

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 Issue Paper posted on June 3 and as supplemented by the presentation and discussion during the June 11 stakeholder web conference.

Submit comments to GIP@caiso.com

[Comments are due June 25, 2013 by 5:00pm](#)

The Issue Paper posted on June 3 may be found at:

<http://www.caiso.com/Documents/IssuePaper-InterconnectionProcessEnhancements.pdf>

The presentation discussed during the June 11 stakeholder web conference may be found at:

http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancementsJun11_2013.pdf

Following each of the 15 topics presented below, the ISO poses specific questions and requests that stakeholders respond to each.

Topic 1 – Future downsizing policy

1. What is the demand for a second downsizing opportunity? Would a second downsizing opportunity be sufficient, or do stakeholders believe that there will be further demand beyond a second downsizing opportunity?

PG&E does not take a position on this issue.

2. What are stakeholders' views on the ISO's position that a downsizing request window of limited time duration should be utilized in any future downsizing opportunity?

PG&E agrees with the ISO's position. Moreover, as PG&E stated in comments on the IPE Scoping Proposal dated April 30, 2013, PG&E strongly recommends consolidating any future downsizing windows with the existing annual queue cluster windows.

3. The ISO believes that funneling downsizing requests through such a window permits ISO and PTO transmission planning engineers to evaluate the collective impacts of all downsizing requests in the most efficient manner possible (in contrast to the inefficiency and associated chaos of having to review the impacts of downsizing requests sequentially, at any time that an interconnection customer chooses to submit such a request). Similarly, expansion of the ability to downsize through a “material modification” review would essentially allow downsizing requests to be submitted at any time and would thus present the same problems. What are stakeholders’ views on this?

PG&E agrees with the ISO’s position.

However, PG&E would be open to very narrow use of out-of-cycle requests provided (a) no changes are made to scope of work for any network upgrades in the downsizing generator’s interconnection agreement, (b) Exhibit A to the IA is in no otherwise way changed (c) no restudy is required, (d) in order to hold harmless ratepayers, the downsizing generator agrees to forgo reimbursement for a pro-rata share of network upgrades (e.g. if a project is downsized by 25%, the generator can only seek reimbursement for 75% of network upgrades), and (e) other generators, ratepayers, and PTOs are not financially or otherwise affected.

4. To the extent there were a need for additional downsizing opportunities,
 - a. what would be the optimal frequency of downsizing request windows? For example, one per year or one every two years?

PG&E believes the downsizing window should occur, at a maximum, annually. Less frequently would be preferred, provided it doesn’t result in queue positions being in ‘limbo’ for a long period of time while projects wait to be studied in the next downsizing window.

- b. how many downsizing request windows do stakeholders believe should be considered?

If limited to pre-Cluster 5 projects, the process should have a defined end date where no additional windows will be provided (perhaps 2016, to correlate to a timeframe when most legitimate pre-Cluster 5 projects should have advanced towards commercial operation).

- c. what should be the timing of a downsizing request window? The ISO suggests that the timing of a downsizing request window should be such that there is sufficient time to validate the requests received and study their combined impacts at the same time the re-assessment study is conducted in accordance with the GIDAP timeline. What are stakeholders’ views on that?

PG&E agrees with the ISO’s position. Moreover, PG&E urges that downsizing *results* are released in conjunction with GIDAP study results, so dependent projects don’t require study results or interconnection agreements to be amended multiple times due to incongruous timing of study results being released.

5. Please comment on the ISO's position that future downsizing options should be limited to pre-Cluster 5 customers because the GIDAP already provides certain opportunities to downsize projects that were not available under the GIP.

PG&E does not take a position on this issue. As PG&E noted in its comments on the IPE Scoping Proposal, there are both benefits and drawbacks to a more broadly available downsizing mechanism.

6. Stakeholders are asked to comment on other important features of the current one-time downsizing opportunity. For example, customers who are affected by but are not downsizing should be protected. As an additional example, downsizing projects should bear the costs of the downsizing study and any resulting interconnection agreement amendments.

PG&E agrees with the ISO that customers who are affected by but are not downsizing should be protected. In addition, ratepayers must be protected against having to fund upgrades that are underutilized due to a downsizing, and PTOs must be protected against having to self-fund upgrades that are only partially funded by customers due to a downsizing.

7. What are stakeholders' views on the continued use of the non-conforming partial termination provisions as a future downsizing option? Although the ISO does not view this as a generally applicable downsizing option, do stakeholders view its continued availability as critical?

