

Business Practice Manual For Queue Management

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Revision History

Version	Date	Description
1	3/4/2014	Create BPM
2	6/27/2014	Changes to incorporate: <ul style="list-style-type: none">• PRR 730 - Clarifications on Modification Requests Submitted by PTOs, and• PRR 731 - Clarifications on Modification Requests During the Project's Interconnection Studies• Update section 1.1 to be consistent with other BPMs
3	9/4/2014	Changes to incorporate PRR 744 - Addition of Section 4, Multiple Phases of Generating Facilities and revisions to section 3 to capture the Commercial Operation for Markets ("COM") process
4	<u>9/29/2014</u>	<u>Changes to incorporate:</u> <ul style="list-style-type: none">• <u>PRR 765 - Annual Generator Downsizing Process and De Minimis Reductions</u>• <u>Changed two references of "ISO" to "CAISO" to be consistent</u>

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1. Introduction

Welcome to the CAISO **BPM for Queue Management**. In this Introduction you will find the following information:

- The purpose of California Independent System Operator Corporation (CAISO) Business Practice Manuals (BPMs);
- What you can expect from this CAISO BPM; and
- Other CAISO BPMs or documents that provide related or additional information.

1.1 Purpose of CAISO Business Practice Manuals

The Business Practice Manuals (BPMs) developed by CAISO are intended to contain implementation detail, consistent with and supported by the CAISO Tariff, including: instructions, rules, procedures, examples, and guidelines for the administration, operation, planning, and accounting requirements of CAISO and the markets. Each Business Practice Manual is posted in the BPM Library at: <http://bpmcm.caiso.com/Pages/BPMLibrary.aspx>

1.2 Purpose of This Business Practice Manual

This BPM for Queue Management covers the rules, and procedures for implementation of new generating units interconnecting to the CAISO Controlled Grid. This BPM covers serial, cluster, GIDAP, independent, fast track, and 10KW or less inverter Interconnection Study processes for Large Generating Facilities (LGF) and Small Generating Facilities (SGF). The BPM is intended for those entities that have completed the interconnection study process to interconnect with the CAISO and have executed or are negotiating a Generator Interconnection Agreement (GIA) and may participate in the CAISO Markets, as well as those entities that expect to exchange Power with the CAISO Balancing Authority Area.

This BPM benefits readers who want answers to the following questions:

- What are the roles of CAISO, Participating TOs and the Interconnection Customer during the development of projects?
- What are the concepts that an entity needs to understand to engage in the CAISO's queue management process?

Although this BPM is primarily concerned with management of the CAISO interconnection queue, there is some overlap with other BPMs. Where appropriate, the reader is directed to the other BPMs for additional information.

If a Market Participant detects an inconsistency between BPMs, it should report the inconsistency to CAISO before relying on either provision.

The provisions of this BPM are intended to be consistent with the CAISO Tariff. If the provisions of this BPM nevertheless conflict with the CAISO Tariff, the CAISO is bound to operate in accordance with the CAISO Tariff. Any provision of the CAISO

Tariff that may have been summarized or repeated in this BPM is only to aid understanding. Even though every effort will be made by the CAISO to update the information contained in this BPM and to notify Market Participants of changes, it is the responsibility of each Market Participant to ensure that he or she is using the most recent version of this BPM and to comply with all applicable provisions of the CAISO Tariff.

A reference in this BPM to the CAISO Tariff, a given agreement, any other BPM or instrument, is intended to refer to the CAISO Tariff, that agreement, BPM or instrument as modified, amended, supplemented or restated.

The captions and headings in this BPM are intended solely to facilitate reference and not to have any bearing on the meaning of any of the terms and conditions of this BPM.

1.3 References

The definition of acronyms and words beginning with capitalized letters are given in the BPM for Definitions & Acronyms.

Other reference information related to this BPM includes:

- Other CAISO BPMs
- CAISO Tariff

The CAISO Website posts current versions of these documents.

Whenever this BPM refers to the Tariff, a given agreement (such as a GIA), or any other BPM or instrument, the intent is to refer to the Tariff, that agreement, other BPM or instrument as it may have been modified, amended, supplemented or restated from the release date of this Queue Management BPM.

The captions and headings in this BPM intend solely to facilitate reference and not to have any bearing on the meaning of any of the terms and conditions of this BPM.

1.4 Definitions

1.4.1 Master Definitions Supplement

Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement, Appendix A to the CAISO Tariff, shall have the same meaning where used in this Queue Management BPM. Special Definitions not covered in Appendix A to the CAISO Tariff, used in this BPM are provided in Section 1.4.2 of this BPM.

1.4.2 Highlighted Definitions Applicable to This BPM

The definitions of the following terms, which also appear in either CAISO Appendix A, Appendix S, Appendix U, GIP (Appendix Y) or the GIDAP (Appendix DD), are important to keep in mind in reviewing this BPM:

"Cluster Study Process" shall mean a process whereby a group of Interconnection Requests are studied together, instead of serially, for the purpose of conducting Phase I and II Studies.

"Dispute Resolution" shall mean the procedure set forth in the executed interconnection agreement, or Appendix U, Section 13.5; Appendix Y, Section 13.5 and GIP BPM, Section 17; or Appendix DD, Section 15.5 and in GIDAP BPM, Section 15, as applicable for resolution of a dispute between the Parties.

"Material Modification" is defined in CAISO Tariff Appendix A as "modification that has a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date."

"Party" or "Parties" shall mean the CAISO, Participating TO(s), Interconnection Customer or the applicable combination of the above.

2. Queue Management Overview

Welcome to the *Overview* section of the CAISO *BPM for Queue Management*. In this section, you will find the following information:

- A high-level description of the material modification process.
- Subsequent sections “drill down” in greater detail. Included in subsequent sections are the following topics:
 - Timing of when project modifications can be requested;
 - Scope of modifications that can be requested; and
 - Deposit requirement and process.

3. Overview of Modification Provisions

The Interconnection Customer must submit to the CAISO, in writing, a request to modify any information provided in the Interconnection Request and must have the request approved before the Interconnection Customer will be permitted to make the change. Requests to decrease the MW capacity are not permitted except to the extent permitted by the relevant interconnection procedures, as discussed further below in sections 3.1.2 and 3.2.1. Any request to increase maximum output of a project must be approved through the submission of a new Interconnection Request.

The request to modify will be approved, and the Interconnection Customer shall retain its Queue Position, if a modification is determined not to be a Material Modification. A request to modify will be denied, and the Interconnection Customer shall not be permitted to make the modification while retaining its Queue Position, if the modification is determined to be a Material Modification.

The CAISO will use the same process and criteria to review modification requests for a generation project studied under the cluster study process as it does to review projects studied under the serial study process.

