

Stakeholder Comments Template

Subject: Small and Large Generator Interconnection Procedures Draft Final Proposal and Meeting

Submitted by	Company	Date Submitted
<i>Dariush Shirmohammadi</i> <i>dariush@shirconsultants.com</i> <i>310 858 1174</i>	<i>California Wind Energy Association</i>	<i>August 4, 2010</i>
<i>Nancy Rader</i> <i>nrader@calwea.org</i> <i>510 845 5077</i>		

This template was created to help stakeholders submit written comments on topics related to the July 20, 2010 Small and Large Generator Interconnection Procedures Draft Final Proposal and July 27, 2010 Small and Large Generator Interconnection Procedures Stakeholder Meeting. Please submit comments and thoughts (in MS Word) to dkirrene@caiso.com no later than 5:00 pm PDT August 4, 2010.

Please add your comments where indicated responding to the questions raised. Your comments will be most useful if you provide the business case or other reasons why you support particular aspects of the proposal. Any other comments on the proposal are also welcome. The comments received will assist the ISO with the development of the FERC filing of modified tariff language.

Overall Assessment of the ISO Proposal

In September, the ISO Board of Governors will be asked to authorize a filing at FERC of tariff language to implement the elements of the Draft Final Proposal (with possible modifications in response to this round of comments).

1. Do you support ISO Board approval of the proposal? Why or why not?
2. Do you believe the proposal accomplishes the objectives this initiative was intended to address? If not, please explain.
3. Do you believe the proposal reflects an appropriate balance of the various stakeholder interests and concerns raised in this process? If not, please explain.

CAISO should be commended for running an effective stakeholder process and for being responsive to stakeholders' input on this very critical issue.

CalWEA, who represents wind developers primarily as well as small-solar developers, believes the proposal meets many of the objectives set forth in this effort, particularly as its scope significantly expanded to engulf both small and large generation interconnection requests; bearing in mind the more expanded scope of this reform initiative, CalWEA still has a number of major broad and specific concerns with the proposal. The timely resolution of our concerns in the final proposal will go a long way to address our lingering concerns and issues with the CAISO GIP process:

- **As CalWEA has advocated from the first LGIP reform process in 2008, we believe that Phase II of GIP study process can and should be totally subsumed within the TPP. This will provide the most benefit to ratepayers. We are concerned that the CAISO and PTOs' efforts to keep the Phase II GIP study process outside the TPP is more driven by their desire to more directly assign transmission cost responsibility to generation projects than to developing the most efficient transmission plan for the benefit of the ratepayers who will ultimately bear the cost of all network transmission.**
- **CalWEA remains seriously concerned with the continued inaccuracies and inefficiencies involved in CAISO and PTOs developing and allocating transmission cost responsibilities to generation projects in both Phases I and II of the current LGIP process. The costs calculated through these processes are so excessively high that they completely fail to provide efficient economic signals to interconnecting generators and to the utility RFO processes that use these transmission costs in the selection of the generation projects.**
- **CalWEA has been and remains critical of the fact that the proper definitions for the "start of construction" for the purpose of network upgrades financial posting have not been clearly established by the CAISO. The lack of this critical information introduces unnecessary risk factors in the financing of generation projects as generators and their financiers will not know about the timing and phasing of the posting of their 100% network upgrade cost responsibility.**

Proposed Study Deposit Amounts and/or Processing Fees

1. In general, do you support the proposed study deposit amounts and/or processing fees?
2. If not, what modifications are needed and why?

CalWEA supports the CAISO graduated study deposit proposal of \$50K base plus \$1K/MW up to a maximum of \$250K. We find such a

study deposit structure to be more efficient than the current binary study deposit arrangement as it allows differentiated study deposit fees to apply to projects up to 200 MW. With respect to study deposits, we would like to request that the study deposits be made retroactively applicable to Cluster 3 interconnection requests.

Proposed Annual Cluster Study Track

1. In general, do you support the ISO's proposal to study projects of any size in a single, unified cluster?
2. If not, what modifications are needed and why?
3. If you do not support a single cluster approach in any form, what would be your preferred alternative and why?

