

## Stakeholder Comments Template

### Subject: Remote Resource Interconnection Policy

Submitted by	Company	Date Submitted
<i>Kevin Smith, Senior Attorney, SMUD, (916) 732-5780</i>	<i>SMUD</i>	<i>06/15/2007</i>

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](mailto:chinman@caiso.com). Submissions are requested by close of business on Friday June 15, 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?

An answer to this question would depend on the availability of additional information regarding the nature of the CRRs associated with an eligible project and the method for determining participation, both of which remain uncertain.

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?

None at this time.

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

None at this time.

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?

The question is too ambiguous to answer. Moreover, it leaves too many assumptions unstated for a party to provide a meaningful response.

First, the question does not define wheel-through customers. If it means customers who use transmission solely to move power from a resource located outside the CAISO control area, across CAISO-Controlled Grid transmission, to a point of delivery also outside the control area, it is difficult to see what benefit, if any, such a wheel-through customer would derive. On the other hand, if a Remote Resource Interconnection Facility can be located outside the CAISO control area, the answer might be quite different.

Additionally, assuming a Remote Resource Interconnection Facility can be located outside the CAISO control area, what type of CRRs would accompany the wheel-through? The CAISO has indicated that, while it will allocate short-term CRRs for wheel-through customers (i.e., out-of-control-area load serving entities, or, "OCALSEs"), it has recently stated in an MRTU compliance filing that it does not see a need to extend long-term CRRs to OCALSEs for wheel-throughs, given an OCALSE's ability to renew its short-term CRRs. SMUD has indicated that it believes such a position would be inconsistent both with (1) FERC orders directing the CAISO to offer long-term CRRs to OCALSEs for wheel-throughs and (2) the CAISO's willingness to offer long-term CRRs to in-control area LSEs. Allowing SMUD to build its own renewable generation, or contract with suppliers, interconnected to a Remote Resource Interconnection Facility without a mechanism to ensure economic delivery to its customers, would negate any direct benefit from the project.

Finally, if by the use of the term "wheel-through" the CAISO intended to refer solely to wheel-out customers--i.e., from a resource located within the CAISO control area to a tie point (export from the CAISO control area)--the question still includes some unstated assumptions. First, will SMUD, or SMUD-contracted suppliers, have true non-discriminatory access (i.e., not favoring in-CAISO control area LSEs over out-of-control-area LSEs) to Remote Resource Interconnection Facilities? This goes to the question as to whether the Remote Resource Interconnection Facility policy is aimed at providing access to renewable resources for all California LSEs or only for those LSEs that are within the CAISO control area. Second, will there be some reasonable assurance that SMUD (or other OCALSEs) will have access to sufficient long-term transmission rights allocations to hedge deliveries to its customers? Again, having access to facilities without the necessary tools to protect its customers from congestion exposure defeats the purpose.

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

None at this time.

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?

At a minimum there has to be a fair and open participation process so that PTOs are not favored over other parties in the development of renewable resources connected through a Remote Resource Interconnection Facility.

7. How should Energy Resource Areas be selected?

None at this time.

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

None at this time.

9. Other

None at this time.