# Stakeholder Comments Template

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

| Submitted by | Company | Date Submitted |
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This template was created to help stakeholders submit written comments on topics related to the July 20, 2010 Small and Large Generator Interconnection Procedures Draft Final Proposal and July 27, 2010 Small and Large Generator Interconnection Procedures Stakeholder Meeting. Please submit comments and thoughts (in MS Word) to dkirrene@caiso.com no later than 5:00 pm PDT August 4, 2010.

Please add your comments where indicated responding to the questions raised. Your comments will be most useful if you provide the business case or other reasons why you support particular aspects of the proposal. Any other comments on the proposal are also welcome. The comments received will assist the ISO with the development of the FERC filing of modified tariff language.

Overall Assessment of the ISO Proposal

In September, the ISO 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 ISO Board approval of the proposal? Why or why not?
   We do not support ISO Board approval of the proposal. Please see below.

2. Do you believe the proposal accomplishes the objectives this initiative was intended to address? If not, please explain. No. Please see below.

3. Do you believe the proposal reflects an appropriate balance of the various stakeholder interests and concerns raised in this process? If not, please explain.
   Absolutely not. It is grossly unfair. Please see below.

<u>Proposed Study Deposit Amounts and/or Processing Fees</u>

1. In general, do you support the proposed study deposit amounts and/or processing fees? No. They should all be lowered based on the proposed three

clusters described below. There should not be a minimum amount because, as was stated during the workshop, the cost to interconnect a particular facility may be less than the minimum being required; in that way, the developer is paying too much upfront cost that is not even necessary and CAISO staff have their hands tied. There should not be any minimum deposits.

2. If not, what modifications are needed and why? See prior answer; also, with the clarity that the three clusters will provide CAISO Staff, deposits should be aligned with actual billing that occurs by CAISO staff for work performed on a project.

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

## I.
## INTRODUCTION

The proposed merger of SGIP clusters with LGIP clusters should be immediately rejected by the ISO Board as being so overwhelmingly unfair and unjust to SGIPs and so egregious as to be a violation of equal access to the electric market. A cluster study system that combines SGIPs and LGIPs will have dire consequence of causing unnecessary upgrades -- but for the LGIPs inclusion in the cluster study -- to SGIP projects that could and will render the SGIP project economically not viable and, therefore, forced to withdraw a project that, when viewed solely with other "actually ready" projects, might not require any upgrades at all. We sincerely urge the ISO Board to reject

the recommended merger of clusters and instead implement the following:

Instead of three phases to the study process, there should be three separate cluster tracks.

**Track 1**, LGIPs are a separate cluster and are not intermingled with SGIP clusters. SGIPs that in-and-of-themselves-require upgrades to T&D are also Track 1.

**Track 2**, clustering of projects that are "actually ready" to be interconnected.

**Track 3**, clustering of projects that are currently bidding into utility programs but have made the business decision not to incur expenses, such as permitting costs, or the purchase cost of the land/rooftop, prerequisites to project-specific financing, pending to see if their proposed project is short-listed; i.e. a cluster of projects **not** meeting the "actually ready" criteria.

An Application's stated commercial online date ("COD") is not reliable and should not be given any weight by the CAISO. If that is the criteria used by CAISO in any manner, it incentivizes developers to enter earlier CODs that might be unrealistic and are therefore detrimental to the results for all commingled participants.

SCE shows 168 SGIP interconnection applications from October 12, 2005 through April 27, 2010[1]; and a total of **25** active LGIP projects for the period ending May 19, 2010.[2] Out of a total of **92** LGIP projects listed, SCE is showing **67** have been withdrawn. That is a failure rate, a withdrawal rate, of **72.82%** for the LGIPs. This fact demonstrates for the ISO Board how damaging it is for LGIP studies to impact SGIP studies.

For example, a hypothetical cluster consists of three SGIPs of 3MW each and 1 LGIP of 50 MW on one distribution service. The LGIP will clearly knock out the SGIPs from participation because, in analyzing the SGIPs, they will have to incur the upgrade requirements of the LGIP that is in queue ahead of them, which will render their projects dead on arrival. However, those three projects of 3 MW each could easily interconnect to the distribution line without requiring any upgrades at all.

