

Wind-Solar Coalition Comments on Generation Interconnection Process Reform Initiative

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We respectfully present our fourth round of comments below, as a follow-up to the ISO’s March 20th, March 27th, and April 9 conference calls. We have not repeated our earlier submitted comments but continue to request CAISO incorporation of our proposals in its upcoming April 18th proposal revision.

- 1. Treatment of Projects Now in the Queue:** We agree with the CAISO’s comments to FERC that prompt action is necessary to address growing delays in queue management.¹ If the Serial Group is allowed to indefinitely hold up the Transition Group, however, it will defeat the entire purpose of the reform effort and undermine the goal to achieve “prompt action” to solve the problem.

Therefore, the CAISO must create the conditions to ensure that we will not end up in the same dysfunctional situation we are in now. This can be done through a combination of keeping the Serial Group size manageable, adding staff resources, and – most importantly – ensuring that the process for the Transition Group will commence regardless of the status of the Serial Group.

- ***The criteria to determine which projects are eligible for the Serial Group should be rational, transparent, objective and consistent with current LGIP procedures.***
 - o Both the ISO’s original proposal (those projects with SIS Agreement study due dates by February 1st, 2008) and enXco’s proposal (SIS completion date based on their Interconnection Request validation dates) meet these criteria.
 - o The proposal to include in the Serial Group those projects deemed “data adequate” in the CEC siting process² and those that have approved PPAs are rational, transparent and somewhat objective.³ Supporting this proposal also is the fact that there are only a few such projects. However, including these projects in the Serial Group is not based on LGIP procedures.

¹ *Interconnection Queuing Practices*, 122 FERC ¶ 61,252, at P 7 (2008) (“Queue Guidance Order”).

² There is, as one party pointed out in the 4/9 stakeholder call, logic and fairness in extending this provision to projects that are not subject to the CEC siting process (including all wind projects). Projects that have obtained a permit from the jurisdictional siting agency should also be eligible for the Serial Group.

³ To be truly objective, the proposal would have to address the issue of project viability; a PPA alone, and/or being in the siting process, doesn’t ensure that a project is financeable.

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- The suggestion, on the April 9 call, to include additional projects in the Serial Group on a yet-to-be-determined basis would not meet these criteria and thus would be ripe for legal challenge. In addition to being unfair, adding projects could greatly increase the Serial Group size, and any legal challenges could threaten the entire proposed reform. Finally, this suggestion comes late in the GIPR process, providing no opportunity for meaningful consideration. For these reasons, we strongly object to this suggestion.
- ***The Transition Group process should start as soon as FERC approvals are obtained, regardless of the status of the Serial Group process.***
 - Even under the CAISO's proposed Serial Group cut-off date, a large number of projects would be eligible for the Serial Group. The Serial Group process is likely to face the same problems that have prompted these reforms in the first place. That is, if there are drop-outs, and re-studies are needed, it could be difficult or impossible to produce certain cost figure for the upgrades and complete the Serial Group process – indefinitely delaying the start of the Transition Group. This is contrary to the urgency for implementation of reforms as directed by FERC in the Queue Guidance Order. Without a firm, near-term date for start of the Transition Group studies, the merits of the CAISO's proposal will be difficult to explain and justify when it files the status report required by FERC on April 21⁴ and the actual filing of the plan.
 - The Serial Group studies need not be completed before the Transition Group studies start, given that the transition cost studies will be done on a proxy basis. There are ways to handle parallel studies for the Transition Group and the Serial Group, and we would be pleased to discuss these methods with the CAISO.
 - The CAISO and PTOs should supplement their resources as needed, including the use of outside consulting firms, as needed, to provide timing certainty to the Transition Group, i.e., begin the Transition Group cluster studies immediately upon FERC approval. This will greatly increase the chances of escaping the current dysfunctional process, by:
 - Increasing support for the CAISO's reform proposal overall, particularly from developers of projects assigned to the Transition Group; and
 - Encourage Serial Group-eligible projects to join the Transition Group, thus reducing the size of the Serial Group.
- ***Serial Group-eligible projects should be made aware of the advantages and disadvantages of their two options.***
 - Candidates for the Serial Group should understand that – as with the current process – they may not obtain certain cost figures by a certain date, especially if projects earlier in the queue drop out and re-studies are needed. This uncertainty -- as well as the possible benefits of lower cost allocations if the project is studied on a cluster basis in the Transition Group, and the prospect of TO-financed upgrades -- may

⁴ Queue Guidance Order at P 9.

