

Stakeholder Comments Template

Subject: Small and Large Generator Interconnection Procedures Draft Final Proposal and Meeting

Submitted by	Company	Date Submitted
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Overall Assessment of the CAISO Proposal

In September, the CAISO Board of Governors will be asked to authorize a filing at FERC of tariff language to implement the elements of the Draft Final Proposal (with possible modifications in response to this round of comments).

1. Do you support CAISO Board approval of the proposal? Why or why not?

No, unless the proposed tariff incorporates SDG&E's suggested changes to the Independent Study Process (ISP) to make it a meaningful and useful. While SDG&E certainly appreciates the CAISO's efforts to create the ISP, as currently drafted it too restrictive and could only be utilized in the most limited of circumstances. SDG&E fears without significant modification, the ISP will have no practical application to PTOs or developers. Consequently, projects that could have quickly and reliably interconnected under the current SGIP framework, will be relegated to the cumbersome and expensive annual cluster process -- a process designed to cure backlog problems not applicable to all PTOs. From SDG&E's perspective, the proposed GIP creates problems and mandates delay where none existed before. As such, SDG&E cannot support the proposal unless flexibility is injected into the ISP.

2. Do you believe the proposal accomplishes the objectives this initiative was intended to address? If not, please explain.

The SGIP Reform process started with the intention to fix the SGIP issues but has evolved by combining the LGIP & SGIP. In doing so, the GIP proposal that emerged may serve to relive interconnection queue issues faced by some PTOs. However, the

proposal also creates problems and roadblocks to development where none existed before. In light of this tension, SDG&E believes the proposal does not accomplish this initiative's objectives, and substantive revision is needed, particularly with regards to the ISP.

3. Do you believe the proposal reflects an appropriate balance of the various stakeholder interests and concerns raised in this process? **NO**. If not, please explain.

The CAISO initiated the SGIP reform to primarily resolve the back log in the interconnection queues with many interconnection requests such as SCE (and PG&E to a lesser extent, as brought up in several meetings) with their large backlog of SGIP projects to be studied serially. While SDG&E understands that progress is being made to alleviate those backlogs, SDG&E has consistently commented in the CAISO Stakeholder Process that a "one-size-fits-all" solution is not the most suitable option and off ramps such as the ISP should be allowed from the clustering of the LGIP and SGIP requests together. SDG&E does not have the same issues facing SCE and PG&E and is quite concerned that the current reform proposals favored by the CAISO will hinder the ability to quickly study projects that should not be forced to be part of a cluster study. These projects can and should be allowed to move through the process quickly outside the standard annual cluster interconnection study process.

Proposed Study Deposit Amounts and/or Processing Fees

1. In general, do you support the proposed study deposit amounts and/or processing fees?

YES, In general, SDG&E agrees with the study deposit amounts as proposed **with minor modification** to the deposit amounts for the fast track process.

2. If not, what modifications are needed and why? The deposits in the proposal for the Fast Track studies are outdated and not in alignment with the PTO's (and ISO's) costs to perform the studies. The Fast Track process should apply to projects up to and including 5 MW. The Fast Track study deposits should be increased to a non-refundable application fee of \$5,000 and a study deposit not to exceed \$10,000.

Proposed Annual Cluster Study Track

1. In general, do you support the ISO's proposal to study projects of any size in a single, unified cluster?

In general, **NO**. SDG&E has opined all through this reform process that it supports a separate process for small projects/SGIP and large projects/ LGIP utilizing qualifications described later in SDG&E's comments. If an annual cluster approach is adopted it must be modified from what is currently proposed to accommodate this concern so as not to encumber these smaller projects with the more elaborate study time line and cost that will unnecessarily burden these projects.

2. If not, what modifications are needed and why?

If the annual cluster process is adopted the ISO should eliminate the Second Application Window (as explained below) and modify the language and the criteria for the ISP as proposed. The ISP should be designed so that it accommodates projects to submit an application at any time of the year with the potential that the proposed project can be studied independently from the annual cluster process. The determination should be documented and based on the CAISO and PTO using their respective knowledge of the system and sound engineering judgment. If not, the project will be studied with the cluster. SDG&E disagrees with the defined flow test and short circuit contribution metrics as identified in the draft proposal. The metrics should be such that it allows for some projects to actually meet these requirements.

