

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 Issue Paper posted on June 3 and as supplemented by the presentation and discussion during the June 11 stakeholder web conference.

Submit comments to GIP@caiso.com

[Comments are due June 25, 2013 by 5:00pm](#)

The Issue Paper posted on June 3 may be found at:

<http://www.caiso.com/Documents/IssuePaper-InterconnectionProcessEnhancements.pdf>

The presentation discussed during the June 11 stakeholder web conference may be found at:

http://www.caiso.com/Documents/Agenda_Presentation-InterconnectionProcessEnhancementsJun11_2013.pdf

Following each of the 15 topics presented below, the ISO poses specific questions and requests that stakeholders respond to each.

Topic 1 – Future downsizing policy

1. What is the demand for a second downsizing opportunity? Would a second downsizing opportunity be sufficient, or do stakeholders believe that there will be further demand beyond a second downsizing opportunity?

The ISO permitted a "one time" downsizing opportunity for pre-QC5 generation projects in 2012 that are currently undergoing a technical evaluation of their collective impacts on the needed network upgrades. This technical evaluation was not a trivial matter, but required substantial planning resources. The ISO is now considering a second downsizing opportunity for the same group of pre-QC5 generation projects and has discussed in the issue paper adding future downsizing opportunities for pre-QC5 Interconnection Customers. SCE does not see a commensurate benefit of providing unlimited downsizing opportunities to the same set of

generation projects each year. SCE is of the opinion that there should be limits on the number of downsizing requests that a generating facility can submit, perhaps limiting to one or two such requests during the lifecycle of a project. This will incent developers to use such downsizing opportunities wisely, rather than clog the downsizing window with superfluous requests that are akin to throwing dice another time to see if a different roll is generated.

2. What are stakeholders' views on the ISO's position that a downsizing request window of limited time duration should be utilized in any future downsizing opportunity?

ISO should permit a future downsizing opportunity only if it furthers one of the overarching objectives of the current one-time downsizing opportunity. There should be no transfer of financial risk from the downsizing Interconnection Customer (IC) to the PTO.

In order to ensure a smooth, efficient process, the request window for any future downsizing opportunity should coincide with the annual queue cluster interconnection request submission window. This would help to maintain order to the existing interconnection processes and study cycles.

3. The ISO believes that funneling downsizing requests through such a window permits ISO and PTO transmission planning engineers to evaluate the collective impacts of all downsizing requests in the most efficient manner possible (in contrast to the inefficiency and associated chaos of having to review the impacts of downsizing requests sequentially, at any time that an interconnection customer chooses to submit such a request). Similarly, expansion of the ability to downsize through a "material modification" review would essentially allow downsizing requests to be submitted at any time and would thus present the same problems. What are stakeholders' views on this?

Any possible future downsizing opportunity should be open for a limited and defined duration only - for example, during the annual queue cluster interconnection request window. Scheduling the downsizing opportunity concurrently with the queue cluster interconnection window will improve efficiency and minimize impact on the workload of ISO and PTO staff. Concurrent scheduling will allow the ISO and PTOs to assess the potential impacts of downsizing holistically with the conventional interconnection requests. To allow otherwise could result in the potential for an endless loop of re-studies to continuously reassess the impacts of downsizing. SCE reiterates that a limit to the number of downsizing requests should be implemented to avoid harm to the overall utility of the downsizing opportunity.

4. To the extent there were a need for additional downsizing opportunities,
 - a. What would be the optimal frequency of downsizing request windows? For example, one per year or one every two years?

The frequency should not be greater than one per year so as to sync up with the annual queue cluster interconnection request window as indicated in response to questions #2 and #3 above.

- b. How many downsizing request windows do stakeholders believe should be considered?

Please see response to question #4(a) above.

- c. What should be the timing of a downsizing request window? The ISO suggests that the timing of a downsizing request window should be such that there is sufficient time to validate the requests received and study their combined impacts at the same time the re-assessment study is conducted in accordance with the GIDAP timeline. What are stakeholders' views on that?

The timing of a downsizing request window should coincide with annual queue cluster interconnection request window and should not interfere with the timelines of the annual Transmission Planning process.

