

## Stakeholder Comments Template

### Subject: Small and Large Generator Interconnection Procedures Draft Final Proposal and Meeting

Submitted by	Company	Date Submitted
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This template was created to help stakeholders submit written comments on topics related to the July 20, 2010 Small and Large Generator Interconnection Procedures Draft Final Proposal and July 27, 2010 Small and Large Generator Interconnection Procedures Stakeholder Meeting. Please submit comments and thoughts (in MS Word) to [dkirrene@caiso.com](mailto:dkirrene@caiso.com) no later than 5:00 pm PDT August 4, 2010.

Please add your comments where indicated responding to the questions raised. Your comments will be most useful if you provide the business case or other reasons why you support particular aspects of the proposal. Any other comments on the proposal are also welcome. The comments received will assist the ISO with the development of the FERC filing of modified tariff language.

#### Overall Assessment of the ISO Proposal

In September, the ISO Board of Governors will be asked to authorize a filing at FERC of tariff language to implement the elements of the Draft Final Proposal (with possible modifications in response to this round of comments)its

**1. Do you support ISO Board approval of the proposal? Why or why not?**

Pacific Valley would like to see major modifications to this proposal before supporting it.

In general, we believe that this proposal highly discourages the submission of smaller projects (equal or less than 20MW) into the CAISO queue, in effect doing away with the SGIP process. Based on these changes, developers will prefer to develop larger projects with the consequence that due to transmission processing timelines, the on-line dates for projects will be delayed due to having to be processed through the combined GIP process. These consequences are not consistent with State policy of utilizing existing transmission availability in the grid and promoting new renewable generation.

Developers will generally opt for larger projects instead of smaller ones for two basic reasons:

1. The processing/study time for larger and smaller projects is the same, increasing the risk and cost of developing smaller projects with the result that developing larger projects will be greatly preferred.
2. The strong preference that IOUs have for Resource Adequacy which per this proposal requires small projects to enter the GIP process with the same timeframes as larger projects.

Per this proposal, there will be smaller projects which although are able to complete their permits in 9 months due to receiving a Mitigated Negative Declaration status, will still be delayed significantly due to having to enter the combined GIP process.

The ISP track does not alleviate these concerns as it is defined too narrowly and is designed to only allow a handful of projects per year to qualify.

**2. Do you believe the proposal accomplishes the objectives this initiative was intended to address? If not, please explain.**

The above-noted objective of getting smaller projects studied in a shorter timeframe than larger projects will not be achieved for the reasons above.

- 3. Do you believe the proposal reflects an appropriate balance of the various stakeholder interests and concerns raised in this process? If not, please explain.**

This proposal does not adequately take into account the needs of firms developing smaller projects for the reasons above.

**Proposed Study Deposit Amounts and/or Processing Fees**

- 1. In general, do you support the proposed study deposit amounts and/or processing fees?**

Pacific Valley would support these with the changes noted below:

- 2. If not, what modifications are needed and why?**

- A. Additional deposits should not be needed for deliverability studies. This cost should be included in the initial deposit which should not be increased.
- B. In the event an IC withdraws within 30 days of the Phase 1 study, there should not be a minimum cost deduction relating to the refund.

**Proposed Annual Cluster Study Track**

- 1. In general, do you support the ISO's proposal to study projects of any size in a single, unified cluster?**

No – this unreasonably increases the risks and costs of small project development.

- 2. If not, what modifications are needed and why?**

There should be 4 annual windows for small projects.

In the current proposal, the study process is budgeted at 6 months for Phase 1 study results. This including an average waiting period from securing land control until the application window of 6 months translates to a developer having to control a parcel for one year before getting back any studies. During this time, due to transmission uncertainty, the developer cannot start any permitting activities and is basically on hold for that one year period. As biological studies need to be performed at set times during the year, the developer may be subject to further development delays if the timelines between the bio and transmission schedules are not in sync. In the event that a developer just misses the application window, it will take about 18 months before he receives the first study on the project. Noting that the development time for a smaller project without transmission (permitting, financing and project build-out) is about a two year process, this delay is unreasonable.

The developer will need to obtain options on parcels for about 14-20 months just in order to receive the first study. This will greatly increase developer cost and risk leading to reduced development of such projects.

**3. If you do not support a single cluster approach in any form, what would be your preferred alternative and why?**

As noted above, 4 windows per year.

**Second Application Window – Scoping Meeting**

**1. In general, do you support the ISO's proposal to open a second application window to receive interconnection requests for the purpose of receiving a scoping meeting?**

Yes but this needs to be a window with full optionality similar to the first window.

**2. If not, what modifications are needed and why?**

See above

**Second Application window – Enter Cluster at Phase II**

**1. In general, do you support the ISO's proposal to open a second application window to receive interconnection requests for the purpose of waiving the Phase I study and entering the cluster for study at the Phase II study?**

Yes, in addition to a fully functional Second Application window (see above).

**2. If not, what modifications are needed and why?**

See Above

**Second Application Window – Enter Cluster at Phase II Criteria**

**1. In general, do you support the ISO's proposed criteria to qualify a project to waive the Phase I study and enter the cluster at the Phase II study?**

Yes with the modifications below.

**2. If not, what modifications are needed and why?**

By limiting the project to Energy Only, the relevance of this track is reduced. Assuming the project needs deliverability, the project should have an option to be studied for deliverability and should not have to reenter the queue again.

