



Date: July 3, 2008

Yakout Mansour, CEO  
Members of the Board of Governors  
California Independent System Operator  
101 Blue Ravine Road  
Folsom, CA 95630

RE: Generator Interconnection Process Reform Initiative

Mr. Mansour and Governors,

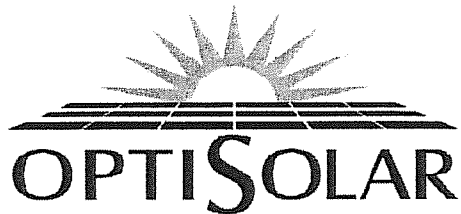
OptiSolar is a California-based independent solar power producer that manufactures amorphous-silicon, thin film photovoltaic modules at its Hayward, California production site and is opening a second, much larger production site at McClellan Park in Sacramento County this year. We are developing utility scale solar farms here in California and throughout North America and other regions of the world and will install, own and operate these facilities to provide low cost renewable solar power to utilities and their customers. The result is that OptiSolar is helping California reach its RPS goals while also creating hundreds of "green collar" jobs.

We are writing to you today to address the staff proposed Generator Interconnection Process Reform (GIPR) Proposal that will be presented for approval at the July 9<sup>th</sup> Board Meeting (General Session Agenda Item #5). While OptiSolar does not object to the goal of GIPR to pare down the size of the Interconnection Queue we are willing to compromise if it is accomplished in a fair manner. OptiSolar agrees with FERC Commissioner Marc Spitzer who at the December 11, 2007 FERC Technical Conference on this topic said that, "we cannot sacrifice fairness for those who entered the queue under one set of rules for the efficiency of a new set of rules."

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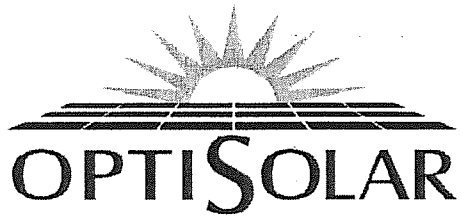


OptiSolar's objection is to the placement of one of its projects into the Transition Cluster rather than the Serial Study Group through an arbitrarily picked cut-off date. OptiSolar has, throughout the GIPR stakeholder process, engaged with your staff to reach a fair resolution and are before you now in the hope that you will agree that our proposal is fair to all and will allow the GIPR proposal to move forward by lowering the uncertainty of litigation and later reversal by FERC.

Your current FERC tariffs on this subject, the LGIP tariffs, provide that interconnection studies shall be performed by the participating transmission owners (PTOs) and the CAISO on a first come-first served basis. The LGIP tariffs require PTOs and the CAISO to study higher queued projects before lower queued projects are studied. The LGIP tariffs also allow you to cluster projects in the same location while studying both higher queued and lower queued projects at the same time. However, the tariffs do not permit a PTO or the CAISO to study a lower queued project before a higher queued project requesting interconnection at the same location. This is the basis of our several comments submitted in the GIPR stakeholder process and the substance of our June 17<sup>th</sup> protest filed at FERC in response to your Petition.

The placement of our project, which has Queue Position 163, into the Transition Cluster while a project with a lower Queue Position 233 has been added to the Serial Study Group violates the LGIP tariffs as both projects have requested interconnection at the same location, i.e. the proposed Ivanpah substation on the SCE transmission system near the California/Nevada border. The CAISO staff explained to OptiSolar that the basis for this proposed action was that the entity holding Queue Position 233 has waived the performance of a Feasibility Study for its project and thus

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qualifies for the Serial Group since its System Impact Study was due before the arbitrarily picked cut-off date of May 1, 2008. OptiSolar was not previously notified by the CAISO that such a waiver would become a basis under the CAISO's GIPR proposal to be moved up into the Serial Study Group. Indeed, OptiSolar was never notified that such a waiver would allow lower queued projects to leapfrog ahead of its position. Moreover, the CAISO never amended OptiSolar's Feasibility Study Agreement to reflect that a lower queued project requesting interconnection at the same location would be studied ahead of OptiSolar's project.

