



California Wind Energy Association

March 22, 2012

BY EMAIL

Board of Governors
California Independent System Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Re: TPP-GIP Integration Proposal

Dear Governors:

The California Wind Energy Association (“CalWEA”) provides this letter to comment upon the California Independent System Operator Corporation’s (“CAISO”) Transmission Planning Process and Generator Interconnection Process (“TPP-GIP”) integration proposal, which will be considered by the Board at its March 23, 2012, meeting. CalWEA opposes the CAISO’s current TPP-GIP integration proposal and urges the Board of Governors to reject the proposal outright. The proposal not only fails to facilitate achievement of California’s renewable energy goals but it is very likely to increase the associated costs and distort the competitive market.

The proposal would radically change the CAISO’s current generation interconnection policy by requiring some interconnecting generators to pay for some of the network upgrades triggered by their projects based on a very complicated formula.

This proposal will effectively reduce competition in the generation market by assigning large transmission costs to some generation projects, likely forcing them to withdraw from the queue and the market even if the total costs of such generators and their associated upgrades are lower than the total cost of a generator that requires a lesser or no upgrade. It is precisely this total-cost evaluation that occurs under CPUC-supervised utility solicitations for renewable energy that result in selecting “least-cost, best-fit” resources. This total-cost competitive marketplace will be undermined if CAISO decisions effectively drive projects out of the market based on transmission costs alone.

In addition, placing the cost burden of network transmission upgrades on those generators that do not withdraw -- costs over which generators have no control and thus will greatly compromise their ability to submit accurate bid prices to utilities -- is compounded by the CAISO’s deeply flawed technical interconnection study process, which routinely results in excessive upgrades and associated costs.

The board should reject this proposal and direct CAISO management to focus on efficiently implementing the CAISO's open access mandate rather than attempting to winnow down the queue by loading unreasonable costs on generators. Whether this CAISO proposal is adopted or not, however, it is critically important that the CAISO reform its seriously flawed technical interconnection study process to develop more reasonable and accurate interconnection upgrades. Further, the CAISO should conduct a robust "least-regrets" transmission planning process to identify and build the foundational upgrades necessary to promote a competitive renewable energy marketplace while addressing the grid's reliability and economic needs. These two steps would go a long way toward restoring some fairness and efficiency to the transmission marketplace.

For the reasons set forth above, CalWEA urges the board to reject the TPP-GIP integration proposal outright. Please do not hesitate to contact me with any questions.

Regards,



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