

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 Wednesday, September 13, 2017 by 5:00pm

The Issue Paper posted on July 21, 2017, the Revised Issue Paper posted on August 30, 2017, and the presentations discussed during the September 7, 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.

The Office of Ratepayer Advocates (ORA) is the independent consumer advocate within the California Public Utilities Commission (CPUC), with a mandate to obtain the lowest possible rates for utility services consistent with reliable and safe service levels, and the state’s environmental goals.

ORA provides the following comments and recommendations on the California Independent System Operator’s (CAISO) August 30, 2017 *Expedited Generator Interconnection and Deliverability Allocation Procedures (GIDAP) and Enhancements Revised Straw Proposal* and September 6, 2017 stakeholder presentation.

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

A. Comments

The proposed GIDAP enhancement would extend the allowable parking period from one year to two years. This extension would allow interconnection customers that seek Full Capacity Deliverability Status (FCDS) to maintain their interconnection queue position for an additional year if they do not achieve FCDS during their initial “queue cluster” study year.

B. Background

If an interconnection customer (IC) achieves FCDS, an IC is subject to Section 14.3.2.1 of the CAISO Tariff Appendix DD and shall be entitled to repayment for its contribution to the cost of Network Upgrades, which includes Reliability Network Upgrades (RNU) up to a maximum of \$60,000 per megawatt (MW) of generating capacity and 100% of its assigned portion of Local Network Upgrades (LNU).¹ Ratepayers through their Participating Transmission Owners (PTO) fund these network upgrades.

The CAISO developed this parking option in 2012 in response to stakeholder requests for a longer time period to achieve development milestones to qualify for and to obtain Transmission Planning deliverability allocation, which is necessary for FCDS. In 2012, the CAISO determined that a parking period beyond one year could “render the Phase II interconnection study result for parked projects obsolete. Moreover, refreshing the study results every year would maintain a potentially larger volume of projects in the study process and would exacerbate the problems caused by excessive queue size.”²

C. Recommendations

ORA does not support extending the parking period to two years for three reasons: (1) there are other options for ICs to pursue that would result in lower costs for ratepayers; (2) the total capacity in the existing interconnection queue significantly exceeds California’s Renewable Portfolio Standard (RPS) targets;³ and (3) there is a forthcoming 2018 CAISO initiative that will examine deliverability status comprehensively.

If the current initiative moves forward as proposed to the CAISO board, ORA recommends that the CAISO include a third criterion that would ensure that Participating Transmission Owners (PTO) and their customers would not be financially impacted. This additional criterion would

¹ CAISO Fifth Replacement Tariff, Appendix DD Generator Interconnection and Deliverability Allocation Procedures (GIDAP) (Tariff Appendix DD), 14.3.2.1 Repayment of Amounts Advanced Regarding Non-Phased Generating Facilities, p. 90.

² *2017 Expedited GIDAP Enhancements Draft Issue Paper and Straw Proposal*, July 24, 2017; CAISO, (Issue Paper and Straw Proposal), p. 8.

³ *Briefing on renewables in the generator interconnection queue*, Memorandum from Keith Casey, CAISO to the CAISO Board of Governors, July 19, 2017, (Memo regarding Renewables Queue), p. 1. The existing queue consist of 58,000 MW of new generation, consisting of 13,325 MW of storage and 39,387 MW of other renewables. *See also* Renewable Energy Transmission Initiative 2.0, *Final Plenary Report*, California Energy Commission, February 23, 2017, p. 4. The required new renewables to meet the state’s 50% RPS target by 2030 is between 9,000 to 15,000 MW.

prohibit generators from entering into interconnection agreements while parked.⁴ ORA also recommends that ICs requesting extended parking be required to post their reliability network upgrade (RNU) costs to demonstrate their commitment and viability per the requirements listed in Appendix DD, section 8.3 of the ISO Tariff.⁵

1. Interconnection Customer Options Instead of an Additional Year of Parking for IC customers that do not receive FCDS designation:

a. Funding Full Capacity Network Upgrades

As San Diego Gas & Electric Company clarified in its GIDAP initiative comments, instead of parking another year “a prospective generator always has the option of self-funding network upgrades necessary to achieve Full Capacity Deliverability Status (FCDS); i.e., constructing network upgrades as true “merchant” transmission.”⁶

b. Requesting Energy Only Designation

A prospective generator can also request an Energy Only (EO) delivery designation, which means a generator’s output, can be delivered only subject to grid conditions. Under this outcome, delivery network upgrades are not required to enable energy delivery under peak or constrained conditions, specifically Local Delivery Network Upgrades⁷ and Area Delivery Network Upgrades identified in the On-Peak Deliverability Assessment as part of Phase II Interconnection Studies are not required.⁸

Currently, the CAISO is determining if additional transmission capacity is needed to meet the state’s RPS targets, which means that there is the potential that EO resources could be used to meet any additional renewable targets as efficiently as FCDS resources,⁹ and would be preferred because of their comparatively lower costs.

