

August 2, 2007

To: Cynthia Hinman

From: Nancy Rader, California Wind Energy Association

Re: Comments on CAISO's July 23, 2007, Remote Resource Interconnection (RRI) Straw Proposal

In our June 15 comments (submitted jointly with AWEA – time constraints and vacation schedule prevented coordination this time), we advised the CAISO to fashion its RRI policy generally consistent with its Large Generation Interconnection Protocols and make both systematically based on the following principles:

- (a) The CAISO should rapidly develop protocols and practices for clustered studies of queued interconnection projects in a specific geographic area (including retroactive clustering);
- (b) The CAISO should fully account for the relevant provisions of the CAISO's new electricity market under MRTU;
- (c) The CAISO should take into consideration network upgrade interconnections for the clustered resources, and
- (d) Once transmission upgrades are identified (whether network or non-network), the CAISO should seek commitment from the Participating Transmission Owner to finance the upgrade. If the PTO declines, other eligible transmission providers should be allowed to step in to build the upgrades and, if non-network, receive cost-recovery treatment under the RRI Policy.

We proposed the following broad action plan for realizing the vision presented above:

1. **Look first to the queue in identifying Energy Resource Areas (ERAs).** Developers invest substantial resources in identifying and securing promising resources and putting them through the queue process. Therefore, the queue should serve as the best indicator of resource areas that have the most commercial promise. Creating a separate process apart from the LGIP process could actually harm developers' incentive to invest in the resources that the state needs. The CAISO should focus its resources on making the LGIA process work efficiently by conducting clustered studies in conjunction with its own and PTOs' annual transmission planning processes, while promoting and implementing the new process designated for RRIs. We believe that such a practice will help CAISO and the state meet their objectives more effectively.
2. **Prioritization is not necessary.** When RRI is identified as the best interconnection solution for a group of generators in the queue and the minimum "additional interest" requirement for that interconnection has been met, the CAISO should proceed to seek a commitment from a transmission provider to finance the upgrade via the RRI policy, where applicable. There is no need to "prioritize"

candidates for RRI treatment; when a candidate project meets the threshold requirements, the work should be able to proceed. Focusing primarily on prioritizing ERAs can slow the process down at a time when fully studied interconnection requests, signed LGIAs and transmission upgrades are urgently needed to meet state energy policy goals.

- 3. Proponents of ERAs that are not associated with queued projects should have the ability to petition for special studies.** If a state agency concludes, based on its investigation, that ERAs exist that are equally or more promising than those indicated by projects in the queue, they should have the right to petition the CAISO to conduct special studies of those areas. However, renewable energy projects totaling tens of thousands of megawatts are already in the queue, and the CAISO has not performed the necessary and meaningful studies for those projects within the timeframes required by its tariff. Therefore, the burden should be on the proponent to establish the greater commercial potential of non-queued ERAs that would support a diversion of the CAISO's resources for the special study request. If the study is conducted, and the results show feasible network or non-network interconnections, the results can be expected to draw projects into the queue and lead into LGIAs, allowing interconnection projects to proceed under traditional network approaches or under the RRI policy. Such a process will allow state agencies a way to bring potentially favorable resources into the process, while reinforcing and strengthening the existing process, a critical current need.

Aligning the RRI policy with the points presented above will ensure that the CAISO's RRI policy complements its existing processes and financing options, rather than creating wholly new procedures and policies that risk bogging down an already bogged-down process. Again, we strongly urge the CAISO to attend to the huge backlog of projects in the queue, and to implement changes to the tariff that will enable maximum flexibility in studying clusters of projects.