

Stakeholder Comments Template

Subject: Generation Interconnection Procedures Phase 2 (“GIP 2”)

Submitted by	Company	Date Submitted
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Comments on topics listed in GIP 2 Straw Proposal:

Work Group 1

1. Develop procedures and tariff provisions for cost assessment provisions.

Comments:

CMUA strongly supports development of a cost/benefit analysis to examine alternative network upgrade projects that will enable policy goals to be met in the most cost-effective manner. There is no requirement, and no policy support, for the position that transmission customers must pay for all Network Upgrades. Some analytical framework must be developed that would allow examination of costs and benefits associated with transmission alternatives, and attribute costs responsibility for Network Upgrades appropriately.

In the CAISO’s Issue Paper of February 24, 2011, the CAISO clearly identified a potential cost-benefit evaluation for network upgrades, considered to be a high priority issue for the CAISO. Issue Paper at 9. Further, in its April 14, 2011 GIP 2 Straw Proposal, the ISO specifically proposes to “develop procedures and tariff provisions for economic test of network upgrades to enable the ISO to avoid imposing high GIP-related upgrade costs on ratepayers when the benefits do not justify the costs, and to provide incentives to ICs [Interconnection Customers] to choose efficient interconnection locations. Straw Proposal at 8.

Comments Template for April 14, 2011 Straw Proposal

In the more detailed discussion of these efforts, however, it is unclear to CMUA how this cost-benefit analysis will be performed. CMUA therefore seeks clarification of the Straw Proposal in this regard.

CMUA supports many aspects and goals of the concepts outlined in the Straw Proposal, including:

- More reliance on the TPP, and less on the GIP, to better ensure a comprehensive planning effort;
- Limiting exposure of transmission ratepayers to the costs of building upgrades that are underutilized;
- Providing incentives through appropriate cost allocation for developers of new resources to select the most cost effective grid locations for interconnection.

Yet, within the process outlined (Straw Proposal commencing at 18), it is unclear how the CAISO will affirmatively and explicitly examine costs and weigh benefits of transmission options to meet identified policy goals. First, the Straw Proposal outlines a portfolio identification process that will be undertaken in the TPP. CMUA supports this step, but it is unclear what assumptions and objectives will be included in the portfolio analysis. CMUA assumes and recommends that this process of selecting scenarios will be used to define a transmission expansion plan that can meet our renewable goals at least cost to ratepayers. CMUA will be concerned if the portfolio analysis does not accomplish this goal. We also want a process that explicitly involves Stakeholders and therefore is not opaque. The scenarios must be developed in a transparent manner and the methodology of developing the scenarios must be transparent as well.

Second, the CAISO does not describe in the process how explicit decisions will be made among competing transmission alternatives. As indicated above, CMUA believes that the most cost-effective alternatives should be selected to meet the identified policy goals and CAISO should make that clear.