

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the 2015 Interconnection Process Enhancements (IPE) Revised Straw Proposal that was posted on May 11, 2015 and as supplemented by the presentation and discussion during the May 18, 2015 stakeholder meeting.

Submit comments to initiativeComments@caiso.com

Comments are due June 1, 2015 by 5:00pm

The Revised Straw Proposal posted on May 11, 2015 may be found at:

http://www.caiso.com/Documents/RevisedStrawProposal_InterconnectionProcessEnhancements2015.pdf

The presentation discussed during the May 18, 2015 stakeholder meeting may be found at:

http://www.caiso.com/Documents/Agenda-Presentation_InterconnectionProcessEnhancements2015.pdf

For each topic that was modified in the Revised Straw Proposal please select one of the following options to indicate your organization's overall level of support for the CAISO's proposal:

1. Fully support;
2. Support with qualification; or,
3. Oppose.

If you choose (1) please provide reasons for your support. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal. If you choose (3) please explain why you oppose the proposal.

Topic 1 – Affected Systems

SCE supports with qualification the CAISO's proposal and continues to believe that as a preferred path forward with respect to Affected Systems, the CAISO should seek to amend existing Balancing Authority Area (BAA) agreements, or enter into new, legally-binding Affected System agreements, to ensure appropriate, enforceable mechanisms, including cost responsibility for mitigation, will be implemented. As an alternative to the CAISO's proposed tariff revisions, SCE recommended a more coordinated process with a clear delineation of roles and responsibilities, including amended BAA agreements or new reciprocity agreements.

Topic 2 – Time-In-Queue Limitations

SCE supports the CAISO proposal to grant COD extensions for projects in queue cluster 7 and beyond whose Phase II study results identify network upgrades with a longest lead time beyond seven years. An interconnection customer would be required to initiate such a request within 6 months of the release of the Phase II results. SCE notes, however, that the extension should be limited in timeframe and not a blanket to extend out beyond the time necessary to construct the upgrade(s). In addition, SCE recommends two modifications to the commercial viability criteria.

First, the commercial viability criteria concerning necessary governmental permits should be revised by adding at the end of the first bullet on page 13 of the Revised Straw Proposal, "maintains such application open for the duration of the review process and the final disposition of the application did not result in a denial", to ensure that the permit application is not later withdrawn. SCE has identified a few projects whereby the interconnection customer has "applied for the necessary governmental permits or authorizations and that the permitting authority has deemed such documentation "as data adequate" for the authority to initiate its review process", thus satisfying the proposed minimum requirement, but the interconnection customers later withdrew such applications because it was understood that the projects would not obtain approval.

The second modification is needed to address extensions associated with suspension of GIA as suspensions result in a corresponding suspension to all obligations under the GIA. Such actions could potentially result in delays to the network upgrades lead times for reasons that

are directly linked to interconnection customer actions. While the last bullet on page 13 of the Revised Straw Proposal may indirectly cover this issue, the bullet leaves open for interpretation that commercial viability criteria does not cover a condition where no party was in breach of GIA prior to suspension.

Topic 3– Negotiation of Generator Interconnection Agreements

SCE opposes the CAISO proposal, as it will add to (not diminish) the level of uncertainty in the interconnection process and does not account for the PTO’s requirements to actually construct a project thus opening the door to extensive time-in-queue limitation extensions. This is diametrically opposed to the CAISO’s expressed goal to lowering uncertainty and improving transparency in the interconnection process. The CAISO proposal is not superior to the current timeline for negotiating an interconnection agreement. Instead, the CAISO’s proposal is inferior to the current construct in two primary ways.

First, it allows interconnection customers that are not motivated, largely as a result of not having secured a Power Purchase Agreement (PPA), to linger in the interconnection process long after the studies are completed, for an indefinite period of time and provides no additional ability or motivation to encourage an unmotivated interconnection customer towards achieving commercial operation of its generating facility. The CAISO proposal does not improve upon this problem (unmotivated interconnection customers not moving towards commercial operation) and, in fact, makes it worse for all others, because this new delay time adds uncertainty for every party that is queued behind the lingering, unmotivated interconnection customer.

Second, as a result of this lingering, the CAISO is unwittingly creating the need for more material modifications and technical assessments, because the longer an interconnection customer waits until the “negotiation period” to commence, the increased likelihood that the scope, cost, and schedule of the plan of service as outlined in the Phase II study will become outdated. The age-old restudy problem is made worse by the CAISO proposal, not better. Additionally, the targeted In-Service Date or COD can (and will) be reset further into the future via a material modification request. If this “push out” occurs, which is inevitable due to the lack of motivation discussed earlier, the exact time at which negotiations are expected to occur is not at all certain, and is only slightly restrained by the “time-in-queue” language in the CAISO proposal. Thus, the expected “start date” to negotiations is, in fact, a moving target, resulting in a more uncertain and opaque interconnection process.