3. If you do not support a single cluster approach in any form, what would be your preferred alternative and why?

It has been proven that the serial study process has worked when the number of interconnection requests in the queue is manageable. SDG&E supports inserting flexibility to allow studying SGIP projects in clusters if merited.

Second Application Window – Scoping Meeting

1. In general, do you support the ISO's proposal to open a second application window to receive interconnection requests for the purpose of receiving a scoping meeting? **NO**.
2. If not, what modifications are needed and why? **The second Application Window is not needed. The ISP should be designed so that it can accommodate projects that can submit an application at any time of the year and be studied independently from the annual cluster process by the CAISO and PTO using their respective knowledge of the system and sound engineering judgment.**

Second Application window – Enter Cluster at Phase II

1. In general, do you support the ISO's proposal to open a second application window to receive interconnection requests for the purpose of waiving the Phase I study and entering the cluster for study at the Phase II study? **NO**.

As proposed, this window would allow such small (<20 MW, Energy Only) projects to waive the Phase I Study and enter the GIP process at the Phase II study step in the process. In the Draft Final Proposal, at 4. on page 8 the ISO indicates "there are many cases where a single, small generator can provide the "tipping point" at which a large, expensive upgrade is required." Given this statement, allowing such projects to enter at Phase II would take away all meaning from LGIP tariff Section 6.5, which indicates the Phase I study costs assigned to ICs for network upgrades establish a maximum value for the Interconnection Financial Security required from each IC. Allowing small projects to enter the GIP at Phase II will distort the Phase I allocation of costs for Network Upgrades shared by projects in the cluster. The Second Application Window coupled with the effects of (i) withdrawal of projects from the cluster between Phase I and Phase II, and (ii) utilization of per-unit costs in the Phase I cost estimates, will not only make the Phase I study results less meaningful, but the Phase I study results will continue to provide misinformation to the IC, the financial institutions working with the ICs to finance the project, and to the PTO's procurement department. SDG&E believes this is a disservice to the developers.

The proposal to add the Second Application Window provides another reason why SDG&E strongly disagrees with the Phase I cost estimate to be used as cap for the IC's maximum level of Interconnection Financial Security responsibility. See response to question 2 below.

2. If not, what modifications are needed and why?

Second Application Window – Enter Cluster at Phase II Criteria

1. In general, do you support the ISO's proposed criteria to qualify a project to waive the Phase I study and enter the cluster at the Phase II study? **NO.**
2. If not, what modifications are needed and why?

The proposal to add the Second Application Window provides another reason why SDG&E strongly disagrees with the Phase I cost estimate to be used as cap or ceiling for the IC's maximum level of Interconnection Financial Security responsibility as provided by LGIP tariff Section 6.5. The CAISO needs to eliminate language at this section of the tariff.

As a part of this GIP reform, the Independent Study Process (ISP) should be designed so that it can adequately handle the need to have multiple opportunities for projects that can demonstrate they are electrically remote and have the ability to get through the CAISO study process on a more expedited track than entering the annual cluster process as the CAISO has proposed.

Coordination with the Transmission Planning Process

1. In general, do you support the ISO's proposal to reevaluate certain network upgrades in the Transmission Planning Process?

In general SDG&E support the coordination between the projects of a large scope that are resulting from the LGIP (or GIP) process with the TPP. However this should not put a project developer who has committed to a large amount of funds after Phase I and Phase II up to the time for LGIA negotiations to wait for another year with stranded funds to get results from TPP to be able to move forward with the LGIA.

2. If not, what modifications are needed and why?

See the response to the previous question.

3. If a network upgrade is selected for reevaluation by the Transmission Planning Process should the associated generation project proceed with a Large Generator Interconnection Agreement that contains a provision to allow for later amendment of the Large Generator Interconnection Agreement if warranted by the Transmission Planning Process reevaluation results? Why or why not?

This option should be available and up to the developer to choose to go forward and sign the LGIA.