Defining a cluster by the date an application is submitted is not a realistic or definitive estimate of the actual COD. Defining a cluster by the date the applicants writes in on the Application as being their COD is not a realistic or definitive estimate of the actual COD. Using either of these methods to determine actual COD is pure speculation. It is a costly waste of Staff time and deposit expense to the developers.

[1] http://www.sce.com/AboutSCE/Regulatory/openaccess/default.htm then click on SGIP under SCE-WDAT…
[2] http://www.sce.com/AboutSCE/Regulatory/openaccess/default.htm then click on LGIP under SCE-WDAT…

The timing from submitting a CAISO application to when the project has permits is not determinable in advance. As has been seen in the last two years especially, permitting can take from many months to many years. There are unforeseen situations that arise even during the permitting process that can add unforeseen additional delay to the project's permitting process time.

If a project requires ARRA loan guarantee for funding, that will take many years as the D.O.E. currently works at a rate of two (2) approvals per month.[3]

Therefore, it is not fair and just to have projects that do not need ARRA funding approvals wait in line behind projects that are years away from letters of intent from the D.O.E. Also, a cluster system that merges SGIPs with LGIPs, where the SGIP has financing in place versus the LGIP that has to await ARRA funding, any upgrades triggered by the LGIP should not be included when analyzing the SGIP interconnection feasibility.

At the July 27, 2010 CAISO Workshop, Mr. Gary Holtzer, of SCE stated, "Amps are amps;" that, paraphrasing, 'the T&D system does not comprehend what is an amp from a large project or from a small project. SCE will not study small projects without considering LGIP projects.' An amp from a Track 2 SGIP that has project viability of 95% or better with no T&D upgrades versus a

[3] LA Times article July 28, 2010 found at: http://www.latimes.com/business/la-fi-solar-energy-20100728,0,5792412.story

potential actual amp from a Track 1 LGIP that has a **72.82%** chance of failure are two very different scenarios. The two cannot be commingled. This is against the intent of the legislature; and it should be rejected by the ISO Board as the methodology for clustering.

## II.
## DISCUSSION OF THREE SEPARATE CLUSTER TRACKS

### A. Track 1, LGIPs Separated Into Their Own Clusters and Also Any Other Projects That Require Upgrades In and Of Themselves:

Any LGIP which shows that, in and of itself, a distribution, sub-transmission, and/or transmission upgrade is required, that project should be put in the Track 1 Cluster. Also, any SGIP that CAISO independently determines from a "first glance" review of the application will require an upgrade **in and of itself** due to location is a Track 1 Cluster.

Track 1 Cluster projects should stay in their own cluster and be required to actually build the transmission, sub-transmission and distribution systems necessary for that particular LGIP project to become viable and operational. Allowing LGIPs and SGIPs that in-and-of-itself requires upgrades to be studied in a cluster affecting all others in that cluster is unfair, unjust and a denial of access to the electric market.

**B. Track 2, Cluster of "Actually Ready" Projects:**

If the intent is "First-Come First-Served," ("FCFS"), CAISO must start with the definition of what is a project that is "actually ready" so that it meets the definition of FCFS. Actually being ready to "be served" indicates that the project has to have already met milestones and is actually physically ready to be interconnected.

If a project is "actually ready" to be served, in that the project has regulatory approvals and permits (at County, City, State of Federal/BLM level as appropriate), and has equipment proposals within 60 days prior thereto, and has a financing Letter of Intent, that project is "actually ready" to be served.

When the permitting is complete, the developer is then able to secure financing through a Letter of Intent and also the 60-day-time- sensitive equipment proposals. Unless and until the permitting is complete, a lender will not be in a position to offer the Letter of Intent.

With the milestones already completed, at this viewpoint, the CAISO has a project that is viable and it may study its interconnection affects on other similarly viable, "actually ready" projects on the same distribution and transmission systems. This study will result in fair and just access to the electric market; and fair and just, actual, real-world costs and

determinations of upgrades to the distribution, sub-transmission and transmission systems.

### C. Track 3, Cluster of Projects Not Meeting the "Actually Ready" Criteria:

Track 3 would be a clustering of projects that are currently bidding into utility programs but have made the business decision not to incur expenses, such as permitting costs, or purchase cost of the land/rooftop, prerequisites to project-specific financing, pending to see if their proposed project is short-listed; i.e. a cluster of projects **not** meeting the "actually ready" criteria.

