

Stakeholder Comments Template

Subject: Generator Interconnection Procedures Straw Proposal and Meeting

| Submitted by | Company | Date Submitted |
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| <i>David Saul</i> dsaul@pacific-valley.com <i>Tel: 213 453 6798</i> | <i>Pacific Valley</i> | <i>June 22, 2010</i> |

This template was created to help stakeholders submit written comments on topics related to the May 26, 2010 Generator Interconnection Procedures Straw Proposal and June 3, 2010 Generator Interconnection Procedures Stakeholder Meeting. Please submit comments and thoughts (in MS Word) to dkirrene@caiso.com no later than the close of business on June 21, 2010.

Please add your comments where indicated responding to the questing raised. Your comments on any other aspect of the proposal are also welcome. The comments received will assist the ISO with the development of the Draft Final Proposal.

Proposed Independent Study Process

1. *Do you think that the proposed independent study process criteria are appropriate?*

The independent study process criteria should be expanded to include those projects which can demonstrate a reasonable expectation of receiving permits within one year.

There should not be a requirement for an executed contract for sale of the power. It may not be reasonable to expect that such a contract would have been executed noting the lack of transmission study results on the feasibility of the interconnect, its costs and expected timeframe.

The independent study process should be available to projects, which, even though they are still in the relatively early phases of project development, can still demonstrate a relatively short permitting process (one year or less) such as via a Mitigated Negative Declaration permitting process instead of a full EIR. These projects are expected to finish the permitting process within approximately 9 months and the expedited Independent Study Process should be made available to them.

Instead of processing these applications in a serial fashion, we should consider 4 annual cluster windows (the first coinciding with that for the LGIP) – for such applications to be studied. Although this may cause developers to wait a little longer for results, this delay is minor and may appreciably save PTO resources and allow further coordination with the LGIP process.

2. *How should the proposed independent study process be specifically modified to incorporate desired features that are in the current SGIP serial process?*

The current process of having a scoping meeting is a very useful tool to the developer and should be maintained. In cases where it shows that the interconnection is infeasible or costly and the application is withdrawn, resources and time will have been saved by all parties.

3. *How can the independent study criteria be modified to allow PTOs to utilize this process if they do not have a backlog and waiting for the cluster window does not make sense?*

In a situation where the PTOs have available resources, the criteria for admission into this Process should be relaxed further.

4. *What pre-application information and guidance is needed to prequalify projects so that the process is not overwhelmed with applications?*

Pre-qualifying criteria should include already having submitted the Conditional Use Permit request as well as already having full site control over the site and any rights of way.

5. *How much "ISO and PTO judgment" should be allowed in qualifying projects and how should it be delineated?*

The ISO and PTO should be afforded the required latitude in determining which projects qualify for this process and as much as possible, this should be determined through a set of stated, objective criteria.

6. *What would be sufficient transparency into the ISO and PTO judgment process in qualifying projects and how would that be provided?*

The guidelines will need to be modified from time to time to reflect changing conditions in the development process on the ground. These guidelines should be made public on an on-going basis.

7. *If the proposed independent study process is included in the final proposal, is there still a need for the current LGIP Phase II accelerated study process? (CAISO Tariff Appendix Y Section 7.6)*

Proposed Study Deposit Amounts

Are the proposed study deposit amounts appropriate, if not please explain?

It is important to greatly increase the current initial deposit amount of \$1,000. However, increasing this initial deposit to \$50,000 seems high. The deposit amounts should **generally** reflect the relative MW size of SGIP projects to those in the LGIP.

Looking at a recent CAISO queue and doing a rough calculation, it appears that the average size of the SGIP projects is about 17.6MW, whereas the average size for LGIP projects, although difficult to exactly pinpoint because of accumulations through clusters, seems to be about 272MW or **about 15 times the average SGIP size**. As a way to adjust for clusters and arrive at a broad indicative figure one could use a **factor of 10**.

