

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 (IPE) Draft Final Proposal for Topics 4, 5, and 13 posted on March 25 and as supplemented by the presentation and discussion during the April 2 stakeholder meeting.

Submit comments to GIP@caiso.com

Comments are due April 16, 2014 by 5:00pm

Please provide your comments on the ISO's proposal for each of the topics listed below.

Topic 4 – Improve Independent Study Process

The ISO's draft final proposal to improve the Independent Study Process (ISP) addresses four areas:

- Criteria for ISP eligibility
- Process and timeline enhancements
- Tests for electrical independence
- Clarification on behind-the-meter (BTM) expansion and its impact on net qualifying capacity (NQC)

Please select one of the following options to indicate your organization's overall level of support for the ISO's draft final proposal addressing the ISP:

1. Fully support;

2. Support with qualification; or,
3. Oppose.

If you choose (1) please provide reasons for your support. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal. If you choose (3) please explain why you oppose the proposal.

PG&E supports the Draft Final Proposal for Topic 4.

Topic 5 – Improve Fast Track

The ISO's draft final proposal to improve the Fast Track (FT) process addresses two areas:

- Revisions to the processing fees and study deposit, timelines, customer options meeting, and the supplemental review, among others.
- Compliance with FERC Order 792.

Please select one of the following options to indicate your organization's overall level of support for the ISO's draft final proposal addressing the FT process:

1. Fully support;
2. Support with qualification; or,
3. Oppose.

If you choose (1) please provide reasons for your support. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal. If you choose (3) please explain why you oppose the proposal.

PG&E supports the Draft Final Proposal for Topic 5.

Topic 13 – Clarify timing of transmission cost reimbursement

The March 25 paper contains the ISO's second revised straw proposal on this topic. As a reminder, the ISO's proposal is comprised of the following three elements:

1. Reimbursement for required network upgrades already in service will commence upon the generating facility or the phase that requires those upgrades achieving commercial operation, as specified in the generator interconnection agreement.
2. Reimbursement for required network upgrades placed in service subsequent to the generating facility or phase achieving commercial operation (including those under construction at the time of the commercial operation date of the project or project

phase) will commence at the beginning of each calendar year for those required network upgrades placed in the service during the prior year calendar year.

3. The ISO proposes to revise the tariff to apply these new rules on a going-forward basis to both phased and non-phased projects. The ISO believes that the appropriate balance between harmonizing the repayment rules and existing customer expectations is to apply this new policy beginning with customers who have not yet received a generator interconnection agreement. However, in order to avoid a situation in which customers in the same cluster, or even in the same study group, could be subject to different repayment rules, the ISO proposes to apply these new rules beginning with the customers in the first cluster in which all projects have not yet been tendered a generator interconnection agreement at the time of FERC approval of the ISO proposal on this topic.

Please indicate your organization's overall level of support for these three proposal elements as a whole (i.e., together these three elements comprise the ISO's proposal).

In addition, please also comment on your organization's view regarding the feasibility of the second proposal element. Some stakeholders have expressed concern about the potential for multiple reimbursement periods and accounts that this second proposal element may entail. Others have questioned whether these multiple reimbursement periods will each be of five year duration. The ISO asks stakeholders to comment on these questions. The ISO is also specifically interested in whether your organization believes that the additional complexity – due to reimbursements commencing at the beginning of each calendar year for those network upgrades placed in service during the prior year calendar year – is outweighed by the benefits to interconnection customers of reimbursement commencement not having to wait until the last required network upgrade is placed in service.

PG&E can support the second revised straw proposal for this topic provided the CAISO modifies its proposal to simplify the accounting and settlement logistics necessary for the cluster environment. PG&E is concerned that the CAISO's proposal, as described in the latest policy paper, would require Participating Transmission Owners (PTOs) to implement an overly complex accounting system, which would prove to be administratively infeasible and impractical. PG&E recommends that all interim reimbursements that would occur before the final settlement/reimbursement should be based on an estimate (perhaps based on the latest Phase II study or Reassessment) of the payments made and interest accrued for the network upgrades that are in service. In addition, a final true-up during the last settlement/reimbursement would allow for necessary corrections of any outstanding balances resulting from accrued interest amounts and variations between actual and estimated costs.

With this modification to the CAISO's proposal, PTOs would be able to effectively manage and maintain a single set of accounting for each project instead of a large number of separate accounts.

Required network upgrades that are placed in service after a generating facility achieves COD are often large upgrades needed for deliverability, with cost responsibility shared among multiple generating facilities in a given area. The different generators may all have different cost responsibilities for each shared network upgrade, as well as different CODs. Due to the dynamic nature of generating facility CODs and network upgrade operative dates, it cannot be known with certainty which network upgrades will be placed in service before or after the CODs for each of the respective generators sharing each network upgrade. Therefore, in order for PTOs to issue reimbursements under the CAISO's proposal, PTOs will need to establish separate accounting/payments for each network upgrade for each generator sharing the network upgrade to track the exact timing of all payments and interest. The hypothetical example below illustrates the extreme accounting complexity that would be required under the CAISO's proposal.

Assume in a given cluster there are 10 generators that have varying cost responsibilities for three large Delivery Network Upgrades (DNUs). Further assume that all Interconnection Facilities and Reliability Network Upgrades will be complete for every project before COD, resulting in 10 sets of separate accounting and settlements/reimbursements for this group of projects at COD. There will also need to be 10 sets of separate accounting for each of the three large DNUs, for an additional 30 sets of separate accounting and settlements/reimbursements. Thus, there can be 40 separate settlements/reimbursements for this group of 10 projects. If one were to extrapolate this complexity to account for annual reassessments, hundreds of generators, and many shared network upgrades currently in the queue, implementation of the CAISO's proposal without the modification proposed by PG&E would prove to be administratively infeasible and impractical for both PTOs and generators.