energy or other generation. Though the 50% RPS by 2030 requirement was incorporated into state law in (year), the TPP has continued to base ADNU recommendations on 33% RPS portfolios; this situation is unlikely to change before the 2018-9 TPP, at the earliest, once the CPUC completes its Integrated Resource Planning (IRP) proceeding and approves utility compliance plans pursuant to guidance from decisions in that proceeding.

As is entirely expected, as a result, “space” in existing and approved ADNUs has tightened up considerably, with projects in some recent clusters reportedly being awarded only a fraction of their requested deliverability levels.

This item would consist of regular CAISO reports of available TP Deliverability – specifically as follows, for each of the major cluster-study areas:

- ***Available deliverability***, after the annual downsizing study (and before the opening of the annual cluster-study application window); and
- ***Awarded deliverability***, after annual post-Phase II Study TP Deliverability allocation.

Both of these reports should include the amount of deliverability reserved for pre-GIDAP projects by vintage/cluster.

These reports would provide information to generation developers about the best areas to locate future generation or storage projects where deliverability is a required or highly desired attribute, and avoid areas where deliverability is already limited or unavailable.

### ***“Parking” options***

This item would reconsider the current rules concerning project parking under the GIDAP.

As LSA’s comments in the 2017 GIDAP Enhancements initiative stated, the CAISO’s one-year parking limitation is too restrictive. Many competitive procurement solicitations require the equivalent of a Phase II Study, and there is not enough time between issuance of a Phase II Study and initial deliverability awards to acquire the Power Purchase Agreement (PPA) needed to qualify for such awards, especially given the timing of the affidavit submission process. Irregular utility procurement timing exacerbates the problem.

In other words, the current timing of the Phase II Study, affidavit submission, and deliverability allocations causes generation projects to have far less than a year for PPA acquisition. Instead, the opportunity to park should start following the year after the Phase II study results are issued, not at issuance of the Phase II report as happens now.

In addition, the interconnection and procurement timelines must be better aligned to optimize the time in the queue. The parking period should be at least 2-3 years, and the CAISO should reserve the flexibility to extend this period longer given market conditions, as it is considering in the “2017 Enhanced GIDAP” process.

Parked projects are otherwise likely to be viable, having already made Interconnection Financial Security (IFS) postings. They would be logical PPA candidates for Load-Serving Entity (LSE) procurement to meet the 50% RPS already approved at the state level, or the accelerated and higher RPS levels under consideration in the state legislature.

However, they will only be available for that purpose if they can stay in the queue long enough to qualify for utility procurement solicitations to meet those requirements. As we have seen with the 50% RPS requirements, the CPUC or other regulatory authorities can take two or more years for procurement solicitations to be issued to meet changing state requirements. This time includes CPUC or other regulatory authority determination of how best to implement new state requirements, submission/review/approval/implementation of LSE procurement compliance plans, and then LSE procurement solicitations pursuant to those plans.

### ***Financing affidavits for deliverability allocation & retention***

LSA believes that the ability to submit a financing affidavit in lieu of an executed and regulator-approved PPA is allowing proposed generation projects with questionable viability to: (1) Receive allocations of scarce TP Deliverability in the GIDAP process; and (2) retain their deliverability far beyond a reasonable period. The CAISO should recognize the market reality that generation projects of all but minimal size are simply not being constructed without PPAs, and either eliminate the financing affidavit process or significantly reform it.

As part of the upcoming IPE 2018 initiative, the CAISO should issue summary statistics about how many projects (and associated capacity) have acquired and/or retained deliverability through affidavit submission and how many have actually been constructed on such a merchant basis, to begin an honest conversation about the efficacy of this option. LSA suspects that the amount of capacity receiving/retaining deliverability through use of financing affidavits far exceeds the miniscule amount of capacity that realistically would be constructed without a PPA, based on historical experience or likely future market conditions.

