

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) Draft Final Proposal that was posted on July 6, 2015 and as supplemented by the presentation and discussion during the July 13, 2015 stakeholder meeting.

Submit comments to InitiativeComments@caiso.com

Comments are due July 27, 2015 by 5:00pm

The Draft Final Proposal posted on July 6, 2015 may be found at:

http://www.caiso.com/Documents/DraftFinalProposal_InterconnectionProcessEnhancements-2015.pdf

The presentation discussed during the July 13, 2015 stakeholder meeting may be found at:

<http://www.caiso.com/Documents/Agenda-Presentation-InterconnectionProcessEnhancements2015-DraftFinalProposal.pdf>

For each topic that was modified in the Draft Final 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. SCE agrees with the CAISO that establishing a specific timeframe for electric system operators to identify themselves is “merely the *next* step in developing the CAISO’s process for affected systems”¹. SCE, however, reiterates previous comments submitted on this topic 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 recommends a more coordinated process with a clear delineation of roles and responsibilities, including amended BAA agreements or new reciprocity agreements. SCE appreciates both the CAISO recognizing that another, separate affected systems initiative may be necessary in the future and the CAISO’s willingness to developing affected systems agreements in the future if affected systems are willing. SCE looks forward to participating in such a stakeholder process.

Topic 2 – Time-In-Queue Limitations

SCE supports the CAISO proposal to require generating facilities that are holding capacity that could be used by later-queued projects be required to meet and maintain certain commercial viability criteria in order to extend their In-Service Date (ISD) or Commercial Operation Date (COD) beyond the 7/10 year thresholds. SCE also agrees that it would be appropriate 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. In such cases, an interconnection customer would be required to initiate such a request within 6 months of the release of the Phase II results. SCE appreciates the CAISO agreeing with the premise that any COD extension be limited to the time necessary to construct the network upgrade and not as a means for a generator to remain in the queue indefinitely. Monitoring by the CAISO for any misuse by developers of the COD extension policy would be prudent.

Topic 3– Negotiation of Generator Interconnection Agreements

SCE supports the proposed tariff language that would allow a PTO, “on its own accord or at the request of either the CAISO or the Interconnection Customer, or as agreed by the IC, the PTO and the CAISO” to tender the draft GIA earlier than the default proposal based on a project’s COD and the longest lead time to construct a required network upgrade. SCE is appreciative of the CAISO adding 30 days to the negotiation timeline to account for the required authorization from the IC to the PTO, 30 days from the GIA effective date, to proceed

¹ CAISO IPE 2015 Draft Final Proposal, p. 9.

with construction of needed interconnection facilities and network upgrades. Furthermore, as required by FERC, the GIA effective date is defined to be 60 days after its execution, necessitating an additional 60 days be added to the negotiation timeline. As such, the proposed 180 calendar days in the negotiation timeline should be further revised to 240 calendar days.

Although the CAISO does not propose to revise (only clarifies) the following topics in the Draft Final Proposal, SCE provides the following comments based on discussion during the July 13, 2015, stakeholder meeting.

Topic 5 – Stand-Alone Network Upgrades (SANU) & Self-Build Option

SCE is fully supportive of steps taken by the CAISO to mitigate the potential transfer of financing risks to the PTOs which may be obligated to complete construction of a SANU.

SCE supports the CAISO's proposed revision in the Revised Straw Proposal that would require an interconnection customer who elects to self-build a 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 supports the CAISO's clarification in the Draft Final Proposal that self-building a SANU will not change the Interconnection Customer's cost cap. As the CAISO makes clear, "if an Interconnection Customer does not perform on the construction of the SANU and the responsibility to construct reverts back to the PTO, the Interconnection Customer is required to repost IFS for the SANU and the maximum cost responsibility needs to retain the SANU costs to communicate that possibility²". It would be inappropriate for a PTO to assume the financial risk of a developer who elects to self-build a SANU subsequently not complete construction of the SANU and the PTO is required to construct the upgrade(s), without the IC maintaining cost and IFS responsibility reflecting the SANU.

Topic 10 – Forfeiture of Funds for Withdrawal during Downsizing Process

SCE reiterates its support for the CAISO's modified proposal in the Revised Straw Proposal, making it clear that any partial recovery of the IFS will be based on the pre-downsized

² CAISO IPE 2015 Draft Final Proposal, p. 35.

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.

SCE supports the CAISO's position in the Draft Final Proposal that:

- “Downsizing should be used to downsize projects and not merely to reduce forfeiture at withdrawal³”; and
- “Current Interconnection Customers’ efforts to use the Downsizing process as a means to reduce their IFS forfeiture upon withdrawal have complicated many network upgrades⁴”.

³ CAISO IPE 2015 Draft Final Proposal, p. 42.

⁴ CAISO IPE 2015 Draft Final Proposal, p. 43.