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IEP appreciates the opportunity to provide the following comments regarding the CAISO's Interconnection Process Enhancements Revised Straw Proposal paper for Topics 3-5 and 12-15 issued November 8, 2013.

#13: Clarity regarding timing of transmission cost reimbursement

As stated by the ISO in its Revised Straw Proposal, under current practice there's a difference in cost reimbursement treatment between non-phased and phased projects. Non-phased projects are eligible for cost reimbursement at the commercial operation date ("COD"). Those projects can enjoy cost recovery as soon as they reach their COD. Phased projects, conversely, receive cost reimbursement at the time when both (a) the generator reaches COD and (b) the associated interconnection network upgrades are operational. The ISO's revised proposal limits the amount of time that can pass without transmission upgrades reaching operational status before the non-phased customer could start receiving cost reimbursement. The ISO's proposal recognizes the risk that system upgrades can, and have, taken significant time to be complete. The ISO's approach on this topic would apply the changes only on projects that are not yet in GIA.

In IEP's prior comments to the ISO's Draft Straw Proposal on this topic, we indicated our preference for what was then called the "status quo", which would maintain the differential treatment described above. IEP continues to have concern about changing the cost reimbursement protocols solely for the purpose of aligning cost reimbursement for phased and non-phased projects on this matter. Although IEP's preference would be to maintain the "status quo" previously mention, because that option has been removed from consideration under the ISO's revised straw proposal, IEP would prefer to see the ISO consider a period of time shorter than two years for which a customer would have to wait to get cost reimbursement. IEP recognizes that two years will be an improvement over situations where upgrades are extremely slow to develop. Even so, two years without cost reimbursement – when the interconnecting customer has done all it could do to hit its development milestones in order to meet with the off-taker's requirements – is still too long. IEP would like to see that period of time reconsidered and shortened to one year or less.

Commercially speaking, generators and their investors would prefer to have consistent project economics from the COD forward and that can be best accomplished by making sure the

reimbursement for upgrade costs coincides – as closely as possible – with the COD. Tying up large sums of project capital until as long as two years after COD, with the actual date of reimbursement being some unknown period of time between 1 and 720 days, leads to risk (read: cost) to be modeled into the transaction costs that eventually get paid by the utility ratepayer. For these reasons IEP asks the ISO to consider a reduction in the two year window in this proposal. Alternatively, IEP would like the ISO to consider initiating cost reimbursement to the IC within the calendar year in which the project reaches COD.

#14: Distribution of forfeited funds

The ISO's proposal for distributing forfeited study funds suggests two options:

- A) Use the funds to reduce the high voltage transmission access charge
- B) Use the funds to offset adverse impacts of project withdrawals on customers remaining in queue and PTOs

IEP's original position was consistent with Option A. We reiterate our support for Option A.