

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the 2015 Interconnection Process Enhancements (IPE) Issue Paper/Straw Proposal for Topics 1- 11 that was posted on March 23, 2015 and as supplemented by the presentation and discussion during the March 30, 2015 stakeholder meeting.

Submit comments to initiativeComments@caiso.com

Comments are due April 10, 2015 by 5:00pm

The Issue Paper/Straw Proposal for Topics 1- 11 that was posted on March 23, 2015 may be found at:

http://www.caiso.com/Documents/IssuePaper-StrawProposal_InterconnectionProcessEnhancements2015.pdf

The presentation for the March 30, 2015 stakeholder meeting is available on the ISO website at: http://www.caiso.com/Documents/Agenda-Presentation-InterconnectionProcessEnhancements2015_IssuePaper-StrawProposal.pdf

For each topic, please select one of the following options to indicate your organization's overall level of support for the CAISO's proposal:

1. Fully support;
2. Support with qualification; or,
3. Oppose.

If you choose (1) please provide reasons for your support. If you choose (2) please describe your qualifications or specific modifications that would allow you to fully support the proposal. If you choose (3) please explain why you oppose the proposal.

Topic 1 – Affected Systems

IEP supports with qualifications:

IEP understands the importance of improving the means by which interconnection requests that impact Affected Systems are managed within the CAISO tariff and Business Processes. IEP supports the ISO’s proposal to limit an Affected System’s response window to 30 calendar days following notification by the ISO. While this proposal should act to reduce some risk to the interconnecting customer, IEP believes there are many other matters to consider with respect to Affected Systems, and therefore offers the following discussion aimed at enhancing the ISO’s proposal.

While the ISO’s proposal focuses on response timing – and shifting cost responsibility to the Affected Systems that do not engage with the ISO in a timely manner once notified of their status – the details describing exactly how an Affected System will coordinate with the ISO and TO is not yet part of the CAISO tariff or BPM. IEP recognizes that constructing a detailed set of operating protocols is not the ISO’s intent with this initiative and thus suggests an interim and less comprehensive step for 2015; one that should foster better long-term outcomes in advance of a more thorough articulation of operating protocols that may be developed in following IPE iterations.

Specifically, IEP recommends the ISO modify its proposal to include the formation of an ad hoc committee consisting of member(s) from the ISO, TO, Affected System, and customer. This “Affected Systems Project Committee” would be required to (i) be identified within five (5) business days of the Affected System’s notification date, and (ii) to conduct a meeting either in person or telephonically within the same 30 calendar day window proposed by the ISO.

This Affected Systems Project Committee would be tasked with meeting several objectives including, but not limited to:

- **Confirmation of Affected System status; review of ISO Affected Systems identification that resulted in the notification**
- **Determination of the Affected System study schedule by the Affected System and the TO (and ISO as required)**
- **Definition of Affected System study process and components, including expected output and determination that the Affected System’s study process will produce adequate reporting for the customer as well as the ISO and TO**
- **Estimation of Affected Systems study cost and deposit requirements**

- Documented agreement on communications; schedule, type, required participants, and other protocols that will insure efficient communications throughout the Affected System study process

IEP's suggestion of forming a committee to facilitate a mutually agreeable process and timeline are made in recognition that drafting specific rules of engagement that would apply to every potential Affected System would be a daunting and time-consuming task; one that should be undertaken, but which will not be given the limited resources the ISO has indicated it can afford in this round of IPE the initiative. IEP believes that structured communications between all parties will further reduce the certainty associated with Affected System interaction.

One final thought IEP desires to make on this issue involves a longer term view of the problem of working with Affected Systems across the entire Western Interconnection. The lack of an interconnection-wide method for dealing with Affected Systems translates into dozens of different and potentially poorly aligned processes. IEP suggests that the CAISO consider a future initiative with WECC, wherein WECC would facilitate a stakeholder process across the West to standardize Affected System rules to every extent possible. While it's not in WECC's charter today to craft rules or procedures for generator interconnections that may impact Affected Systems, it does appear to be the logical organization to provide that kind of leadership on the issue.

Topic 2 – Time-In-Queue Limitations

IEP Opposes:

As explained by the ISO in its Issues Paper, some generators that have been granted extensions to their COD via the Material Modification Assessment process appear not to be progressing toward construction and commercial operations. As explained by the ISO, when “unviable” projects occupy the queue there is a risk that transmission facilities will be built for later queued customers who could have availed themselves of capacity earmarked for the unviable project. Thus the ISO proposes additional “viability criteria” which will determine if a project will be allowed to stay in the queue.

IEP does not disagree with the objective sought by the ISO's proposal on this topic (queue management) and agrees with the goal of maintaining a realistic interconnection queue. IEP is concerned, however, that the proposal threatens to constrain the interconnecting customer within bounds that are not compatible from a timing perspective with the CPUC's

guidelines for project approval by load serving entities. Case in point; one measure of project viability in the ISO's proposal would require a project to have an executed PPA or prove binding funding for the entire project. The chicken and egg problem being that the PPA (as well as commitments of internal and external project finance) can't be awarded/confirmed under the Commission's procurement rules unless a project has made adequate progress through the interconnection process, and forcing a project to an energy only status would upend a generator's project economics and marketability for the PPA or financing its attempting to confirm.

IEP seeks additional input from the ISO, asking for clarity and specificity on the problem its hoping to resolve with this proposal. Specifically,

- How pervasive is this problem; how many potentially "unviable" projects and MWs are still out there clogging up the queue and distorting the planning process?
- What will the ISO do to confirm that the outcomes of this proposal are consistent with PUC rules for procurement; i.e. that the ISO's proposal will only generate benefits for all stakeholders and not create a conflict for commercial interactions between projects and potential off-takers?