LSA recommends the changes listed below to the use of affidavits in the GIDAP TP Deliverability award/retention and Commercial Viability Criteria (CVC) demonstration processes. The reasons for these recommendations are described in the rest of this section.

- **Change the GIDAP TP Deliverability point system** for awards and retention of deliverability so that possession of a regulator-approved PPA provides GIDAP projects the highest amount of points available.

- **Revise the affidavit submission option** for projects without regulator-approved PPAs to either:
  - **Eliminate this option entirely** for all but the smallest projects (e.g., <5 MW), recognizing the market reality that larger non-utility projects simply are not being built in California without PPAs, and have not been since the formation of the CAISO; or
  - **Strengthened it if it is retained** for such projects, by requiring the following:
    - **Independent support for the financial claims of balance-sheet financing or financial commitments**, e.g., executed loan agreement with a non-affiliated financial institution, significant expenditures on development activities, or non-revokable escrow account that can only be used for project development; and
    - **Credible evidence that the developer will actually proceed with project development without a PPA**. For example, this could be a minimum forfeit amount (e.g., \$20,000/MW) for serial-study projects, or cluster-study projects with low or no Network Upgrades – in both situations, loss of ability to claim partial security release for “failure to secure an acceptable PPA” otherwise has little financial impact. Alternatively, a developer could demonstrate intent to proceed without a PPA through a history of constructing similar-size projects in California with balance-sheet financing and no PPA.

These changes should be imposed on projects that have been allowed to receive or retain deliverability using financing affidavits, and not just those submitting affidavits in the future. Such projects should have a limited time (e.g., 60 days) to withdraw from the queue before the new conditions are imposed.

### **Affidavits in GIDAP TP Deliverability award rankings**

The GIDAP TP Deliverability finance scoring is shown below. This process allows developers to submit a financing affidavit for a project that has no PPA (or short-list position). Such projects receive the same amount of deliverability allocation points as projects with regulator-approved PPAs. There is no validation process for the veracity of affidavit attestations, no requirement to demonstrate that the developer will actually proceed without a PPA (e.g., past experience building merchant projects without PPAs), or any requirement that the developer actually build the project, with or without a PPA.

<b>MILESTONE</b>	<b>PTS.</b>
<b>Financing commitment &amp; PPA received</b> , i.e., project: (1) will be balance-sheet financed or has a project financing commitment for full project capacity; and (2) has a regulator-approved PPA w/a CAISO-area LSE	10
<b>Financing commitment received, no PPA</b> , i.e., project: (1) will be balance-sheet financed or has a project financing commitment for full project capacity; and (2) will proceed to COD without a PPA	7
<b>PPA executed and regulator-approved</b> for the full project capacity	7
<b>PPA executed</b> but not yet approved, for the full project capacity	4
<b>Project is on an active LSE PPA short list</b>	3

### **Affidavits for Commercial Viability Criteria (CVC) compliance**

Projects subject to CVC – which have, by definition, been in the interconnection queue for many years – can substitute an affidavit “attesting that the Generating Facilities will be balance-sheet financed, or otherwise receiving a binding commitment of project financing” for the required executed and regulator-approved PPA. The use of contracting/financing affidavits in this process suffers from basically the same shortcomings as their use for GIDAP TP Deliverability allocations, except that such problems are worse for serial-study projects subject to CVC.

First, as with affidavits for GIDAP TP Deliverability allocations, any associated security forfeits are typically limited by the relatively lower Network Upgrade cost allocations of these earlier-queued projects. Thus, the prospect of such forfeits is often little deterrent to filing an affidavit for the sole purpose of complying with the CVC and retaining deliverability.

Second, this problem is exacerbated for serial-study projects by the terms and conditions of CAISO Tariff Appendices U or W, as applicable. Under those rules, projects withdrawing from the queue are only liable for actual costs to that point. Even if they have posted financial security, that security is releasable when they withdraw, with no approved justification required. Thus, the potentially serious cluster-study project financial consequence of losing the ability to claim “failure to secure an acceptable PPA” is not even applicable to these projects, and thus the consequence of submitting questionable affidavits is even lower than for cluster-study projects.