5. Please comment on the ISO's position that future downsizing options should be limited to pre-Cluster 5 customers because the GIDAP already provides certain opportunities to downsize projects that were not available under the GIP.

SCE agrees that any future downsizing options should be limited to pre-Cluster 5 customers. Not only does GIDAP provide certain opportunities to downsize projects that did not exist for Interconnection Customers in prior Clusters, but the GIDAP is currently in effect for its first affected cluster cycle and it would be difficult to gauge its effectiveness in accomplishing its intended objectives if new concepts or issues are superimposed prior to having the benefit of at least one completed Cluster cycle.

6. Stakeholders are asked to comment on other important features of the current one-time downsizing opportunity. For example, customers who are affected by but are not downsizing should be protected. As an additional example, downsizing projects should bear the costs of the downsizing study and any resulting interconnection agreement amendments.

As is the case with the current one-time downsizing opportunity, it is of paramount importance that any future downsizing opportunity should be structured to minimize, if not fully mitigate, any adverse impacts on other ICs (including non-downsizing projects) as well as the PTOs; any future opportunity should also be structured to mitigate adverse impacts on projects interconnecting to the Distribution part of the grid. Any additional downsizing opportunity should not allow for a transfer of financial risks from the Interconnection Customer to the PTO. Downsizing projects should also bear the costs of the downsizing study and costs related to amending interconnection agreements. ISO needs to close a loophole in its existing downsizing effort, whereby IC's elect to downsize to some *de minimus* amount (such as 0.5 MW), in such a way to seek to avoid or lower its interconnection financial security postings.

7. What are stakeholders' views on the continued use of the non-conforming partial termination provisions as a future downsizing option? Although the ISO does not view this as a generally applicable downsizing option, do stakeholders view its continued availability as critical?

SCE agrees that the non-conforming partial termination provisions should generally not be considered as a future downsizing option.

Topic 2 – Disconnection of first phase of project for failure of second phase

1. Please expand on the explanation of how current risk of disconnection affects project financeability and viability.

SCE has no comment.

2. Stakeholders are asked to suggest potential ways to reduce risk for developers, short of blanket elimination of ISO termination rights.

SCE has no comment.

3. Please suggest what alternative, equitable non-termination remedies to GIA default might look like.

SCE has no comment.

4. Please comment on the proposed modification to the safe harbor to “greater of 5% or 10 MW.

SCE opposes a modification to the safe harbor to “greater of 5% of the project capacity or 10 MW” if the 10 MW would represent a significant percent of the overall project size and would allow an interconnection customer to basically not be in breach of its GIA for developing a project significantly smaller (in terms of MW) than was studied for reasons other than those which are beyond its control (i.e. licensing/permitting).

Topic 3 – Clarify tariff and GIA provisions related to dividing up GIAs into multiple phases or generating projects

1. Are there additional scenarios beyond the three scenarios described on page 29 of the issue paper?

SCE believes the ISO is overreaching if it were to expand phasing beyond the three scenarios identified – (1) IC retains ownership of all phases and includes all phases in a single GIA; (2) IC assigns ownership of each phase to a different owner, with all phase under a single GIA; (3) same as (2) except separate GIA for each phase. SCE does, however, agree with the ISO that it is essential for co-owners agree to joint and several liability for the obligations relating to the whole project, if this type of phasing agreement is permitted. Any additional phasing would further complicate an already overly complex process.

SCE generally responds to questions 2 – 7 below as follows. Irrespective of thresholds, the breaking of a single interconnection request into multiple phases or generation projects must come with certainty that progress will be made on all phases or "generation projects" that constitute a single interconnection request.

Absent such certainty, the queue will transform from one that is clogged by projects failing to make progress towards commercialization, to one that is clogged with partially built projects that include portions that are unviable. Such outcome can hinder the PTO's ability to execute on

upgrades in a timely manner as actual need of physical upgrades is tied not only to physical interconnection but also to the amount of actual generation materializing. It should also be understood, and in all likelihood expected, that moving towards this approach will come with a high degree of certainty that partially constructed projects will exist. As a consequence, the tariff and GIA provisions should clearly spell out timeframes to complete full projects as well as what will happen to unconstructed phases of a single interconnection request. In addition, a careful examination should be made that evaluates the potential impact to PTO's financing obligations associated with partial construction. If such examination is not made prior to allowance, it is conceivable that financing obligations for upgrades could shift to the PTO's since queued behind projects can state that they do not need to finance the upgrade given that such upgrades are in someone's GIA.