A Material Modification is defined in CAISO Tariff Appendix A as “modification that has a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date.” Once a request is received, the CAISO will perform a Material Modification Assessment (“MMA”). The following are examples of modifications which may be considered a Material Modification if, upon review in the MMA, it is deemed to adversely impact:

- the timeline of the Queue Cluster’s Interconnection Study Cycle by requesting the MMA in advance of other existing tariff opportunities to modify the project (i.e. between Phase I and Phase II Interconnection Studies);
- the Participating Transmission Owner (“Participating TO”) (such as by shifting costs from the Interconnection Customer to the Participating TO);
- the costs assigned to other Interconnection Customers;
- the timing or cost for the construction of Network Upgrades (reliability and/or deliverability) which are intended to be utilized by multiple Interconnection Customers unless the Interconnection Customer requesting the modification is willing to mitigate its impact, e.g., by continuing to meet its security and payment obligations on the schedule in its Generation Interconnection Agreement with respect to those Network Upgrades; or
- the timing or cost of other Interconnection Customers’ Interconnection Facilities that are dependent on the Network Upgrades or Interconnection Facilities of the Interconnection Customer requesting the change, unless the Interconnection Customer requesting the modification is willing to mitigate its impact, e.g., by continuing to meet its security and payment obligations on the schedule in its Generation Interconnection Agreement with respect to those Network Upgrades or Interconnection Facilities.

A modification request will be approved if the criteria set forth below are met, and the Interconnection Customer is in good standing. An Interconnection Customer is in good standing if it is in full compliance with its obligations under its GIA, if it has one, and the terms of the applicable interconnection procedures in accordance with the CAISO Tariff. An Interconnection Customer’s obligations under the GIA and interconnection procedures include milestones,

postings and required payments. With respect to modifications where CAISO consent is required, the CAISO will not unreasonably withhold consent for timely modification requests which are determined to not be Material Modifications.¹

In response to the modification request, the CAISO, in coordination with the Participating TO(s) and, if applicable, any Affected System Operator, will evaluate the proposed modification. In addition to determining if requested modifications are Material Modifications, the CAISO will assess modification requests to ensure that transmission and generation schedules are consistent with each other and, if the request is for a COD extension, the length of time the project has been in the Interconnection Queue.

The CAISO shall inform the Interconnection Customer in writing of whether its requested modification constitutes a Material Modification. In the event that the proposed modification does not constitute a Material Modification, and the Project has not been in the Interconnection Queue longer than the limits described in the Tariff,² the modification will be approved and the CAISO will consider the change to the project to be final (*i.e.*, once the modification is approved, a new modification request and approval would be needed to undo the approved modification). The Interconnection Customer shall then provide the results to any Affected System Operator, if applicable. The CAISO will not perform informational analysis or “what-if” studies regarding proposed modifications to generation facilities. However, as noted in Section 3.4.7.2 below, if the modification is approved subject to certain conditions, the Interconnection Customer will be given the opportunity to review those conditions and notify the CAISO if it still wants to proceed with the modification.

The CAISO believes the Participating TO should submit a modification request to the CAISO if the Participating TO proposes changes to the scope of, or schedule for, planned Network Upgrades or Participating TO’s Interconnection Facilities. The Participating TO should include in the request a description of the proposed changes, the Interconnection Customers that they believe will be impacted, the impacts on those Interconnection Customers, a description of potential alternatives considered, if applicable, and the reason for selecting the proposed modification.

If the Participating TO fails to submit a modification request to the CAISO when changes are needed to the scope of, or schedule for, planned Network Upgrades or Participating TO’s Interconnection Facilities, then an impacted Interconnection Customer may submit a Material Modification Request for such modifications. Upon CAISO verification that the requested modification(s) are solely or primarily due to such scope or schedule changes, the Interconnection Customer will not be charged further for the assessment and the \$10,000 deposit will be returned to the Interconnection Customer.

For example, if the proposed modifications are due to a six-month delay in completion of the PTO’s Interconnection Facilities or Reliability Network Upgrades and the modification request proposes six-month delay in the In-Service Date and Commercial Operation Date of the project, then the Interconnection Customer will not be charged further for the assessment and the \$10,000 deposit will be returned to the Interconnection Customer.

The CAISO will review the information submitted to assess the Participating TO’s request and evaluate whether any other projects are affected by the proposed modification. When the Participating TO initiates a modification request, the CAISO will create a work order number and make reasonable efforts to inform the Interconnection Customer and make reasonable efforts to

¹ See Appendix S, Section 1.3.4; Appendix T, Section 3.4.5; Appendix U, Section 4.4.3; Appendix Y, Section 6.9.2.2; or Appendix DD, Article 6.7.2.2 as applicable.

² See Appendix U, Section 3.5.1; Appendix Y, Section 3.5.1.4; Appendix DD, Section 3.5.1.4; as applicable.

obtain its concurrence with the proposed change. Although the Participating TO may perform thorough research before submitting a modification request, the CAISO will perform its own review of the request in order to create documentation for the CAISO's conclusion and to ensure a complete and independent analysis of the request.

Projects studied in the serial study process may have the ability in accordance with Appendix U, Section 7.5 or 8.5 to request a re-study if a modification request is rejected, provided the request meets the criteria of the applicable section.

3.1 Timing of Modification Requests

Modifications can be requested at any time, but the CAISO will only process requests at certain times, as discussed further below.

3.1.1 Requests During the Project's Interconnection Studies

The CAISO will accept modification requests from projects at any time. However, the CAISO may not be able to process some modification requests, depending upon the type of the request, while the project is being studied during the Phase I process or Phase II Interconnection Study process for that project, or other studies applicable to that project. An example of projects whose modifications the CAISO may not be able to consider at certain times in 2014 are Cluster 6 projects during the Phase II and Reassessment study processes, and Cluster 7 projects during the Phase I study process, where the requested modification could affect the study results. The reason for this is that once a study commences, the study assumptions cannot be changed. Otherwise, the study would need to be re-started with the updated information based on the modification requests. Additionally, the CAISO will defer evaluation of any modification requested pursuant to this section by an Interconnection Customer participating in the Generator Downsizing Process until the completion of that Generator Downsizing Process.

In the event that a project submits a modification request that cannot be completed in the 45 calendar day assessment period outlined in section 3.4.1 of this BPM, the CAISO will notify the Interconnection Customer and provide an estimated completion date with an explanation of the reason why additional time is required.

Information about study timeframes is available on the CAISO website under Planning> Generator Interconnection > GIDAP Customer guidelines (<http://www.caiso.com/Documents/GIDAPCustomerGuidelines.xls>)

3.1.2 Requests Submitted Between the Phase I and Phase 2 Interconnection Studies³

Interconnection Customers have an opportunity to undertake certain modifications that are specifically enumerated in the GIDAP following the Phase I Interconnection Study Results Meeting. Such modifications are not considered material at this point in the process, and therefore do not require a MMA. These modifications are:

- a decrease in the MW capacity of the proposed Generating Facility;

³ See Appendix U, Section 4.4.1 or 4.4.2; Appendix Y, Section 6.9.2.2; or Appendix DD, Section 6.7.2.2, as applicable.

- a modification to the technical parameters associated with the Generating Facility technology or Generating Facility step-up transformer impedance characteristics;
- a modification to the interconnection configuration, while not changing the Point of Interconnection ("POI"); and
- a change of deliverability status 1) from Full Capacity Deliverability Status or Partial Capacity Deliverability status to Energy Only Deliverability Status; (2) from Full Capacity Deliverability Status to Partial Deliverability Status; or (3) to a lower level of Partial Capacity Deliverability Status.

