

# Comments of Pacific Gas and Electric Company

## Subject: Generation Interconnection Procedures Phase 2 (“GIP 2”)

Submitted by	Company	Date Submitted
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*This template was created to help stakeholders structure their written comments on topics detailed in the February 24, 2011 Issue Paper for Generation Interconnection Procedures 2 (GIP-2) Proposal (at <http://www.caiso.com/2b21/2b21a4fe115e0.html>). We ask that you please submit your comments in MS Word to [GIP2@caiso.com](mailto:GIP2@caiso.com) no later than the close of business on March 10, 2011. For the 21 topics listed below, we ask that you rank each with a score of 0, 1, 2, or 3 in the space indicated (a more detailed description of each topic is contained in the Issue Paper at the link, above).*

- 3: For topics that are high priority and urgent.
- 2: For topics that are high priority but not urgent.  
(i.e., topic could wait until a subsequent GIP stakeholder initiative).
- 1: For topics that have low priority.
- 0: For topics in which “the ISO need not bother.”

*Stakeholders need not rank or comment on every topic but are encouraged to do so where they have an opinion. The ISO will assume that a stakeholder has “no opinion” on issues for which no rank is provided.*

*Your comments on any these issues are welcome and will assist the ISO in the development of a Straw Proposal. Your comments will be most useful if you provide the reasons and the business case for your preferred approaches to these topics.*

## ***Comments on Items listed in GIP 2 Issue Paper:***

### General Comments by PG&E:

The CAISO has raised some very large and potentially game-changing issues in this stakeholder process. There are also a number of issues proposed in this stakeholder process that are non-controversial and low-hanging fruit. PG&E urges the CAISO to filter these low-hanging fruit issues and pursue them on a relatively faster track. PG&E's comments below attempt to help the CAISO make such determinations. Such a re-organization may affect the work-group make-up, and may prioritize issues on a time-basis. Many of the lower priority issues may be very simple and quick to implement. PG&E recommends a two track process similar to the way the Renewable Integration stakeholder process is being conducted. This could allow some proposals to go to the CAISO Board for approval sooner. Further, PG&E notes that a number of the proposed issues relate to generators' ability to be deliverable. To the extent practicable, the deliverability related issues should be grouped together so that working groups can determine if simple and quick solutions could provide benefits that may make more controversial and lengthy discussions on major policy changes either easier or even unnecessary. These comments represent PG&E's initial impressions on the scope of the issues and have not been authorized by senior management. At this early stage of the stakeholder process, PG&E's positions on many of the issues are not yet well formulated. PG&E looks forward to working with the CAISO and stakeholders to discuss many of these issues.

1. *Develop procedures and tariff provisions for cost-benefit assessment of network upgrades.*

#### Rank 0-3:

2

#### Comments:

At this stage in the process, PG&E does not support nor oppose the proposal. PG&E believes that for this proposal, the devil will be in the details. PG&E will be particularly interested in what methodology the CAISO proposes to use to determine the economic costs and benefits of generator interconnection delivery network upgrades. The cost-benefit analysis that would be performed under this proposal could easily end up picking winning and losing generators for which California load serving entities (LSEs) have negotiated power purchase contracts, or will be in the future. Much of the work that was done to provide generators with cost certainty in the previous reforms could be dwarfed by the uncertainty associated with this proposal unless information can be provided to generators on a timely basis. The proposal seems very consistent with cost causation principles. PG&E looks forward to discussing and working through this proposal with the CAISO and stakeholders.

2. *Clarify Interconnection Customer (IC) cost and credit requirements when GIP network upgrades are modified in the transmission planning process (per the new RTPP provisions)*

Rank 0-3:

3

Comments:

PG&E agrees that this is an important issue that requires more stakeholder discussion.

3. *Provide additional transparency regarding Participating Transmission Owner (PTO) transmission cost estimation procedures and per-unit upgrade cost estimates.*

Rank 0-3:

1

Comments:

PG&E agrees that this issue should be pursued, but PG&E does not believe that such an update will require much work or effort. Further, PG&E believes that some stakeholders will remain unhappy with the cost estimates provided by PTOs regardless of any updates through this effort. However, PG&E supports transparency and is willing to listen to the concerns of stakeholders.

4. *Clarify applicability of GIP for a generator connecting to a non-PTO that is inside the ISO Balancing Area Authority (BAA) and wants to have full capacity deliverability status.*

Rank 0-3:

3

Comments:

This is a lingering issue for which a solution should be simple to develop. As more generators find interconnection points on systems off the PTO footprint, the issue of allowing them to count for resource adequacy will continue to grow if a solution is not developed.

5. *Explore potential modifications to the triggers that establish the deadlines for IC financial security postings.*

Rank 0-3:

1

Comments:

Better clarification about what the security posting should be, and how, if needed, it can be reduced if further information is discovered seems like a low hanging fruit item. However, rather than focusing on a “final report” focusing on rules for potential adjustments might make more sense.

6. *Clarify definitions of start of construction and other transmission construction phases, and specify posting requirements at each milestone.*

Rank 0-3:

3

Comments:

The start of construction is a very important milestone. Therefore, solidifying this definition is very important and deserves stakeholder attention.

7. *Clarify ISO information provision to assist ICs.*

Rank 0-3:

1

Comments:

Similar to the effort regarding unit cost transparency, PG&E is willing to listen and participate in this effort, but does not rank this as a high priority or urgent. This issue is not an impactful part of the scope when compared to other proposals in the CAISO’s proposed scope.

