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 **Addendum #2 to the Draft Final Proposal** posted on December 21, 2018.
>
> Submit comments to InitiativeComments@CAISO.com
> **Comments are due January 11, 2019 by 5:00pm**

The Addendum #2 to the draft final proposal posted on December 21, 2018 and the presentation discussed during the January 3, 2019 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.

7.   Interconnection Financial Security and Cost Responsibility
7.1   Maximum Cost Responsibility for NUs and Potential NUs

The Large-scale Solar Association (LSA) appreciates the opportunity to comment on the CAISO's 2018 Interconnection Process Enhancements (IPE) Draft Final Proposal Addendum 2.

The changes proposed by the CAISO from the first Addendum are well-considered, and LSA supports them, as explained further below. In addition, LSA asks the CAISO for two clarifications that are also covered below.

Beneficial changes in Addendum 2

LSA strongly supports the following changes in Addendum 2:

- **Retaining the current milestone for when a Conditionally Assigned Network Upgrade (CANU) becomes a Precursor Network Upgrade (PNU)**, and cannot be assigned to a later cluster – i.e., the time when at least one project assigned the upgrade executes a GIA – instead of the prior proposed milestone of the time when at least one project assigned the upgrade makes the third Interconnection Financial Security (IFS) posting.

This change is consistent with LSA's prior comments on the first Addendum. Those comments pointed out that there has been no demonstration that PTOs or ratepayers have actually been harmed when projects drop out between GIA execution and the third IFS posting, given large forfeit amounts after the second posting and upgrades no longer needed.

SCE pushed back hard on this change on the January 3rd conference call, calling it "backsliding" and "disappointing." LSA maintains that it is neither, i.e., the CAISO is merely retaining the current tariff provision, and SCE has presented no new evidence supporting its position that it should be changed. Moreover, as the CAISO explained on the call, the removal of GIA execution as a Transmission Plan (TP) Deliverability requirement should postpone the milestone for PTO assumption of financial responsibility until projects are genuinely ready to proceed.

Thus, LSA strongly encourages the CAISO to stand firm on its proposal in this area.

- **Including a project's "allocated" Phase I Study CANU costs in the Maximum Cost Exposure (MCE)** until the Phase II Study is issued (when those allocated CANU amounts would be finalized), instead of including 100% of each estimated CANU cost in each project's MCE in the Phase I Study. As Addendum 2 says, this will help developers trying to market projects sooner, given earlier worst-case cost responsibility estimates.

- **Reducing MCE when the Maximum Cost Responsibility (MCR) is reduced** (per GIDAP Section 7.4), and noting that it could increase later due to (extremely rare) "system changes" – consistent with the current policy – instead of keeping it the same ("true" maximum).

Clarifications requested

LSA has opposed the CAISO's proposals to include 100% of the cost of each Interconnection Service Reliability Network Upgrade (ISRNU) in the MCR – and thus the MCE – even when those upgrades are shared between projects. The CAISO is apparently committed to this proposal, which has been consistent throughout the 2018 IPE initiative.

LSA accepts that this is the CAISO position but requests two clarifications that (based on further discussions) we understand reflect CAISO's intent in making this proposal. These clarifications relate to the "unallocated" ISRNU cost for shared upgrades, i.e., the **difference** between:

- Allocated ISRNU costs (ISRNU costs split between the projects sharing them), which are Assigned Network Upgrades (ANUs) and included in project Current Cost Responsibility (CCR) and financial-security postings; and

- Full (100%) ISRNU costs, which is included in the MCR of all projects sharing them (and, therefore, their MCEs).

Specifically, the CAISO should clarify that:

(1) **Unallocated ISRNU costs should only be included in the MCR for the purpose of reallocating costs for that ISRNU**, i.e., they should not serve as the basis for possible reallocation of other NU costs. This is different from other NUs included in the MCR, which are limited to the allocated cost and, if that NU is not needed, leave "headroom" to reallocate other NU costs within the MCR cap.

This clarification would make it explicit that the potential for 100% ISRNU cost responsibility would not expose developers to additional cost responsibility for other, unrelated NUs, while still protecting PTOs from the risk of financing the ISRNUs.

(2) **Unallocated ISRNU cost can be removed from MCR (and thus MCE) if all projects sharing the ISRNU execute GIAs and make the third posting for that element.** The PTO would have sufficient funds to cover ISRNU construction, so there is no risk that they would have to finance any costs for those upgrades.

LSA notes that the two clarifications requested above would not require any changes to Addendum 2. Instead, they could both be addressed in the Business Practice Manual (BPM) development process.

10. Additional Comments