For any modification other than these, the Interconnection Customer must first request that the CAISO evaluate whether such a modification is a Material Modification. In response to the Interconnection Customer's request, the CAISO, in coordination with the affected Participating TO(s) and, if applicable, any Affected System Operator, shall evaluate the proposed modification prior to approving it and the CAISO shall inform the Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the POI, except than that specified by the CAISO in an Interconnection Study or otherwise allowed under the CAISO Tariff or Business Practice Manuals (e.g., as provided in Section 3.5.1 below), shall constitute a Material Modification.

The Interconnection Customer shall remain eligible for the Phase II Interconnection Study if the modification is reviewed and it is determined not to be a Material Modification. If the modification is determined to be a Material Modification and the Interconnection Customer nevertheless intends to implement the change, then the current Interconnection Request must be withdrawn from the applicable study process and the Interconnection Customer may submit a new Interconnection Request in a subsequent Queue Cluster or, if it qualifies, under one of the other study tracks (Independent Study Process or Fast Track Process).

3.1.3 Requests Submitted After Phase II Interconnection Studies

For any requested modification after Phase II Interconnection Study results have been issued, the Interconnection Customer must first request that the CAISO evaluate whether such a modification is a Material Modification. The CAISO must be able to evaluate the change and find it acceptable without the need to undertake a re-study.⁴ If the CAISO determines, pursuant to prudent engineering judgment, that a re-study is necessary, then the requested change shall be considered a Material Modification and, thus, is not permissible within the scope of the existing Interconnection Request.

In response to the Interconnection Customer's request, the CAISO, in coordination with the affected Participating TO(s) and, if applicable, any Affected System Operator, shall evaluate the proposed modification prior to approving it and the CAISO shall inform the Interconnection Customer in writing of whether the modification would constitute a Material Modification. Any change to the POI, except that allowed under the CAISO Tariff or Business Practice Manuals, shall constitute a Material Modification.

⁴ A re-study would be needed if the requested modification requires the CAISO or Participating TO to perform a dynamic stability study, post-transient governor power flow study or other similar complex engineering study.

If a modification is determined to be a Material Modification and the Interconnection Customer nevertheless intends to implement the change, then the current Interconnection Request must be withdrawn from the applicable study process and the Interconnection Customer may submit a new Interconnection Request in a subsequent Queue Cluster or, if it qualifies, under one of the other study tracks.

3.2 Scope of Modifications

In general, the CAISO's business practice is to approve a requested modification that meets the following criteria:

- the modification will not impact the timeline of any Queue Cluster's Interconnection Study Cycle however, modification requested during the study cycle will be held until the study cycle is complete;
- the type of modification being requested is not already addressed in the CAISO Tariff or BPMs through a separate process (e.g. the forthcoming annual downsizing process);
- the modification will not adversely impact another Interconnection Customer's costs;
- the modification will not adversely impact the In-Service Date or Commercial Operation Date of any other Interconnection Customer's project;
- the modification will not adversely impact the Participating TO (e.g., by shifting costs from the Interconnection Customer to the Participating TO);
- the modification will not adversely impact the timing for or cost of the construction of Network Upgrades (reliability and deliverability) that are intended to be utilized by multiple Interconnection Customers unless the Interconnection Customer requesting the modification is willing to mitigate its impact, e.g., by continuing to meet its security and payment obligations on the schedule in its Generation Interconnection Agreement with respect to those Network Upgrades;
- the modification will not adversely impact the timing or cost of other Interconnection Customers' Interconnection Facilities that are dependent on the Network Upgrades or Interconnection Facilities of the Interconnection Customer requesting the change unless the Interconnection Customer requesting the modification is willing to mitigate its impact, e.g., by continuing to meet its security and payment obligations on the schedule in its Generation Interconnection Agreement with respect to those Interconnection Facilities or Network Upgrades;
- the transmission will be in place for the Interconnection Customer's proposed In-Service Date of the project;
- the project for which the request is being made is in good standing;
- the modification will not cause the length of time in the Interconnection Queue to exceed the maximum time in queue per Section 3.5.2.1 of this BPM; and
- the requested modification is compliant with other CAISO Tariff requirements.

This BPM goes into greater detail on the considerations as they apply to specific types of requested changes in Section 3.5 of this BPM.

3.2.1 Modifications That Are Approved Without Material Modification Assessment

The CAISO will assess the following types of requested modifications to confirm that they meet the criteria below. The customer must provide the CAISO and Participating TO with notice of the modification. The CAISO shall confirm that such modification is approved within five (5) Business Days of receiving the Interconnection Customer's notice.

3.2.1.1 After Phase I Study Results Meeting

Modifications timely submitted after the Phase I Study results are issued as outlined in Section 3.1.2 of this BPM.

3.2.1.2 De Minimis Reductions in Generating Facility Capacity⁵ 5% Safe Harbor⁶

~~If the final MW capacity of the proposed Generating Facility that is completed and achieves COD is at least 95 percent of the MW capacity as specified in the GIA, then the project is deemed to have met the substantial performance obligations of the GIA. The Interconnection Customer shall include in its notice the previous MW capacity and the new final MW capacity.~~

~~In addition, provided the Interconnection Customer has executed their GIA, the CAISO will consider an Interconnection Customer request for a reduction in the MW generating capacity greater than five percent (5%) under limited conditions where the Interconnection Customer reasonably demonstrates to the Participating TO and CAISO that the MW generation capacity reduction is warranted due to reasons beyond the control of the Interconnection Customer. Reasons beyond the control of the Interconnection Customer, after the Interconnection Customer has made diligent effort to secure such permits or approvals, shall consist of any one or more of the following:~~

- ~~(i) failure to secure required permits and other governmental approvals to construct the total MW generating capacity as specified in its Interconnection Request;~~
- ~~(ii) construction of the Generating Facility of the total MW generating capacity size specified in the Interconnection Request will likely result in disapproval due to a significant environmental or other impact that cannot be mitigated;~~
- ~~(iii) failure to obtain the legal right of use of the full site acreage necessary to construct and/or operate the total MW generating capacity size for the entire Generating Facility.~~

~~To effectuate this second safe harbor opportunity, the Interconnection Customer is required to submit a downsizing request in the annual downsizing process (once it is filed by the CAISO and approved by FERC) and cannot use the MMA process.~~

~~If the final MW capacity of the proposed Generating Facility that is completed and achieves COD is reduced by no more than the greater of five percent (5%) of its MW~~

⁵ Appendix S, Section 1.4.1, Appendix U, Section 3.9.1, Appendix Y, Section 3.10.1, Appendix DD Section 7.5.13.1

⁶ The CAISO is in the process of adding a downsizing process for all Projects and the criteria in this safe harbor option will be terminated and the Interconnection Customer will be allow downsizing for any reason.

capacity or 10 MW, but by no more than twenty-five percent (25%) of the MW capacity as specified in the GIA, then the project is deemed to have met the substantial performance obligations of the GIA. Such a reduction shall be considered a de minimis reduction and shall not constitute a breach of the Interconnection Customer's obligations under the CAISO Tariff or its GIA.