Finally, as with affidavits for GIDAP TP Deliverability awards, there is no verification process for the veracity of the financing claims in these affidavits. Effectively, they have become a way for non-viable projects lingering in the queue for more than a decade without securing a PPA to hang on for years longer, triggering unnecessary upgrades, deliverability delays or unavailability, and costs for later-queued projects.

### ***Interim Deliverability Status (IDS)***

This topic would provide information to stakeholders on the CAISO’s methodology for determining the availability of Interim Deliverability. This effort would include discussion of decisions about which projects receive awards of available deliverability, including tradeoffs of using different allocation methodologies, and also the possibility of multiple-year IDS awards and/or PCDS awards where sufficient capacity is available.

This topic is critical to generation developers, who can face significant financial penalties for delays in providing deliverability when transmission projects (triggered by their study clusters, or “predecessor” projects triggered by earlier clusters) are delayed.

### ***ELCC issues***

This topic would explore the implications for deliverability resulting from the recent issuance of revisions to the methodology for determining Resource Adequacy (RA) Qualifying Capacity (QC) for wind and solar resources. Specifically, the CPUC adopted a change from the Exceedance Methodology to the Electric Load Carrying Capacity (ELCC) methodology, pursuant to state law.

Posted at <http://docs.cpuc.ca.gov/publisheddocs/published/q000/m192/k027/192027253.pdf>, the CPUC decision lowers significantly the RA value for solar projects in particular (see the “Solar 2” column in Table 1 of p. A-3). The new values are lower in peak months by more than half, and the CAISO posted draft 2018 Net Qualifying Capacity values reflect those reductions.

Solar projects have typically been assumed at output levels of 85-100% of nameplate capacity in CAISO Deliverability Assessments – a value that was close to their peak QC values under the Exceedance Methodology. The large QC reduction in the CPUC decision calls those assumptions into question, and there are implications for operating projects as well. Some important questions include these:

- **Is there now more deliverability in the system that could be used for later-queued projects, and or allow some Delivery Network Upgrades to be cancelled?** In other words, if existing projects, and those in development whose studies are complete, had been studied at the new 40% RA value, presumably they would not have triggered the same level of upgrades, so can some projects get FCDS sooner, and/or are some previously identified DNUs no longer needed? If so, would those adjustments be made in the Reassessment process or otherwise?
- **How will projects now or soon in the interconnection-study process be analyzed** – C11 projects (applications in April 2018), C10 projects (receiving Phase I Studies this year) and C9 projects (received Phase I Study with exceedance-methodology assumptions but whose Phase II Studies would presumably use ELCC RA levels)?
- **Can solar projects that were studied at much higher deliverability levels add capacity to “get back” some of the QC difference?** For example, consider a 100 MW solar project that was studied for 90 MW of deliverability but now (under ELCC) will only count for 40 MW of deliverability. Could that project add storage capacity with an RA value of 50 MW, and retain the 90 MW of deliverability it was studied for, as long as the maximum output of the facility/interconnection does not exceed 100 MW?

These are just a few of the issues raised by the change to ELCC. Stakeholders should have the opportunity to contribute their input to the CAISO’s implementation of this new methodology, in IPE 2018 or through a separate initiative.

### ***Queue re-entry for deliverability***

This topic would consider allowing EODS or PCDS generation projects to enter the regular interconnection-study process, and receive deliverability awards, on the same basis as new generation projects. Certainly, such projects would have amply demonstrated their viability through financial-security postings or actual operation, and there is no policy reason why they should be excluded from the study process.

The Annual Full Capacity Deliverability Study process is one option already available to such projects. However, that process does not allow for financing of new LDNUs to enable deliverability; as long as these projects are willing to pay their fair share of such LDNUs, they should qualify on an equal basis for deliverability awards.

