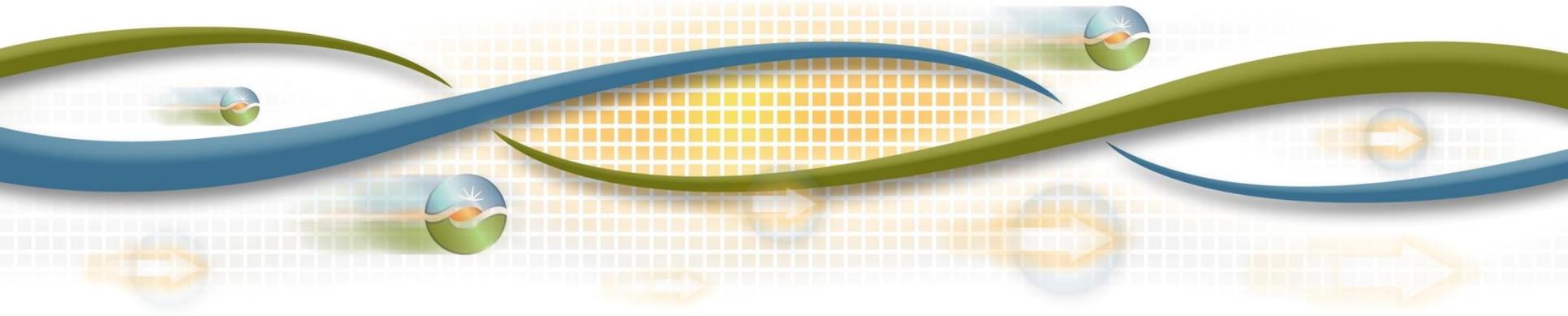


Interconnection Process Enhancements Initiative

Stakeholder Web Conference

March 30, 2015



Agenda

Time	Topic	Speaker
1:00-1:10	Introduction, Stakeholder Process	Kristina Osborne
1:10-2:50	Issue Paper Topic Discussion	IPE Team
2:50-3:00	Next Steps	Kristina Osborne

ISO Stakeholder Initiative Process



We Are Here

Stakeholder process schedule

Date	Milestone
March 23, 2015	Issue Paper/Straw Proposal
March 30, 2015	Stakeholder Meeting (web conference)
April 10, 2015	Stakeholder Comments Due
May 7, 2015	Revised Straw Proposal
May 18, 2015	Stakeholder Meeting (web conference)
June 1, 2015	Stakeholder Comments Due
June 26, 2015	Draft Final Proposal (if needed)
July 9, 2015	Stakeholder meeting (web conference)
July 23, 2015	Stakeholder Comments Due
September 17-18, 2015	Board of Governors Meeting

Purpose and background of this initiative

- Consider potential enhancements to ISO's generator interconnection process and agreements
- Scope of topics resulted from:
 - Topics not included in the previous IPE initiative
 - CAISO Management's commitment to its Board for a stakeholder process to refine the Affected System process
 - Input from internal CAISO business units

Objectives for today's stakeholder call

- Present the 11 topics
 - Discuss issues and CAISO proposed solution for each topic
- Obtain initial stakeholder feedback

Eleven proposed topics

No.	Topic	ISO SME
1	Affected Systems	Debi Le Vine
2	Time-In-Queue Limitations	Debi Le Vine
3	Negotiation of Generator Interconnection Agreements	Daune Kirrene
4	Deposits Interconnection Request Study Deposits Limited Operation Study Deposits Modification Deposits Repowering Deposits	Debi Le Vine
5	Stand-Alone Network Upgrades and Self Build Option	Bob Emmert
6	Allowable Modifications Between Phase I and Phase II Study Results	Linda Wright
7	Conditions for Issuance of Study Reports	Chris Mensah-Bonsu
8	Generator Interconnection Agreement Insurance	Daune Kirrene
9	Interconnection Financial Security Process Clarifications Posting Clarifications Transmission Plan Deliverability Affidavit Impacts	Jeff Evans/ Linda Wright
10	Forfeiture of Funds for Withdrawal During Downsizing Process	Phelim Tavares
11	Transmission Plan Deliverability Option B Clarifications	Leslie Feusi

