Stakeholder Comments Template

Submitted by	Company	Date Submitted
Grant Rosenblum, Executive Director grant.rosenblum@nee.com	NextEra Energy Resources, LLC	January 11, 2019

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

NextEra Energy Resources, LLC (NEER) strongly supports several revisions articulated in Addendum #2 to the Final Draft Proposal and appreciates staff's ongoing diligence, thoughtfulness, and flexibility.

Specifically, NEER supports:

- CAISO's agreement to allow a downward adjustment in the Maximum Cost Exposure (MCE) in the same manner as the Maximum Cost Responsibility (MCR) is adjusted in accordance with Appendix DD, Section 7.4.

- CAISO's determination to retain execution of the Generator Interconnection Agreement (GIA) as the appropriate milestone for when a Conditionally Assigned Network Upgrade (CANU) converts to a Precursor Network Upgrade (PNU). As noted previously, the negative ramifications of the uncertainty imposed on developers from the deferral outweighs any unsubstantiated injury to the PTOs, especially in light of the CAISO's proposal to remove the requirement for interconnection customers to execute the GIA to retain its transmission process deliverability allocation. And while the CAISO's modification may reduce the commercial "firmness" of projects in the context of deliverability allocation, it adds protection to the PTOs since projects will not be signing GIAs until they are more likely ready to proceed with development.

- CAISO's acceptance of the developers' compromise to include a project's allocated Phase I Study CANU cost estimates in the MCE, rather than 100% of the Phase I Study CANU cost estimate, subject to adjustment in the Phase II Study.

Finally, NEER continues to recommend further consideration of the treatment of Interconnection Service Reliability Network Upgrades (ISRNUs) and the interplay with the RNU reimbursement cap. In particular, the CAISO should independently recognize the discrete scenario created by identification of a new switchyard/substation to accommodate multiple projects, especially when resulting from different queues.

Assume the situation where four projects at 100 MW each in three different clusters (two in Cluster A, one if Cluster B, and one in Cluster C) intend to utilize a new switching station at a cost of $20 million. The switching station constitutes an ISRNU. The two projects in Cluster A would each have $10 million as part of their Current Cost Responsibility (CCR) and $20 million in their MCR/MCE. The two later projects would have $20 million each in their MCEs as CANUs, assuming neither of the earlier projects have yet executed GIAs. There are potentially two issues with this scenario.

First, projects should be encouraged to locate at previously identified infrastructure and ISRNUs tend to generally be the most costly elements of RNUs. As such, the treatment of ISRNUs significantly increases each project's risk based on the uncontrollable behavior of other market participants. If the two earlier queued projects drop out, the third project is now subject to significant unrecoverable liability to the extent the projects exceed the RNU cap, including, at present, even if subsequent projects utilize the switchyard; if the third project drops out, the fourth project would incur that risk.

Unlike other RNUs that have greater potential to be eliminated by projects dropping out, ISRNUs generally present limited mitigation opportunities. Accordingly, while NextEra recognizes that the CAISO believes the issue of RNU reimbursement is outside the scope of this initiative, it urges the CAISO to reconsider its position or otherwise expeditiously address this deficiency.

Second, if both Cluster A projects execute GIAs, and move forward to construction, each of those projects has an extra $10 million in the MCR/MCE that could create headroom for the cost of other, unrelated upgrades that could be assigned to one or more of those projects in a reassessment process. To avoid this situation, which arises solely because of the different treatment of ISRNUs, the CAISO should clarify that the extra $10 million in the MCR/MCE can only be used for the purpose of the switching station allocation if one or more other projects sharing it drop out.

This clarification would retain full PTO protection for the ISRNU cost without exposing developers of projects sharing ISRNUs to additional risks.

10. Additional Comments