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 August 23 Draft Proposal 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 Wednesday September 5, 2007.

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

1. If the Energy Resource Area designation is not complete in time for RRI implementation, how should the RRI process proceed in the interim? Possibilities include:
    - Utilize the Interconnection Queue to identify qualifying areas. What criteria should be used to select these areas?
    - Applicants for RRI financing submit a request to a state agency for an area to be designated as an ERA. How would this work?
    - Other?

(Submit Comments Here)

2. In the RRI application process would it be useful to have two types of approval methods, one in which the applicant has met all the approval criteria for RRI designation, and the other where the applicant has met all the criteria except for the two "commercial interest" criteria? In the second scenario the applicant would achieve a "pre-designation" status and follow with the additional commercial interest criteria to complete their approval. Is this a good idea? If so, how long of a period should be allowed after pre-designation to fulfill the remaining requirements?

(Submit Comments Here)

3. Regarding the test for adequate additional interest in an RRI project, one of the possible criteria was a combination of two sets of showings (see Section 3.7.2 of the proposal). What is the appropriate measure to use as a monetary deposit that should be assessed?
    - If a $/kw of project capacity is correct method, what is the appropriate dollar amount?
    - Would a flat fee be appropriate? If so, what is the appropriate dollar amount?

(Submit Comments Here)

4. Also, regarding the showing of additional interest utilizing the combination of showings, some stakeholder suggested that the requirement should be limited to the following:
    - Reside in the interconnection queue, or
    - Sign a declaration of intent, or
    - Participate in an open season

    AND
    - Submit a monetary deposit of some type

    Originally there were two other possibilities for the second category which were owning or controlling the land, or mineral rights or submitting payment for the System Impact Study. What is correct?

(Submit Comments Here)

5. Other Comments (SWP comments focus on two topics: Reclassification of a trunk-line to a network line and ISO's proposed 15 percent cap)

Should a Third Category transmission line (trunk-line) be allowed to be re-classification as a net work transmission line at some future time?

During the August 30th conference call, SCE requested that tariff language be added to allow the option to convert a trunk-line to a network line, if at some future date a transmission line is built to connect to the trunk-line, thus allowing bi-directional flow.

Allowing the conversion of a trunk-line to a network line will increase costs to those who pay the CAISO TAC charges. Load is assigned the financial burden and risk of bringing the trunk-line transmission projects to full development. Once a generator becomes operational and connects to the trunk-line, the generator will start paying its share of the transmission cost on a going forward basis. If a portion of the trunk-line or all of a trunk-line is converted to a network line, its associated costs will be reallocated to CAISO TAC customers (Load).

This conversion option may provide financial incentives for a PTO to formulate a transmission planning strategy to use a trunk-line classification over a network classification. Moreover, this option may also provide financial incentive for generators to delay connection to the trunk-line until its conversion to a network line.

Because of the additional financial burden and risk to Load and the possible manipulation by a PTO and/or generator, SWP proposes that tariff language should not be added to allow the conversion of a trunk-line to a network line.

Section 3.6: Rate Cap

During stakeholder meetings and conference calls, the CAISO and other regulatory agencies have repeatedly stressed that the purpose for the Third Category Transmission (trunk-line) classification is to remove financial barriers and encourage the development of locational constraint renewable resources. Stakeholders were also assured that qualifying trunk-lines will be those that have a relative short distance (less than 40 miles).between the renewable resources and the network transmission lines.

The 15 percent cap based on PTO's high-voltage transmission investments can lead to excessive future costs. Presently, the 15% cap of transmission investment levels translates to nearly $480 million for trunk-line transmission investment. The three IOU's transmission investment is forecasted to increase approximately 400 percent over the next five years. Applying the 15% cap to that future estimate would result in an increase from $480 million to $1.92 billion. A fixed dollar amount rather than a variable amount based on a 15% cap would provide Loads with some degree of assurance that the trunk-line costs would not became excessive or abused.

The availability of $480 million should be adequate to develop trunk-line transmission projects since this is meant to be only a temporary measure to remove financial barriers for the development of locational constraint renewable resources. Once a generator connects to the trunk-line they will start paying their fair share on a going forward basic, resulting in the transferring of transmission costs from the trunk-line classification to a gen-tie classification and thus freeing up funds for future trunk-line transmission projects. Consequently, the $480 million should be more than adequate to cover trunk-line transmission projects spanning a period of two to five years. This fixed amount will provide motivation for everyone to plan sound trunk-line transmission projects encouraging the most cost-effective development of locational constraint renewable resources.

If in ISO's view a fixed amount is not reasonable due to inflation concerns, then an escalating mechanism could be used such as the prime lending rate.