Subject: Modifications to the Small Generator Interconnection Procedures Issues Paper and Meeting

Submitted by	Company	Date Submitted
Jason Yan, jay2@pge.com, 415-973-4004	*Pacific Gas and Electric Company (PG&E)*	*April 27, 2010*

PG&E appreciates the opportunity to participate in the stakeholder process to modify the Small Generator Interconnection Procedures (SGIP). PG&E understands the need to filter the many issues presented at the stakeholder meeting of April 8, 2010. However, many of the issues are interdependent and perhaps inversely important, making it difficult for PG&E and other stakeholders to prioritize issues as set forth in the CAISO comments template. Therefore, the fundamental approach taken could either solve or render moot many sub-issues that PG&E would otherwise have marked important and/or urgent. For example, if the serial process was converted to a clustered process, then the importance and urgency of establishing restudy provisions is likely to decrease. If, however, the serial approach remains, then it is likely that restudy provisions will play an important role. Because many of these provisions are inter-related, PG&E's comments will focus instead on a set of goals that PG&E encourages the CAISO and the workgroup members to use as guides when formulating and comparing potential solutions.

1. Reduce or eliminate unintended incentives
2. Accomplish an Efficient Timeline
3. Include ability for all generators to count for resource adequacy (RA)
4. Reduce inconsistencies between the Participating Transmission Owners' (PTO) wholesale distribution tariffs and CAISO tariff interconnection processes

<u>Reduce Unintended Incentives</u>

The current Small Generator Interconnection Procedures (SGIP) provides inappropriate and unintended incentives to the generation market. The difference in timelines between the Large Generator Interconnection Procedures (LGIP) and the SGIP pushes generators looking to interconnect quickly toward the SGIP, even in the case where the interconnection customer and the CAISO could benefit from the unit being able to provide RA. A potential generator such as this would benefit the market because it would satisfy nearer term supply requirements, and, in some cases, Renewable Portfolio Standard (RPS) requirements of the IOUs and may benefit the CAISO and reliability further depending on the generator's intended location. However, because

these generators cannot be counted toward the utilities' resource adequacy requirements, the reliability value is not captured which either results in lost value to customers (if the plant is still built) or lost reliability value in that area if, because RA isn't captured, that plant's offer isn't competitive enough to garner a contract and it never achieves commercial operation. Ideally, the process for interconnecting generators (both large and small) should take less time while still providing the opportunity for all generators to count for resource adequacy. The irony of these unintended incentives is that the shorter timeline and lower initial deposit has led to larger SGIP and wholesale distribution queues, which could lead to similar problems experienced in the LGIP prior to the Generator Interconnection Process Reform (GIPR), such as delays and unreliable study results.

Whatever changes are made to the process, this stakeholder process should work to eliminate or reduce these unintended incentives.

Accomplish an Efficient Timeline

As mentioned above, one of the benefits of the SGIP is the shorter timeline. Ideally, the total timeline for the SGIP would remain short and the LGIP process for getting generators interconnected (both large and small w/ deliverability) would take less time. PG&E hopes that a solution that works toward this goal can be achieved.

Include ability for all generators to count for resource adequacy

Neither the CAISO Tariff SGIP nor the PTOs' Wholesale Distribution (Access) Tariffs' SGIPs currently provide for a deliverability assessment. Under the current CAISO tariff, deliverability is required to qualify for resource adequacy. PG&E urges this reform process to include a solution that allows all generators the ability to qualify for resource adequacy, regardless of the interconnection process used. Further, all qualified resources, regardless of interconnection level, should be listed on the CAISO's Net Qualifying Capacity (NQC) report. This issue should be on the agenda for the first working group meeting. PG&E will work with the CAISO and other working group members to ensure that a solution for this issue is included in the straw proposal scheduled to be posted by May 26.

Reduce inconsistencies between the PTO wholesale distribution tariff and CAISO tariff interconnection processes

In order to prevent similar unintended incentives from transferring from the CAISOs SGIP to the PTOs' wholesale distribution (access) tariffs, the PTOs should work to coordinate, to the extent possible, any reforms to the CAISO SGIP with reforms to the PTOs' SGIPs. This coordination should allow for greater certainty and consistency of processes for the benefit of interconnection customers and efficiency of planning for the transmission and distribution systems of the PTOs.

Further, PG&E has experienced Interconnection Customers submitting Interconnection Requests to PG&E under the Wholesale Distribution Tariff simultaneously with requests under the CAISO SGIP for the same project at the same site. This duplicates efforts and produces inaccurate study results. PG&E is not opposed to the Interconnection Customer weighing the feasibility of a transmission interconnection against a distribution interconnection to determine the feasibility of a given project; however, a coordinated approach could help to avoid these sorts of duplications among processes.