When its generation project achieves Commercial Operation, and that generation project has a de minimis reduction, the Interconnection Customer shall provide notice to QueueManagement@caiso.com. Such notice shall include the previous MW capacity and the new final MW capacity. De Minimis reductions shall not diminish the Interconnection Customer's responsibility for any costs or other obligations set forth in its GIA or the CAISO Tariff.

Interconnection Customers must request reductions in Generating Facility capacity that exceed the de minimis threshold must do so through the annual Generating Downsizing Process in Section 6.2.6.3 of the BPM for Generator Interconnection and Deliverability Allocation Procedures (GIDAP).

With respect to a Generating Facility with an executed GIA derived from either Appendix CC or Appendix EE to the CAISO Tariff, as they existed prior to the effective date of the tariff amendment adopting the CAISO's annual Generator Downsizing Process⁷, any capacity reduction permitted under Article 5.19.4 shall be performed in accordance with and be subject to Section 7.5.13 of Appendix DD.⁸

3.2.1.3 Milestone Extension When Network Upgrades Are Delayed

In the event that the Participating TO determines that construction of a Network Upgrade, required pre-cursor Network Upgrade, or Participating TO's Interconnection Facilities are delayed and that any project milestones must be modified due to that schedule change, the Participating TO shall provide a notice to the CAISO and the Interconnection Customer(s) it believes are impacted by the delay that includes the previous In-Service Date and the new In-Service Date as well as any other required modifications.

The Participating TO notice to the CAISO should include a description of the proposed changes, the Interconnection Customer(s) that it believes will be impacted, the impacts on those Interconnection Customer(s), a description of potential alternatives considered, if applicable, and the reason for selecting the proposed modification. The Participating TO notice to the Interconnection Customer should include a description of the proposed changes, a description of potential alternatives considered, if applicable, and the reason for selecting the proposed modification.

The CAISO will review the information submitted to assess the Participating TO's request and evaluate whether any other projects are affected by the date change. The CAISO will review its conclusions and alternatives to the milestone delay considered, if applicable, with all impacted Interconnection Customers and the Participating TO before making a decision on the request.

The COD extensions associated with a Participating TO's delay in construction of upgrades should be commensurate. For example, the new In-Service Date of the project should be within approximately 6 months of the new in-service date for the

⁷ The tariff language was approved on July 31, 2014 effective August 1, 2014 by FERC in ER14-2063.

⁸ Appendix DD section 5.19.4

Reliability Network Upgrades (i.e., just because the upgrade is delayed does not give the Interconnection Customer an ability to further delay its project). In addition, the timeframes between the In-Service Date, Initial Synchronization Date, and COD should be similar to the number of days between these dates that were previously agreed to in the executed GIA, unless there is a valid reason to change those time periods which the Interconnection Customer must demonstrate to the CAISO. Thus if the Initial Synchronization Date was 30 days after the In-Service Date in the executed GIA, and the new In-Service Date is March 1, 2015, then the new Initial Synchronization Date should be March 31, 2015.

3.2.1.4 Construction Sequencing⁹

If the COD of a proposed Generating Facility is changed by approximately 6 months (either before or after the COD set forth in the GIA), then the requested change in dates for the In-Service Date, Initial Synchronization Date, and COD may be approved without going through the MMA process. Interconnection Customers with executed GIAs will communicate this information in their monthly status reports. Construction sequencing extensions may be exercised for up to a cumulative six (6) months before triggering the need for a MMA. A COD may only be extended pursuant to this section of the BPM if the required Reliability Network Upgrades are completed. If a COD needs to be extended because both Network Upgrades are delayed, and because of a construction sequencing issue, the Network Upgrade delay will be considered first, and then the clock will start on 6 months of allowable construction sequencing.

3.2.1.5 Inverter Changes

If the Interconnection Customer requests an inverter change for the project that is only a change in manufacturer, (i.e. the technology and electrical characteristics are unchanged, including the number and size of inverters), the change may be made without going through the MMA process provided the Participating TO concurs that dynamic analysis is not required. The Interconnection Customer shall include in its notice the current and proposed inverter manufacturer, the number of inverters, their respective MW capabilities, the maximum fault currents, and the power factor regulation range.

3.3 Modification Assessment Deposit¹⁰

The Interconnection Customer must include a modification assessment deposit at the time the Interconnection Customer requests modification. The CAISO will not commence a modification assessment without the deposit.

3.3.1 Modification Assessment Deposit Amount

The modification assessment deposit is \$10,000. The modification assessment deposit will be applied against actual assessment costs and the Interconnection Customer will pay the actual costs of the assessment, which are initially drawn from the modification assessment deposit. The Interconnection Customer will pay by direct invoice any actual costs exceeding the modification assessment deposit.

⁹ See Appendix U, Section 12.2; Appendix Y, Section 12.2; or Appendix DD, Section 14.2; as applicable.

¹⁰ See Appendix S, Section 1.3.4.2; Appendix U, Section 4.4.6; Appendix Y, Section 6.9.2.3; or Appendix DD, Article 6.7.2.3 as applicable.

3.3.2 Use of Modification Assessment Deposit

The CAISO deposits all modification assessment deposits into an interest-bearing account at a bank or financial institution designated by the CAISO. The modification assessment deposit is applied to pay for prudent costs incurred by the CAISO, the Participating TOs, or third parties working at the direction of the CAISO or Participating TOs, as applicable, to perform and administer the modification assessment and to meet and otherwise communicate with Interconnection Customers with respect to their projects. The CAISO will create a separate work order number for each modification assessment in order to correctly track the actual costs.

The CAISO shall issue to the IC one or more invoices for the modification assessment that include a detailed and itemized accounting of each assessment expense incurred (including those incurred by the CAISO, the Participating TOs, and/or third parties) and corresponding amounts due, and that provide at least the same level of detail included in invoices for interconnection studies. The PTO and any third parties performing work on the assessment must invoice the CAISO for such work no later than 75 calendar days after the completion of the assessment. The CAISO shall draw from the modification assessment deposit any undisputed costs by the IC within thirty (30) calendar days of issuance of an MMA invoice.

Whenever the actual cost of performing the modification assessment exceeds the modification assessment deposit, the invoice will direct the IC to pay the excess amount, and the IC shall pay the undisputed amount in accordance with the invoice within thirty (30) calendar days. If the IC fails to timely pay the actual costs exceeding the deposit and such costs have not been disputed, the Project will no longer be considered to be in good standing by the CAISO. The CAISO is not obligated to continue to conduct the assessment unless and until the IC has paid all undisputed amounts.

The Interconnection Customer shall be refunded any portion of its modification assessment deposit, including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of completion of the assessment that exceeds the costs incurred by the CAISO, Participating TOs, and/or third parties, as applicable, have already incurred on the Interconnection Customer's behalf to perform the assessment. In the event that the Interconnection Customer withdraws its modification request prior to completion of the assessment, the Interconnection Customer shall be refunded any portion of its modification assessment deposit (including interest earned at the rate provided for in the interest-bearing account from the date of deposit to the date of the Interconnection Customer's withdrawal) that exceeds the costs the CAISO, Participating TOs, and third parties have incurred on the Interconnection Customer's behalf.

The CAISO will publish aggregated cost data regarding modification assessments. The data report will be published annually and will include the types of modification requests assessed and the cost for the assessment. The data will be aggregated to a level such that individual projects cannot be identified.

