



California Wind Energy Association

May 24, 2007

Gary DeShazo
Director, Regional Transmission-North
California ISO
151 Blue Ravine Road
Folsom CA 95630
Via email to regionaltransmission@caiso.com

Re: Comments on ISO Compliance Filing with FERC Order No. 890

Dear Mr. DeShazo,

CalWEA welcomes the opportunity to comment on the May 11th ISO draft Strawman Proposal and May 21st meeting discussion (in which our consultant, Susan Schneider, participated on our behalf) on the transmission-related portions of the ISO's upcoming compliance filing for FERC Order 890. Our comments focus on three areas:

- “Clustering” of ISO transmission studies;
- “Clean-up” of the generation interconnection queue; and
- Conditional firm service/generation re-dispatch in transmission interconnection studies and service.

1. Transmission Study Clustering

The ISO's compliance plans include:

- Developing a process and criteria for determining “significant and recurring congestion” through an open stakeholder process;
- Establishing an “Open Season” process for stakeholders to request studies of transmission congestion or proposed new transmission facilities by December 31st, for consideration in the following year's annual transmission planning cycle. The studies may cover individual or “clustered congestion” of facilities.

During the May 21st meeting, the CPUC spoke in favor of modifying the ISO Tariff to give ISO more freedom to “cluster” requested studies, noting ISO's recent need to request a Tariff deviation from FERC to cluster generation interconnection requests in the Tehachapi area.

CalWEA strongly supports increased ISO flexibility to cluster congestion and new-facility analyses, as long as those who have submitted the relevant study requests agree. Clustering would: (1) promote the efficient use of ISO analytical resources, allowing the ISO to accommodate more study requests; and (2) better account for the interaction between the different requests, e.g., where more than one request would affect power flows in a given area.

2. Generation Interconnection Queue “Clean-Up”

During the May 21st meeting, the CPUC noted that “a number of projects in the queue are stale” and said the ISO should consider using the annual transmission planning process as “an opportunity every year to clean up the queue.” CalWEA supports this approach in concept, because removing “dead” projects from the queue would provide more stability in planned upgrades and reduce shifts in cost responsibility that can upset project viability.

However, in order to determine a specific course of action, further analysis is needed to determine:

- **Which projects in the queue are in fact not viable**, using criteria developed jointly by the ISO and stakeholders;
- **Why non-viable projects, if any, are still in the queue.** For example, are they “left over” from previous interconnection rule regimes, or is there some flaw in the current rules allowing non-viable projects to keep a queue position? The former problem would indicate that a one-time transition requiring older projects to meet development milestones to retain their positions may be appropriate, while the latter problem may require a change in the current rules; and
- **The impact of removing non-viable projects from the queue.** Removal of these projects may benefit later-queued projects, because existing transmission facilities could accommodate them if not used by the non-viable projects. On the other hand, upgrades associated with some non-viable projects might then become the responsibility of later-queued projects.

CalWEA suspects that the presence of non-viable projects in the interconnection queue is likely a structural problem with former and/or current generator-interconnection rules. If this is the case, it would be patently unfair to trigger expensive re-studies and impose additional facility-upgrade requirements on viable projects later in the queue as a result of a “clean-up.” Generators need certainty in the interconnection process in order to finance their projects; it would be ironic if the clean-up process, which is intended to improve stability and certainty, were to render even more projects non-viable due to additional study requirements and upgrade requirements.

Therefore, CalWEA suggests that the ISO identify non-viable projects, analyze the reasons they are still in the queue, develop appropriate remedies, and report back to stakeholders so we can discuss the best way to proceed. CalWEA also suggests that the ISO include, as part of its recommendations, requiring ISO and/or relevant PTOs to assume any re-study and upgrade-cost financing (perhaps as part of the “clustering” approach discussed above) associated with clean-up of projects now in the interconnection queue.

3. **Conditional firm service/economic re-dispatch**

FERC Order 890 requires that both planning redispatch and optional conditional firm service be offered for generator interconnection, at least in the (undefined) short run:

“Planning redispatch involves an ex ante determination of whether out-of-merit order generation resources can be used to maintain firm service. Conditional firm involves an ex ante determination of whether there are limited conditions or hours under which firm service can be curtailed to allow firm service to be provided in all other conditions or hours.” (para. 912)

CalWEA strongly supports incorporation of these provisions into the ISO Tariff, including the option of the Interconnection Customer to choose either. While conditional-firm-type service is technically allowed in the current Tariff, in practice we have found that it is not even considered in most interconnection studies, even when specifically requested by the Interconnection Customer.

There are many details ISO must address with these provisions before they are included in the compliance filing. ISO has indicated that these issues will be addressed in a later phase of the compliance-filing stakeholder process; CalWEA is concerned about this, since this other phase has not been described, and we do not understand how ISO will receive FERC Staff feedback on the associated proposals if the issue is not addressed in the May 29th ISO Strawman Proposal on transmission-related issues.

Moreover, we believe this issue should rightly be a part of the ISO Strawman Proposal because such service should be anticipated in transmission planning studies (including clustered studies). Therefore, we urge the ISO to include at least some reference to this issue in that Proposal and, within that reference, to indicate where and when this issue will be addressed in the overall compliance process.

Thank you for considering our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Rader". The signature is fluid and cursive, written in a professional style.

Nancy Rader
Executive Director