Stakeholder Comments Template

Subject: Remote Resource Interconnection Policy

Submitted by	**Company**	**Date Submitted**
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This template has been created for submission of stakeholder comments on the following topics covered in the June 1 Market Notice regarding Remote Resource Interconnection Policy. Upon completion of this template please submit (in MS Word) to chinman@caiso.com. Submissions are requested by close of business on Friday June 13, 2007.

Please submit your comments to the following questions for each topic in the spaces indicated.

1. What is the minimum percentage of capacity of eligible projects that must be subscribed pursuant to executed Large Generator Interconnection Agreements before construction can commence?

SDG&E recommends that at least 50% of the capacity of eligible projects should be supported by signed, firm purchase power agreements for the capacity, rather than signed Large Generator Interconnection Agreements (LGIAs). In comparison with purchased power agreements, LGIAs provide an uncertain level of commitment because LGIAs typically allow generators up to three years after signing the LGIA to develop their project and not be subject to penalties. However, subscribing at least 50% of the capacity of the line through purchased power agreements represents an appropriate indication of interest that the line will eventually be fully subscribed and that ratepayers will be reimbursed for advancing the remaining, initial costs of the transmission line. Further, as noted in its answer to Question 8, below, SDG&E supports the "clustering" or combining of various resources in a specific project; however, the current processes leading to an LGIA do not support such shared generation resource facilities.

2. What are the appropriate criteria for demonstrating "additional interest" (i.e., interest more than the requisite minimum percentage of LGIAs) for an eligible project?

SDG&E recommends that "additional interest" could be demonstrated by: (1) projects that are in the CAISO queue; (2) projects that have advanced sufficiently in the CAISO's queue; (3) projects that have a signed Interconnection Facilities Study Agreement; and (4) projects that are supported with the $100,000 study deposit.

3. What is the minimum percentage of "additional interest" that should be shown for an eligible project before construction can commence?

As noted in its answer to Question 1, SDG&E recommends that at least 50% of the capacity of eligible projects should be supported contractually before its construction can commence. "Additional interest" can be demonstrated through the criteria identified in the answer to Question 2. As a rule of thumb, however, SDG&E recommends that an additional 25% to 30% of the capacity should first be subscribed.

4. Do wheel-through customers receive benefits from a Remote Resource Interconnection Facility? Should the costs of a Remote Resource Interconnection Facility be included in wheel-through rates? Why or why not?

SDG&E understands this question to ask whether customers who move power through the CAISO's control area through wheeling should pay for a portion of the Transmission Access Charge (and associated financing costs applicable to RRIF) due to the line capacity the customer would require to move its power. SDG&E views the use of a proposed transmission line for wheeling-through power to be no different in kind from the subscription of the transmission line for moving power the transmission that is not wheeled-through. The CAISO should be in a position to determine if the two types of subscriptions are equivalent.

5. What are the key elements of and considerations for a transmission planning process for the Remote Resource Interconnection Policy?

The key elements and consideration for a transmission planning process for the Remote Resource Interconnection Policy are:

- Developer involvement: SDG&E expects that the new category of transmission facilities may help make developers' queue positions more transparent and potentially allow for their earlier involvement in the processes associated with the new policy.
- CPUC involvement: To the extent that the California Public Utilities Commission must approve either the determination to build a transmission facility or the recovery of the facility's costs, SDG&E recommends that the Commission's involvement in or approval of in the transmission planning process for a particular facility should be specified by FERC before the new RRIP takes effect. The RRIP should result in an efficient process for licensing of the facilities. Also, the new transmission planning process for RRIP will need to address how proposed purchase power agreements are evaluated in conjunction with RRIP transmission costs to determine if they "least cost" options.

6. What principles should be applied and factors considered to ensure that a proposed Remote Resource Interconnection Facility will result in a cost effective and efficient interconnection of resources to the grid?

   New transmission facilities should be designed so that their capacity matches the resource capacity for a given region. Additionally, to the extent possible, the transmission should be implemented in phases to minimize unallocated capacity. Various generation technologies (e.g., solar combined with wind) should be mixed within each region to optimize use of the transmission facilities.

7. How should Energy Resource Areas be selected?

   SDG&E recommends that the RRIP allow interested stakeholders to provide pertinent information from any sources that will help the CAISO determine a logically and efficiently designed Energy Resource Area. SDG&E is aware that renewable resources, and the general areas in which they can potentially be located, are the subject of ongoing studies. For example, SDG&E understands that CEERT may be conducting a study with the California Energy Commission to gather resource data to develop resource and transmission plans for various Resource areas.

8. Should the CAISO consider tariff changes to its existing authority to "cluster" interconnection studies to enhance its ability to efficiently evaluate locationally-constrained resource areas?

   YES. The tariff needs to be revised to be aligned with the new policy. The current section of the tariff regarding clustering, Section 4.2 of Appendix U, refers only to System impact studies, and its intent is to consider a group of projects for study only. It does not address the grouping of diverse projects together to share transmission facilities or allocating the costs of those facilities to various potential generators. Thus, the "clustering" provisions of the tariff need to recognize the potential grouping of various unaffiliated generation resources in Facilities studies, LGIA negotiations, and in potentially other areas.

9. Other

   SDG&E recommends that the RRIP be implemented soon and vigorously, and it should proceed until California achieves its mandatory renewable portfolio standards goals, unless there is a further compelling reason to extend it.