Independent Study Processing Track

1. In general, do you support the ISO's Independent Study Processing Track proposal?

NO, unless significant modifications are implemented to make the ISP useful. SDG&E certainly supports an ISP process in theory, but as currently drafted the proposed ISP is restrictive and relies too heavily on criteria that could be met in only the most limited circumstances. ISP eligibility must be determined using more flexible criteria, with the ISO serving as a final, independent and unbiased arbiter.

2. What modifications are needed and why?

SDG&E strongly disagrees with the CAISO's proposal to solely use objective (and unsubstantiated) factors for determining whether or not a project qualifies for Independent Study Process. As stated above, the ISP should be designed so that it can accommodate projects that can submit an application at any time of the year with the potential that the proposed project can be studied independently from the annual cluster process by the CAISO and PTO using their respective knowledge of the system and sound engineering judgment. If not, the project can be studied with the other projects in a cluster.

The purpose of the ISP is to provide a faster track for projects that are electrically remote from the other projects being studied in a cluster. When studies are needed to identify whether or not a project qualifies for ISP then, this is an indicator that the project is not electrically remote enough to qualify for ISP.

3. What specific aspects of a developer's project development process make it impossible for a developer to demonstrate eligibility for the Independent Study Processing Track at the time of the Interconnection Request?

Two issues:

- 1- The interconnection point to the PTO's facilities does not require major modification to the PTO's facility which requires a long time to construct.
- 2- One of the reasons for ISP is to accommodate projects that can develop much faster than they have to go through the cluster study process, so, developer must be able to show the project has (or will have) all the requirements to be developed and the only missing part is the studies to identify the facilities that are needed for the reliable interconnection of the project.

Fast Track less than 2 MW

1. Should the ISO remove the 10th screen from the Fast Track? Why or why not?
2. Should the ISO increase the size limit for Fast Track qualification? **YES**. If so, would you support a 5MW size limit or a different value? **YES**. Explain your reasons.

Projects of 2 MW size most likely interconnect at the distribution voltage because it is not cost effective to connect a 2 MW project at transmission level voltage leaving the MW level at 2 this process may prove to be useless. Also see SDG&E comments above in response to this question on page 2.

Method to Determine Generator Independence

1. In general, do you support the ISO's proposed method to determine generator independence? **NO**.

The CAISO and PTO should not need to perform an additional level of analysis to determine whether or not a project is electrically independent (isolated or remote). If the CAISO feels that an additional level of analysis is needed, then it is apparent that the project is not electrically independent (isolated or remote) and should be studied as a part of an appropriate Cluster. Projects should qualify for the Independent Study Process (ISP) only if it is determined that the project is undoubtedly isolated.

2. If not, what approach would you propose for determining generator independence? Explain why your proposed approach is superior to the ISO's proposal.

As a part of the Queue Cluster Window Application/Interconnection Request, the Application should provide the option for a project to elect evaluation for electrical remoteness if the IC can show that the project meets the other requirements for ISP such as contract, timing, and financing requirements. Applications (Interconnection Requests) that electrically affect one another with respect to the analysis being performed without regard to the nature of the underlying Interconnection Service will be studied in a group or cluster (as is provided in the existing LGIP tariff).

At the close of the Cluster Window, the CAISO and PTO will evaluate the projects based on their point of interconnection on the grid with respect to other proposed projects *within the same Cluster Window* and develop a cluster study list. A project that is electrically remote, isolated from other projects in the same Cluster Window, and does not have impacts on the same transmission facilities with other projects in that Cluster Window may further qualify for the ISP (if the option for evaluation was not elected on the IR) based on *CAISO and PTO engineering judgment* (and subject to the criteria to be developed by the Working Group).

If CAISO and the PTO agree that an Interconnection Request project is electrically isolated/remote where it will not impact the same transmission facilities as the rest of the projects in the same Cluster Window, the project can proceed to be studied in the cluster study process as a "cluster of one".

SDG&E agrees with the ISO's proposed criteria in 4.3.1 of the Final Draft Proposal, but disagrees with the mandatory use of the Tests (Flow Impact and Short Circuit tests) proposed at 4.3.3 of the Final Draft Proposal. It should be noted that ISO's selection of metrics for qualifying a project to go through the ISP is not substantiated and the flow test percentage or short circuit current increase are not based on technical analysis.

