

## Stakeholder Comments Template

### Subject: Remote Resource Interconnection Policy

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the following topics covered in the August 23 Draft Proposal regarding Remote Resource Interconnection Policy. Upon completion of this template please submit (in MS Word) to [chinman@caiso.com](mailto:chinman@caiso.com). Submissions are requested by close of business on Wednesday September 5, 2007.

Please submit your comments to the following questions for each topic in the spaces indicated.

1. If the Energy Resource Area designation is not complete in time for RRI implementation, how should the RRI process proceed in the interim? Possibilities include:
  - Utilize the Interconnection Queue to identify qualifying areas. What criteria should be used to select these areas?
  - Applicants for RRI financing submit a request to a state agency for an area to be designated as an ERA. How would this work?
  - Other?

*PG&E suggests that the CAISO expedite the “(f)urther coordination...between the CAISO and CRETI” in order to define “the similarities and differences between a CREZ and an ERA.” (Section 3.2) The definitions provided on the August 30 conference call distinguished the key elements of both: ERAs are location-constrained resources (not necessarily renewable) and CREZs are renewable resources (not necessarily location-constrained). If the overall plan for ERA identification is intended to flow from the CRETI, then it would follow that ERAs should be a subset of CREZs, i.e., some CREZs can be interconnected through network solutions and others would be eligible for interconnection with a RRIF. This does not appear to be the case because ERAs are not, by definition, necessarily renewable.*

*Also, if ERAs are defined as “location-constrained,” is it the CAISO’s intention that ERAs would exclusively interconnect via RRIF? Or, would there be instances where ERAs could interconnect with a network solution, as was the case for the Tehachapi plan. PG&E believes that if ERAs can interconnect with either a network solution or an RRIF, then efforts should be focused on identifying ERAs without initial concern about the nature of the interconnection configuration. The studies will bear out the proper solution.*

*PG&E understands that the CAISO is concerned with identifying ERAs during the interim period before state agencies complete work identifying CREZs and agrees that identifying ERAs already in the interconnection queue may lead to backlog relief. Having a clear definition of an ERA will assist in determining the criteria to select these areas.*

2. In the RRI application process would it be useful to have two types of approval methods, one in which the applicant has met all the approval criteria for RRI designation, and the other where the applicant has met all the criteria except for the two “commercial interest” criteria? In the second scenario the applicant would achieve a “pre-designation” status and follow with the additional commercial interest criteria to complete their approval. Is this a good idea? If so, how long of a period should be allowed after pre-designation to fulfill the remaining requirements?

*PG&E does not believe that a “pre-designation” status is necessary. The central issue concerns when the adequate commercial interest criteria must be met. If all other criteria have been satisfied, then the project should receive RRI designation. Given the unprecedented nature of these projects, it is very possible that adequate commercial interest may not be satisfied at the time that applications for a proposed RRIF are submitted.*

*PG&E recommends that adequate commercial interest must be met prior to significant expenditures by the transmission owner, e.g., after conceptual planning studies but prior to engineering design or environmental studies. If a RRI-designated project does not have adequate commercial interest at this stage, then it would not proceed until such time that it does. A project would retain its RRI designation while adequate commercial interest is established. An RRI-designated project would need to exhibit adequate commercial interest within a certain timeframe (determined by the CAISO).*

3. Regarding the test for adequate additional interest in an RRI project, one of the possible criteria was a combination of two sets of showings (see Section 3.7.2 of the proposal). What is the appropriate measure to use as a monetary deposit that should be assessed?
  - If a \$/kw of project capacity is correct method, what is the appropriate dollar amount?
  - Would a flat fee be appropriate? If so, what is the appropriate dollar amount?

*PG&E recommends that the appropriate dollar amount be 10% of the developer’s pro rata share of the proposed RRIF’s capital costs. This method takes into account both the size of the generation project as well as the size of the proposed RRIF project. The developer can:*

- a) *deposit funds into an escrow account established and properly maintained by the developer at any regulated financial institution or escrow firm; or*
- b) *establish an irrevocable letter of credit with a regulated financial institution, in a manner agreed upon by both parties.*

*PG&E does not believe that a flat fee is appropriate because it may be too large or too small relative to the size of the generation project or the size of the proposed RRIF.*

4. Also, regarding the showing of additional interest utilizing the combination of showings, some stakeholder suggested that the requirement should be limited to the following:
- Reside in the interconnection queue, or
  - Sign a declaration of intent, or
  - Participate in an open season

AND

- Submit a monetary deposit of some type

Originally there were two other possibilities for the second category which were owning or controlling the land, or mineral rights or submitting payment for the System Impact Study. What is correct?

*PG&E believes that a deposit based on 10% of the developer's pro rata share of the proposed RRIF's capital costs is the most reasonable measure in the second category. In addition, given that any such deposit would likely include a declaration of intent and developers would likely reside in the interconnection queue, PG&E suggests that the fourth showing of additional interest be simplified to, "a monetary deposit based on..."*

*Therefore, expressions of additional interest can be shown in the following ways:*

- *LGIAs or SGIAs exceeding the 25% minimum for the showing of executed agreements above.*
- *Power Purchase Agreements ("PPA") – Projects that are supported by signed firm power purchase agreements demonstrate a degree of commitment and should count toward the showing of additional interest.*
- *An RRI project that is in the interconnection queue and has commenced the Facilities Study process.*
- *A monetary deposit based on 10% of the developer's pro rata share of the proposed RRIF's capital costs.*

5. Other Comments