

Stakeholder Comments Template

Subject: Generator Interconnection Procedures Straw Proposal and Meeting

Submitted by	Company	Date Submitted
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This template was created to help stakeholders submit written comments on topics related to the May 26, 2010 Generator Interconnection Procedures Straw Proposal and June 3, 2010 Generator Interconnection Procedures Stakeholder Meeting. Please submit comments and thoughts (in MS Word) to dkirrene@caiso.com no later than the close of business on June 21, 2010.

Please add your comments where indicated responding to the questing raised. Your comments on any other aspect of the proposal are also welcome. The comments received will assist the ISO with the development of the Draft Final Proposal.

Proposed Independent Study Process

- Do you think that the proposed independent study process criteria are appropriate?
A reasonable, functional Independent Study Process (ISP) is essential unless the ISO wants its process requirements to delay the on-line date of new or expanded generating facilities by as much as two years. The straw proposal's ISP needs further refinement to be truly functional and useful to the generation development community.
- How should the proposed independent study process be specifically modified to incorporate desired features that are in the current SGIP serial process?
The intent of the ISP process is to ensure the interconnection study process does not delay projects from beginning commercial operation. This requires that the study makes use of good engineering judgment to determine the ability to interconnect additional generation to the grid. For example, based on prior studies and knowledge of their system, a PTO engineer may have a very high degree of confidence that there is room to interconnect up to 75 MW of generation at a particular location (additional amounts may also fit but there is more uncertainty). In the ISP, a new 45 MW project should be able to proceed with interconnection at this location with very little study while an 80 MW project may require some amount of

sensitivity study and a 200 MW project would require certain more detailed analysis. The use of good engineering judgment in the ISP will allow the ISO/PTO to facilitate the interconnection of new generating resources to the grid.

The “electrically independent” criteria must not be taken literally; rather it must take into consideration the status/timing of other potentially related projects so as to ensure the ISP project is not delayed and that other projects are not adversely impacted in their efforts/obligations for interconnection to the grid. For example, if there is another project with an on line date five years later than the ISP project and system upgrades are needed for that other project because of its size but there is room to accommodate the ISP project without any upgrades, the ISP project should be allowed to proceed on its schedules but it should not be relieved of its obligation to share in upgrade costs, as determined in the applicable cluster studies, to accommodate both projects (assuming the second project moves ahead).

An executed PPA **MUST NOT** be a pre-requisite for a project to make use of the ISP. A PPA is only a *possible* way that a project may show the project is financial feasibility and thus able meet its proposed on-line date. The requirement for a PPA would also discriminate against a self-service project or a developer that is willing to take the risk of not having a PPA and thus having to rely on the market. Either of these later two approaches would add MW to the grid thus benefiting reliability and increasing the amount of generating capability available in the market. This element of the ISP needs to be modified to simply require the customer to demonstrate that the project will have sufficient financing to get built. The existence of an executed purchase agreement does not mean a project **WILL** get built and should only be looked at as one way that financial feasibility could be demonstrated.

3. How can the independent study criteria be modified to allow PTOs to utilize this process if they do not have a backlog and waiting for the cluster window does not make sense?

It seems that with the proposed reform, IC requests only come in outside of the cluster process for ISP or SGIP Fast Track projects. Regarding projects that do not request ISP or SGIP Fast track treatment, PTO's should **NEVER** be prevented or discouraged from using good engineering judgment or doing things faster than the tariff allows. The tariff time frames should be ones that the PTO/ISO will meet or beat.

4. What pre-application information and guidance is needed to prequalify projects so that the process is not overwhelmed with applications?
There may be some pent-up demand that arises when these “broken” provisions of the current IC process are fixed. However, since there are clear criteria that limit eligibility, it seems unlikely everyone will try to jump to the ISP. And if there are a large number of projects that qualify for the

ISP, it is a clear sign that developers are focusing on locations where there is capacity to accept deliveries from new projects and the competitive market is working in getting new generation on line and connected to the grid.

