

Stakeholder Comments Template

Subject: GIP 3

| Submitted by | Company | Date Submitted |
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This document contains the Clean Coalition's comments on the CAISO's issue paper: Generation Interconnection Procedures Phase 3.

We are pleased to see that the CAISO is committed to ongoing improvements in the GIP and we welcome the chance to comment on the topics already proposed for GIP 3 Scope. In addition, as discussed in the March 15, 2012 conference call, we would like to add two additional topics that we feel should be addressed in this GIP improvement effort.

1. Proposed additions to the GIP 3 stakeholder process

Increased disclosure around tariff timelines

As we have discussed in previous reform efforts, the CAISO should provide increased disclosure around tariff timelines. This increased disclosure will allow all parties to see if deadlines are being met and, more importantly, will inform future reform efforts of potential bottlenecks in the process. We note that, in general, FERC has expressed an interest in increased disclosure by ISOs.

Specifically, the public queue (the Excel sheet provided by CAISO) should include columns containing data as follows:

- date application deemed sufficient
- date of delivery of Initial Review (for Fast Track)
- date of delivery of Supplemental Review (for Fast Track)
- date scoping meeting (first scheduled meeting)
- date of delivery of system impact study
- date of delivery of facilities study
- date of results meeting (first scheduled meeting)

As this information is already known to the ISO, it is no burden to add these additional data points to the existing queue. Also, there should be no concerns about confidentiality, as these data represent only a limited extension of the information already in the queue.

Additionally, information should be provided on each project that fails to clear an Accelerated Option (Fast Track or ISP) and the specific reason for that failure. This information should be provided in the Excel sheet, as well as the quarterly report to FERC.

Under the CPUC's Rule 21 Reporting Proposal, reports are filed by the IOUs on a quarterly basis; reports shall include, at a minimum, reporting of the engineering and review data as set forth in Attachment C (below); the reports are fully public; and the IOUs shall produce the reports using a common Excel template.

SCE and PG&E already list the current study phase for each project on their website and have agreed upon the following Rule 21 standards per the Settlement Motion filed March 16th, sec E.5.d:

Publication of the Interconnection Queue

Distribution Provider shall publish and update monthly on its website the interconnection queue for all Interconnection Requests governed by this Rule with a Point of Interconnection on Distribution Provider's Distribution System that have been assigned a queue position. Nothing here prohibits Distribution Provider from publishing this queue combined with other interconnection requests to Distribution Provider's Distribution System. The published interconnection queue may include the following information for each Interconnection Request governed by this Rule, subject to Energy Division approval:

i) Interconnection Request and Queue Position Data

- (i) The assigned number, if any;
- (ii) the queue position;
- (iii) the date the Interconnection Request was received by Distribution Provider;
- (iv) the date the Interconnection Request was determined to be complete and valid;
- (v) the review process to which Applicant originally applied (Fast Track, Independent Study Process, Transmission Cluster Study Process);
- (vi) the original requested In-Service Date;

- (vii) the currently requested In-Service Date;
 - (viii) the agreed-upon Commercial Operation Date or actual Commercial Operation Date.
- ii) Applicant Generating Facility/Storage System and Point of Interconnection Data**
- (ix) the maximum summer and winter MW electrical output;
 - (x) the type of generating or storage facility to be constructed;
 - (xi) the fuel source;
 - (xii) the proposed Point of Interconnection location by county and state;
 - (xiii) the proposed Point of Interconnection location by substation/area and, if applicable, circuit;

We remind the CAISO that the FERC, in its approval of CAISO's GIP in 2010, stated the following:

"We encourage CAISO to continue to work with stakeholders to create solutions that will allow generators to proceed through the cluster study process as quickly as possible. While we find that the current GIP proposal adequately balances the interests of small generators with the need to reform the flawed SGIP serial process, the Joint Solar Parties' suggestions of adding an additional cluster window or shortening the cluster study process for small generators merits further consideration as CAISO works with market participants to consider possible future enhancements to the GIP process."

A key step towards considering possible future enhancements to the GIP process and, perhaps adding an additional cluster window, is a more detailed understanding of the current process and where there may be bottlenecks in the tariff.