Topic 3– Negotiation of Generator Interconnection Agreements

IEP supports with qualifications:

IEP appreciates the ISO's intended result with its proposal to modify the tender date for a Generation Interconnection Agreement (GIA), where the proposal would allow some generators additional time to resolve commercial details before having to negotiate and execute the GIA. In that regard, IEP supports the proposal. However, for reasons of project finance and other commercial considerations, the circumstance could also arise where the lead time for a network upgrade would be sufficiently long that the tender date based on the proposed back dating formula would be further out in the future than is acceptable to the customer.

For that reason, IEP recommends a change to the ISO's proposal that would allow the customer – at their discretion – to "start the clock" on the GIA process if they expect that the proposed formula would cause an unwelcome delay in the GIA tender date.

IEP suggests that the ISO's proposal to back date the GIA tender date via the formula concept be amended as follows:

GIA tender date will be determined based on the earlier of:

- In Service Date – Longest Lead NU – 120 Calendar Days, or
- The IC's requested GIA tender date

Topic 4 -Deposits

Interconnection Request Study Deposits

Limited Operation Study Deposit

Modification Deposits

Repowering Deposits

IEP has no comment

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

IEP has no comment

Topic 6 - Allowable Modifications Between Phase I and Phase II Study Results

IEP Fully Supports

Topic 7 – Conditions for Issuance of Study Reports

IEP has no comment

Topic 8 - Generator Interconnection Agreement Insurance

IEP has no comment

Topic 9 -Interconnection Financial Security

Process Clarifications IEP has no comment

Posting Clarification IEP wonders about the extent of the confusion described in the Issues Paper and whether or not this change is really needed.

TP Deliverability Affidavits Impacts:

The ISO's interest in this specific proposal is assumedly driven by an ongoing problem of significant volume and impact that the ISO is compelled to modify the tariff to enforce forfeiture of funds to offending customers. IEP asks, what level of "gaming" has the CAISO witnessed up to the point in time the proposal was made in the Issue Paper? Are projects in a specific study group more likely to renege on their prior attestation? If there isn't a material concern, IEP suggests that this proposal be withdrawn.

If the ISO indicates that a pervasive problem exists, however, then IEP suggests that the source of the problem, and indeed the proper focus, should be on removing the incentive offered to customers via the ranking methodology to attest that their project is "balance sheet financed" and as such ready to move forward even in the absence of a negotiated PPA. IEP suggests that if the ISO's aim is to remove the chance of gaming in the scoring/ranking process, the funding criteria should be revised so that self-funded OR fully-contracted projects get the same score on that criterion.

Topic 10 - Forfeiture of Funds for Withdrawal During Downsizing Process

IEP opposes

For this proposal the ISO describes the scenario in which a customer applies for and is accepted into a downsizing study window but does not complete the downsizing process, opting instead to withdraw from the queue before the downsizing study is completed. As is the case in downsizing, it's possible for the downsizing/withdrawing customer to have had their Interconnection Financial Security posting amount reduced. Under the existing tariff language, if the customer departs the queue before the downsizing study is complete it appears as though they would forfeit a portion of a smaller posting requirement had they not downsized, even though they didn't stay in the downsizing study as required. The ISO indicated that this has not been case in actual practice, even though the language seems to indicate it could be. The ISO's proposal aims to clarify that the calculation of the forfeited

portion of the security posting is based on the original project size and not the downsized project size for projects that leave the queue before the downsizing study is complete.

IEP would appreciate any information the ISO can explain the need to capture potentially considerably more forfeited dollars. It would be helpful for stakeholders to better understand and perhaps support this proposal if the ISO and TOs were able to quantify the cost of rework caused by those downsizing customers that jump out of the queue before the study process is complete.

Topic 11 –TP Deliverability Option B Clarifications

IEP opposes

The ISO's proposal indicates that some recent customer interconnection projects have identified as Option B projects, but that those projects had no identified Area Deliverability Network Upgrades (ADNUs). As a result, there is no benefit to those customers to select Option B and in fact the Option B choice limits flexibility with respect to parking or adopting an Energy Only status if insufficient deliverability is allocated.

IEP understands that the ISO in its Issues Paper and draft tariff language is hoping to expand an Option B project's ability to stay in the queue by parking or going to an Energy Only status, however, IEP believes that the proposal is unnecessarily broad and actually causes a new problem while attempting to be helpful. Specifically, the problem involves a proposed sentence in paragraph 4 of section 7.2 which would read, "Only Generating Facilities where ADNUs have been identified in the Phase I studies may select Option B."

IEP is aware today of interconnection queued projects that elected Option B precisely because they intend to self-build to guarantee deliverability even if no TP deliverability is allocated – whether or not there are any ADNUs identified in the study. These projects have no interest in waiting in the queue via the parking option in hopes of getting TEP deliverability in the next round. The ISO's language would appear to force projects like these into an Option A status after the fact, which, depending on allocations of TP deliverability, could delay a projects ability to reach COD and meet commercial obligations. IEP asks, "Why take away this option?" IEP requests the ISO reconsider how it wishes to provide the support it intends with its proposal without causing a new issue for IC's content with their Option B election. IEP suggests that perhaps a change in the tariff isn't needed as much as customer education and redirection for those customers electing Option B when their projects have no identified ADNUs.