PG&E believes all downsizing, including partial termination, should occur through the same process. If partial terminations were to be requested, they should either have to apply during the study window or meet the criteria for an out-of-cycle request as suggested by PG&E in question #3 above.

Topic 2 – Disconnection of first phase of project for failure of second phase

1. Please expand on the explanation of how current risk of disconnection affects project financeability and viability.

PG&E does not take a position on this issue.

2. Stakeholders are asked to suggest potential ways to reduce risk for developers, short of blanket elimination of ISO termination rights.

PG&E suggests that termination could be avoided if developers agree to otherwise full performance under the IA. In particular, if all other milestones are achieved and the project fully funds all interconnection facilities and network upgrades, then termination could be avoided. PG&E suggests that (as recommended in PG&E's response to question #3 to Topic 1 above), in order to protect ratepayers, generators also agree to forgo reimbursement for the pro rata share of network upgrades of the second phase of the project.

3. Please suggest what alternative, equitable non-termination remedies to GIA default might look like.

PG&E suggests that equitable non-termination remedies should be limited to full performance, including financial performance, of all other requirements in the interconnection agreement.

4. Please comment on the proposed modification to the safe harbor to “greater of 5% or 10 MW.

PG&E has no objection to the proposed modification.

Topic 3 – Clarify tariff and GIA provisions related to dividing up GIAs into multiple phases or generating projects

1. Are there additional scenarios beyond the three scenarios described on page 29 of the issue paper?
2. What thresholds should be used in allowing projects to be broken into multiple phases?

As PG&E indicated in comments on the IPE Scoping Proposal dated April 30, 2013, PG&E is open to a reasonable degree of additional phasing flexibility and suggests the following criteria, which it believes is an acceptable balancing of providing additional flexibility with managing the contract management and operational issues that excessive flexibility would create:

- a) ≤ 20 MW projects may have up to two phases, with no individual phase smaller than 5 MW
- b) > 20 MW projects may have additional phases, provided no additional phase is smaller than the larger of 20 MW or 10% of the nameplate capacity

3. Should there be a minimum total MW size threshold to be eligible to divide a project into phases? For example, would it make sense to allow a 5 MW project to be split into smaller phases?

PG&E believes 10 MW should be the minimum size for projects to be split into multiple phases.

4. Should there be a maximum number of phases into which a project can be divided?

See PG&E’s comments in #2 above. The maximum number of phases should be based on the project size, with large projects being allowed more phases. In no case should projects exceed 10 phases.

5. Should there be a minimum MW size for each phase?

See PG&E’s comments in #2 above.

6. Should criteria be imposed that include both a minimum total MW threshold and a minimum phase size in MW or a percentage of the total project?

See PG&E’s comments in #2 above.

7. When during the interconnection process should an IC be allowed to request to implement a phased structure for its project?

PG&E believes the timing of phasing requests should be limited to after the Phase I or Phase II study results meeting. Following execution of an IA, modifications to project phasing might also be allowed provided the milestone schedule and funding schedule for all PTO-built upgrades and IC-built standalone network upgrades is not modified.

Topic 4 – Improve Independent Study Process

1. Are you interested in participating in the ISP working group and able to devote significant time outside of the standard Interconnection Process Enhancement stakeholder process?

PG&E will commit resources to this initiative as needed; however, PG&E recommends the working group not commence until impacts from FERC's SGIP NOPR (Docket No. RM13-2-000) are fully known.

2. If yes, are you interested in the policy aspects, technical aspects or both?

Both.

3. Do you have an interest in the behind the meter expansion component of the ISP and if so, please summarize your thinking on revisions to the behind the meter expansion component?

PG&E agrees with the ISO's inclusion of behind the meter expansion track as part of the ISP track. PG&E wishes to participate, and in particular wishes to work with stakeholders on establishing appropriate criteria for behind the meter expansions to qualify for the ISP.

Topic 5 – Improve Fast Track

1. Are you interested in participating in the FT working group and able to devote significant time outside of the standard Interconnection Process Enhancement stakeholder process?

PG&E will commit resources to this initiative as needed; however, PG&E recommends the working group not commence until impacts from FERC's SGIP NOPR are fully known.

2. If yes, are you interested in the policy aspects, technical aspects or both?

Both.

3. Are you able to provide engineering expertise for developing FT screens related to a networked transmission system?

Yes.

Topic 6 – Provide for ability to charge customer for costs to process a material modification request

1. Should the cost for modification requests be a fixed fee or deposit and actual costs incurred be charged against deposit?

