

## Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Sempra USGP appreciates this opportunity to provide the following comments on the CAISO March 23, 2015 Issue Paper/Straw Proposal on Interconnection Process Enhancements.

### Topic 1 – Affected Systems

Sempra USGP supports the CAISO’s proposed changes with qualifications.

The CAISO proposal commits Affected Systems (AS) to a definitive 30-day window to identify themselves for study following an interconnector’s first security posting. Sempra USGP supports this measure as a necessary and timely first step for interconnectors to evaluate and resolve impacts on Affected Systems.

However, a more definitive process and timeline for CAISO involvement in the conduct of the AS studies is also needed, and may be included in the CAISO Business Practice Manuals (BPM). The BPM should reflect in greater detail the mechanism of CAISO coordination and AS cooperation in the studies and resulting system modifications, as outlined in Section 3.7 of the CAISO tariff. In particular, the BPM should address how common study assumptions and appropriate system modifications will be determined, and what action will be pursued in cases where conflicts emerge. The current BPM language in which the CAISO will “confer with the parties”<sup>1</sup> is ambiguous and ad-hoc approaches may not result in an efficient and timely resolution of differences. To this end the CAISO should work proactively with the AS to establish appropriate study assumptions and methods upfront that are consistent with standard utility practice, in order to avoid excessive system upgrades. This early coordination

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<sup>1</sup> BPM section 6.1.4.3

will serve to preempt last minute problems that could result in delayed generator startup, and provide for a more efficient interconnection process. Sempra USGP suggests the CAISO work with stakeholders to develop a more definitive AS study process framework in this stakeholder effort.

### **Topic 2 – Time-In-Queue Limitations**

Sempra USGP supports the CAISO's proposed changes to incorporate project commercial viability metrics in the determination of whether a COD extension request is granted. The proposed metrics are appropriate in determining whether a project COD extension is warranted.

### **Topic 3– Negotiation of Generator Interconnection Agreements**

Sempra USGP opposes the proposal to move the GIA tender to 120 days prior the start of the first facility upgrades/generator in-service date. As an alternative, Sempra USGP suggests the following changes.

The CAISO proposal seeks to address delays in GIA negotiations resulting from timing differences between the GIA, and project PPA and financing. However, delaying the tender of the GIA could in some cases adversely affect the marketability of projects. Sempra USGP suggests GIA negotiations will be facilitated if interconnectors have the option to identify to the CAISO and PTO when the GIA negotiations period is to begin. Such an election would be required so that negotiations begin no later than 120 days prior to start of network upgrades or generator in-service date, consistent with proposal. Providing interconnectors with the flexibility to begin negotiations earlier if project contracting and financing move forward, is an appropriate measure and will position interconnectors to efficiently complete the negotiations process.

### **Topic 4 -Deposits**

***Interconnection Request Study Deposits***

***Limited Operation Study Deposit***

***Modification Deposits***

***Repowering Deposits***

**Topic 5 - Stand-Alone Network Upgrades and Self-Build Option****Topic 6 - Allowable Modifications Between Phase I and Phase II Study Results****Topic 7 – Conditions for Issuance of Study Reports****Topic 8 - Generator Interconnection Agreement Insurance****Topic 9 -Interconnection Financial Security*****Process Clarifications******Posting Clarification******TP Deliverability Affidavit Impacts***

Sempra USGP opposes the CAISO proposal that projects electing balance sheet financing be ineligible to receive a partial refund of their financial security posting if they withdraw from the queue.

The CAISO proposal seeks to address potential gaming of the TP deliverability assignment process by increasing the financial risks for self-financed projects. The CAISO proposal is made on the premise that self-financed projects would move forward without a PPA, and therefore should not be eligible for a partial refund if they exit the queue. However, the choice of financing mechanism may not relate to whether an interconnector is willing to move forward with no or only a partial PPA. Projects encounter a spectrum of risk-reward decisions during development, and the use of balance sheet financing does not make these trade-offs irrelevant.

If the CAISO believes that the number of projects dropping from the queue after receiving TP deliverability is excessive, other alternatives should be considered including increased security commitments for those accepting TP deliverability. With respect to the partial refund of project security, self-funded and project-financed interconnectors should be treated equally.

*Topic 10 - Forfeiture of Funds for Withdrawal During Downsizing Process*

*Topic 11 –TP Deliverability Option B Clarifications*