Moreover, the CAISO’s prospective implementation of this proposal fails to address the number of projects in the interconnection queue that should be compelled to complete GIA negotiations within the current provisions of the tariff. Recent history is replete with examples of how unmotivated interconnection customers can prolong the GIA negotiation period well

beyond a reasonable amount of time, with several years of “queue management” providing minimal progress towards solving this problem. CAISO’s leniency on the time-in-queue proposal (Topic 2) does little to address the key issue – which is that sizeable and expensive network upgrades take a long time to license and construct, and construction does not start until a GIA is executed, written authorization to proceed is provided consistent with milestones defined in a GIA, and payments are made consistent with the payment schedule outlined in the GIA.

While SCE opposes the proposal for the reasons noted above, should the proposal to tender the GIA based on Generating Facility’s In-Service Date for the project and the longest lead-time it takes to construct all required facilities (plus sufficient time to negotiate and execute the GIA) move forward, it needs to take into account the PTO’s requirements to actually construct the needed upgrades in time to support the project. These requirements include obtaining written authorization to proceed and receiving proper payments as outlined in the GIA. Most GIAs identify the time period by which an Interconnection Customer needs to provide the authorization to proceed to be 30 calendar days from the GIAs effective date. Assuming the effective date is defined to be 60 days after execution of the GIA (per FERC requirement), this would add a combined total of 90 days to the proposed time line. As such, the 150 days identified as sufficient time to negotiate and execute the GIA needs to be modified to 240 days to account for all of the required milestones prior to initiating the construction of network upgrades.

Topic 5 - Stand-Alone Network Upgrades and Self-Build Option

SCE supports the CAISO’s proposed revision that would require an interconnection customer who elects to self-build a stand-alone network upgrade (SANU) to post the Interconnection Financial Security (IFS) for all the network upgrades identified through the second posting requirement. Only once the GIA is executed, would it be appropriate to reduce the second IFS to reflect the portion of the IFS which is associated with the cost of the SANU. This additional enhancement to the IFS posting requirements would mitigate situations where an interconnection customer electing to self-build a SANU withdraws and the actual posted IFS is lower than the IFS posting amount related to the SANU would have been, helping to overcome a challenge in the recovery of forfeited funds. SCE is fully supportive of these types of steps taken to mitigate the potential transfer of financing risks to the PTOs which may be obligated to complete construction of the SANU.

Topic 10 - Forfeiture of Funds for Withdrawal During Downsizing Process

SCE supports the CAISO’s modified proposal, making it clear that any partial recovery of the IFS will be based on the pre-downsized capacity even if the project has completed the

downsizing study. The revised proposed downsizing tariff language eliminates the ambiguity that an interconnection customer may have its IFS requirement reduced upon completion of the downsizing study and closes the loop-hole that currently exists which encourages projects to downsize to unreasonable sizes (i.e., 1 MW on a dedicated 220 kV generation tie-line) in hopes of lowering their forfeiture exposure.

Topic 11 –TP Deliverability Option B Clarifications

SCE supports the revised proposal which now would allow interconnection customers to select the Option B path for potential allocation of deliverability under GIDAP, even if there are no large Area Deliverability Network Upgrades identified in their Phase I report. If no deliverability is received by an Option B customer, the interconnection customer may choose Energy Only as an alternative to withdrawing, but should not be allowed to “park”.

Topic 8 – Generator Interconnection Agreement Insurance

SCE provides the following proposed revisions (in red font) to correct spelling errors or misuse of insurance terminology to Section 18.3 of the GIA:

18.3.1 ~~Employer's Liability and~~ Workers' Compensation Insurance and Employers' Liability.

The Participating TO and the Interconnection Customer shall maintain such coverage from the commencement of any Construction Activities providing statutory benefits for ~~w~~Workers' ~~e~~Compensation coverage and coverage amounts of no less than One Million Dollars (\$1,000,000) for ~~e~~Employer's' ~~l~~Liability for each employee for bodily injury by accident and \$1,000,000 for each employee for bodily injury by disease in accordance with the laws and regulations of the state in which the Point of Interconnection is located. The Participating TO shall provide the Interconnection Customer with evidence of such insurance within thirty (30) days of any request by the Interconnection Customer. The Interconnection Customer shall provide evidence of such insurance thirty (30) days prior to entry by any employee or contractor or other person acting on the Interconnection Customer's behalf onto any construction site to perform any work related to the Interconnection Facilities or Generating Facility.

