

# Stakeholder Comments Template

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

Submitted by	Company	Date Submitted
Kevin Dudney, <a href="mailto:Kevin.dudney@cpuc.ca.gov">Kevin.dudney@cpuc.ca.gov</a> , 415.703.2557 And Keith White, <a href="mailto:keith.white@cpuc.ca.gov">keith.white@cpuc.ca.gov</a> , 415.355.5473	Staff of the California Public Utilities Commission	2011-7-14

This template was created to help stakeholders structure their written comments on topics detailed in the July 5, 2011 *Revised Draft Final Proposal for Generation Interconnection Procedures 2 (GIP 2) Proposal* (at <http://www.caiso.com/2b21/2b21a4fe115e0.html>).

We ask that you please submit your comments in MS Word to [GIP2@caiso.com](mailto:GIP2@caiso.com) *no later than the close of business on July 14, 2011* so that there will be time to include them in Board documents.

Your comments will be most useful if you provide the reasons and the business case for your preferred approaches to these topics.

Please also respond to the question “Do you support the proposal?” for each item listed below.

CPUC Staff appreciates the opportunity to comment on the Revised Draft Final Proposal and the important issues involved. We generally support the ISO's efforts to reform the Generation Interconnection Procedures (GIP) and to coordinate it with the ISO's Transmission Planning Process (TPP) and other related planning forums. We believe that coordination of these processes will result in increased transparency, superior analysis, better planning results, and less risk of stranded or under-utilized investments. ISO Staff and stakeholders have worked long and hard toward these goals and significant progress is represented in this proposal.

However, we are concerned that some aspects of this proposal are premature. The ISO has prudently delayed the working group 1 issues and created a new forum, the Transmission Planning and Generation Interconnection Integration stakeholder process to address these complicated issues. We suggest that three of the proposals (specifically 7.3.1, 7.4.1, and 7.4.8) remaining in this revised draft final proposal should be withdrawn from this proposal and further considered in the new stakeholder process. These proposals, in combination with Participating Transmission Owner (PTO) voluntary upfront funding, present the possibility of significant transmission investments being rolled into Transmission Access Charge (TAC) rates in the interconnection process. Instead, these investment and cost allocation decisions should be made in the more holistic and transparent TPP. The new Transmission Planning and Generation Interconnection Integration stakeholder process should resolve how these decisions can and should be considered in light of both their large implications and the broader system planning efforts. A major purpose of the ongoing transmission and interconnection reforms has been to provide a transparent, integrated process for deciding what costs should be paid through the TAC. We believe the identified proposals are likely to undermine that purpose.

Specific comments related to individual proposals are included in the template below.

**Comments on topics listed in GIP 2 Draft Final Proposal:****Work Group 1**

The ISO has determined that WG 1 topics should be taken out of the GIP 2 scope and addressed in a separate initiative with its own timeline

**Work Group 2**

1. Participating Transmission Owner (PTO) transmission cost estimation procedures and per-unit upgrade cost estimates;

Do you support the proposal?

Comments:

2. Generators interconnecting to non-PTO facilities that reside inside the ISO Balancing Area Authority (BAA);

Do you support the proposal?

Comments:

3. Triggers that establish the deadlines for IC financial security postings.

Do you support the proposal?

Comments:

4. Clarify definitions of start of construction and other transmission construction phases, and specify posting requirements at each milestone.

Do you support the proposal?

Comments:

5. Improve process for interconnection customers to be notified of their required amounts for IFS posting

Do you support the proposal?

Comments:

6. Information provided by the ISO (Internet Postings)

Do you support the proposal?

Comments:

### **Work Group 3**

7. Develop pro forma partial termination provisions to allow an IC to structure its generation project in a sequence of phases.

Do you support the proposal?

No.

Comments:

We believe that this proposal should not be adopted at this time; instead this issue should be considered as part of the new “Transmission Planning and Generation Interconnection Integration” stakeholder process. This proposal presents the prospect of continuing to make major transmission cost-recovery decisions through the interconnection process instead of the more transparent TPP. Such a result is contrary to the goals and spirit of long-standing stakeholder efforts to coordinate TPP and GIP. Although we prefer that this issue be delayed, we suggest the following modification.

