

Stakeholder Comments Template

Subject: Generation Interconnection Revision to Cluster 4 Phase 1 Study Methodology

Submitted by	Company	Date Submitted
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PG&E appreciates the opportunity to provide comments on this proposal.

PG&E agrees that the study approach for the Cluster 4 Phase 1 study needs to be modified, and that a rational transmission plan for generator interconnections is needed. Studying all MWs in Cluster 4 using the existing methodology would produce unrealistic results, and would take more time than the current timeline allows. PG&E supports this change in methodology subject to the proposed modifications and recommendations listed below.

PG&E appreciates the CAISO efforts to work with the PTOs on this methodology. PG&E supports the use of proxy costs for the Cluster 4 Phase 1 delivery network upgrade costs. Per discussions with the CAISO, PG&E will be performing various studies to identify the reliability network upgrades for Cluster 4. These include, but are not limited to, transient stability, voltage analysis, and short circuit studies. In addition, project specific upgrades, i.e. switching stations, will be determined by PG&E for the Phase 1 study reports.

The proposed changes to the Cluster 4 methodology are encouraging in that the cost estimates assigned to ICs look to be reasonable, which will hopefully encourage non-viable projects to exit the process. However, given the current rules of using the lesser of \$7.5 million, \$20,000/MW, or 15% of the total as the posting requirement, PG&E is concerned that the \$20,000/MW is the posting requirement that will apply to the majority of projects in Cluster 4, which might not be sufficient to encourage non-viable projects to exit the queue.

Therefore, PG&E suggests that the CAISO examine ways to ensure that the hurdles are adequate so that only the most viable projects remain in Cluster 4. One approach could

be to remove the \$20,000/MW posting requirement, and instead make the requirement the lower of \$7.5 million or 15% of the total estimated upgrade cost.

PG&E Recommendations:

- Cost estimates developed in Cluster 4 Phase 1 should not be used to set cost caps for generators. The proposal should modify the current procedure such that Cluster 4 Phase 2 results set cost caps for generators.
- The proposal should contain some form of abandoned plant cost protection for PTOs in the event that costs exceed the cost cap. If cost caps are too low, then the Participating Transmission Owner (PTO) is exposed to financial risk should generation fail to materialize.
- The Cluster 4 Phase 1 interconnection financial security posting should be set by the lower of 1) 15% of the network upgrade estimate or 2) \$7.5 million, but not on \$20k/MW. This will help ensure that non-viable projects are encouraged to exit the process in a timely manner.

PG&E Questions:

- Will projects be allowed to make changes between clusters 1 and 2? E.g. move from Full Capacity to Energy Only, reduce project size, etc?
- PG&E notes that the CAISO's related initiative on coordinating the TPP and the GIP could have implications for generators in Cluster 4. Because the current TPP/GIP integration proposal will apply to generation projects in Cluster 5 and beyond, the transition to the new process could constitute an unintended incentive for Cluster 4 projects to remain in the study process.