2. What thresholds should be used in allowing projects to be broken into multiple phases?
3. Should there be a minimum total MW size threshold to be eligible to divide a project into phases? For example, would it make sense to allow a 5 MW project to be split into smaller phases?
4. Should there be a maximum number of phases into which a project can be divided?
5. Should there be a minimum MW size for each phase?
6. Should criteria be imposed that include both a minimum total MW threshold and a minimum phase size in MW or a percentage of the total project?
7. When during the interconnection process should an IC be allowed to request to implement a phased structure for its project?

Topic 4 – Improve Independent Study Process

1. Are you interested in participating in the ISP working group and able to devote significant time outside of the standard Interconnection Process Enhancement stakeholder process?

Yes, SCE is interested in participating in the ISP working group.

2. If yes, are you interested in the policy aspects, technical aspects or both?

SCE is interested in both the policy and technical aspects.

3. Do you have an interest in the behind the meter expansion component of the ISP and if so, please summarize your thinking on revisions to the behind the meter expansion component?

Yes, the independent study process evaluation should be extended to also include an assessment of whether or not the expansion can be integrated into the system independent of construction activities associated with other projects. As an example, it does no good to pass all ISP filters only to discover that we cannot execute on the project until we finish someone else's work. As a consequence, this conclusion would suggest that the project is not entirely independent of the rest.

Topic 5 – Improve Fast Track

1. Are you interested in participating in the FT working group and able to devote significant time outside of the standard Interconnection Process Enhancement stakeholder process?

Yes, SCE is interested in participating in the ISP working group.

2. If yes, are you interested in the policy aspects, technical aspects or both?

SCE is interested in both the policy and technical aspects.

3. Are you able to provide engineering expertise for developing FT screens related to a networked transmission system?

Yes, SCE will provide engineering expertise to participate in the FT working group.

Topic 6 – Provide for ability to charge customer for costs to process a material modification request

1. Should the cost for modification requests be a fixed fee or deposit and actual costs incurred be charged against deposit?

The costs for modification requests should be a fixed fee based on a reasonable estimate of the actual costs incurred to process such requests, including, but not limited to, the review to ensure the completeness of the requests and the work performed by engineers to determine if there are any material impacts to other generation projects in the queue.

2. Should existing study funds be used for modification assessments?

No. Since existing funds have been committed for other purposes, a separate deposit should be required for modification assessments.

3. If a separate deposit is made, should it be refunded at the end of that modification assessment or once the project achieves COD?

SCE proposes a fixed fee, which will eliminate the administrative burden of deposits and true-ups to actual costs, and refunds.

Topic 7 – COD modification provision for small generator projects

1. Do stakeholders agree that small generators should be afforded a similar mechanism to modify their project as a large generator?

SCE does not oppose that small generators be afforded a similar mechanism to change their Commercial Operation Date (COD) through the modification process for their projects as a large generator is currently permitted to do, so long as there is no impact to other queue projects.

2. Should small generators be allowed to change their POI if the change does not impact other queued projects and there is a benefit for making that change?

SCE does not oppose this proposal, provided that it is structured in a manner that: (1) does not transfer any financing or operating risks to the PTO; (2) the change does not impact other queued projects; and (3) there is a benefit such as a reduction in costs or siting for making that change.

3. Should small generators be allowed to modify their project during the study process?

SCE does not oppose small generators being allowed to modify their project during the study process.

4. Should small generators be allowed to extend their commercial operation date for three years from the COD in their interconnection request would be deemed not material, similar to Section 4.4.5 of Appendix U for larger generators?

SCE does not oppose allowing small generators to extend their COD for three years from the COD in their interconnection request, similar to that which is allowed for large generators given the realities of the length of time in the queue for small generators, among other reasons.

Topic 8 – Length of time in queue provision for small generator projects

1. Should small generator have the same time to develop their project as a large generator (i.e. 7 years)? If no, what should the length of time be for the developer of a small generator? SCE sees no good reason why there should be any difference between small generators and large generators as to length of time in queue. Similar to provisions that disallow suspension for shared network upgrades, an IC of any size should not be allowed to delay cost responsibility for shared network upgrades.