Conclusion

PG&E is committed to participating and contributing to identifying solutions to these issues and the other issues that are important to stakeholders. PG&E appreciates the stakeholder process that the CAISO has set out, and believes that the workgroup approach that relies on serious stakeholder participating and cooperation will yield meaningful updates to the SGIP.

Study Process Issues		
	Importance	**Urgency**
2.1.1 Time required for the SGIP study process	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
2.1.2 SGIP serial study process coordination with the studies under the large generation interconnection procedures (LGIP)	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
2.1.3 Avoiding delays caused by the increasing volume of SGIP projects	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
2.1.4 Detail and necessity of the feasibility study	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
2.1.5 Interconnection request data requirements	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
2.1.6 Should the SGIP accommodate re-studies?	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
2.1.7 Availability of the current base case data for use by project developers	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
2.1.8 Delays and uncertainty in study results caused by projects that withdraw	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
Comments:	It is difficult to give weights to these issues, as their importance is highly dependent on the solutions that are proposed. PG&E believes that an efficient timeline is in the best interest of all parties. The timelines should be realistic, such that delays occur infrequently, if ever, and are anomalous instead of a normal course of business.	

	Further, any solution should take into account any potential unintended incentives it may be providing relative to the LGIP.		
Solution Ideas:			
Deliverability Issues Related to Interconnecting Small Generation			
2.2.1 Should SGIP have an option for deliverability?	☐ high ☐ medium ☐ low	☐ urgent	☐ not urgent
2.2.2 Should there be an opportunity to have "partial deliverability"?	☐ high ☐ medium ☐ low	☐ urgent	☐ not urgent
2.2.3 Should there be a later opportunity to change deliverability status after generator is commercially operational?	☐ high ☐ medium ☐ low	☐ urgent	☐ not urgent
2.2.4 How would a change in policy affect existing generation and/or existing projects in the queue?	☐ high ☐ medium ☐ low	☐ urgent	☐ not urgent
Comments:	Because deliverability is a requirement to count for resource adequacy, deliverability is an important aspect of interconnection. Neither the CAISO Tariff SGIP nor the PTOs' Wholesale Distribution (Access) tariffs' SGIPs currently provide for a deliverability assessment. It is important that generators have the opportunity to qualify for resource adequacy, and that certain other aspects of the process, such as timeline or deposit size do not deter/prevent generators from qualifying. Further, there is some uncertainty regarding the ability to qualify of existing generators, which needs to be remedied. The deliverability ratings ultimately produced by units that interconnect using the WD(A)T, SGIP or LGIP need to be published such that load serving entities and generators are able to confirm the deliverable amount of RA when entering into contracts.		
Solution Ideas:	All qualified resources, regardless of interconnection level, should be listed on the CAISO's NQC report.		
Issues relating to Cost Certainty			
2.3.1 Developers desire cost certainty	☐ high ☐ medium ☐ low	☐ urgent	☐ not urgent
2.3.2 How to minimize the impacts caused by projects that drop out of the queue?	☐ high ☐ medium ☐ low	☐ urgent	☐ not urgent
2.3.3 Accuracy of the per	☐ high ☐ medium ☐ low	☐ urgent	☐ not urgent

unit construction cost estimates		
2.3.4 Effects of adding cost certainty measures to the overall SGIP timeline	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
Comments:		
Solution Ideas:		
Issues related to Eligibility Criteria		
2.4.1 LGIP projects broken up into multiple SGIP projects	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
2.4.2 Real vs. Speculative projects	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
2.4.3 Generation MW size	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
2.4.4 MW Increases to existing projects	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
2.4.5 Site Control	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
Comments:	PG&E has experienced Interconnection Customers submitting Interconnection Requests to PG&E under the Wholesale Distribution Tariff simultaneously with requests under the CAISO SGIP for the same project at the same site. This duplicates efforts and produces inaccurate study results. PG&E is not opposed to the Interconnection Customer weighing the feasibility of a transmission interconnection against a distribution interconnection to determine the feasibility of a given project; however, a coordinated approach could help to avoid these sorts of duplications among processes.	
Solution Ideas:		
Issues related to application and study fees		
2.5.1 Appropriateness of amount	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
Comments:		
Solution Ideas:		
Small Generator Interconnection Agreement Issues		
2.6.1 Pace of SGIA completion	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent
2.6.2 Detail of the SGIA	☐ high ☐ medium ☐ low	☐ urgent ☐ not urgent

Comments:			
Solution Ideas:			
Miscellaneous SGIP tariff issues			
2.7.1 Detail of the SGIP tariff	☐ high ☐ medium ☐ low	☐ urgent	☐ not urgent
2.7.2 Clarity of SGIP tariff definitions	☐ high ☐ medium ☐ low	☐ urgent	☐ not urgent
Comments:			
Solution Ideas:			
Additional Issues that should be considered			
Please include additional issues here.	☐ high ☐ medium ☐ low	☐ urgent	☐ not urgent
Comments:			
Solution Ideas:			

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