3.4 Assessment Process and Timeline¹¹

3.4.1 Obligation for Assessment

Each modification assessment will be performed under the direction and oversight of the CAISO, although the Participating TO or third parties engaged by the Participating TO may perform certain parts of the assessment work pursuant to agreement between the CAISO and the Participating TO as to their allocation of responsibilities.¹² The CAISO will conduct or cause to be performed the required modification assessment and any additional assessment the CAISO determines to be reasonably necessary, and will direct the applicable Participating TO to perform portions of the assessment where the Participating TO has specific and non-transferable expertise or data and can conduct the assessment more efficiently and cost-effectively than the CAISO.

The CAISO shall use reasonable efforts to commence and complete assessments within 45 calendar days.¹³ For any portion of an assessment performed at the direction of the CAISO by the Participating TOs or by a third party, the CAISO shall require that this work also be completed within the timelines set forth in this BPM. If an assessment cannot be completed within those timelines, the CAISO will notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

The CAISO will also coordinate with Affected System Operators under Appendix Y, Section 3.7 and GIP BPM Section 18.1; and Appendix DD, Section 14.4 and GIDAP BPM Section 12.4. However, the Interconnection Customer is responsible for contracting with any applicable Affected System for construction of Affected System Network Upgrades which are necessary to safely and reliably connect the proposed Generating Facility to the CAISO Controlled Grid. The CAISO will provide Affected System Operators with information regarding any modification that has been approved.

3.4.2 How and What to Submit

The Interconnection Customer or Participating TO should submit all modification requests to QueueManagement@caiso.com for review. The subject of this email should include the project name, queue number, and study process (i.e., serial, SGIP, C4, etc.). In addition to the modification assessment deposit, all requests should include:

- a description of the proposed changes to the Generating Facility;
- applicable technical information and diagrams (except for changes to Appendix B milestones, all change requests should be accompanied by a complete revised Attachment A to the Interconnection Request, including both PSLF load flow and dynamic models. The load flow model should be

¹¹ See Appendix S, Section 1.3.4.2; Appendix U, Section 4.4.6; Appendix Y, Section 6.9.2.3; or Appendix DD, Section 6.7.2.3; as applicable.

¹² See Appendix U, Section 13.2, 13.3 and 13.4; Appendix Y, Appendix 4; and Appendix DD, Appendix 4; as applicable.

¹³ See Appendix S, Section 1.3.4.2; Appendix U, Section 4.4.6; Appendix Y, Section 6.9.2.3; Appendix DD, Section 6.7.2.3 and this BPM Section 3.4

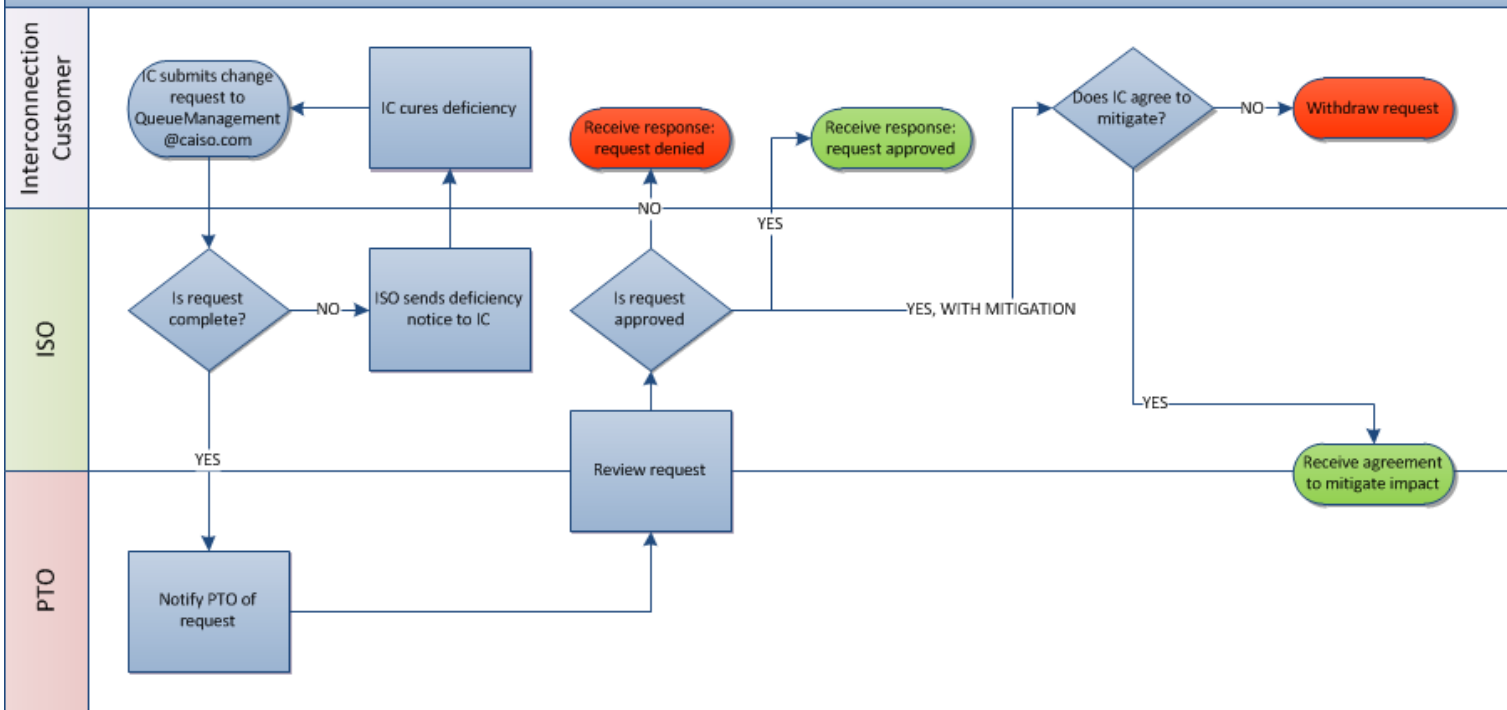
provided in GE PSLF .epc format. The dynamic model should be provided using GE PSLF library models in .dyd format. In case the GE PSLF library does not contain the model for the technology of the Generating Facility, a user written *.p EPCL file should be submitted. Because of a limitation on the number of user-defined models that can be used, it is recommended that the best available WECC-approved dynamics model be used);

- proposed updates to the project milestones; and
- a description of project status including the reason for the change (the description of the reason for the change is the starting point for the CAISO business assessment described in Section 3.4.6 of this BPM).

3.4.3 High-level Overview of Assessment Process

A graphical representation of the review process is presented on the next page.

Material Modification Review Process – High Level Overview



3.4.4 Timeline

The modification assessment will not commence until a completed modification request (including all of the necessary technical documents) has been deemed valid and data complete by the CAISO and the Interconnection Customer's modification assessment deposit have been received. Each modification assessment will be completed, and a response will be provided to the Interconnection Customer in writing, within 45 calendar days after the CAISO receives a completed modification request and modification assessment deposit, unless the modification request is submitted during the Reassessment process, the Phase I or Phase II study or any other exception provided for under the Tariff (see BPM Section 3.1.1 above). If the modification assessment cannot be completed within that time period, the CAISO shall notify the Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

3.4.5 Engineering Analysis

In the event that the Interconnection Customer or the Participating TO was not copied on the modification request, the CAISO will forward the request to the appropriate party. The CAISO will work in coordination with the Participating TO for modifications requested by the Interconnection Customer. For modifications requested by the Participating TO, the CAISO will coordinate with the impacted Interconnection Customer(s).