Topic Overviews and Proposed Solutions

Topic 1 – Affected Systems

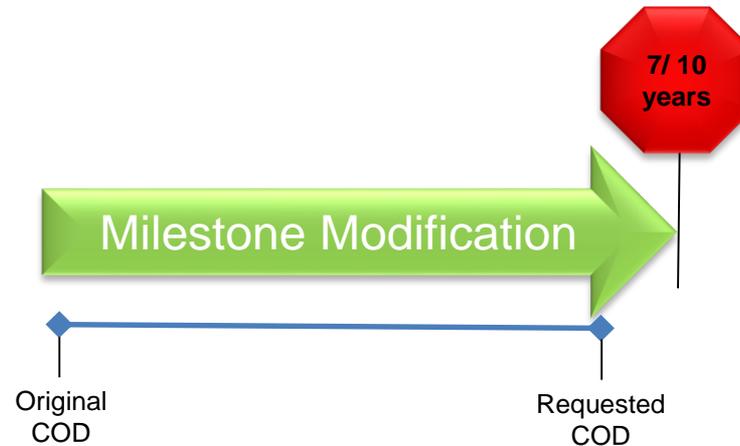
Background

- CAISO committed to establish a definitive timeframe for Affected System to identify themselves
- Current BPM language outlines roles and responsibilities of the CAISO, Interconnection Customers, and Affected Systems
 - Includes a timeframe in which Affected Systems should identify themselves in the process
- Proposal is what the CAISO will do if Affected Systems do not identify themselves in a specific timeframe

Topic 1 – Affected Systems (continued)

- Proposal to incorporate BPM language into Tariff:
 - CAISO provides notice to potentially Affected System that projects could impact their system
 - Within 30 calendar days the potentially Affected System will advise the ISO in writing whether it is, in fact, an Affected System
- Proposed New Tariff Language:
 - If an electric system operator comes forward after the established timeline as an Affected System, any mitigation required will be the responsibility of the Affected System, and not the CAISO, Interconnection Customer, or the Participating TO

Topic 2 –Time-In-Queue Limitations

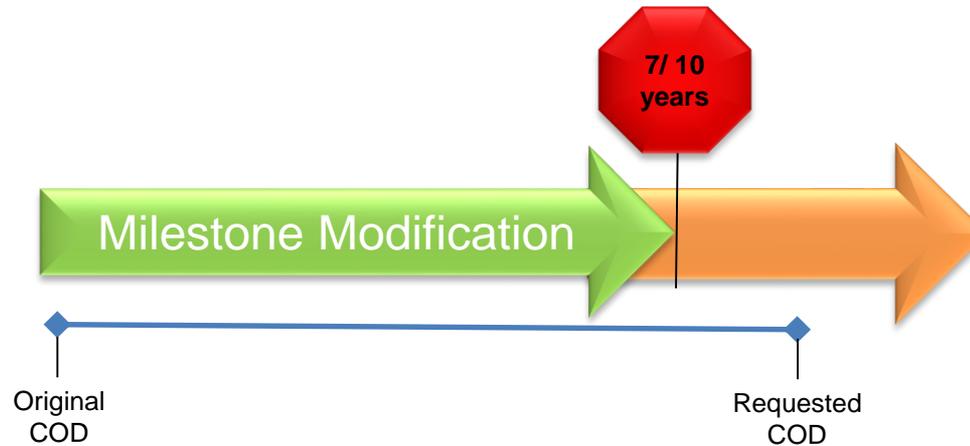


Background

Requests to extend a Commercial Operation Date (COD) are subject to a Material Modification Assessment (MMA) process

- Serial - the In-Service Date (ISD) shall not exceed 10 years
- Cluster - the COD shall not exceed 7 years

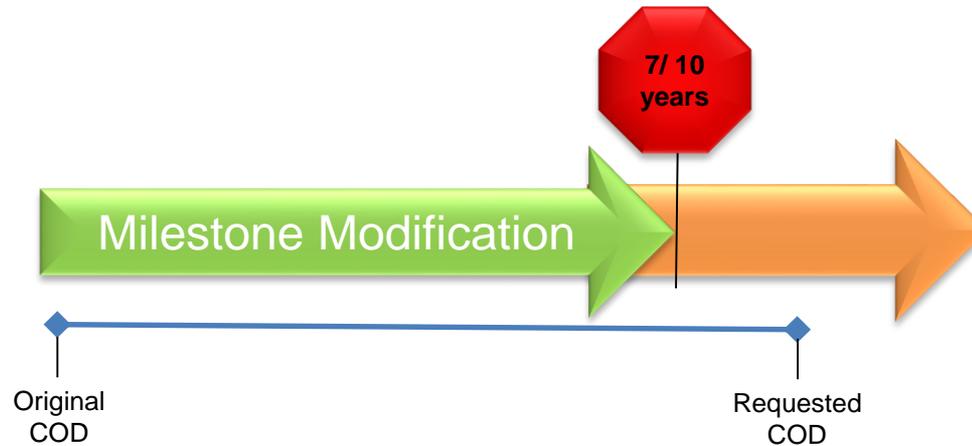
Topic 2 –Time-In-Queue Limitations (continued)



Current process for requests beyond 7/10 years

- MMA review process;
- Engineering, permitting, and construction will take longer than the applicable maximum period; *and*
- That circumstances that caused the delay were beyond the control of the Interconnection Customer.