### ***Other queue-clearing measures***

This topic would explore other measures to clear the interconnection queue of projects with questionable viability. These measures might include:

- **Commercial Viability Criteria compliance demonstration:** There is no particular reason why the CAISO should wait until projects seek COD extensions to verify that they are commercially viable. The CAISO could require a periodic review – e.g., every three or five years – to ensure that projects lingering for long periods in the queue are still viable.

- **One-time security-forfeit “holiday:”** The CAISO could consider offering a one-time amnesty from Interconnection Financial Security (IFS) forfeits for projects of at least a certain vintage to withdraw from the queue or convert to Energy Only without a security penalty, similar to occasional “tax holidays” offered by taxing authorities. Security forfeits help ensure that serious projects continue in the interconnection-study process, but they can also be incentives to linger in the queue and penalties for withdrawing, especially for projects with significant upgrades (i.e., those taking up the most “space” in existing/approved transmission projects).

### ***Shared Stand-Alone Network Upgrades (SANUs)***

This topic would address two main issues: (1) Changes to the BPM for Generator Management proposed before by LSA to reflect the applicable tariff provisions; and (2) additional issues related to SANUs. Both types of issues are described below.

#### **Changes proposed in PRR 977**

Earlier, LSA submitted Proposed Revision Request (PRR) into the BPM Change Management Process. PRR 977 would clarify provisions applicable to Stand-Alone Network Upgrades (SANUs) triggered by multiple generation projects in a study cluster, including the ability of two or more of those projects to share construction and cost responsibility for those upgrades. The BPM currently has no provisions related to the SANU rules in the CAISO Tariff, Appendix DD.

The CAISO Tariff (Appendix A – Definitions) defines a SANU as a Network Upgrade that be “constructed without affecting day-to-day operations of the transmission system” during its construction.” The changes included clarification of the ability of multiple projects to share SANU cost and construction responsibility, as well as financial-security issues.

For example, one common SANU is a switching station needed to connect a generator to the CAISO grid. Such switching stations can be used, for example, by two new generation projects in the same study cluster with the same Point of Interconnection (POI).

The ability to physically share such facilities, instead of building separate facilities for each generation project, is clearly operationally efficient. This efficiency benefits ratepayers in addition to generation developers, since they ultimately pay the cost of SANUs through Network Upgrade refunds to generation developers (up to \$60K/MW).

The issues addressed in PRR 977 were fully consistent with the applicable CAISO tariff provisions, as noted in LSA’s responses to comments from PTOs and the CAISO and its appeal of a negative CAISO decision on the PRR. This compliance with the existing tariff is demonstrated in the table below, which was included in LSA’s response to SCE, PG&E, and CAISO comments.

There is simply no prohibition in the tariff against sharing SANUs by multiple generators – those facilities can and are shared physically by more than one generator with the same POI. In fact, this sharing element is central to their definition as Network Upgrades, i.e., they are available for use by any generation project in the area or other uses on the system.

There is also no physical difference between situations where: (1) a project with an earlier construction schedule builds a switching station as a SANU and then another project at that POI connects to it later; and (2) two projects cooperate to finance/build the station as a shared SANU and then connect to it based on their respective project schedules – the situation in PRR 977.

LSA ultimately agreed to withdraw its PRR 977 appeal of the CAISO’s decision in return for a commitment to consider this issue in what is now referred to as the IPE 2018 process.