PG&E believes a fixed fee is the most appropriate mechanism to process material modification requests. The fee should be divided between the ISO and the PTO processing the request, with a fixed percentage going to each to defray costs associated with the request.

PG&E is in the process of analyzing estimated resources devoted to material modification requests, and anticipates having enough data to provide a generic PG&E cost estimate associated with material modification requests.

2. Should existing study funds be used for modification assessments?

No. Study funds aren't always available to process these assessments. Material modification requests often occur after studies have been completed and IAs are executed, and study funds aren't available for use after the Phase II is complete.

3. If a separate deposit is made, should it be refunded at the end of that modification assessment or once the project achieves COD?

While PG&E prefers a fixed fee option, if the ISO adopts cost recovery against a deposit, excess funds should be returned at the time an IA is amended following a material modification request, or when the request is otherwise approved.

Topic 7 – COD modification provision for small generator projects

1. Do stakeholders agree that small generators should be afforded a similar mechanism to modify their project as a large generator?

Yes, PG&E agrees.

2. Should small generators be allowed to change their POI if the change does not impact other queued projects and there is a benefit for making that change?

PG&E believes that changes to the POI should still require the consent of all 3 parties (the PTO, the ISO and the IC). Changes to POI often result in changes to scope of work for the PTO, such as different rights-of-way, land acquisition or permitting requirements for the PTO, even if the electrical configuration remains the same. PG&E therefore wishes to retain the flexibility to evaluate changes to POI on a case-by-case basis.

3. Should small generators be allowed to modify their project during the study process?

To the extent that modifications are non-material to the study results or to the eventual PTO scope of work, PG&E supports greater flexibility for changes.

PG&E believes material changes other than COD modification are out of scope for this topic. PG&E suggests addressing this through a new track in a future initiative to evaluate various types of material modification requests, and how they are processed.

4. Should small generators be allowed to extend their commercial operation date for three years from the COD in their interconnection request would be deemed not material, similar to Section 4.4.5 of Appendix U for larger generators?

Yes, PG&E believes it is acceptable to make small generator COD provisions consistent with large generator provisions.

Topic 8 – Length of time in queue provision for small generator projects

1. Should small generator have the same time to develop their project as a large generator (i.e. 7 years)? If no, what should the length of time be for the developer of a small generator?

Yes, PG&E supports providing small generators with the same amount of time to develop their project as a large generator.

Topic 9 – Clarify that PTO and not ISO tenders GIA

1. Do stakeholders have a concern with amending the tariff to be consistent with existing implementation?

PG&E supports this change.

2. If yes, what are those concerns and how would the stakeholder propose to resolve those concerns?

Topic 10 – Timeline for tendering draft GIAs

1. Do stakeholders have an issue with changing the trigger for tendering of GIAs?

PG&E supports this change.

Topic 11 – LGIA negotiations timeline

1. Do Stakeholders agree with the best effort language?

PG&E does not take a position on this question.

However, PG&E wishes to note that LSA's prior written comments on this topic aren't reflective of PG&E's written proposal to build in provisions into the study agreement to allow PTOs to provide a-la-carte services to generators. PG&E maintains that providing a mechanism to allow more in-depth a-la-carte E&P style services during IA negotiation could be beneficial to all parties.

2. If Stakeholders agree with triggering the tendering of agreements off of the Results Meeting, do you agree with triggering the negotiation off of the same event?

PG&E does not take a position on this question.

3. Do Stakeholders want to change the 15 BD to 10 BD for providing a final GIA for execution? If yes, do Stakeholders agree that the information request sheet must be provided in advance of finalizing the negotiation?

PG&E would strongly oppose this change. Information request sheets are already provided in advance of finalizing negotiations, and given the volume of IAs PTOs are expected to process, it is important that PTOs have sufficient time to receive all necessary cross-departmental approvals once agreements are finalized. It is unreasonable to reduce this timeframe given the high volume of agreements PTOs are processing.

4. Are Stakeholders concerned with the process of required written agreement from all three parties on extending the tendering and negotiation timeline as a proxy for prioritization? If yes, then what prioritization process would you propose given the questions discussed above?

The problem with three-party written agreement as a proxy for prioritization is that it occurs towards the end of the negotiation timeline, rather than upfront. Consequently, it doesn't allow for appropriate PTO negotiation resource allocation, nor does it provide an upfront view towards timeline and workflow for the queued project negotiations – for PTOs, the ISO or generators.