3.4.6 Business Assessment

For modification requests from Interconnection Customers or the Participating TO, the CAISO will perform a business assessment of the project. The purpose of the business assessment is to:

- ensure compliance with applicable CAISO Tariff provisions;
- ensure compliance with the executed IA or study results, as applicable;
- verify whether substantially similar modification requests have been received previously and ensure that, where appropriate given the nature of the modification request and consistent with applicable CAISO Tariff provisions, the modification is treated comparably to previous modification requests; and
- consider the length of time the project has been in the queue.¹⁴

Consistent with these principles, the CAISO will consider each modification request review on its own merits.

3.4.7 Results and Next Steps

The CAISO will draft a response letter to the Interconnection Customer based on the engineering analysis and the business assessment. The CAISO will coordinate with

¹⁴ See Appendix U, Section 3.5.1; Appendix Y, Section 3.5.1.4; Appendix DD, Section 3.5.1.4; as applicable.

the Participating TO to address any issues and/or concerns raised by the Participating TO. A final letter will then be issued by the CAISO.

For a modification request received from a Participating TO, based on the assessment, the CAISO will coordinate with the impacted Interconnection Customer to address any issues and/or concerns raised by the Interconnection Customer. A final letter will then be issued by the CAISO.

The CAISO will issue a letter stating that the modification request is either approved, approved with mitigation, or denied:

3.4.7.1 Approved

A modification request that is determined not to be a request for Material Modification is considered approved when the CAISO issues a final letter approving it. The approved modification will be incorporated into any future amendments to the GIA.

3.4.7.2 Approved with Mitigation

A modification request that is approved under specific conditions outlined in the CAISO response to the Interconnection Customer is approved with mitigation. The Interconnection Customer must explicitly agree to the mitigation for the request to be considered final and approved. If the Interconnection Customer does not provide its concurrence within the timeframe specified in the letter, the requested modification will be deemed to be denied.

3.4.7.3 Denied

A modification request that is determined to be a Material Modification or otherwise not permitted under the Tariff will be denied. If the Interconnection Customer nevertheless informs the CAISO that it intends to implement the change, then the Interconnection Request must be withdrawn. The Interconnection Customer may re-submit the modified Interconnection Request as a wholly new and separate request in a subsequent Queue Cluster or if it qualifies, under one of the other study tracks (Independent Study Process or Fast Track Process).

3.5 Types of Modifications

3.5.1 Point of Interconnection (POI)

During the course of the Interconnection Studies, the Interconnection Customer, Participating TO or the CAISO may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection. To the extent the identified changes are acceptable to the applicable Participating TO(s), the CAISO and the Interconnection Customer, such acceptances not to be unreasonably withheld, the CAISO shall modify the POI.

As noted in Section 3.1.2 above, after completion of the study process, the CAISO will review POI change requests through the modification assessment process. However, the engineering scope of these reviews is limited, and if the CAISO and Participating TO cannot conclusively determine that the proposed POI change improves the costs and benefits without a re-study, the CAISO cannot approve the

POI change. In other words, in order to approve the POI change the improved costs and benefits must be obvious to the Interconnection Customer, the Participating TO, and the CAISO without a re-study.

3.5.2 COD Changes

3.5.2.1 Time in Queue

For projects studied in the *serial* study process, the In-Service Date shall not exceed ten (10) years from the date the Interconnection Request is received by the CAISO. For projects studied in the *cluster* study process the COD shall not exceed seven (7) years from the date the Interconnection Request is received by the CAISO.¹⁵

Interconnection Customers requesting COD extensions beyond those timeframes must clearly demonstrate that engineering, permitting and construction will take longer than the applicable maximum period and that circumstances that caused the delay were beyond the control of the Interconnection Customer. In addition, the IC must demonstrate how the requested COD is achievable in light of any engineering, permitting and/or construction impediments. The CAISO and Participating TO will not unreasonably withhold agreement to this extension, but the Interconnection Customer must provide sufficient documentation to support the request in its modification request.

3.5.2.2 COD Extensions as They Relate to Financial Obligations

Any permissible extension of the COD will not alter the Interconnection Customer's obligation to finance Network Upgrades where the Network Upgrades are required to meet the earlier COD(s) of other Generating Facilities that have also been assigned cost responsibility for the Network Upgrades.

The CAISO will not permit a COD extension as a vehicle for delaying security postings or other milestones.

3.5.2.3 Phased Implementation for Market Participation

The CAISO has created a block testing and implementation pre-commercial process during Trial Operation for Generating Facilities. The process provides the ability to declare Commercial Operation for Markets ("COM") in advance of the Generating Facility's COD (or COD for a generation-project phase) and gives Interconnection Customers the opportunity to bid into the CAISO markets, provide Resource Adequacy ("RA") capacity, and obtain Participating Intermittent Resource ("PIR") certification for a designated portion ("block") of their Generating Facility. Section 5 of this BPM provides a more detailed description of the process for requesting block testing and implementation.

¹⁵ See Appendix U, Section 3.5.1; Appendix Y, Section 3.5.1.4; Appendix DD, Section 3.5.1.4; as applicable.

3.5.2.4 COD Accelerations

The CAISO and Participating TO review requests for COD acceleration in the same way that COD delays are reviewed, but with an increased focus on the construction schedule for Network Upgrades and Interconnection Facilities. If the construction schedule for Network Upgrades or Interconnection Facilities to support the proposed COD acceleration is not achievable, the Interconnection Customer will not be permitted to accelerate its COD. Additionally, if the CAISO and Participating TO do not have sufficient information to make a determination within the modification review process that the proposed COD acceleration would not constitute a material modification, and the proposed accelerated COD is not within 6 months of the approved COD, the Interconnection Customer will not be permitted to accelerate its COD. Alternatively, the Interconnection Customer can request and fund a Limited Operation Study in accordance with Article 5.9 of the GIA.

3.5.3 Changes to the Fuel Type of the Proposed Project

Generally, a change to a project's fuel type absent a reduction in total MW capacity cannot be evaluated without a re-study, because the output profile of various fuel-types is different, and as outlined in Section 3.1.3 of this BPM, where the CAISO has granted modifications after the conclusion of an Interconnection Customer's Phase II Interconnection Study phase, the CAISO must be able to evaluate the change and find it acceptable without the need to undertake a re-study in order to approve it as non-material. The CAISO will consider a change in fuel type if the Interconnection Customer is willing to retain the MW approved through the original study process for deliverability. For example, consider a hypothetical 300 MW wind-powered unit that has an output profile of 192 MW on-peak and 300 MW off-peak. If the Interconnection Customer wants to change the 300 MW wind-powered unit to a 192 MW solar-powered unit, then the CAISO will perform a MMA regarding that modification request.