Based on an estimated cost per average MW, it would appear that an initial study deposit amount of \$25,000 would be more appropriate (10% of the LGIP amount), instead of the \$50,000 proposed. The proposed Full Capacity deposit of \$100,000 is 40% of that for LGIP projects (\$250,000) and does not seem appropriate. A lower amount should be used – either \$25,000 (10%), or if there is a need to increase this further, then \$50,000, however the \$100,000 seems excessive based on the average project sizes.

Proposed Cluster Study Process

*Do the proposed timelines for the cluster study process seem reasonable?
Please add explanations for both yes or no responses?*

While understanding the need to fully coordinate the SGIP study process with the LGIP, it is important to note that time is much more of a critical element in development of SGIP projects than for larger ones.

If only one annual window would be allowed for SGIP projects then even before the proposed 420 day study process, the developer would need to wait an average of about 5 to 6 months even before submitting his IR. This together with the Phase 1 study process of 120 days would mean that the developer would only receive Phase 1 feedback from the CAISO approximately 9-10 months after submitting the IR. Noting that many SGIP projects will qualify for Mitigated Negative Declarations where the permitting process is approximately 9 months, the transmission study process seems too long.

To shorten this process we suggest that:

1. The initial scoping meeting (as is currently done) is retained so that the developer can get meaningful feedback within a couple of weeks of IR submittal.
2. That 4 windows per year be opened for receipt of SGIP applications. One of these windows coincides with the LGIP window with an additional 3 being added (one/qtr). This would decrease the average time for the receipt of Phase 1 results from about 10 months to 5.5 months which is very significant.

As these three additional SGIP windows are opened in time between two LGIP windows, it would seem that these SGIP applications could be incrementally added for study purposes to those applications received in the first LGIP window and thus be integrated in the LGIP process.

Coordinating generator interconnections with the transmission planning process

Do you support the concept of coordinating the proposed generator interconnection process with the transmission planning process, why or why not?

See below.

Deliverability Assessments

1. *What are your thoughts on the proposed alternatives for deliverability assessments?*

It would appear that Option 2 would give the EO generation more ability to achieve deliverability. However, we would propose the following changes to Option 2:

- a. Study all such EO and other applications requesting deliverability in Q4 2010, without waiting until 2011.
- b. In situations where multiple SGIP projects are vying for limited deliverability capacity, the capacity should be allocated to these SGIP projects based on the chronological date of filing the IR. Noting that partial deliverability assessments for projects under 20MW is not possible, this will ensure that in many situations at least some projects will receive deliverability instead of none.

2. *What adjustments should be made to each alternative?*

See above.

Proposed Transition Plan

1. *Do you think that the proposed transition plan is reasonable for LGIP projects?*

There is concern regarding delaying the next cluster window to March, 2011.

2. *Do you think that the proposed transition plan is reasonable for SGIP projects?*

The transition plan should be sensitive to the shorter timeframe needed for SGIP projects and there should not be a delay in studying current projects until cluster 4 (March 2011) for reasons cited above.

For SGIP projects wishing to be studied with FC an annual deliverability study should be performed in Q4 of this year, instead of waiting until next year.

- 3. Do you have any comments on the proposed dates for grandfathering projects in queue and migration of new projects and in queue projects into the proposed cluster process?*

The proposed cut-off date of April 1, 2010 would be grossly unfair to those developers who have made significant investments in land and have undertaken biological studies based on the current SGIP process timelines. Developers have secured land with limited option time periods based on receiving CAISO feedback within the normal timeframes of this current process. By using this retroactive cut-off date, the initial Phase 1 study would not be executed for over a year which would greatly increase the development risk for these parcels and jeopardize investments already made.

This date cannot be retroactive and should coincide with either the filing of the FERC request or the date of the FERC Order which would place it in the last quarter in 2010.

Do you have any additional comments that you would like to provide?