

Stakeholder Comments Template

Integration of Transmission Planning and Generator Interconnection Procedures (TPP-GIP Integration)

Draft Final Proposal, posted February 15, 2012

Submitted by	Company	Date Submitted
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The Center for Energy Efficiency and Renewable Technologies (CEERT) appreciates the opportunity to comment on the California ISO's Integration of Transmission Planning and Generator Interconnection Procedures (TPP-GIP Integration) Draft Final Proposal. Our comments are below.

Section 1. Overall support for the draft final proposal.

Please select one of the following options to indicate your organization's overall level of support for this proposal: (1) fully support, (2) support with qualification, or (3) oppose. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal.

CEERT commends the CAISO for their proposed approach to resolving significant Queue Cluster (QC) interconnection issues and harmonizing the generator interconnection process with the transmission planning process. However, we have several significant reservations about the proposal. Therefore we support the CAISO's proposal with qualification.

Our first concern is with the lack of sufficient stakeholder involvement in the selection of an appropriate transmission plan. Given the nature of the proposed TPP-GIP integration, the success of the process relies critically on the selection of an appropriate transmission plan. We strongly believe that the only way the proposed TPP-GIP integration can succeed is if a transmission plan is selected that reflects broad stakeholder input, in addition to the commercial interest reflected by the existing QCs. Such stakeholder input will be critical in identifying Competitive Renewable Energy Zones (CREZs) that optimize fuel source and access to load, while at the same time minimizing environmental impacts. We are very concerned that basing a transmission plan on commercial interest as reflected by the existing QCs will not lead to optimal resource selection. We are also concerned that the CPUC schedule for providing the TP to the CAISO currently does not offer any opportunity for stakeholder input, nor has the CAISO made apparent whether or how stakeholder input will be incorporated into the TPP. Given how critical the choice of TP is to the success of TPP-GIP, we strongly believe that the choice of TP should be open to robust stakeholder input.

Our second concern relates to the lack of partial deliverability options for QCs 1 through 4. While we recognize that this option was not available within the existing GIP tariff for QCs 1 through 4, we are concerned that the lack of a partial deliverability option for existing QC

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projects will potentially lead to less than optimal usage of existing and planned transmission assets. Furthermore, lack of partial deliverability may impede the commercial viability of projects that are required to wait for full build out of transmission assets before being able to access their full deliverability status. A partial deliverability option, could, for example, allow transmission constrained projects to access a fraction of their Net Qualifying Capacity (NQC) during the time in which full transmission access is established, at which time resources could then receive full deliverability status. While we recognize the complexity of retroactively implementing partial deliverability for projects in QCs 1 through 4, we are concerned that without such an option, the commercial viability of projects may be significantly compromised. We therefore believe that not offering partial deliverability for QCs 1 through 4 may represent a significant missed opportunity for facilitating the commercial viability of such projects, projects which represent most if not all of the resources needed to meet California's 33% Renewable Portfolio Standard. We therefore encourage the CAISO to consider looking for creative, out-of-the-box solutions to this problem.

Section 2. Major differences between the 2/15 draft final proposal and the earlier 1/12 second revised straw proposal.

1. In response to stakeholder concerns about the previous proposal that ratepayers would reimburse customers fully for all reliability network upgrades (RNU), the draft final proposal will determine whether a project is eligible for full, partial or no reimbursement in a manner that aligns with the allocation of TP deliverability under this proposal.
2. Projects that submit energy only interconnection requests and do not seek deliverability will be reimbursed for RNU up to a maximum of \$40,000 per MW of generating capacity.
3. The proposal distinguishes between area delivery network upgrades (ADNU) and local delivery network upgrades (LDNU), where ADNU are generally identified through the TPP to provide deliverability to a targeted MW amount of generation in an area, while LDNU are identified through the GIP studies to provide resource-specific deliverability.

