Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your written comments on the 2018 IPE stakeholder initiative Revised Straw Proposal posted on July 10, 2018.

Submit comments to InitiativeComments@CAISO.com

Comments are due July 31, 2018 by 5:00pm

The straw proposal posted on July 10, 2018 and the presentation discussed during the July 17, 2018 stakeholder meeting can be found on the CAISO webpage at the following link: http://www.caiso.com/informed/Pages/StakeholderProcesses/InterconnectionProcessEnhancements.aspx

Please use this template to provide your written comments on the Issue Paper topics listed below and any additional comments you wish to provide. The numbering is based on the sections in the Issue Paper for convenience.

4. Deliverability

4.1, 4.2, 4.3, 4.5 and 9.2 Transmission Plan Deliverability Allocation (combined topics)

a. Allocation Ranking Groups (one through seven)

b. Specific Topics:

i. Overall TPD Allocation Process

ii. Elimination of Balance sheet financing terminology

iii. Elimination of Annual Full Capacity Deliverability Option

iv. Energy only projects' ability to re-enter the CAISO Queue for Full Capacity

v. Commercial Viability Criteria (PPA Clarification)

Intersect Power Comments:

- Intersect Power strongly believes the changes should only apply to projects that have **not posted** any Interconnection Financial Security, as the decision to post securities was predicated on the current framework for TPD Allocation and the availability of Balance Sheet Financing as an option to **enhance the likelihood** of a TPD Allocation.
- Intersect Power requests elimination of the term LSE from the proposed requirements for Allocation Groups One and Two as it relates to the type of offtaker associated with an executed PPA or shortlisting process. Although LSEs are the ultimate beneficiary of Resource Adequacy, there are other parties that may purchase, and re-sell, Resource Adequacy benefits included in a bundled or unbundled product from Generating Facilities. Resource Adequacy represents one of the revenue streams of a Generating Facility, and a limitation to LSE offtakers will disadvantage projects electing to execute contracts with non-LSEs by potentially eliminating this revenue stream if a TPD Allocation is not achieved due to a project being ranked lower for having a non-LSE offtaker. Inclusion of the LSE terminology is unnecessarily specific considering the markets for products such as Resource Adequacy are not limited to LSE participation.
- Can the CAISO clarify whether the requirements applicable to projects electing to proceed without a PPA (i.e., Allocation Group Three), will remain applicable if a project's PPA status changes after a TPD Allocation is received and accepted?
    - For example, assume a project elects to proceed without a PPA, and is granted a TPD allocation for the project's full capacity. Ten months following the TPD Allocation acceptance, the project successfully secures a PPA for the project's full capacity, but the project's COD contemplated under said PPA is two years later than contemplated in the project's Interconnection Request. Is the project still constrained by the Allocation Group Three requirement that the COD cannot be extend beyond the earlier of (i) IR COD, or (ii) 7 years in queue? If so, Intersect

Power believes this issue needs to be addressed, and the COD constraint lifted under the described or similar scenarios.

4.4 Change in Deliverability Status to Energy Only

Intersect Power Comments:

- Intersect Power recommends the CAISO delay the final proposal for this topic as there are a number of issues and required clarifications that have not been addressed in the proposals to date.
- If the CAISO elects to continue with their proposal for projects converting to Energy Only to retain the cost responsibility for DNUs, Intersect Power strongly believes the changes should only apply to projects that have **not posted** any applicable Interconnection Financial Security. Projects that have posted an applicable Interconnection Financial Security, did so under the assumption the non-refundable portion of the Interconnection Financial Security would not include the cost responsibility of DNUs based on the GIDAP provisions allowing for a conversion to Energy Only (whether voluntary or forced), and the subsequent removal of DNUs and their associated cost responsibility. At a minimum, projects that have posted an Interconnection Financial Security should be given a one-time opportunity to either: (i) convert to EO, thus removing all DNUs and their cost responsibility, or (ii) continue as Full or Partial Deliverability Status ("FCDS" or "PCDS") and be subject to the CAISO's proposal for any future EO conversions.
- Can the CAISO please clarify the process for how it will determine whether DNUs are still required through the annual reassessment process? For example, assume a Cluster 8 project with $10M of assigned DNUs elects to convert to EO. If during the next annual reassessment process it's determined no other Cluster 8 projects require the DNUs, but Cluster 9 or later projects do still require the same DNUs, will the Cluster 8 project retain cost responsibility for said DNUs due to the Cluster 9 or later dependency? If a project has not executed a GIA, it seems punitive to force a project to maintain cost responsibility for upgrades needed for later-Clusters.