Topic 2 – Time-In-Queue Limitations (continued)



Proposed changes for requests beyond 7/10 years

- The existing process; *and*
- Could other projects use the Generating Facility's deliverability?
 - If yes, approval will be conditioned on commercial viability criteria

Topic 2 –Time-In-Queue Limitations (continued)

What is the commercial viability criteria?

- Data adequate permit applications
- Executed power purchase agreement, balance-sheet financing, or other financing;
- Demonstrating Site Exclusivity in lieu of any deposit;
- Having executed a Generator Interconnection Agreement (GIA); and
- Being in good standing with the GIA

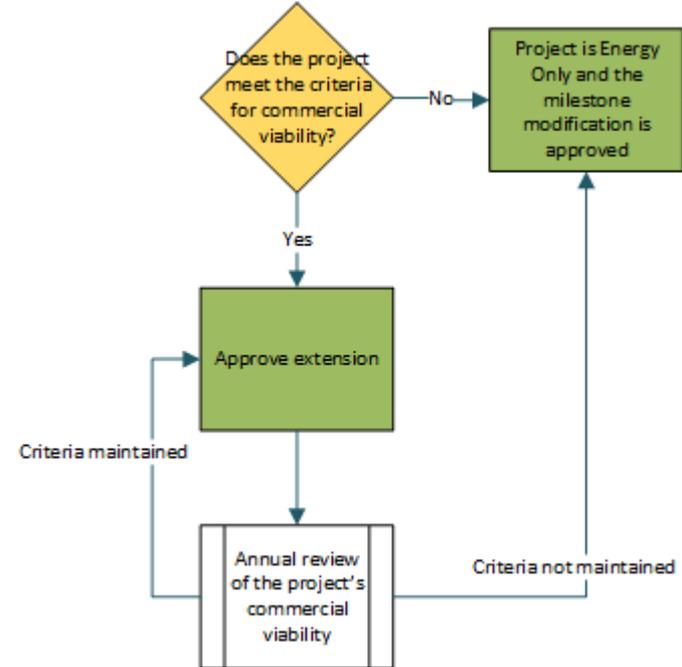
Consequences of failure to meet commercial viability criteria

- Lose Full Capacity Deliverability Status (FCDS) or Partial Capacity Deliverability Status (PCDS) and become Energy Only
- This is intended to apply to generating facilities in the Serial study process and the Cluster study process

Topic 2 –Time-In-Queue Limitations (continued)

Annual review

The CAISO will perform an annual review of commercial viability during the transmission plan deliverability allocation process



Topic 3– Negotiation of Generator Interconnection Agreements

- Currently, tendering and negotiating the GIA immediately follows the study process
 - This proposal links that process to the in service date
- Currently, only the Interconnection Customer can declare negotiations have reached an impasse
 - This proposal allows the CAISO and Participating TO to declare so as well
 - The Interconnection Customer still will have time to cure

Topic 3– Negotiation of Generator Interconnection Agreements (continued)

- Currently, there is no requirement to keep the in service date and commercial operation dates current
 - Proposal would withdraw the interconnection request when there is a failure to maintain the in service date and commercial operation date
 - These dates may be extended via the modification request in order to cure the withdrawal

Topic 4 – Deposits

Proposing to revise or implement deposits for:

- **Interconnection Request Study**
 - Current deposit structure underestimates the study costs that IC's anticipate, especially for smaller projects
 - This results in post-deposit invoicing, which is problematic for both the Interconnection Customer and the ISO
- **Limited Operation Study during 6 months prior to Commercial Operation Date (COD)**
- **Modification post COD**
- **Repowering post COD**

Topic 4 – Deposits (continued)

Interconnection Request Study Deposit

- Current study deposits are insufficient
 - (\$50,000 plus \$1,000 per MW)
- Cluster 5 actual costs
 - Average = \$156,500
 - Small = \$190,798 (\$60,339 - \$233,749)
 - Large = \$146,395 (\$57,265 - \$242,266)
 - Costs include: Phase I, Phase II, reassessment, meetings, and reports
- Proposal - \$150,000 for both large and small generators

Topic 4 – Deposits (continued)

Limited Operation, Modification and Repowering

- All three processes require the Interconnection Customer to pay for actual costs incurred
- Tariff does not currently provide for a study deposit
- Proposal: \$10,000 (similar to existing modification and re-study deposits)

Topic 5 – Stand-Alone Network Upgrades and Self-Build Option

- Stand Alone Network Upgrades (SANU) – Network Upgrades (NUs) where the total cost responsibility is assigned to just one Interconnection Customer (IC)
- The IC may be allowed to construct the SANU if specific criteria are met
- Current policy allows for an IC building SANUs to forgo Interconnection Financial Security (IFS) posting for the SANU
- This has proven problematic where an IC that initially opts to self build does not perform as anticipated