Topic 12 – Consistency of suspension definition between serial and cluster

1. With the narrow focus of ensuring that other queue projects are not impacted if a serial project suspends, are stakeholders still concerned with the topic?

In the interest of queue management, PG&E supports changing the suspension definition for serial projects to be consistent with the cluster process.

2. Are stakeholders willing to accept the consequences if a serial project suspends and then impacts the ability for later queue projects to achieve their COD?

This is of concern to PG&E, as a large number of later queued projects could be impacted. This could put PTOs in the difficult position of being asked by stakeholders to self-fund such upgrades, putting ratepayers and our shareholders at risk. PG&E would strongly oppose scenarios where ratepayers and shareholders must bear additional risk.

3. Are stakeholders willing to accept the consequences if a serial project suspends and then impacts the ability for later queue projects to achieve their full capacity deliverability status?

This is of concern to PG&E, as a large number of later queued projects could be impacted. This could put PTOs in the difficult position of being asked by stakeholders to self-fund such upgrades, putting ratepayers and our shareholders at risk. PG&E would strongly oppose scenarios where ratepayers and shareholders must bear additional risk.

4. Do you have a better idea to mitigate this risk for later queue projects?

PG&E urges the CAISO to find alternatives that do not impact later queued projects, such as the review of upgrades with large numbers of queued renewable project dependencies as potential policy driven upgrades in the TPP.

Topic 13 – Clarity regarding timing of transmission cost reimbursement

1. What are stakeholders' views on going forward whether cost reimbursement should require both commercial operation and network upgrades in service?

PG&E agrees transmission cost reimbursement needs to be clarified on a go-forward basis. Starting with queue clusters 6 & 7, PG&E would support LSA's proposal, with modifications: PG&E supports clarification that reimbursement for generator-funded upgrades can begin at COD, provided reimbursement is capped at the lesser of (a) capital investment in completed upgrades (e.g. if 80% of a generator's upgrades are in operation, on a financial basis, than reimbursement could not exceed 80%) and (b) for phased projects, the pro-rata share of network upgrades required for the phases that have achieved COD.

For pre-QC6 projects, policy consistency is important. Changes versus current practice for existing projects with PPAs would only serve to transfer wealth between ratepayers and developers. Loosening rules for projects with existing PPAs would simply boost the returns of generators' projects at the expense of ratepayers.

Topic 14 – Distribution of forfeited funds

1. If some stakeholders believe that the scheduling coordinator approach should be abandoned, then do stakeholders have any specific ideas for alternative approaches to the distribution of forfeited funds?

PG&E reiterates prior comments that, in instances when a PTO is still required to build network upgrades despite withdrawal of generation from the queue, forfeited funds go toward the cost of upgrades for which the IFS posting was made. The overarching principle that PG&E supports is that forfeited funds should be used to offset the adverse impacts of generation withdrawing from the queue. Remaining funds, if any, could then be used to offset stranded costs of incremental work not reimbursed by generators or allocated per the existing methodology.

2. Please comment on the possible use of forfeited IFS funds to offset resulting cost increases for projects remaining in queue as a way to mitigate impacts of withdrawals on other interconnection customers.

PG&E supports this approach, provided it also offsets any PTO-funded costs caused by queue withdrawal; for example, if a PTO must self-fund an upgrade or portion of an upgrade above the remaining queue's cumulative cost cap. See comments on #1.

3. Please comment on the stakeholder-suggested idea of applying forfeited IFS funds to a PTO's transmission revenue requirement to reduce the transmission access charge and thereby benefit ratepayers who ultimately bear the costs of the transmission upgrades.

PG&E views this as being a blunter instrument than application to offset the direct adverse impacts of queue withdrawals. PG&E would prefer a methodology that more directly offsets cost causation/adverse impacts.

4. Please comment on the possible use of forfeited funds by the ISO and PTO for study costs previously incurred that an interconnection customer defaults on.

PG&E would support this as a good use of remaining funds after application to offset costs per the method described in item #2 above.

Topic 15 – Inverter/transformer changes

1. The ISO believes that it should be more transparent with respect to its material modification review including which modifications are allowed without a review. What modifications do stakeholders believe should be made without a material modification review?

Aside from inverter/transformer changes, PG&E is not aware of other areas where bypassing the material modification review would be appropriate. See PG&E comments Topic 7, question 2.

2. If a formal material modification review is not made, what type of notification process would stakeholders envision should be implemented so that the ISO and PTO are aware of the changes?

PG&E believes that the IC should submit an updated interconnection request and that the ISO should provide written acknowledgement of the change.