Topic 9 – Clarify that PTO and not ISO tenders GIA

1. Do stakeholders have a concern with amending the tariff to be consistent with existing implementation?

No. SCE does not oppose the suggested modification to the ISO tariff to properly reflect that the PTO tenders the draft GIA to the IC.

2. If yes, what are those concerns and how would the stakeholder propose to resolve those concerns?

N/A

Topic 10 – Timeline for tendering draft GIAs

1. Do stakeholders have an issue with changing the trigger for tendering of GIAs?

No. SCE does not have an issue with the proposed change. To the contrary, SCE supports changing the trigger for tendering of GIAs from the current 30 Calendar Days (CD) from the issuance of the Phase II study reports to the newly proposed 30 CD from the IC Results Meeting.

SCE supports this change for two reasons. First, by making the IC Results Meeting the appropriate trigger, this change will allow changes resulting from the IC Results Meeting to be reflected in the draft GIA issued to the IC, rather than the current process whereby the draft GIA may need to be modified after the Results Meeting. Further, the current 30-day window for tendering a draft GIA after completion of the Phase II studies and the additional ninety days to negotiate a GIA are unrealistic due to the volume of interconnection requests processed at the same time given the cluster process.

Topic 11 – LGIA negotiations timeline

1. Do Stakeholders agree with the best effort language?
2. Yes. SCE agrees with the “best efforts” guiding language for the PTO, ISO and IC to negotiate concerning any disputed provisions of the appendices of the draft GIA rather than maintaining the negotiations timeline as a firm deadline. If Stakeholders agree with triggering the tendering of agreements off of the Results Meeting, do you agree with triggering the negotiation off of the same event?

Yes, SCE agrees, in order to maintain the existing, if not extended, intervals between the tendering of the draft GIA and the negotiation of the final GIA, in conjunction with the changing the triggering event of the draft GIA off of the Results Meeting, the triggering event of the negotiations timeline should also be the Results Meeting.

3. Do Stakeholders want to change the 15 BD to 10 BD for providing a final GIA for execution? If yes, do Stakeholders agree that the information request sheet must be provided in advance of finalizing the negotiation?

SCE opposes changing from the current 15-Business Day (BD) period to 10 BD from completion of the negotiation process for providing a final GIA for execution. The volume of interconnection request processed during a given a cluster cycle makes it very difficult, if not impossible, to meet the current 15-BD requirement as PTOs perform extensive due diligence to ensure the completeness and accuracy of the GIA. Truncating the period for providing a final GIA for execution would only serve to ensure that this milestone would not be met with greater frequency.

4. Are Stakeholders concerned with the process of required written agreement from all three parties on extending the tendering and negotiation timeline as a proxy for prioritization? If yes, then what prioritization process would you propose given the questions discussed above?

SCE’s opinion is that the current process is working as far as parties agree to extend negotiations of the GIA. It appears the CAISO is overthinking this part. The current process is working well and does not need to be changed.

Topic 12 – Consistency of suspension definition between serial and cluster

1. With the narrow focus of ensuring that other queue projects are not impacted if a serial project suspends, are stakeholders still concerned with the topic?

As long as the suspension by a serial project does not materially impact other queued projects, SCE does not oppose permitting serial projects to suspend.

2. Are stakeholders willing to accept the consequences if a serial project suspends and then impacts the ability for later queue projects to achieve their COD?

A serial project should not be permitted to suspend if doing so would impact the ability for later queue projects to achieve their COD.

3. Are stakeholders willing to accept the consequences if a serial project suspends and then impacts the ability for later queue projects to achieve their full capacity deliverability status?

A serial project should not be permitted to suspend if doing so would impact the ability for later queued projects to achieve their full capacity deliverability status.

4. Do you have a better idea to mitigate this risk for later queue projects?

SCE has no comment.

Topic 13 – Clarity regarding timing of transmission cost reimbursement

What are stakeholders' views on going forward whether cost reimbursement should require both commercial operation and network upgrades in service?