**ILLUSTRATION OF PRR 977 COMPLIANCE WITH GIDAP**

<b>GIDAP SECTION 11.3.4.4 PROVISION</b>	<b>PRR 977 PROVISION</b>
If the Interconnection Customer desires to self-build Stand Alone Network Upgrades consistent with its interconnection study reports, the Interconnection Customer must post the Interconnection Financial Security for the Stand Alone Network Upgrades in its Interconnection Financial Security posting.	Security postings for Stand Alone Network Upgrades (SANUs) must be made consistent with the requirements of CAISO Tariff Appendix DD, Section 11.3.1.4.4 (Posting Related to Interconnection Customer’s Stand Alone Network Upgrades).
The Interconnection Customer may request to build the Stand Alone Network Upgrades in the Generator Interconnection Agreement negotiation process, and if the Participating TO and the CAISO agree, the interconnection study reports and the second posting will be revised accordingly once the Generator Interconnection Agreement has been fully executed and documents the Stand Alone Network Upgrades.  If the Participating TO and the CAISO agree to allow the Interconnection Customer to build a Stand Alone Network Upgrade in an executed Generator Interconnection Agreement, the Interconnection Customer’s maximum cost responsibility will be reduced by the cost of the Stand Alone Network Upgrade and both the original and revised maximum cost responsibility will be documented in the Generation Interconnection Agreement.	Pursuant to CAISO Tariff Appendix DD, Section 11.3.1.4.4, if all of the affected Interconnection Customers, the Participating TO, and the CAISO agree, that arrangement will be reflected in the respective Generator Interconnection Agreement(s), which will contain both the original maximum cost responsibility and the reduced cost responsibility with the SANU(s) removed.  Once those agreements are fully executed, the interconnection study reports and second postings will be reduced to remove the SANU costs.
If at any time the responsibility for constructing the Stand Alone Network Upgrade, or a portion thereof, reverts to the Participating TO, the Interconnection Customer will be required to revise its Interconnection Financial Security posting within thirty (30) calendar days to reflect that the Participating TO will build the Stand Alone Network Upgrade. The Interconnection Customer’s maximum cost responsibility also will be revised to reflect that the Participating TO will build the Stand Alone Network Upgrade.	If at any time thereafter the responsibility for constructing all or a portion of the SANU reverts to the Participating TO, the affected Interconnection Customers will be required to increase their security postings, and their maximum cost responsibility will be increased accordingly, pursuant to the applicable provisions of Section 11.3.1.4.4.

**Additional SANU issues & proposals**

There are other issues that should be considered in an IPE 2018 examination of SANUs.

First, during consideration of PRR 977, the CAISO also raised the issue of potentially considering allocations of SANUs to multiple projects as “contingent upgrades” (see below). The CAISO contended that, if any of the sharing projects withdraw before executing GIAs, then their share of the SANU cost could be allocated to other projects above the Phase I/Phase II cap. LSA disagrees with this interpretation, because:

- **Contingent upgrades are usually defined as upgrades allocated to earlier-queued projects** that could be assigned to projects in the current queue if those earlier-queued projects drop out without executing a GIA. SANUs are triggered by and allocated to the current cluster.
- **There is no reason for treating SANU cost allocation different from non-SANU cost allocation.** Financial responsibility for non-SANU Network Upgrades can be shared among multiple projects in a study cluster. If one or more of those projects drops out, their Network Upgrade costs can be allocated to other projects in the cluster, but only up to the cost cap.

Second, any security posted by projects sharing a SANU that later drop out of the queue should be used to mitigate the impact on the remaining projects sharing that SANU.

Third, the tariff and BPM should clarify that the total financial security for a shared SANU should not exceed 100%, i.e., the security requirements for each project sharing a SANU should be proportional to its cost responsibility. For example, there is no justification, under the tariff or otherwise, for requiring multiple projects to each post security as though they had 100% cost responsibility for a shared SANU.

### ***Affected Systems options***

This topic would provide an interconnection-study option for developers that could avoid the need to deal with Affected System studies and timelines not coordinated with the CAISO process.

As LSA has noted before, the CAISO has increased and formalized developer requirements to deal with Affected Systems. The CAISO provides little or no assistance to developers in this process, and the need to meet these requirements, and the complete lack of coordination in study timelines and other issues, continues to add considerable uncertainty to the generation development process.

LSA recommends that, where Interconnection Studies indicate a potential impact on an Affected System, that the CAISO and PTO make a good-faith effort to identify potential CAISO-system alternatives that would mitigate such impacts. Such alternatives would give the developer the option to finance the additional CAISO-system upgrades or address the issue with the potentially impacted Affected System.