Second Application Window – Scoping Meeting

1. In general, do you support the ISO's proposal to open a second application window to receive interconnection requests for the purpose of receiving a scoping meeting?
2. If not, what modifications are needed and why?

Second Application window – Enter Cluster at Phase II

1. In general, do you support the ISO's proposal to open a second application window to receive interconnection requests for the purpose of waiving the Phase I study and entering the cluster for study at the Phase II study?
2. If not, what modifications are needed and why?

Second Application Window – Enter Cluster at Phase II Criteria

1. In general, do you support the ISO's proposed criteria to qualify a project to waive the Phase I study and enter the cluster at the Phase II study?
2. If not, what modifications are needed and why?

CalWEA originally advocated that a serial SGIP process with identified limitations be retained for use by small generation projects and still believes in the wisdom of that position; however, if our suggestion to modify the Independent Study Process is adopted, we can support the CAISO's proposal in dealing with the unification of the LGIP and SGIP process.

Coordination with the Transmission Planning Process

1. In general, do you support the ISO's proposal to reevaluate certain network upgrades in the Transmission Planning Process?
2. If not, what modifications are needed and why?
3. If a network upgrade is selected for reevaluation by the Transmission Planning Process should the associated generation project proceed with a Large Generator Interconnection Agreement that contains a provision to allow

for later amendment of the Large Generator Interconnection Agreement if warranted by the Transmission Planning Process reevaluation results? Why or why not?

For the reasons briefly mentioned above, CalWEA considers a complete merging of the GIP Phase II process and the TPP to be far superior to the method of integrating and reevaluating the Phase II upgrade results with the TPP. With respect to the specific process presented in the latest CAISO proposal, CalWEA has two major improvement suggestions:

- **All network upgrades identified in the GIP Phase II process that are sent to TPP for reevaluation should become part of the projects that would be upfront funded and built through TPP by an incumbent or new PTO.**
- **CalWEA believes that any generation whose GIP cluster Phase II network transmission upgrade is to be studied in the TPP should be allowed to choose to proceed to an LGIA signing based on the results of its Phase II studies; this would be instead of having to wait several additional months for the TPP to determine its transmission cost responsibility which, based on the CAISO proposed protocols, should be lower than the value calculated as part of Phase II study.**

Independent Study Processing Track

1. In general, do you support the ISO's Independent Study Processing Track proposal?
2. What modifications are needed and why?
3. What specific aspects of a developer's project development process make it impossible for a developer to demonstrate eligibility for the Independent Study Processing Track at the time of the Interconnection Request?

While supporting the notion of the Independent Study Process (ISP) and many of its protocols in the CAISO proposal, CalWEA has the following comments and concerns on the proposed ISP process:

- **Despite CAISO's effort to define specific criteria for determination of electrical independence for the ISP projects, these criteria will remain partly subjective and a source of potential disputes and delays. Hence, CalWEA**

proposes that the electrical independence criterion be eliminated from the ISP and instead the CAISO work on developing a consistent ISP study process.

- **Assuming a project meets all of the CAISO ISP criteria, including electrical independence, such a project could potentially disqualify future projects in the same general area from meeting all of the ISP criteria simply because the later project may be considered electrically close to the former.**
- **The right to delay COD should NOT be automatically stripped from ISP projects. Instead, the CAISO should define specific criteria where an ISP project is not allowed to exercise such a right.**
- **CAISO should establish upfront criteria and remedies, including potential temporary suspension and revamp of the ISP study process, to ensure that the number of ISP studies does not mushroom out of control and render all the efforts expended to streamline the interconnection study process fruitless.**

Fast Track less than 2 MW

1. Should the ISO remove the 10th screen from the Fast Track? Why or why not?
2. Should the ISO increase the size limit for Fast Track qualification? If so, would you support a 5MW size limit or a different value? Explain your reasons.

CalWEA agrees with both these modifications.