Clarity on "Initial Review"

We are also concerned about testimony from developers that CAISO is not always applying the existing tariff as written. For example, there seems to be some confusion about what the Fast Track Initial Review consists of. The tariff is quite clear on this point, that the Initial Review consists of the PTO applying the screens enumerated in Section 5.2:

"Within fifteen (15) Business Days after the CAISO notifies the Interconnection Customer that the Interconnection Request is deemed complete, valid, and ready to be

studied, the applicable Participating TO shall perform an initial review using the screens set forth in GIP Section 5.3 below, shall notify the Interconnection Customer of the results, and shall include with the notification copies of the analysis and data underlying the Participating TO's determinations under the screens.”

CAISO should clarify in GIP 3 that it is following its tariff and supplying an Initial Review to applicants in the manner and timeframe required by the tariff. In particular, CAISO should supply a standardized document to applicants, as its Initial Review, containing the results of the application of the screens by the PTO, as is the case with the PTOs in their own WDAT procedures. The language is identical in the paragraph of section 5.2 of the CAISO tariff just quoted and the WDATs, so there is no reason why the procedures followed by CAISO should be different, and many good reasons why procedures should be the same.

2. GIP 3: High Priority Topics

Ability for interconnection customers to downsize the MW capacity and/or delay the commercial operation date of proposed generating facilities when such requests have been determined to have a material impact on later queued projects

This can be a significant issue if it holds up studies, cost determination, and interconnection dates for queued projects, especially if it shifts a cost "trigger" to the next project in line. We want projects to be able to match their size to the existing capacity, but this should be done in the pre-application process (based on having good information available) and during the review processes in the study phase (before they have an IA, and before it would impact subsequent studies). We are interested to learn more about how the CAISO proposes to allow a customer to “pay a penalty, compensate the materially affected later queued project, or the ability to remedy the material impact in any way.”

Given CAISO's desire to keep projects moving through the queue, it seems that the criteria for delaying a project should be stringent, even with the payment of penalties or some other compensation of later queued projects. Additionally, this approach would presumably necessitate a detailed description of circumstances that would be considered “beyond the interconnection customer's control.”

We also encourage the CAISO to provide as much information as possible on actual situations where developers have expressed an interest in downsizing projects. Specifically, is there information that could have been provided earlier in the process, thereby allowing the developer to make a better initial decision about size?

Determine the most appropriate way to distribute forfeited study deposit and financial security funds

In discussing how to distribute these funds, it would be useful to understand the degree of magnitude of this issue. We understand that forfeitures have increased very substantially and now amount to tens of millions of dollars. We request that the CAISO provide dollar amounts for the forfeited funds that have been distributed over the last three years.

It seems reasonable that these forfeited funds should be used to reduce the study expenses of other projects in the same queue cluster, especially to offset increased assessments that result from an interdependent project dropping out. We want to avoid individual projects receiving a net benefit from the withdrawal of a related project, so funds should first be used to offset increased costs to affected projects and then the balance should be spread across all applicants.

Independent Study Process and Fast Track

We are extremely concerned that the Independent Study Process and Fast Track (the “Accelerated Options”) are not working as hoped. We submitted detailed comments to CAISO and to FERC (protesting the CAISO tariff) on exactly these issues. Unfortunately, time has proven many of our stated concerns to be valid. We appreciate CAISO’s initiative in adding Fast Track and ISP reform to GIP as a high priority and we urge CAISO to take these issues very seriously.

As the CAISO is no doubt aware, the alleged viability of these accelerated options was a key part of FERC’s determination that the CAISO SGIP reform proposal was not discriminatory against small generators:

“CAISO’s proposal does support the unique concerns of small generators, contrary to the Joint Solar Parties’ arguments, by expanding the availability of two alternative study processes: (i) the modified Fast Track process; and (ii) the new ISP. The addition of these options will ensure that truly small and/or electrically independent projects that meet minimum criteria have the opportunity to be studied on a very expedited schedule.”

It’s important to note that in the 1.5 years of CAISO’s new tariff being operative, literally zero projects have successfully navigated the Fast Track or the ISP (based on CAISO’s public queue data). To better understand the process to date, we encourage CAISO to provide more detail on how the screens are not working and how these issues have been addressed to date in supplemental review.

Behind the Meter Expansion

We have no comment on this issue

External Transmission Lines

We have no comment on this issue

Timeline for tendering Draft Interconnection Agreements

While we recognize the challenges of increased interconnection requests, we also observe that the GIP timeline is already too long and that the issue described here seems to be one that can be addressed simply by the addition of interconnection staff at the PTOs. (This also seems to confirm the anecdotal evidence we have heard that both SCE and PG&E are understaffed in their interconnection departments.)