- The idea of a project voluntarily electing to convert to Energy Only then proceeding to Commercial Operation, while still retaining cost responsibility for DNUs, seems counter-intuitive. If an election to convert to Energy Only does not relieve the project of the cost liability for DNUs, there is no benefit to a conversion to Energy Only for said project. This situation is problematic given a voluntary conversion to Energy Only has no certainty as to the benefit, and thus, projects are disincentivized to do so. Further consideration needs to be given to the proposal's implications under such a scenario.

Intersect Power Comments:

- Intersect Power supports the introduction of the maximum cost exposure terminology, and its differentiation from maximum cost responsibility. However, Intersect Power does not support the proposed contingent NU cost allocation methodology, which represents one of two components comprising maximum cost exposure. Allocation of the full cost (100%) of each contingent NU to a project's maximum cost exposure is inconsistent with current GIDAP provisions requiring cost allocation for RNUs on a "[...] pro rata basis of the maximum megawatt electrical output of each proposed new Generating Facility [...]" (**GIDAP Section 6.3.1**), and separately for LDNUs, costs are allocated for projects seeking FCDS/PCDS "[...] based on the flow impact of each such Generating Facility [...]" (**GIDAP Section 6.3.2.1.1**). Furthermore, during the Phase I and Phase II Studies, the pro rata or flow impact allocations are determined at the time of the study without foresight into which generators will remain in the queue in the future. In a circumstance where costs are passed from projects in an earlier-Cluster to a later-Cluster due to project attrition, the proposal imposes higher costs on the later-Cluster projects than were imposed on the earlier queued projects during their respective interconnection study processes. **Therefore, Intersect Power recommends the CAISO delay this topic beyond the targeted September 2018 Board of Governors Meeting, in order to adequately address the inconsistency outlined above, and fully address stakeholder feedback.**

Additionally, the CAISO's proposal to allow the portion of "precursor NUs," i.e., NUs identified for an earlier queued project(s) with an executed GIA(s), exceeding the $60,000/MW RNU reimbursement cap, to increase a project's maximum cost exposure is problematic for the following reasons:

1. Determination of the allocable precursor NU costs is not consistent with current GIDAP provisions as described above, and thus, has the potential to unfairly burden projects that are forced to adopt responsibility for precursor NUs.

Interconnection studies completed to-date do not identify precursor upgrades nor their associated costs. Implementing the CAISO's proposal as-is, could burden projects with new, previously undisclosed costs, after these projects have already made significant financial commitments to project development and interconnection securities. **If the CAISO chooses to proceed without material revisions to ensure no financial impact to currently queued projects, Intersect Power recommends the provisions only apply to Clusters initiated after Board and FERC acceptance of the proposal.**

7.3 Eliminate Conditions for Partial IFS Recovery Upon Withdrawal

7.5 Shared SANU and SANU Posting Criteria Issues

7.7 Reliability Network Upgrade Reimbursement Cap

Intersect Power Comments:

- Echoing our comments to **Topic 7.1 Maximum Cost Responsibility for NUs and contingent NUs**, Intersect Power takes issue with the following:
    1. The proposed methodology to allocate the full cost (100%) of precursor NU costs is inconsistent with current GIDAP provisions requiring cost allocation for RNUs on a "[...] pro rata basis of the maximum megawatt electrical output of each proposed new Generating Facility [...]" (**GIDAP Section 6.3.1**), and separately for LDNUs, costs are allocated for projects seeking FCDS/PCDS "[...] based on the flow impact of each such Generating Facility [...]" (**GIDAP Section 6.3.2.1.1**). Furthermore, during the Phase I and Phase II Studies, the pro rata or flow impact allocations are determined at the time of the study without foresight into which generators will remain in the queue in the future. In a circumstance where costs are passed from projects in an earlier-Cluster to a later-Cluster due to project attrition, the proposal imposes higher costs on the later-Cluster projects than were imposed on the earlier queued projects during their respective interconnection study processes. **Therefore, Intersect Power**

recommends the CAISO delay this topic beyond the targeted September 2018 Board of Governors Meeting, in order to adequately address the inconsistency outlined above, and fully address stakeholder feedback.

2. The CAISO's claim in the **Background/Issue Section of Topic 7.7** that the $60k/MW RNU cost cap "[...] is a principle that overrides any cost protection principles for interconnection customers and PTOs," is not enough justification for making the proposed revisions given that current GIDAP provisions related to pro rata allocations of RNU costs run contrary to this statement.
    a. For example, assume three (3) projects ("Project A", "Project B", and "Project C"), each 100MW, all in the same Cluster. Assume they are all responsible for the same RNUs totaling $20M. Per GIDAP, each project is allocated ~$6.66M of maximum cost responsibility for said RNUs. If Projects B&C withdraw following the issuance of Phase II Study Results, Project A's maximum cost responsibility is capped at $6.66M, even though the total upgrade cost is $20M. The upgrade cost thus exceeds the $60k/MW cost cap for Project A by $14M, of which, only $666k will be the responsibility of Project A.
3. Interconnection studies completed to-date do not identify precursor upgrades nor their associated costs. Implementing the CAISO's proposal as-is, could burden projects with new, previously undisclosed costs, after these projects have already made significant financial commitments to project development and interconnection securities. **If the CAISO chooses to proceed without material revisions to ensure no financial impact to currently queued projects, Intersect Power recommends the provisions only apply to Clusters initiated after Board and FERC acceptance of the proposal.**

- Based on the Revised Straw Proposal issued July 10, 2018, can the CAISO please confirm whether the following example is a correct interpretation of how costs above the $60,000/MW RNU cost cap would be reallocated upon a projects withdrawal:
    - A Cluster 8 project ("Project A") with a 100MW capacity has an executed GIA with RNUs totaling $20M ("precursor RNUs"). A Cluster 10 project ("Project B") with a 400MW capacity requires the same precursor RNUs as Project A, and an additional $5M of RNUs ("base RNUs"). Prior to Project A's withdrawal, Project B's maximum cost responsibility for RNUs is $5M. Upon Project A's withdrawal from the queue, the following adjustment to Project B's maximum cost responsibility for RNUs would occur:
        - Project B's total reimbursable RNUs are $24M [=400MW * $60k/MW]
        - Project B's exceedance of the RNU cost cap becomes $1M [=$25M (base RNUs + precursor RNUs) - $24M (RNU cost cap)]
        - Project B's new maximum cost responsibility becomes $6M [=$5M (base RNUs) + $1M (RNU cost cap exceedance)]

- None of the three (3) options are preferred. All options presented by the CAISO are inconsistent with how costs are currently allocated to projects during the

interconnection study process as described in our comments above. Further options need to be explored to determine if it is possible to provide consistent treatment of upgrade cost allocations across the various types of upgrades, i.e., precursor upgrades, contingent upgrades, and direct upgrades. Unless consistency can be achieved, later-Cluster projects will be unfairly burdened by the actions of earlier-Cluster projects.

8. Interconnection Request

8.4 Project Name Publication

9. Modifications

9.1 Timing of Technology Changes

10. Additional Comments