**Coordination with the Transmission Planning Process**

**1. In general, do you support the ISO's proposal to reevaluate certain network upgrades in the Transmission Planning Process?**

No comment.

**2. If not, what modifications are needed and why?**

No comment.

- 3. If a network upgrade is selected for reevaluation by the Transmission Planning Process should the associated generation project proceed with a Large Generator Interconnection Agreement that contains a provision to allow for later amendment of the Large Generator Interconnection Agreement if warranted by the Transmission Planning Process reevaluation results? Why or why not?**

No comment.

### **Independent Study Processing Track**

- 1. In general, do you support the ISO's Independent Study Processing Track proposal?**

No – the track is designed for only a handful of projects per year which is far too small.

- 2. What modifications are needed and why?**

1. Needs to be able to accommodate tens of projects per year
2. Allow a deliverability assessment without needing to reenter the queue
3. The interdependency condition is far too restrictive and is not practicable for the California grid noting.

- 3. What specific aspects of a developer's project development process make it impossible for a developer to demonstrate eligibility for the Independent Study Processing Track at the time of the Interconnection Request?**

The biggest issue is the interdependency condition. Also, if a developer is starting the permitting process and is able to get an expedited permit due to a Mitigated Negative Declaration, he may not have already received the module equipment commitment.

### **Fast Track less than 2 MW**

- 1. Should the ISO remove the 10<sup>th</sup> screen from the Fast Track? Why or why not?**

Yes.

- 2. Should the ISO increase the size limit for Fast Track qualification? If so, would you support a 5MW size limit or a different value? Explain your reasons.**

The size limit should be increased to 5MW or even higher.

### **Method to Determine Generator Independence**

1. ***In general, do you support the ISO's proposed method to determine generator independence?***

No

2. ***If not, what approach would you propose for determining generator independence? Explain why your proposed approach is superior to the ISO's proposal.***

This approach is too restrictive. See below.

3. ***If you prefer completely eliminating the independence criterion to qualify for the Independent Study Processing Track, how would you address the concern about impacts of Independent Study Processing Track projects on other interconnection customers (including cluster projects) in higher queue positions?***

Prefer to see 4 cluster study windows per year without the ISP track.

### **Deliverability Proposal**

#### ***One-Time – Enter Cluster 4***

1. ***In general, do you support the ISO's proposal to allow a one-time deliverability assessment to obtain Full Capacity during cluster 4?***

Yes – but this should be modified as below.

2. ***If not, what modifications would you support and why?***

- A. SGIP Projects that are being studied serially as well as those in the transition cluster should be able to receive a deliverability assessment while still continuing through their studies. They should be able to complete their respective studies based on EO and have the option of being studied for deliverability in the next cluster.
- B. Instead of waiting for Cluster 4, these projects should be studied in a separate transitional deliverability study at the end of 2010, between clusters 3 and 4.

#### ***Annual – Available Transmission***

1. ***In general, do you support the ISO's proposal to provide an annual opportunity for qualified projects to request and obtain Full Capacity using available transmission?***

Yes

2. ***If not, what modifications would you support and why?***

Allow these projects to fund network upgrades in the event that availability is insufficient.

### **Financial Security Postings**

**1. In general, do you support the ISO's financial security postings proposal?**

Yes with the modifications below.

**2. What modifications are needed and why?**

A. There should not be any minimum initial posting level.

B. The 15% initial posting amount should be reduced to 10%.

**Transition Plan**

**1. In general do you support the ISO's proposed transition plan?**

No

**2. What modifications are needed to all you to support the ISO's transition plan?**

A. SGIP Projects that are being studied serially as well as those in the transition cluster should be able to receive a deliverability assessment while still continuing through their studies. They should be able to complete their respective studies based on EO and have the option of being studied for deliverability in a new cluster to be formed at year end (between clusters 3 and 4).

B. The cut-off date for which projects will be studied under the current serial process should apply to all projects that have IRs submitted by October 31, 2010. The use of an objective criterion (submission of IR) is preferred to a subjective one (when studies should be completed).

C. Projects that apply after the October 31 date should enter a transition cluster.

***What aspect of the ISO's Draft Final Proposal do you find most favorable?***

Ability for future SGIP projects to receive deliverability without having to be subject to **the current** LGIP timeframe and cost structure. However, the proposal needs to differentiate between SGIP and LGIP projects (timeframes as well as costs) in the future while allowing for deliverability.

***What aspect of the ISO's Draft Final Proposal do you find least favorable? Please provide the business case or other rationale for your answer.***

The current proposal does not allow **in-process** SGIP projects or those in the **transition cluster** to continue with their studies and then receive a subsequent deliverability study. Instead, these projects would need to choose between continuing with the study process that they've started or having to choose deliverability.

Due to the importance of Resource Adequacy to the IOUs and the need for many developers to receive deliverability, the proposal as stated will cause:

- A. Many SGIP projects to pull out and reapply invalidating numerous previous studies and causing more studies in the future to be done, thus increasing the future study workload.
- B. Needless delays and losses to developers for projects which have already finished System Impact Studies and Facility Studies.

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

The large efforts expended by the CAISO together with the patience it has shown in this process are very much appreciated. This is a complicated and difficult process to revamp and we believe that more thought is needed to find a balance that will adequately address stakeholders' needs and the differences needed in the processing of large vs. small applications.