If timelines are not being met, the focus should be on correcting practices that result in missing timelines, not on adjusting the goal to meet performance. That said, where the delivery of IAs is lumped together as a result of clustered studies, reasonable accommodation can be made on issues related to delivering a large number of IAs all within the same short window.

Reporting Proposal from Rule 21 Settlement Agreement

Reporting and Accountability:

1. Commission Staff has committed to working with the IOUs and the Settling Parties to develop IOU reporting requirements based on the Revised Rule 21 Tariff. Commission Staff has committed to submitting a reporting requirements proposal in the OIR (“Reporting Proposal”).

2. The Reporting Proposal shall include, at a minimum, reporting of the engineering and review data as set forth in Attachment C.

3. The Reporting Proposal shall require that reports are filed by the IOUs on a quarterly basis (starting with the end of the first full regular quarter after the Revised Rule 21 Tariff is adopted), that the reports are fully public, and that the IOUs shall produce the reports using a common Excel template.

ATTACHMENT C

Minimum Engineering Review Data to be Included in the Reporting Proposal

Identification of the engineering analysis results for each Interconnection Request, as follows:

1. Whether the Interconnection Request passed Initial Review, and if not, which screen or screens caused the Interconnection Request to be evaluated pursuant to Supplemental Review, the Independent Study Process, or the Cluster Study Process;

2. Whether the Distribution Provider, upon receipt of a complete and valid Interconnection Request, completed the Initial Review and notified the Applicant of the Initial Review results within the time specified in the Revised Rule 21 Tariff (or a mutually agreed upon date), and if not, how many additional Business Days before the Distribution Provider completed the Initial Review and notified the Applicant of the results of the Initial Review;
3. If evaluated pursuant to Supplemental Review, whether the Interconnection Request passed Supplemental Review, and if not, which screen caused the Interconnection Request to be placed in the Independent Study Process or the Cluster Study Process;
4. If evaluated pursuant to Supplemental Review, and upon authorization by the Applicant and receipt of the Supplemental Review fees from the Applicant, whether the Distribution Provider completed the Supplemental Review and notified the Applicant of the results of the Supplemental Review within the time specified in the Revised Rule 21 Tariff (or a mutually agreed upon date), and if not, how many additional Business Days before the Distribution Provider completed the Supplemental Review and notified the Applicant of the results of the Supplemental Review;
5. If subject to the Electrical Independence Test, results of the Electrical Independence Test (i.e. whether the Transmission Cluster Study Process, Independent Study Process, or Distribution Cluster Study Process is indicated);
6. If subject to review under Screen Q and/or R, and upon validation of the Interconnection Request and receipt of appropriate study fees from the Applicant, whether the Distribution Provider completed this Screen Q and/or R analysis within the time specified in the Revised Rule 21 Tariff (or a mutually agreed upon date), and if not, how many additional Business Days before the Distribution Provider completed this Screen Q and/or R analysis and notified the Applicant of the results of the Screen Q and/or R analysis;
7. If applicable, and after the execution of an Independent Study Process Study Agreement, whether the Distribution Provider completed an Interconnection System Impact Study within the time specified in the Revised Rule 21 Tariff (or a mutually agreed upon date), and if not, how many additional Calendar Days/Business Days before the Distribution Provider completed and issued this Interconnection System Impact Study;
8. If applicable, where Distribution Upgrades or Network Upgrades are identified and upon the posting by the Applicant of the initial Interconnection Financial Security deposit, whether Distribution Provider completed an Interconnection Facilities Study within the time specified in the Revised Rule 21 Tariff (or a mutually agreed upon date), and if not, how many additional Calendar Days/Business Days before the Distribution Provider completed and issued this Interconnection Facilities Study;

9. If applicable, where no Distribution Upgrades and/or Network Upgrades are identified and upon the posting by the Applicant of the initial Interconnection Financial Security deposit, whether Distribution Provider completed an Interconnection Facilities Study within the time specified in the Revised Rule 21 Tariff (or a mutually agreed upon date), and if not, how many additional Calendar Days/Business Days before the Distribution Provider completed and issued this Interconnection Facilities Study.