18.3.2 C o m m e r c i a l General Liability Insurance. The Participating TO and the Interconnection Customer shall maintain commercial general liability insurance ~~coverage~~ commencing within thirty (30) days of the effective date of this LGIA, including ~~coverage~~ ~~for~~ premises and operations, ~~bodily injury (including death)~~, personal injury, ~~broad form~~ property damage, ~~broad-form blanket-contractual liability coverage (including coverage for the contractual indemnification)~~, products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, ~~coverage for pollution to the extent normally available and punitive damages to the extent normally available~~ and (i) liability of Participating TO and the Interconnection Customer that would be imposed without the Agreement, or

(ii) liability assumed by the Participating TO and the Interconnection Customer in a contract or agreement that is an "insured contract" under commercial general liability insurance policy. Such insurance shall include a ~~and no~~ cross liability or separation of insureds clause endorsement ~~exclusions~~, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate ~~combined single limit for personal injury, bodily injury, including death and property damage~~. If the activities of the Interconnection Customer are being conducted through the actions of an Affiliate, then the Interconnection Customer may satisfy the insurance requirements of this Section 18.3.2 by providing evidence of insurance coverage carried by such Affiliate and showing the Participating TO and CAISO as ~~an~~ additional insured, together with the Interconnection Customer's written representation to the Participating TO and the CAISO that the insured Affiliate is conducting all of the necessary preconstruction work. Within thirty (30) days prior to the entry of any person on behalf of the Interconnection Customer onto any construction site to perform work related to the Interconnection Facilities or Generating Facility, the Interconnection Customer shall replace any evidence of Affiliate Insurance with evidence of such insurance carried by the Interconnection Customer, naming the Participating TO and CAISO as additional insured.

18.3.3 Business Automobile Liability Insurance. Prior to the entry of any such vehicles on any construction site in connection with work done by or on behalf of the Interconnection Customer, the Interconnection Customer shall provide evidence of coverage of owned, ~~and~~ non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage. ~~Upon the request of the Participating TO, the~~ The Interconnection Customer shall name the Participating TO and CAISO as ~~an~~ additional insured on any such policies.

18.3.4 Excess Public Liability Insurance. Commencing at the time of entry of any person on its behalf upon any construction site for the Network Upgrades, Interconnection Facilities, or Generating Facility, the Participating TO and the Interconnection Customer shall maintain Excess ~~excess public Liability Liability~~ insurance over and above the Employer's' Liability, Commercial General Liability and Business Automobile Liability Insurance coverage, with a minimum ~~combined single~~ limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate. Such insurance carried by the Participating TO shall name the Interconnection Customer and CAISO as ~~an~~ additional insured, and such insurance carried by the Interconnection Customer shall name the Participating TO and CAISO as ~~an~~ additional insured. The requirements of Section 18.3.2 and 18.3.4 may be met by any combination of general and excess liability insurance.

18.3.5 The Commercial General Liability Insurance, Business Automobile Insurance and Excess ~~Public~~ Liability Insurance policies shall name the other Parties identified in the sections above, their parents, their subsidiaries, ~~associated and Affiliate companies and~~

their respective directors, officers, agents, servants and employees ("Other Party Group") and the CAISO as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group ~~and provide thirty (30) Calendar Days advance written notice to the Other Party Group of cancellation in coverage or condition.~~ If any Party can reasonably demonstrate that coverage policies containing provisions for insurer waiver of subrogation rights, or advance written notice are not commercially available, then the Parties shall meet and confer and mutually determine to (i) establish replacement or equivalent terms in lieu of subrogation or notice or (ii) waive the requirements that coverage(s) include such subrogation provision or require advance written notice from such insurers.

18.3.6 The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess ~~Public~~ Liability Insurance policies shall contain provisions that specify that the policies are primary and non-contributory, and shall apply to such extent without consideration for other insurance policies or self-insurance separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or self-insured retentions.

18.3.7 The Commercial General Liability Insurance, Business Automobile Liability Insurance and Excess ~~Public~~ Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of ~~tail coverage or~~ extended reporting period coverage if agreed by the Parties.

18.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.

18.3.9 Within ten (10) Calendar Days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) Calendar Days thereafter, the Participating TO and the Interconnection Customer ~~each Party~~ shall provide ~~certification~~ certificates of insurance for ~~of~~ all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.

18.3.10 Notwithstanding the foregoing, each Party may self-insure a) to meet the minimum insurance requirements of Article 18.3.1, to the extent that it maintains a self-insurance program that is a qualified self-insurer within the state in which the Point of Interconnection is located, under the laws and regulations of such state; and b) to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it

maintains a self-insurance program; provided that, such Party's senior unsecured debt or issuer rating is BBB-, or better, as rated by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior unsecured debt rating and issuer rating are both unrated by Standard & Poor's or are both rated at less than BBB- by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. c) in the event that a Party is permitted to self-insure pursuant to this Article 18.3.10, it shall notify the other Parties that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

18.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage **greater than \$[TBD]**, including within the scope of coverage of such insurance whether or not such coverage is sought~~arising out of this LGIA.~~