Method to Determine Generator Independence

1. In general, do you support the ISO's proposed method to determine generator independence?
2. If not, what approach would you propose for determining generator independence? Explain why your proposed approach is superior to the ISO's proposal.
3. If you prefer completely eliminating the independence criterion to qualify for the Independent Study Processing Track, how would you address the concern about impacts of Independent Study Processing Track projects on

other interconnection customers (including cluster projects) in higher queue positions?

As noted above, CalWEA finds the process of determining electrical independence of ISP projects to be partially subjective. We believe that a project that qualifies as ISP based on the CAISO proposed commercial criteria should simply be studied using the most recently available TPP basecase; this basecase would include all of the generators and their transmission upgrades from the latest Phase II cluster study results, but would not include the ongoing parallel GIP cluster study (whether Phase I or Phase II). We believe that the TPP process that will ensure the study of the ISP project(s) and the parallel cluster projects will help harmonize the eventual transmission development plan.

Deliverability Proposal

One-Time – Enter Cluster 4

1. In general, do you support the ISO's proposal to allow a one-time deliverability assessment to obtain Full Capacity during cluster 4?
2. If not, what modifications would you support and why?

Annual – Available Transmission

1. In general, do you support the ISO's proposal to provide an annual opportunity for qualified projects to request and obtain Full Capacity using available transmission?
2. If not, what modifications would you support and why?

CalWEA supports CAISO's proposal that allows all Energy Only projects to apply for and receive full or partial deliverability using its hybrid method. CalWEA, however, proposes the following important refinements to the CAISO proposal:

- **Until such time that the PTOs offer the option of WDAT studies with a full deliverability option to all generators, the CAISO should allow those WDAT projects that are forced to be Energy Only (EO) projects in the WDAT process to apply for full deliverability with the CAISO in a process similar (or identical) to the one that the CAISO intends to use for one-time conversion of the existing EO projects.**
- **CAISO should abandon the concept of rounding it is considering for "reducing" the calculated deliverability level of the EO projects that receive deliverability as part of the CAISO**

annual deliverability allocation process. We do not understand why such a rounding is at all necessary and we are also concerned about the 50 MW increments that are proposed for such a rounding exercise; we find this increment to be too large.

Financial Security Postings

1. In general, do you support the ISO's financial security postings proposal?
2. What modifications are needed and why?

CalWEA finds the \$25M cap for the Phase II network upgrade financial security posting for projects larger than 20 MW to be excessively large, particularly considering that most such upgrades are many years away anyway. We are concerned that the very high Phase II financial security posting requirement will cause viable generation projects to abandon their projects and leave the CAISO queue.

Instead of such an arbitrarily and excessively high number, we suggest a formula similar to the one used for determining the Phase I network upgrade financial security posting requirement be used here as well - i.e., the Phase II network upgrade financial security posting should be the lower of:

- (i) 30% of the lower of total network transmission cost responsibility assigned to the interconnection customer in Phase I or Phase II study reports,**
- (ii) \$30,000 per megawatt of the proposed new generating capability, or**
- (iii) a figure between \$7-10 million.**

Transition Plan

1. In general do you support the ISO's proposed transition plan?
2. What modifications are needed to all you to support the ISO's transition plan?

What aspect of the ISO's Draft Final Proposal do you find most favorable?

What aspect of the ISO's Draft Final Proposal do you find least favorable? Please provide the business case or other rationale for your answer.

Do you have any additional comments that you would like to provide?

CalWEA does not agree with the CAISO proposal that, as part of the transition process, all the existing SGIP projects that desire deliverability (Full Capacity status) must leave the queue and return into the Cluster 4. Instead we suggest that the existing SGIP projects, many of which have already been in the queue for a long time, be allowed to have their SGIP study as Energy Only projects be completed and also enter Cluster 4 for a Deliverability Assessment.

Furthermore, CalWEA believes that all existing SGIP projects that must be moved to Cluster 4 – either by choice or by rule – NOT be required to post full Cluster 4 study deposit requirement. We believe that these projects should be asked to only make an incremental deposit equal to the difference in the Cluster 4 study deposit requirement, as calculated using the CAISO new formulae, and all the payments that they have so far rendered to the CAISO for their existing SGIP studies.