When a short list is compiled for a utility RFO, those bidders would then submit their applications for interconnection to the CAISO and be studied independently of Tracks 1 and 2. The utility companies' RFOs give milestone dates for proving interconnection feasibility, for example, 45 days from bid submittal to proof of interconnection feasibility.

A Track 3 project on the same distribution service as a Track 2 project would be studied as having a COD after the Track 2 project.

The Track 3 applications would come in as a group and therefore would be most manageable by the CAISO staff.

We urge the ISO Board to implement a cluster system that separates into three independent clusters as described herein.

**REGARDING AMENDMENTS TO CAPACITY OF EXISTING PPA'S:**

We would question the CAISO as to how increases to MW capacity of an existing PPA that is not yet built and requires transmission upgrades is clustered, and also how the revised COD is accounted for.

For example, SCE Advice Letter 2339-E-B on June 10, 2010 proposes to add increased capacity of 18.7 MW to the BSE contracts that were signed on April 6, 2009. What happens to the SGIPs and others that were in the queue from April 7, 2009 to April 22, 2010? Are the queues revised and updated? The capacity increases requested need to go to the back of the line. This is tedious and confusing. This Advice Letter implementation again demonstrates the need for LGIPs to be clustered independently.

How does the CAISO also account for a COD that is moved backwards due to an Advice Letter, such as SCE's AL 2339-E-B moves back the COD? If an advice letter is filed that moves back the COD, the entire analysis of impact studies would need to be redone. This is a waste of CAISO's staff time. This also demonstrates the need for LGIPs to be clustered independently.

**REGARDING GOALS OF THE DRAFT FINAL PROPOSAL:**

The Draft Final Proposal fails to accomplish its goals for the reasons stated in #1 above; and, also, an equally important

purpose of reducing study time is not accomplished by the Draft Final Proposal.

Using the independent 3-track cluster system described herein, the goals of reduced study time can be achieved. For example:

**Track 1 Impact on Study Time and Cost To Developers:**

The 25 active LGIP applications includes 1 already operating facility. The remaining 24 LGIP applications appropriately belong in their own cluster as they require upgrades just to come into existence. The same is true of the SGIPS that, at CAISO's "first glance," require upgrades in-and-of-itself.

If CAISO is studying these 24 active LGIP applications as its own cluster, placed geographically according to the application's situs, it will be efficient and unconfusing for the CAISO to analyze the upgrades required for each project. In fact, those studies have already been performed.

The CAISO would not be bogged down trying to determine Track 2 and Track 3 effects on the LGIP Track 1 projects. This should be a huge savings in CAISO staff time spent and the cost of the analysis for the project developer.

In effect, since these LGIP studies showing the new transmission, sub-transmission and distribution lines have been

completed, Track 1 will not result in any added time to the CAISO staff.

**Track 2 Impact on Study Time and Cost To Developers:**

The Track 2 projects are ready to actually interconnect now. For CAISO Staff analyzing "Actually Ready" Track 2 projects on a rolling basis, the view of the system impacts will have extreme clarity and will be on a rolling, as-received basis. The time spent by CAISO staff is extremely streamlined, which is the legislature' intent, when viewed without the complications of Track 1 and Track 3 projects. This is a significant benefit that must be realized by the ISO Board.

The cost to the developer for interconnection study costs will be reduced immensely for the reasons just stated regarding staff time in view of the clarity of the project on its T&D system.

In fact, the deposit paid by the developer should be reduced to possibly 20% of proposed fees and would be a deposit against staff time actually spent, at staff position-appropriate hourly charge, and accounted for on a monthly basis.

**Track 3 Impact on Study Time and Cost To Developers:**

Track 3 projects that are not confused by Track 1 projects will give efficiency and clarity to the CAISO staff. The Track 2 projects stand in front of the Track 3 projects. All benefits described in the above two tracks would apply to Track 3

clustering also, as far as staff time spent or saved; and as far as developer study deposits.

*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?

With a 3-cluster system, the application window should be open all year long on a continuous rolling basis.

Respectfully submitted,

/S/ Mary C. Hoffman

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August 4, 2010

**Verification**

I am an officer of the commenting corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except matters, which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 4, 2010 at Vista, California.

/S/ Mary C. Hoffman

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