8. *Consider partial capacity as an interconnection deliverability status option.*

Rank 0-3:

2

Comments:

The importance of this issue might be conditionally more important if the economic cost-benefit test is instituted, as a partial capacity notion up to the economic line for inclusion in the transmission access charge makes sense. In pursuing this option, the CAISO should consider how many potential permutations of partial deliverability should be allowed and how deliverability might change from year to year, among different entities, etc. Including partial deliverability as an option without strict limitations could lead to study and cost allocation paralysis.

9. *Develop pro forma partial termination provisions to allow an IC to structure its generation project in a sequence of phases.*

Rank 0-3:

2

Comments:

This will be a complicated issue, but if generators believe that such contract flexibility is needed, then PG&E is willing to participate in a discussion about how to include this option, so long as the transmission owner is held to the same level of protection afforded under the current Pro Forma Interconnection Agreement.

10. *Provide for partial repayment of IC funding of network upgrades upon completion and commercial operation of each phase of a phased project.*

Rank 0-3:

1

Comments:

Repayment of funding for network upgrades needs to be directly tied to the PTO's ability to incorporate the costs of the project into its transmission rates.

11. *Applying Section 25 of the tariff to conversions of grandfathered generating units to compliance with ISO tariff.*

Rank 0-3:

0

Comments:

The current provisions for determining the deliverability for existing converting generation is adequate. Any adjustments to additional deliverability/NQC should go through a study process.

12. *Clarify site exclusivity requirements for projects located on federal lands.*

Rank 0-3:

2

Comments:

PG&E supports clarifying site exclusivity requirements for BLM land. The CAISO should endeavor to make sure that tariff language is flexible enough so that as BLM standards change, tariff changes are not required. Site exclusivity definition/requirements should be updated through either technical bulletins or BPMs.

13. *Specify appropriate security posting requirements where the PTO elects to upfront fund network upgrades.*

Rank 0-3:

1

Comments:

The release of security posting requirements should only apply to the specific case where the PTO believes that its risk of project failure has been adequately protected (e.g. abandoned plant cost recovery assurances from FERC).

14. *Revise ISO insurance requirements (downward) in the pro forma Large Generation Interconnection Agreement (LGIA) to better reflect ISO's role in and potential impacts on the three-party LGIA.*

Rank 0-3:

1

Comments:

PG&E does not oppose exploration of adjustments, where appropriate, to such insurance requirements for the CAISO.

15. *Clarify posting requirements for an IC that is already in operation and is applying only to increase its MW capacity.*

Rank 0-3:

0

Comments:

The same withdrawal and security posting requirements should be applied to existing generators that are making material modifications.

16. *Standardize the use of adjusted versus non-adjusted dollar amounts in LGIAs.*

Rank 0-3:

1

Comments:

The use of adjusted versus non-adjusted dollar amounts in LGIAs should be standardized.

17. *Clarify how GIP applies to storage facilities and behind-the-meter expansion of existing facilities.*

Rank 0-3:

3

Comments:

This issue is a major decision that may be ahead of FERC policy. However, this is an important issue for stakeholders to discuss. The CAISO should be sure to work closely with the CPUC to ensure coordination with its recently opened Rulemaking 10-12-007 to implement AB 2514 (Storage legislation).

*18. Conform technical requirements for small and large generators to a single standard, and develop study methodology to determine voltage impacts pursuant to FERC's 2010 order on ISO's proposed new interconnection standards.*

Rank 0-3:

1

Comments:

The CAISO should carefully examine the FERC Orders regarding the ability of a transmission owner to impose such requirements.

*19. Revisit tariff requirement for off-peak deliverability assessment.*

Rank 0-3:

3

Comments:

The off-peak deliverability assessment should be eliminated for purposes of determining an NQC for resource adequacy counting purposes. However, the off-peak deliverability study and the upgrades identified under it may be necessary to give some assurance of deliverability under a power purchase agreement. Perhaps the issue of off-peak deliverability is best handled under issue 20 (operational impacts)

*20. Include operational impacts in assessing generation interconnection impacts.*

Rank 0-3:

3

Comments:

This issue fits well with the elimination of the off-peak deliverability assessment and offers a more direct solution to the problem of lack of certainty of deliverability/performance under a power purchase agreement. PG&E encourages the CAISO to consider such a study option.

*21. Revise provisions for transferring queue position to a new IC.*

Rank 0-3:

0

Comments:

Unless the impacts of such a transition could be certified without need for further study, then such a transfer should not be allowed. Because this case is likely to be a very rare occurrence without qualifying for a transfer of project, this should be considered a low priority item.

**Other Comments:**

1. *Are the five workgroups and their topic areas organized properly?*

There are many issues regarding deliverability policy that should probably be grouped together. It will be hard to coordinate all of the various issues across multiple groups. Deliverability should be a category all to itself.

2. *Are there other topics that you believe should be considered for the scope of GIP 2?*

No, the CAISO's proposed list is long as it is. PG&E believes that issues specifically related to the PTOs' distribution tariffs should not be considered in-scope.

3. *If you have other comments, please provide them here.*

The CAISO should remain flexible to find the issues that can move ahead quickly and establish a faster track. The issues proposed run a spectrum of quick and easy, to long and complicated. At minimum two tracks should be established.