We appreciate the ISO’s efforts to strike an appropriate balance between ratepayer risks and flexibility for project developers in this proposal. However, we believe that, at least initially, the balance should be set further toward protecting ratepayers. In order to achieve this balance, we suggest that the ISO scale the multiplier “X%” by  $1.5 \cdot R$ , instead of the current  $1 \cdot R$ . This will have the effect of increasing the calculated Partial Termination Charge by 50% in all cases, thereby decreasing the amount that ratepayers would need to contribute to network upgrades for terminated projects and decreasing the likelihood of developers exercising the partial termination option. The proposed values of X as a function of R are as follows:

- $X = 0.15$  for  $R \leq 0.1$
- $X = 1.5 \cdot R$  for  $0.1 < R \leq 0.5$
- $X = 0.75$  for  $R > 0.5$

If, after the market place has some experience with the Partial Termination Charge mechanism, it can be demonstrated that ratepayers are not being exposed to excessive

network upgrade costs due to partial termination, it may be appropriate to lower the multiplier accordingly.

8. Reduction in project size for permitting or other extenuating circumstances

Do you support the proposal?

Comments:

9. Repayment of IC funding of network upgrades associated with a phased generation facility.

Do you support the proposal?

Comments:

10. Clarify site exclusivity requirements for projects located on federal lands.

Do you support the proposal?

Comments:

11. CPUC Renewable Auction Mechanism

Do you support the proposal?

Comments:

CPUC Staff looks forward to participating in the follow-on proceeding on this issue.

12. Interconnection Refinements to Accommodate QF conversions, Repowering, Behind the meter expansion, Deliverability at the Distribution Level and Fast Track and ISP improvements

- a. Application of Path 1-5 processes

Do you support the proposal?

Comments:

- b. Maintaining Deliverability upon QF Conversion

Do you support the proposal?

Yes.

Comments:

- c. Distribution Level Deliverability

Do you support the proposal?

Yes, with clarifications.

Comments:

CPUC Staff generally supports this proposal and looks forward to working with the ISO and distribution utilities to coordinate wholesale distribution tariffs with the ISO's deliverability assessments. We support the apparent intent of this proposal to develop a simplified deliverability study that can be performed by the ISO in conjunction with PTOs to establish the deliverability of distribution level resources. However, we note that this proposal does not incorporate the "partial deliverability" concept from Section 7.5.1; partial deliverability should be an available option for distribution level resources as well.

**Work Group 4**

13. Financial security posting requirements where the PTO elects to upfront fund network upgrades.

Do you support the proposal?

No.

Comments:

We believe that this proposal should not be adopted at this time; instead this issue should be considered as part of the new "Transmission Planning and Generation Interconnection Integration" stakeholder process. This proposal presents the prospect of continuing to make major transmission cost-recovery decisions through the interconnection process instead of the more transparent TPP. Such a result is contrary to the goals and spirit of long-standing stakeholder efforts to coordinate TPP and GIP.

14. Revise ISO insurance requirements (downward) in the pro forma Large Generation Interconnection Agreement (LGIA) to better reflect ISO's role in and potential impacts on the three-party LGIA.

Do you support the proposal?

Comments:

15. Standardize the use of adjusted versus non-adjusted dollar amounts in LGIAs.

Do you support the proposal?

Comments:

16. Clarify the Interconnection Customers financial responsibility cap and maximum cost responsibility

Do you support the proposal?

Comments:

17. Consider adding a "posting cap" to the PTO's Interconnection Facilities

Do you support the proposal?

Comments:

18. Consider using generating project viability assessment in lieu of financial security postings

Do you support the proposal?

Comments:

19. Consider limiting interconnection agreement suspension rights

Do you support the proposal?

Comments:

20. Consider incorporating PTO abandoned plant recovery into GIP

Do you support the proposal?

No.

Comments:

We believe that this proposal should not be adopted at this time; instead this issue should be considered as part of the new “Transmission Planning and Generation Interconnection Integration” stakeholder process. This proposal presents the prospect of continuing to make major transmission cost-recovery decisions through the interconnection process instead of the more transparent TPP. Such a result is contrary to the goals and spirit of long-standing stakeholder efforts to coordinate TPP and GIP.

## Work Group 5

21. Partial deliverability as an interconnection deliverability status option.

Do you support the proposal?

Yes.

Comments:

22. Conform technical requirements for small and large generators to a single standard

Do you support the proposal?

Comments:

23. Revisit tariff requirement for off-peak deliverability assessment.

Do you support the proposal?

Yes.

Comments:

24. Operational partial and interim deliverability assessment

Do you support the proposal?

Yes.

Comments:

25. Post Phase II re-evaluation of the plan of service

Do you support the proposal?

Comments:

**Other Comments:**

1. If you have other comments, please provide them here.