### ***Contingent upgrades***

This topic would explore and clarify issues related to “contingent upgrades,” Network Upgrades triggered by earlier-queued generation projects that may drop out of the interconnection queue without executing GIAs. Increasingly, generation developers have been faced with situations where the cost of such upgrades – which may be far above the cost of upgrades triggered in their own study cluster – are included in Interconnection Studies and, on that basis, allocated later to their projects through the annual Reassessment.

The justification for such contingent allocations is contained in GIP Section 12.2.2 and GIDAP Section 14.2.2, which provide for Network Upgrade cost reallocation to later clusters if the earlier-queued projects withdraw before executing a GIA.

However, there is no mention in this provision of increasing the Maximum Cost Responsibility (MCR or “cost cap”) to make additional “room” for such an allocation. In other words, just like a reallocation of Network Upgrade costs within a cluster to account for dropouts, these contingent allocations should be limited by the Network Upgrade cost cap established by the upgrades triggered by the later-queued project’s cluster.

LSA offers the following arguments in support of this position. (Section references are provided primarily for the GIP, but all have corresponding GIDAP sections as well.)

- **The Phase I and II Study scopes include only upgrades triggered by that study cluster.** For example, the tariff states that:

- The studies must identify “separate Interconnection Base Case Data for each Group Study to reflect system conditions particular to the Group Study” (GIP Section 2.3).
- Phase I Study must “evaluate the impact of all Interconnection Requests received during the two Cluster Application Windows for a particular year on the CAISO Controlled Grid,” and “preliminarily identify all Network Upgrades needed to address the impacts on the CAISO Controlled Grid of the Interconnection Requests” within that cluster (GIP Section 6.4).
- “The Phase II Interconnection Study consists of the same studies performed under Phase I, but with base cases adjusted to reflect withdrawal of Interconnection Requests” (BPM for GIP, Section 6.1.5.3).

*(To be clear, it is helpful for Interconnection Study reports to include information about potential contingent upgrade costs LSA is simply contending that such contingent costs cannot increase the MCR.)*

- **The MCR is set by the lower of the cost of Phase I or Phase II Study Network Upgrades “assigned to the Interconnection Customer (GIP Section 9.5),”** not to earlier-queued projects.
- **The annual Reassessment does not provide for any MCR increase,** only for reallocation of costs to account for dropouts (from the same cluster or earlier-queued projects without executed GIAs), (GIDAP Section 7.4, and also BPM for GIDAP 6.2.2).

LSA seeks stakeholder and CAISO concurrence with the above tariff interpretation.

### **Transmission Planning Process (TPP) clarifications**

This topic would clarify CAISO decisions and communications in the annual TPP that could impact generation-project development. Specifically, the CAISO should do the following:

- **CAISO approval of transmission-project delays and cancellations:** Clarify that CAISO not only approves transmission projects initially but must also approve their delay (including placement “on hold”) and/or cancellation. The current BPM language describes the initial CAISO approval process extensively but is not clear about schedule delays or project cancellations.
- **Criteria for transmission-project delays and cancellations**
  - Document the current CAISO practice (stated numerous times in TPP stakeholder meetings) that delays and cancellations are only approved after consideration of their impacts on both system reliability and generation-project development.
  - Clarify that consideration of generator impacts includes both COD and deliverability: Deliverability delays are a significant impact of transmission-project delays or cancellations and can greatly impact new-generation financial viability, through substantial Power Purchase Agreement financial penalties or even potential cancellation.
- **Mitigation plans**
  - Clarify that mitigation plans should be considered if unavoidable delays or cancellations would impact generation-project development.

- Clarify and recognize that those impacts on generation-project development go beyond just Commercial Operation Date (COD) delays and also include deliverability delays, which can lead to significant financial penalties or contract cancellation under many PPAs.
- Provide for developer notification of delays or cancellations in the TPP that might impact the COD or deliverability of their generation projects.