3.5.4 Project Technology Changes

3.5.4.1 Inverter Changes

Changes that do not qualify under Section 3.2.1.5 of this BPM must be reviewed in the MMA process.

3.5.4.2 Equipment and Transformer Changes

The CAISO will consider changes to project equipment and transformers to be non-material if the new equipment is substantially similar and does not cause significant electrical changes, including changes to short circuit duty or reactive support.

3.5.5 Changes to Gen-Tie Path

Changes to the gen-tie path are acceptable to the extent that there are no significant electrical changes or a POI change, and the change does not adversely impact other generation projects. For example, the CAISO will consider site location changes that might impact the length of the gen-tie.

3.5.6 Site Location

The CAISO and Participating TO will consider changes to the location of a proposed generating facility to the extent that the location change does not change the POI and will not cause other facets of the project to change that would require a re-study of the project.

3.5.7 Changes to Point of Change of Ownership Location

The CAISO and Participating TO will consider changes to the point of change in ownership (POCO) of a proposed generating facility to the extent that the location change does not change the POI and will not cause other facets of the project to change that would require a re-study of the project.

3.5.8 Decreases in Electrical Output (MW) of the Proposed Project¹⁶

3.5.8.1 Between Phase 1 and Phase 2 Interconnection Studies

After receiving from the Interconnection Customer any modification elections involving decreases in electrical output (MW) of the Generating Facility and/or changes (*i.e.*, reductions) in Deliverability Status as permitted in the CAISO tariff,¹⁷ the CAISO, in coordination with the applicable Participating TO(s), will determine, based on best engineering judgment, whether such modifications will eliminate the need for any Network Upgrades identified in the Phase I Interconnection Study report. The CAISO and applicable Participating TO(s) will not conduct any re-studies in making this determination.

If the CAISO and applicable Participating TO(s) should determine that one or more Network Upgrades identified in the Phase I Interconnection Study are no longer needed, then, solely for purposes of calculating the amount of the Interconnection Customer's initial Financial Security posting under GIP Section 9.2, such Network Upgrade(s) will be considered to be removed from the plan of service described in the Interconnection Customer's Phase I Interconnection Study report and the cost estimates for such upgrades shall not be included in the calculation of Interconnection Financial Security in GIP Section 9.2. The CAISO will inform in a timely manner any Interconnection Customers so affected, and provide the Interconnection Customers with written notice of the revised initial Interconnection Financial Security posting amounts. No determination under this Section 5.8.1 of the BPM shall affect either (i) the timing for the initial Interconnection Financial Security posting or (ii) the maximum value for the Interconnection Customer's total cost responsibility for Network Upgrades established by the Phase I Interconnection Study report.

¹⁶ See Appendix U, Section 4.4.1 or 4.4.2; Appendix Y, Section 6.9.2.2; GIP BPM Section 9.3.1; Appendix DD, Section 6.7.2.2 or 6.7.3; GIDAP BPM Section 7.3.1; as applicable.

¹⁷ See Appendix Y, Section 6.9.3; GIP BPM, Section 9.3.3; or Appendix DD, Section 7; GIDAP BPM Section 7.3.2; as applicable.

3.5.8.2 Annual Generator Downsizing Process¹⁸

The CAISO has established an annual Generator Downsizing Process for Interconnection Customers requesting reduction in Generating Facility capacity above the de minimus thresholds described above. The details and timeline for that process contained in the BPM for Generator Interconnection and Deliverability Allocation Procedures (GIDAP), Section 6.2.6.3.

4. Multiple Phases of Generating Facilities

4.1 Overview

Any Interconnection Customer is allowed to develop its Generating Facilities in phases. A Phased Generating Facility is defined as a Generating Facility that is structured to be completed and to achieve Commercial Operation in two or more successive phases that are specified in a GIA, such that each phase comprises a portion of the total MW generation capacity of the entire Generating Facility. A Phased Generating Facility does not necessarily mean that each phase is a discrete Generating Unit that can be scheduled and bid into the CAISO's markets. The Interconnection Customer would need to meet the metering standards for each phase of the Generating Facility in accordance with the BPM for Metering, and may obtain a separate Resource ID for each phase, if that is the Interconnection Customer's objective.

All Generating Facilities, whether a Phased Generating Facility or not, achieving Commercial Operation are subject to the Reliability Network Upgrades and Interconnection Facilities required for each phase being placed in service. Requests for phasing can be made in the Interconnection Request, Appendix B revisions to the Interconnection Request, or through an MMA request. As outlined in Section 3.5.2 of this BPM, whether the request involves moving the CODs of the Generating Facility phases so that they occur before or after the COD specified in the Interconnection Request for the overall Generating Facility, a review must be undertaken to ensure that other generating facilities are not negatively impacted by the requested phasing of the Generating Facility or by the construction schedule for Network Upgrades and Interconnection Facilities.

A request for phasing after Appendix B is submitted between the Phase I and Phase II studies will be via the MMA. Similar to a modification request for COD extension, a request for phasing will not typically require a study. If the request is approved and the Generating Facility is then phased, the last phase must achieve commercial operation by the already approved COD specified for the entire Generating Facility. If the final phase of the Generating Facility is not going to achieve the currently approved COD (including any modifications allowed for through construction sequencing), then the Interconnection Customer must submit an MMA request for a

¹⁸ See Appendix DD, Section 7.5 and the BPM for for Generator Interconnection and Deliverability Allocation Procedures

new COD. A single MMA request can be submitted for both phasing and a COD extension if it is known that the Generating Facility is not going to achieve the currently approved COD at the time the MMA request for phasing is submitted and the delay in COD cannot be accommodated through construction sequencing. The phases and CODs, once determined, will be memorialized in the GIA.

4.2 Applicability

Each Interconnection Request can result in not more than one GIA; however multiple Interconnection Requests by the same owner at the same point of interconnection can be incorporated into one GIA. The CAISO will allow an Interconnection Customer to develop its Generating Facility in phases under a single GIA and allow the GIA to have co-tenants. All of the co-tenants to the GIA must agree to assume joint and several liability for all of the obligations relating to the Interconnection Request and specified in the GIA, i.e., all of the owners are both individually and collectively responsible for all of the interconnection obligations specified in the GIA. The CAISO does not require that all of the owners be affiliates of the Interconnection Customer.

The CAISO has found that there is a significant amount of setup and integration work required for the start of commercial operation on the CAISO controlled grid and has implemented the following limits on phasing:

- A minimum of 5 MW for each phase of a Generating Facility and a maximum number of 5 phases allowed for a Generating Facility.
- Because phasing may involve different CODs for each phase, the CAISO will require that no more than one phase can reach COD in a given month unless the phases have separate Resource IDs. The CAISO will coordinate with the Participating TOs on the timing of the phases to ensure reliability of the grid. The CAISO may make an exception to this policy on a case-by-case basis, depending on the project-specific facts. Please send an email to QueueManagement@caiso.com to make this request.
- Separate phases of a Generating Facility are not necessarily discrete generating units with separate Resource IDs that can be scheduled and bid into the CAISO's markets. If the Interconnection Customer wants separate Resource IDs, they would need to meet the metering standards for each phase of the Generating Facility. Metering information is contained in the CAISO BPM for Metering, and questions about metering standards can be directed to meterengineering@caiso.com.

