

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your written comments on the stakeholder initiative:

“2017 Expedited GIDAP Enhancements Straw Proposal”

Submit comments to InitiativeComments@CAISO.com

Comments are due Friday, August 11, 2017 by 5:00pm

The Issue Paper posted on July 21, 2017 and the presentations discussed during the August 4, 2017 stakeholder meeting can be found at CAISO.com or at the following link:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/2017ExpeditedGIDAPEnhancements.aspx>

Please use this template to provide your written comments on the issue paper topics listed below and any additional comments that you wish to provide.

1. Do you support the Extended Parking straw proposal? And why?

Comments:

First Solar supports the bifurcated process

First Solar supports the CAISO’s Extended Parking proposal and appreciates the CAISO working to solve this issue in an expedited manner. Without more time to market projects between receiving Phase II study results and needing to meet the commercial viability criteria to qualify for TP deliverability, projects are being forced to withdraw or accept energy-only status far too soon in the interconnection process. As the CAISO notes, the current regulatory

uncertainty around procurement compounds the problem at a time when there is significant benefit to retaining viable projects in the queue that could take advantage of the maximum federal investment tax credit.

Given the uncertainty in the procurement landscape with the Integrated Resource Planning and Community Choice Aggregation proceedings still ongoing at the CPUC, this additional year of parking will allow interconnection customers the opportunity to continue to compete and retain the value of deliverability while the State sorts out procurement timelines and RPS procurement goals. While one year may not ultimately be sufficient for addressing the alignment between the procurement processes and the CAISO's interconnection and deliverability allocation processes, First Solar appreciates that the CAISO will be open to addressing these issues in its 2018 Interconnection Process Enhancements stakeholder initiative. The opportunity for another year of parking is particularly important to preserving Cluster 8 projects, which will be essential to meeting California's ambitious climate goals in the most cost-effective way possible. With the upcoming reduction of the federal investment tax credit, California risks losing over a billion dollars in savings to ratepayers if these projects are not able to compete for procurement and be in a position to commence construction in 2019.

We understand the benefit of bifurcation and that this initiative is intended to solve only the immediate issue, with more substantive issues addressed next year in the 2018 IEP stakeholder initiative. We look forward to participating in that process as well.

The need for extended parking is not an indication that a project is not moving forward

In section 3.3 of the CAISO's discussion of issues related to extended parking, the CAISO Draft Issue Paper states that a benefit of a one-year parking is that it forces projects "not moving forward" to withdraw, limiting upgrades assigned to those projects. This statement is not representative of First Solar's experience. For projects that the company is marketing, we continue to make progress with permitting and continue to keep financial security postings current along with other milestones. For these projects where the main impediment is the competitive procurement process, they are often better poised than later-queued projects to be price-competitive, having secured site control and invested in the permitting. It is not evident that later-queued projects seeking interconnection and competing for the same deliverability are somehow better positioned to succeed.

This is an issue that should be examined in the 2018 initiative, along with the allocation of points under the GIDAP Business Practice Manual to address the issues raised by the CAISO and evaluate whether changes to the framework might improve the ability to differentiate between viable and non-viable projects. One question we suggest the CAISO examine is assigning greater points to projects that select the option to balance sheet finance than those

that demonstrate they have been shortlisted or received PPAs, as it is not clear that allocating greater points for balance-sheet financing results in a meaningful test of viability.

Clarification on affidavit timeline

While First Solar supports the initiative, we ask the CAISO to further elaborate on the timeline for the proposal presented in the issue paper. The CAISO anticipates taking this proposal to the Board in December, after affidavits for projects seeking deliverability allocation are due in November. We request additional clarification on the process given that interconnection customers will be making decisions that will be reflected in the affidavit and may be affected by the outcome of this proposal. As this affidavit process is a BPM requirement using a timeline that the CAISO controls, one suggestion is to postpone the deadline for or waive this year's affidavit requirement.

Transparency issues undermine the proposal's eligibility criteria

The CAISO has proposed two criteria for projects to be eligible for a second year of parking: (1) availability of TPD and (2) no reliance of lower queued projects on network upgrades assigned to the project. First Solar offers the following assessment of these proposed eligibility criteria:

As to the first criterion, it is unclear how this would be applied, given the reassessment and downsizing processes and the possibility that TP Deliverability might become available for a project in the next round. The concept behind parking is to allow a project to retain its ability to be considered for an allocation. First Solar suggests that this criterion be removed for the additional year of parking permitted under this proposal, and that the question be examined more closely during the 2018 initiative. The deliverability allocation process and methodology would benefit from more transparency, and until these issues are sorted through we strongly urge the CAISO to allow a project to retain eligibility for deliverability for another year without this condition.

For the second criterion, First Solar believes that this will deny many projects eligibility for the second year of parking. The network upgrade allocation process similarly lacks transparency and interconnection customers have limited visibility of which projects may be relying on upgrades assigned to them or their status. Changes in the queue, such as downsizing and withdrawal, already affect the reliance of later-queued customers. Allowing an additional year of parking will not intensify these risks in any meaningful way. First Solar suggests that there be an additional test related to later-queued interconnection customers relying on upgrades to assess the viability of those projects. It is not a foregone conclusion that a later-queued customer will be in a position to meet timelines given the uncertainty around

procurement in the State and the strong unlikelihood that a project without a financeable PPA will be proceeding to the construction phase.

Application to Queue Cluster 7 projects

Additionally, First Solar urges the CAISO to apply this solution to Queue Cluster 7 projects as well, allowing projects that were already forced to convert to Energy-Only earlier this year to have another chance at deliverability in this upcoming affidavit and allocation cycle. This misalignment issue first became apparent with Queue Cluster 6, and the CAISO now has the opportunity to provide relief to additional projects that will be able to take advantage of the expiring ITC and provide significant ratepayer benefits. The projects in Queue Cluster 7 that have converted to Energy Only are continuing to improve their status by moving along further with their permitting and financing processes. These projects have posted their First and Second Interconnection Financial Securities, putting more money at risk, and should have another opportunity to be allocated deliverability.

First Solar is pleased to see the CAISO take on this issue, as it is an essential step to protect viable resources that will be essential for achieving California's ambitious Renewables Portfolio Standard. We look forward to the more comprehensive upcoming 2018 stakeholder initiative and to assisting with the development of longer-term solutions to this and other issues with the generator interconnection and deliverability allocation process.

2. Do you support the Interconnection Request (IR) Window & Validation Timelines Straw Proposal? And why?

Comments:

First Solar supports this element of the proposal for the reasons explained in the CAISO's Draft Issue Paper and Straw Proposal and has no additional comments.