5. How much “ISO and PTO judgment” should be allowed in qualifying projects and how should it be delineated?

The criteria the ISO/PTO are looking at needs to be clear and focused on ensuring that the interconnection “process” is not the critical path item in getting a new generation project to commercial operation (this works since a project requiring major upgrades before it can operate will not qualify for ISP treatment). With clear criteria/objectives, there should be no limits to the use of reasonable, well-founded judgment with the proviso that the ISO/PTO be required to explain/defend their decisions. The litmus test will be whether projects that go through this process actually come on line as they propose. When an ISP project does not meet its proposed on-line date, the criteria needs to be assessed to determine what caused the project to not come on-line and whether it was something that was reasonably likely (i.e. one must recognize that until a project is actually operating, it can get derailed for a number of reasons). This “did not make it” outcome should be the exception for ISP projects if good reasonable judgment is being exercised and projects that are able to move quickly will come on line and provide the benefits of new generating capacity connected to the grid.

6. What would be sufficient transparency into the ISO and PTO judgment process in qualifying projects and how would that be provided?

The only ones the ISO/PTO should have to answer to are the ISP project and others projects who feel their interconnection rights are directly impacted. The ISP projects will be included in the appropriate cluster process studies which also has transparency requirements.

7. If the proposed independent study process is included in the final proposal, is there still a need for the current LGIP Phase II accelerated study process? (CAISO Tariff Appendix Y Section 7.6)

With the modified IC process that includes a shortened time frame and the ISP option for both large and small projects, the current accelerated study process seems unnecessary. However, the ISO/PTOs should always take advantage of opportunities to use good judgment and move projects that can be interconnected without significant upgrades as quickly as possible whenever that determination is made.

Proposed Study Deposit Amounts

Are the proposed study deposit amounts appropriate, if not please explain?

Proposed Cluster Study Process

Do the proposed timelines for the cluster study process seem reasonable? Please add explanations for both yes or no responses?

It is essential that the timelines be realistic and achievable by the ISO/PTO. Many parties are relying upon and expending resources based on these timelines. The timelines are also critical to determinations of whether a project needs to go through the ISP in order to meet its on-line date.

Coordinating generator interconnections with the transmission planning process

Do you support the concept of coordinating the proposed generator interconnection process with the transmission planning process, why or why not?

These two processes would seem to have a natural synergy but the key is to NOT cause delay or other surprises in the interconnection process when linking it to the transmission planning process (i.e. there must be no adverse impacts to an interconnection customer and implementation of the FERC approved IC procedures).

Deliverability Assessments

1. What are your thoughts on the proposed alternatives for deliverability assessments?

Deliverability is currently a business decision made by the interconnection customer which they live with and that fundamental principle should remain. Option 2 creates an orderly process whereby any project that does not have deliverability (due to a choice in the interconnection process or by default due to deliverability being a non-existent concept when they interconnected) can at any time go into a process to get deliverability on an equal footing with all other projects. When this tariff reform is implemented, there should be an opportunity for any projects without deliverability to request it in the next available cluster window in accordance with the process/rules all other projects follow. Doing anything else can adversely impact projects that made the time and financial commitments to obtain deliverability in the tariff approved way. A possible variation would allow projects which are not deliverable and which never had a “deliverability” option in their interconnection process to go through an ISP-type process (Option 1??) but that should only be if they commit to full deliverability and cost participation in any upgrades thereby triggered (i.e. no free riders, the cost risk/exposure rules are the same).

2. What adjustments should be made to each alternative?

Proposed Transition Plan

1. Do you think that the proposed transition plan is reasonable for LGIP projects?
2. Do you think that the proposed transition plan is reasonable for SGIP projects?
3. Do you have any comments on the proposed dates for grandfathering projects in queue and migration of new projects and in queue projects into the proposed cluster process?

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

There is no question that the SGIP/LGIP process must be reformed so that the IC process does not delay well conceived projects for coming on line for years. The creation of the Independent Study Process can accomplish this in a fair, well reasoned manner.

Allowing projects that were never given the opportunity to be “deliverable” because of the way the interconnection rules/processes evolved must be corrected. These resources can provide valuable services that should be counted when making additional generating capacity procurement decisions.

Also allowing project to revisit past decisions is a reasonable modification to the IC process but it must be carefully managed to ensure that other projects, which made decisions and incurred increased costs, are not adversely or “penalized” for making business/investment decisions based on then current rules.

Requiring all projects to go through the same process at the time they make the business decision to be deliverable is fair and non-discriminatory. Consistency, fairness, and predictability are essential elements of a competitive generation market structure and the CAISO can significantly undermine investor confidence by deviating from these principles.