It is worth noting that in the last queue study cycle, 40% of parked projects that were seeking FCDS converted to EO delivery status rather than withdrawing.¹⁰

⁴ The two criteria are Criterion 1: A project will only be allowed to park for a second year when TP Deliverability is still available in the project’s area; and Criterion 2: Parking for a second year will not be allowed if a project has a network upgrade assigned to it, which is needed by later clustered projects. Refer to pages 11-12 of the Revised Straw Proposal, August 30, 2017, for the details.

⁵ Tariff Appendix DD, 8.3 Cost Responsibility for Reliability Network Upgrades, p. 61.

⁶ San Diego Gas & Electric Comments on the 2017 Expedited GIDAP Enhancements Straw Proposal, August 11, 2017, p.1.

⁷ Tariff Appendix DD, 6.3.2 Delivery Network Upgrades, 6.3.2.1.1 Local Delivery Network Upgrades, p. 38.

⁸ Tariff Appendix DD, 8.4.1 Cost Responsibility for Area Delivery Network Upgrades, p. 61.

⁹ Issue Paper and Straw Proposal, p. 9-10 (“It remains to be determined whether additional transmission capacity should be built to make the additional renewable capacity needed to make 50% deliverable, which impacts whether incremental renewable capacity should be procured as FCDS or Energy Only.”).

¹⁰ During the 2017 Expedited GIDAP Enhancements Issue Paper and Straw Proposal, CAISO Stakeholder Meeting Presentation, dated August 4, 2017, the CAISO staff indicated that nearly 40% of parked projects converted to EO deliverability status.

2. Proposed Renewables in the Interconnection Queue Exceed Renewable Portfolio Standard Targets

As discussed during the August 4, 2017 stakeholder call, California investor-owned utilities are all well-positioned to meet the state's current RPS targets in the coming years. To illustrate this point, the CAISO has estimated that 3,300 megawatts (MW) of additional renewable capacity are needed by 2020 to meet the state's 33% RPS target.¹¹ The Renewable Energy Transmission Initiative 2.0 Final Plenary Report, dated February 23, 2017, estimated that California would need to add between 9,000 to 15,000 MW (beyond 2020) to meet its 50% RPS target by 2030.¹²

As of July 2017, the CAISO queue for renewable interconnection requests contained approximately 58,000 MW of new generation, consisting of 13,325 MW of storage and 39,387 MW of other renewables.¹³ Given the amount of renewable generation in the CAISO queue, it is not necessary to continue to consider a project for FCDS at the expense of later queued projects that could potentially meet the state's RPS targets more efficiently.

3. Forthcoming Related 2018 CAISO Initiative

The CAISO has committed to comprehensively examining the qualification criteria for TP Deliverability.¹⁴ through an Interconnection Process Enhancement Initiative in 2018. ORA recommends that revisions to the CAISO Tariff provisions on the GIDAP be vetted through this 2018 initiative and that this initiative also consider the capacity needs of the CAISO grid.

4. If the CAISO moves forward with a second year of parking, then it should add two requirements to protect ratepayers.

a. Add a Third Parking Criterion

To ensure that parked projects do not have financial impacts on later-queued interconnection customers or PTOs and their ratepayers, the CAISO should prohibit projects from negotiating or entering into generator interconnection agreements while parked.

b. Require Security Postings for Reliability Network Upgrades

It is ORA's understanding that the CAISO's revised extended parking Straw Proposal would allow the IC to delay posting the RNUs as well as Local Delivery Network Upgrades (LDNU) by an additional 12 months per the CAISO GIDAP tariff Section 11.3.1.3.¹⁵

¹¹ Memo regarding Renewables Queue, p. 1.

¹² Renewable Energy Transmission Initiative 2.0, *Final Plenary Report*, California Energy Commission, February 23, 2017, p. 4.

¹³ Memo regarding Renewables Queue, p. 1.

¹⁴ Issue Paper and Straw Proposal, p. 3.

¹⁵ Tariff Appendix DD 11.3.1.3 Posting Requirements and Timing for Parked Option (A) Generating Facilities), p. 76 "For an Interconnection Customer choosing Option (A) whose Generating Facility was not allocated TP Deliverability in the first TP Deliverability allocation following its receipt of the final Phase II Interconnection Study, and who chooses to park the Interconnection Request, the posting due date will be extended by 12 months."

ORA is concerned that an extended parking period may allow certain network upgrades to stay in contention that otherwise would not have been required and would have been cancelled. Therefore, it is reasonable to require the ICs seeking a second year of parking to post Interconnection Financial Security (IFS) for their cost responsibilities towards their RNUs, especially if they are shared with other generators in the same cluster. This additional security posting would ensure that projects parked for a second year are strong contenders. Note that in the event that a IC converts to EO status, the CAISO tariff requires EO projects to also provide IFS towards their RNUs.

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

Comments: At this time, ORA has no comment on this proposal.