It should also be noted that a project should not be disqualified from an ISP just because there are anticipated system impacts. The ISP is strictly a more expedited study timeline to identify any system impacts.

If you prefer completely eliminating the independence criterion to qualify for the Independent Study Processing Track, how would you address the concern about impacts of Independent Study Processing Track projects on other interconnection customers (including cluster projects) in higher queue positions?

SDG&E agrees with the ISO's proposed criteria in 4.3.1 of the Final Draft Proposal, but disagrees with the mandatory use of the Tests (Flow Impact and Short Circuit tests) proposed at 4.3.3 of the Final Draft Proposal.

Deliverability Proposal

One-Time – Enter Cluster 4

1. In general, do you support the ISO's proposal to allow a one-time deliverability assessment to obtain Full Capacity during cluster 4?

Yes. SDG&E supports the CAISO conducting a one-time deliverability assessment for proposed and currently operational energy only projects connected to the transmission system. Such a review would facilitate the ability of these energy-only transmission interconnects to provide RA eligible capacity to LSEs. However, SDG&E continues to maintain that deliverability determinations for resources connected to the distribution system are the purview of the interconnecting utility. As the 2011 final Resource Adequacy Decision (D.10-06-036) and Section 4 of the accompanying Qualifying Capacity Methodology Manual clarify, small resources interconnected to the distribution system are RA eligible up to 100% of their QC, if the interconnecting utility – not the CAISO – performs a deliverability assessment and determines the resources are deliverable to the distribution system. Based on this clear statement by the CPUC, SDG&E supports a CAISO conducted deliverability assessment for existing resources connected to the transmission system. However, for RA purposes deliverability assessments for WDAT and Rule 21 interconnects are the function of the interconnecting utility.

2. If not, what modifications would you support and why?

As stated above, the one-time deliverability study should be limited to currently operational resources connected to the transmission system, or projects in the current queue that propose to connect to the transmission system.

Annual – Available Transmission

1. In general, do you support the ISO's proposal to provide an annual opportunity for qualified projects to request and obtain Full Capacity using available transmission?

With the caveats outlined above, SDG&E is generally supportive of an annual opportunity for existing generation to request full capacity.

2. If not, what modifications would you support and why?

Financial Security Postings

1. In general, do you support the ISO's financial security postings proposal?
2. What modifications are needed and why?

Transition Plan

1. In general do you support the ISO's proposed transition plan?
2. What modifications are needed to all you to support the ISO's transition plan?

What aspect of the ISO's Draft Final Proposal do you find most favorable?

What aspect of the ISO's Draft Final Proposal do you find least favorable? Please provide the business case or other rationale for your answer.

Do you have any additional comments that you would like to provide?

Yes.

- SDG&E has also identified that when the current SGIP Interconnection Request form is completed by the IC, the technical data that the IC is asked to produce is inadequate to perform the required analysis. SDG&E hereby provides a redlined- version of the Attachment A To LGIP Appendix 1 (Interconnection Request) - See Red-lined changes to the LGIP IR (attached as a separate document to supplement SDG&E's Comments)
- Language must be added to the GIP tariff to the effect that a member of the CAISO staff attending the Scoping Meetings and Results Meetings will record the discussion of the meeting in minutes to be distributed to parties within 7 days of the meeting.
- The language in the Final Draft Proposal becomes confusing when in some places it refers to a specific number of Calendar Days, in other places a specific number of Business Days, and in other places in simply refers to a specific number of days. SDG&E suggests converting all references in the GIP from Business Days to Calendar Days
- Given that the GIP will allow projects to be studied in clusters, Section 3.5.2.1 of the current LGIP does not allow the ISO adequate time to notify the Interconnection Customer of whether the Interconnection Request is deemed valid, or not (deficient). First, the time allowed should be stated in calendar days, not business days. Second, the current time allowed (six (6) business days is inadequate; it should be at least 14 calendar days (equivalent to two weeks), especially given the number of Interconnection Requests the ISO will potentially receive, flooding in at the last possible moment to be eligible for the application window, and especially under the proposal for an annual cluster window.
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