There is no basis for the difference in treatment currently in the GIP surrounding the commencement of transmission credits for phased versus non-phased generating facilities. Transmission credits should commence with the completion of two events: the commercial operation date of the facility (or phase of facility for phased projects) and the in-service date of required network upgrades for the facility (or phase of facility for phased projects).

In the CAISO's January 5, 2012, Answer in GIP 2 (Docket No. ER12-502-002), page 17, the CAISO stated that "one of the conditions that the ISO has specified for customers to be eligible for repayment of amounts advanced to fund network upgrades is that the network upgrades necessary for a completed phase to meet the desired level of deliverability must be placed into service. The ISO is also proposing to clarify that this requirement applies to non-phased projects as well."

In FERC's Order on Rehearing and Clarification in GIP 2 (Docket No. ER12-502-002) issued August 31, 2012, paragraph 15, FERC stated that "In the Order No. 2003 series of orders, the Commission recognized the importance of ensuring that an interconnection customer bears an appropriate level of risk that network upgrades associated with its generating facility may

become unnecessary if the interconnection customer's facility becomes commercially infeasible. For this reason, the Order No. 2003 series of orders required, as a general policy, that repayment should begin once transmission service to deliver the output of the interconnection customer's generating facility is provided." Further in paragraph 7 of the same Order on Rehearing and Clarification, FERC stated that "if the CAISO interprets the tariff differently, CAISO should file revised tariff language to clarify the timing of refunds associated with a non-phased project." Thus, FERC has invited the CAISO to make the necessary revisions to the existing tariff language to make it clear that the commencement of transmission credits should be conditioned upon both the commercial operation date of the generation facility and the in-service date of the associated network upgrades.

Topic 14 – Distribution of forfeited funds

1. If some stakeholders believe that the scheduling coordinator approach should be abandoned, then do stakeholders have any specific ideas for alternative approaches to the distribution of forfeited funds?

SCE believes the current process works and should be retained. Further, as the ISO points out, FERC has already determined that the ISO's distribution of forfeited IFS funds is just and reasonable.

2. Please comment on the possible use of forfeited IFS funds to offset resulting cost increases for projects remaining in queue as a way to mitigate impacts of withdrawals on other interconnection customers.

SCE opposes using forfeited IFS funds to offset the resulting cost increases for projects remaining in queue as a way to mitigate impacts of withdrawals on other interconnection customers.

3. Please comment on the stakeholder-suggested idea of applying forfeited IFS funds to a PTO's transmission revenue requirement to reduce the transmission access charge and thereby benefit ratepayers who ultimately bear the costs of the transmission upgrades.

SCE opposes applying forfeited IFS funds to a PTO's transmission revenue requirements. Transmission ratemaking is complex and most ISO PTOs determine their base transmission revenue requirements ("TRR") based on a forecast of costs, meaning that any forfeit revenues received by such a PTO would not affect their base TRR dollar for dollar unless the revenue was forecast, which is unlikely. Thus, it presents a significant administrative challenge to PTOs. When combined with the fact that the current tariff does not allow PTOs to capture all of the expenses associated in negotiating an agreement, imposing this additional burden may not be justified.

Including the revenue in a PTO's Transmission Revenue Balancing Account Mechanism ("TRBAA") would get around the forecast issue. However, this would require that a modification be made to the transmission owner tariffs of each ISO PTO.

4. Please comment on the possible use of forfeited funds by the ISO and PTO for study costs previously incurred that an interconnection customer defaults on.

SCE does not understand this proposal, since PTOs get study deposits upfront, there should be no study costs that are defaulted on by the customer (unless PTOs spend more than is deposited). SCE looks forward to receiving clarity and having further discussion on this topic during the stakeholder process.

Topic 15 – Inverter/transformer changes

1. The ISO believes that it should be more transparent with respect to its material modification review including which modifications are allowed without a review. What modifications do stakeholders believe should be made without a material modification review?

SCE is willing to explore the possibility of permitting inverter/transformer changes without a material modification review.

2. If a formal material modification review is not made, what type of notification process would stakeholders envision should be implemented so that the ISO and PTO are aware of the changes?

Interconnection customers should be required to provide the ISO and PTO with written notification of the specific technological and other relevant changes which did not require a material modification review in order to assess all of the potential impacts resulting from such modification.