The definitions of Area Delivery Network Upgrade (ADNU) and Local Delivery Network Upgrade (LDNU) are not sufficiently clear. Although the proposal attempts to provide some distinctions between ADNU and LDNU by looking at the upgrades that benefit larger area versus local system, the proposed criteria do not sufficiently clarify how to distinguish between such systems. The CAISO states that if the upgrade is one that would be identified through the TPP to meet 33%, it will be considered an ADNU; if it is not, it will be considered an LDNU. However, there may be regions where upgrades identified as LDNU may benefit a larger area.

4. The process for allocation of TP deliverability will be the key determinant of whether a generation project is required to post security and/or pay for a share of ADNU costs after phase 2. All projects will be required to post security for their shares of RNU and LDNU costs. Eligibility for ratepayer reimbursement of these security postings after commercial operation begins will align with whether the project was allocated TP deliverability and then meets the criteria to retain the allocation.
5. The allocation of TP deliverability to generation projects under this proposal will occur for the first time at the end of the GIP phase 2 study process for cluster 5, i.e., during the

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first quarter of 2014. Before the ISO allocates TP deliverability to any cluster 5 projects, the ISO will first determine how much of the TP deliverability provided by the most recent transmission plan must be encumbered by projects in the existing queue (serial through cluster 4) that are in good standing with respect to their PPAs and GIAs, any expansion of MIC that was addressed in the TPP, and any deliverability for distributed generation (DG) allocated to regulatory authorities under the DG Deliverability initiative in progress. After accounting for these encumbrances, the remaining amount of TP deliverability will be available for qualified projects in cluster 5.

6. If there is some TP deliverability available for allocation to projects in the current cluster and to option (A) projects in the prior cluster that opted to park for a year, such projects must at least meet the minimum threshold criteria of being included on an active LSE short list and having submitted the necessary permit applications in order to be eligible for the allocation of TP deliverability.
7. If the volume of projects that meet the threshold exceeds the amount of TP deliverability available, the ISO will calculate a numerical score for each project based on the criteria and point values presented in the proposal, and will allocate deliverability to the highest scoring projects without regard to whether the project chose option (A) or (B).
8. A project that is allocated TP deliverability under the proposed approach will be required to demonstrate annually that it meets the criteria for retaining the allocation; i.e., (i) no regression with respect to criteria on which it received the allocation; (ii) executed GIA is in good standing (no ISO notification of breach); (iii) no delay of COD unless for reasons beyond customer's control. If a project loses its allocation, it must either withdraw from the queue or convert to energy only deliverability status.
9. An option (A) project that does not receive TP deliverability after parking for one year must either withdraw from the queue or execute an energy only GIA. To allow parking for a longer period would complicate the GIP study process by maintaining a backlog of projects to be studied for RNU and LDNU that may not be making progress but have little incentive to withdraw.
10. An option (B) project that does not receive TP deliverability within the allocation process immediately following its phase 2 study results must either withdraw from the queue or execute a GIA committing it to pay its share for all required network upgrades without ratepayer reimbursement.
11. Projects that withdraw from queue after the phase 2 study results may be eligible for partial refund of their first financial security postings in accordance with existing tariff provisions, as expanded by the following new eligibility conditions: (1) An (A) project will be eligible if it fails to be allocated TP deliverability; the period for "early" withdrawal under this condition will be 18 months from phase 2 study results. (2) A (B) project will be eligible if its phase 2 cost estimate for ADNU exceeds its phase 1 estimate by the smaller of 20 percent or \$20 million. The "early" withdrawal period will be 180 days from phase 2 study results.
12. The ISO will maintain the March 31, 2012 closing date for the cluster 5 request window, in contrast to April 30 as stated in the previous proposal. In recognition of the possibility

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that FERC's order may significantly modify the proposal that the ISO Board rules on in March and the ISO files shortly thereafter, the ISO's filing will include a provision to allow parties to withdraw requests up to 10 days after the FERC order without any penalty applied to the refund of their initial study deposits.

Section 3. Please provide any additional comments on major structural components of the proposal.

13. GIP Phase 1
14. Transition from Phase 1 to Phase 2
15. GIP Phase 2
16. Allocation of TP Deliverability Post Phase 2
17. Subsequent to the Allocation Process

Section 4. Please use the space below to offer comments on any other aspect of the proposal not covered above.