

Comments of Tenaska, Inc.
“Generation Interconnection Procedures:
Deliverability Requirements for Clusters 1 and 2
Revised Discussion Paper”

We commend CAISO for listening to its stakeholders and providing a thoughtful proposal in its January 10, 2012 discussion paper regarding the deliverability requirements for Clusters 1 and 2. The proposal strikes an adequate balance between the deliverability requirements of various projects and the need to ensure that future transmission reliability is maintained by adequately using the CAISO Transmission Planning Process. While the paper does a great job at outlining the various issues and suggested resolutions there are various areas for which additional clarification is needed and for which the CAISO is seeking comments.

First, the CAISO is seeking comment on how to best define “new” resources in the context of making NQC adjustments. The discussion paper suggests that projects in the serial queue through the Cluster 4 queue that have failed to achieve various development milestones such as PPA approvals, completion of permitting, and execution of an LGIA by a certain date would be considered a “new” resource. We do not believe, however, that it is necessary or advisable to include all these milestones. We believe that any project that fails to execute an LGIA by March 31, 2012 or any project with an LGIA signed by March 31, 2012 that fails to meet the milestones required in its LGIA should be considered a “new” resource for purposes of making any NQC adjustments. Separate milestones for PPA approvals and completion of permitting are not necessary to identify a new resource, and may not always be a black and white determination. For example, generating resources could be constructed absent any PPA approval. Further, determining whether permitting is completed can be complicated particularly when the opportunity for appeals has not been exhausted and permitting requirements could change. It is for these reasons that failing to execute an LGIA by March 31, 2012, or continuing to meet the milestones in an executed LGIA by March 31, 2012, is a much more attractive bright line test and is all that is necessary for determining whether a resource should be classified as “new” resource for purposes of applying NQC adjustments.

Second, the CAISO tariff requires that the second posting of security occur no later than 180 days after a final Phase II study report is issued which makes the date February 20, 2012. It has been suggested that the CAISO delay the second posting of security as the CAISO is not planning to issue a technical bulletin concerning this deliverability issue until January 31, 2012. We recommend that the CAISO continue to enforce the February 20 date for making the second security posting, but that the CAISO should delay the posting date on a day-for-day basis for each day beyond January 31 until the CAISO issues its technical bulletin.

Finally, there were suggestions that the elimination of various Reliability Network Upgrades should also be considered in addition to the elimination of the various Deliverability Network Upgrades proposed in the discussion paper. We do not believe it is wise to consider the elimination of the Reliability Network Upgrades as these upgrades are necessary to ensure the reliable operation of the grid for a wider set of circumstances that just deliverability throughout the entire CAISO.

Again, we commend the CAISO for listening to its stakeholders and proposing a reasonable solution to the deliverability issues that have been identified. We hope the CAISO finds the comments provided above to be useful in preparing its technical bulletin.