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offset the benefits of a lower deposit requirement and the *potential* for a quicker result in the Serial Group process. This information will encourage projects eligible for both groups to opt for the Transition Group.⁵

- Thus, with this information, even if the number of projects eligible for the Serial Group is large (e.g., under enXco's proposal, or by adding projects with PPAs, etc.), it would be less likely that many of the projects now in early stages of the LGIA process will opt to remain in the Serial Group.
2. **Suspension of Transition Group Studies:** The CAISO should seek from FERC an expedited decision on suspension of Transition Group studies, rather than suspending these studies before FERC approval, to reduce the possibility of legal challenge to the suspension.
 3. **Post-IA Interconnection Facility (IF) Study:** We appreciate the CAISO and SCE explanations for this addition to the prior proposal. However, more detail is needed, and we have the following suggestions:
 - ***The Interconnection Customer (IC) should have at least 90 days after the Results Meeting for the pre-IA studies to determine whether it wishes to commission the ISO/PTO IF Study.*** This will allow the IC to explore other options, including consultation with third parties that could perform the studies and facility construction.
 - ***The ISO should hold meetings with the IC on the IF Studies.*** There should be a meeting before commencement of the IF Study, one during the study, and one after the study to discuss results, to enable a two-way exchange of information throughout the process. This communication should include, at a minimum:
 - Any modifications that the ISO/PTO plans to make to the Base Cases used for the pre-IA studies, and an explanation of these modifications; and
 - Additional information the IC may provide based on its independent research, which the ISO/PTO should consider in performing the IF Study.
 4. **Credit posting requirements and LoC release proposals:** We continue to oppose both conversion of developer Letters of Credit to cash to fund transmission Network Upgrades, including tying both that conversion and LoC release after IA execution to specific upgrade projects. As we have stated before, these proposals are unnecessary, unnecessarily complex, unworkable, and will ultimately raise ratepayer costs.

⁵ FERC specifically highlighted the speculative nature of impacts resulting from queue changes as making it easier to justify queue reforms. Queue Guidance Order at P 19 (“Some customers may experience an overall benefit from a particular reform, while others may be disadvantaged by a reform. In still other cases, perhaps the majority, the difference between continued processing under the existing tariff provisions and processing under a reformed process may be speculative, including as to ultimate timing and cost allocation. In those cases, we would expect proponents of reform to have an easier time justifying such reform.”); see New York Independent System Operator, Inc., 114 FERC ¶ 61,207 (2006) (granting a one-time waiver of interconnection queue procedures and noting that a protestor claiming it would incur higher costs due to a loss of queue position made a speculative claim).

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If the ISO, nevertheless, persists in including these proposals in the GIPR framework, the ISO should include substantially more detail in its next GIPR version to illustrate how it envisions that these proposals would work, for example:

- How ISO would determine which transmission projects, and which portions of those projects, would be tied to specific generation clusters or individual generators within these clusters, when these projects would be designed in the annual Transmission Planning Process (TPP) to meet multiple system needs, such as load growth, other reliability needs, and congestion relief; and
- How ISO would structure LoC conversion to cash and/or post-IA LoC release when multiple transmission projects are tied to specific generation clusters or individual generators within these clusters.

5. **ISO responses to stakeholder recommendations:** We repeat our request from the March 27th conference call that the ISO include in the April 18th document a list of stakeholder recommendations that it did not adopt, with a brief explanation for each. The ISO did this in the recent Transitional Capacity Procurement Mechanism (TCPM) stakeholder process, and it helped demonstrate that ISO heard, and carefully considered, stakeholder suggestions.