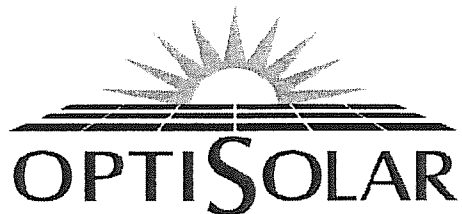
To prevent this discriminatory, unlawful outcome, we have proposed one straightforward addition to the proposed GIPR tariff language. As stated in our comments, we recommend that in the definition of the Serial Study Group and Queue Position, the CAISO add the following sentence:

“Higher queued projects that have requested interconnection at the same location as a lower queued project placed in the Serial Study Group also shall be placed in the Serial Study Group for interconnection study purpose.”

This single sentence if added to the GIPR tariff language will prevent unfair, unlawful and in our opinion “arbitrary and capricious” placements of projects requesting interconnection at the same location into the Serial Study Group or the Transition Cluster without consideration of queue position priority. If this single sentence is added, the likelihood that the GIPR will withstand FERC review of CAISO compliance with the long standing first-come, first-served principle is much greater and certain.

We understand that the CAISO staff has been reluctant to accept our recommended change for several reasons. The first is that it may increase the size of the Serial Study Group and may delay the completion of

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OptiSolar would be punished because it chose to diligently follow the rules laid out for it by FERC in its Order 2003 regarding the Large Generator Interconnection Process. This would be an unfair and unlawful outcome which FERC will address if you choose not to. We respectfully ask that you adopt our proposal contained in our draft tariff language comments submitted to CAISO on July 17<sup>th</sup> which is attached to this letter.

Regards,

Greg Blue  
Vice President  
Government Affairs

Cc: Karen Edson, CAISO  
Dennis Peters, CAISO  
Nancy Saracino, CAISO  
Grant Rosenblum, CAISO  
Lisa Bodensteiner, OptiSolar  
Randy Wu, OptiSolar  
Keith McCrea, Sutherland, Asbill & Brennan, LLP

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## Comments of OptiSolar

### Subject: Generation Interconnection Process Reform Initiative

Submitted by	Company	Date Submitted
Randolph L. Wu (510) 441-4436 rwu@optisolar.com	OptiSolar, Inc.	June 17, 2008

OptiSolar submitted Stakeholder Comments on June 6, 2008 and is submitting two proposed changes to the draft tariff language for Appendix 2 to LGIP Relating to the Transition Cluster which was reviewed at the Stakeholder Meeting on June 10, 2008. Changes to the draft tariff are underlined and are identical in each paragraph.

#### 1.2.2 Special Definitions for this LGIP Appendix 2

In this Appendix 2 to the LGIP, the following words and expressions shall have the meanings set opposite them.

“Serial Study Group” shall mean the collection of valid Interconnection Requests with an assigned Queue Position on or before June 1, 2008 studied in accordance with the interconnection procedures set forth in Appendix [current tariff] to the LGIP as permitted by the decision of FERC in Docket No. ER08-960-000. Higher queued Interconnection Requests at the same location as a lower queued Interconnection Request included in the Serial Study Group shall be included in the Serial Study Group.

#### 2. Queue Position

The Queue Position of any Interconnection Request included in the Transition Cluster shall be deemed to be lower than that of any Interconnection Request included in the Serial Study Group for purposes of performing Interconnection Studies on behalf of the Serial Study Group. Higher queued Interconnection Requests at the same location as a lower queued Interconnection Request included in the Serial Study Group shall be included in the Serial Study Group.

The above changes will ensure that the CAISO does not inadvertently discriminate against a project that has executed an Interconnection Feasibility Study Agreement (IFSA) which specifically provides that only higher queued projects will be included in the base case system

representation as generator additions. Unless the IFSA was amended to add a lower queued project to the base case system representation, the project has not received adequate notice that the CAISO might ignore the first-come, first-served principle underlying the current LGIP. Without notice and amendment of the IFSA, a project requesting an interconnection at the same location as a lower queued project in the Serial Study Group should not be deprived of its higher queued position for interconnection study purposes. Moreover, the failure to provide such notice would likely call into question the lawfulness of the GIPR itself.