Topic 5 – Stand-Alone Network Upgrades & Self-Build Option (continued)

Proposed Changes

- If at any time the responsibility for constructing the SANU reverts back to the Participating TO, the IC will be required to make the appropriate IFS posting within 30 calendar days
- Failure to make timely posting will result in the withdrawal of the Interconnection Request
- If an IC elects to self build and later withdraws, the amount of the IFS that is refundable will be reduced by the amount of the IFS posting the IC avoided through the self build option

Topic 6— Allowable Modifications Between Phase I and Phase II Study Reports

- The timeframe to construct is more clear after the Phase I study
- Proposing to add In-Service, Trial Operation, and Commercial Operation dates to the list of allowable changes
 - Must meet Commercial Operation Date criteria in Appendix DD 3.5.1.4
 - Proposed dates must be mutually acceptable to the applicable Participating TO(s), CAISO, and the Interconnection Customer
- Also proposing to add change in Point of Interconnection to list of allowable changes

Topic 7 – Conditions for Issuance of Study Reports

- Proposing to introduce the issuance of a facilities reassessment report to the process due to updates resulting from Interconnection Customer or Participating TO request for modification to facilities
 - The report will document the updated scope, schedule, and cost of Interconnection Facilities and Network Upgrades (NUs)

Topic 7 –Conditions for Issuance of Study Reports (continued)

- Modification is requested and approved between the Phase I and Phase II studies
 - Scope, schedule, or cost changes will be identified during Phase II studies
 - Modification resulting in higher NU costs shall be deemed as material because it shifts costs to the Participating TO due to the Phase I cost cap

Topic 7 –Conditions for Issuance of Study Reports (*continued*)

- Modifications requested after the Phase II study
 - A facilities reassessment could take up to 90 calendar days
 - Facilities reassessment report will be attached to the modification approval letter
 - Maximum cost responsibility and Interconnection Financial Security for NU changes will be evaluated
 - For Interconnection Facility changes, the Interconnection Financial Security will be recalculated with the costs included in the facilities reassessment report

Topic 8 – Generator Interconnection Agreement Insurance

- LGIAs describe type of insurance coverage required
- Some of the required insurance coverage types are no longer available
- Proposing to update the insurance terms and conditions to reflect currently available insurance coverage

Topic 9 – Interconnection Financial Security

Proposing to clarify or revise Interconnection Financial Security associated with:

- Process
- Posting
- Transmission Plan Deliverability Affidavits

Topic 9 – Interconnection Financial Security (continued) Process Clarification

- Interconnection Financial Security postings are required “on or before” a specified date triggered as a result of a specific interconnection activity
 - Study results publication
 - Start of construction activities
- Proposing to provide clarity surrounding “on or before” to precisely identify the earliest date a posting may be made

Topic 9 – Interconnection Financial Security (continued) Posting Clarification

- Phase I and Phase II study report revisions associated with errors and omissions may result in an adjustment to the posting dates
- Proposing to clarify that this section only pertains to study report changes occurring before the Initial and Second Interconnection Financial Security posting dates have past

Topic 9 – Interconnection Financial Security (continued) TP Deliverability Affidavits Impacts

- In the Transmission Plan Deliverability process, projects attest to their project financing status
- Appendix DD 11.4.1(a) *Failure to Secure a PPA* provides that projects that withdraw for failure to secure a PPA qualify for partial recovery of its Network Upgrade Interconnection Financial Security
- Proposing that a project that attested to balance-sheet financing will no longer qualify for partial recovery of its Network Upgrade Interconnection Financial Security under Appendix DD 11.4.1(a)

Topic 10 – Forfeiture of Funds for Withdrawal During Downsizing Process

- When projects withdraw, recovery of interconnection financial security for Network Upgrades is based on MW capacity
- For projects with active downsizing requests, the proposal clarifies forfeiture of funds when a project withdraws before the completion of the downsizing study
 - The refund amount will be calculated based on pre-downsizing MW

Topic 11 – Transmission Plan Deliverability Option B Clarifications

- Transmission Plan Deliverability allocation Option (A) or (B) choice is made after Phase I results meeting
- Currently, customers with no Area Delivery Network Upgrades (ADNUs) who choose Option (B) and do not receive a deliverability allocation may only withdraw
- Proposing to:
 - Limit Option (B) choice to only projects assigned ADNUs in their Phase I study reports
 - Provide Option (B) customers the same choices that Option (A) customers have if no allocation is received
 - Include additional Option (B) clarifications

Next Steps

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- Please use the comments template provided
- Please include “2015 IPE” in the subject line
- Submit written comments to initiativecomments@caiso.com by close of business Friday, April 10