



May 27, 2014

Chair Robert Foster
Governor Ashutosh Bhagwat
Governor Angelina Galiteva
Governor Richard Maullin
Governor David Olsen

RE: New Affected Systems Business Practice Manual (BPM) language

Dear Chair Foster and Governors Bhagwat, Galiteva, Maullin, and Olsen:

On behalf of the Large-scale Solar Association (LSA) I wanted to alert you to an issue of great concern to LSA members. LSA represents a dozen developers, owners and providers of utility-scale solar generating resources – including most of the nation’s largest. LSA members are responsible for a significant portion of solar-energy capacity under development in California.

This issue concerns the recent implementation of new language in the Business Practice Manuals (BPMs) related to generator interconnection requirements. This new language requires that developers of generation projects in the CAISO interconnection queue obtain the affirmative consent of operators of any non-CAISO electrical systems that may conceivably be impacted by those projects (Affected Systems) prior to commencing operations.

LSA is in agreement with CAISO that an Interconnection Customer (IC) must obtain prior operational consent in cases where the CAISO or one of these other systems identifies potential impacts from a new generation project. In the extensive experience of LSA members, this requirement is consistent with past CAISO policy and practice.

The dispute arises from the requirement that each IC must obtain individual consent even from Affected Systems where there is no evidence (from studies conducted by the CAISO or those entities) that they are, in fact, affected. As described below, those entities have numerous opportunities to identify such concerns throughout the CAISO study process.

When the CAISO receives an Interconnection Request (IR) for a generation project that could impact a non-CAISO system, the CAISO: (1) notifies them; (2) invites them to Scoping Meetings for such projects; (3) sends them all of the interconnection studies for those projects; and (4) invites them to Results Meetings for all of those studies. These entities are free at any time to comment on CAISO study results, request additional studies, or conduct their own studies using any methodology that they wish, with free and full use of all CAISO base-case and other data.

Many of these entities do not participate in project meetings, despite multiple opportunities to do so. Neither do they submit comments, or conducted their own studies. They also have not – nor has the CAISO - identified any adverse impacts. LSA believes that the new affirmative consent requirement for such entities is not supported in the CAISO tariff or Generator Interconnection Agreements (GIAs) and, therefore, should be removed from the applicable BPMs.

The affirmative consent requirement is of particular concern for projects well along in the financing and development process, some of which are nearing commercial operation. This new requirement could jeopardize projects' ability to meet deadlines in their interconnection and power-purchase agreements. The CAISO only recently provided complete lists of such entities to ICs for projects that have been in the interconnection queue for many years, and many of these projects have already passed the deadline for obtaining consents under the new rules.

LSA was an active participant in the BPM Change Management Process where this new language was adopted. Because of its members' strong concerns over this language, LSA has taken the extraordinary step of filing an appeal to the CAISO executive committee in that process (only the second appeal ever filed). The meeting at which that appeal will be considered is scheduled for June 16th and, if the committee does not accept LSA's proposed changes, then LSA will likely bring this matter to you for consideration at the July Board of Governor's meeting, as provided for in the BPM Change Management process.

LSA appreciates CAISO Management's incorporation of some of LSA's proposed changes in the BPM Change Management Process and continues to be open to a negotiated agreement on these matters. We are hopeful that, if an agreement is not reached, the executive committee will rule on the appeal in our favor. However, if and when the matter is presented for your consideration in July, we will look forward to the opportunity to make our case and trust that the Board will judge this matter on its merits, in an open and fair manner.

LSA has long supported ultimate development of a joint interconnection-study framework to integrate CAISO and Affected System studies of new generation projects or, at a minimum, to establish more formal timing coordination between their separate studies of the same projects. The CAISO may consider that kind of effort later this year, based on the most recent Stakeholder Initiatives Catalog. LSA notes that this kind of integration and coordination could well reduce the current difficult Affected Systems process and timing problems.

Thank you for your attention to this matter. Please don't hesitate to contact us should you have any questions or would like further detail.

Sincerely,



Shannon Eddy
Executive Director