4.3 Process

Request for Generating Facility phasing can be initiated at any time. The request should always contain an updated Attachment 1 to the Generating Facility's Interconnection Request. The form requires information including Generating Facility size, commercial operation date, deliverability status, and other interconnection information. The Interconnection Customer requesting phasing would reflect the phasing in the schedule section of the form as follows, as an example:

<i>Begin Construction Date:</i>	<i>Phase A – January 1, 2014; Phase B – July 1, 2015</i>
<i>Generator step-up transformer receives back feed power Date:</i>	<i>Phase A – January 1, 2014; Phase B – July 1, 2015</i>
<i>Generation Testing Date:</i>	<i>Phase A – July 1, 2014; Phase B – January 1, 2016</i>
<i>Commercial Operation Date:</i>	<i>Phase A – January 1, 2015; Phase B – July 1, 2016</i>

Phasing requests will be processed as follows:

1. Interconnection Request: An Interconnection Customer can request phasing when it submits its initial Interconnection Request in Attachment 1 to the GIDAP Interconnection Request.
2. During the Phase I study process: An Interconnection Customer may submit a request for phasing during the Phase I study process, however, CAISO Interconnection Studies assume a single COD and a single MW capacity based on the last COD requested and total MW for the Generating Facility, and thus the CAISO would not make any changes to the Phase I study assumptions or reflect the phasing in the study report. The first time the CAISO will reflect the phasing request in a study report is in the Phase II studies.
3. Between Phase I and Phase II Studies: The Interconnection Customer may request phasing during this period by including the phasing request when submitting GIDAP Appendix 3, Appendix B. Appendix B is a data form that revises the Interconnection Request that the Interconnection Customer must submit after the Phase I study to update the Interconnection Request for the Phase II study.
4. During the Phase II study process: Any phasing request made during the Phase II study process, will require a MMA to determine if the requested change would impact other generating facilities. As noted above, CAISO Interconnection Studies assume a single COD and a single MW capacity based on the last COD requested and total MW for the Generating Facility in that study process and, similar to changes for phasing requested in the Phase I process, that assumption would not change for the Phase II Study or be reflected in the study report. The Interconnection Customer must submit a request for phasing and the phasing dates to QueueManagement@caiso.com. If the phasing request is determined to be a Material Modification, then the Interconnection Customer will not be permitted to implement its phasing proposal but the Interconnection Request may be withdrawn and a new Interconnection Request could be submitted in the next cluster study window if the Interconnection Customer would still like to pursue phasing. If the request for phasing is approved, the first time the CAISO will incorporate the phasing request is in the negotiation of the GIA.
5. After Phase II Study Results are published: Any phasing request made after the Phase II study results are published will require a MMA to determine if the requested change would impact other Generating Facilities. The Interconnection Customer must submit a request for phasing and the phasing dates to QueueManagement@caiso.com. If the phasing request is determined to be a Material Modification, then the Interconnection Customer will not be permitted to implement its phasing proposal but the Interconnection Request may be withdrawn and a new Interconnection Request could be submitted in the next cluster study window if the Interconnection Customer would still like to pursue phasing. If the request for phasing is approved, the first time the CAISO will

incorporate the phasing request is in the negotiation of the GIA. The Interconnection Customer's GIA will include discrete milestones for each phase of the Generating Facility in Appendix B to the GIA to provide a mechanism to track and enforce obligations for each phase. Once a Generating Facility is approved for phasing and the phasing is incorporated into the customer's GIA, any request to modify the phasing plan will require a new MMA request.

6. After execution of the GIA: Any phasing request made after execution of the GIA will require a MMA to determine if the requested change would impact other Generating Facilities. The Interconnection Customer must submit a request for phasing and the phasing dates to QueueManagement@caiso.com. If the phasing request is determined to be a Material Modification, then the Interconnection Customer will not be permitted to implement its phasing proposal but the Interconnection Request may be withdrawn and a new Interconnection Request could be submitted in the next cluster study window if the Interconnection Customer would still like to pursue phasing. If the request for phasing is approved, the first time the CAISO will incorporate the phasing request is in an amendment to the GIA. The Interconnection Customer's GIA will include discrete milestones for each phase of the Generating Facility in Appendix B to the GIA to provide a mechanism to track and enforce obligations for each phase. Once a Generating Facility is approved for phasing and the phasing is incorporated into the Interconnection Customer's GIA, any request to modify the phasing plan will require a new MMA request.

More detailed information on the requirements for the MMA process, including timeline, deposit information, and technical data requirements, is available in Section 3 of this BPM. In each instance, the requested phasing structure must be agreed to by the CAISO and applicable Participating TO.

5. Commercial Operation for Markets

5.1 Overview

The CAISO has created a block testing and implementation process to facilitate the Trial Operation of Generating Facilities. Once the Interconnection Customer has determined that a discrete amount of MWs have completed commissioning, then that designated portion ("block") of their Generating Facility or a Phased Generating Unit can declare commercial operation for market purposes only, or Commercial Operation for Markets ("COM"). COM is defined as the status of a portion of an Electric Generating Unit that has synchronized to the CAISO controlled grid and has completed on-site test operations and commissioning that is allowed to Bid into the CAISO markets in advance of achieving COD for the entire Electric Generating Unit. COM gives Interconnection Customers the opportunity to bid in the CAISO markets, provide Resource Adequacy ("RA") MW, obtain Participating Intermittent Resource ("PIR") certification for that block of their Generating Facility or Phased Generating Unit, and receive market revenue. However, COM does not require the Participating TO to commence repayment of Network Upgrades. Such repayment is not required

until the COD defined in the GIA has been achieved. This opportunity allows the project to continue to operate in the market with a portion of its MW capacity while also participating in Trial Operations with test energy for the Generating Facility's remaining MW capacity.

The COM opportunity is available for both Generating Facilities with a single COD or, if the Generating Facility is a Phased Generating Facility, with one COD for multiple Phases, or different CODs per Phase. Each Phase could have the same or a different COD such that the MW capacities of the Phases add up to the total MW capacity of the entire project, as specified in the Interconnection Request.¹⁹

5.2 COM Process and Timeline

In order to declare COM for a block of MW, the Interconnection Customer must 1) be approved to synchronize a quantity of MWs to the CAISO controlled grid; 2) believe a block of the Generating Facility is ready for COM; and 3) execute a Block Implementation Plan which states the Interconnection Customer for the Generating Facility agrees that it will abide by the CAISO Tariff requirements for Bidding into the CAISO markets, including penalties if applicable. The CAISO's approval of the Generating Facility's synchronization and declaration of COM is contingent on the evaluation of the status of the Reliability Network Upgrades ("RNUs"), Participating TO Interconnection Facilities, precursor Network Upgrades, Interconnection Customer Interconnection Facilities, and GIA requirements, including coordination with Affected Systems. The purpose of the Block Implementation Plan is to clearly identify the testing schedule, PIR schedule, and maximum Bidding schedule for the Generating Facility.

The Interconnection Customer must ensure that New Resource Interconnection ("NRI") bucket pre-requisites have been met a minimum of thirty (30) calendar days prior to the first planned synchronization date of any Generating Facility capacity in order to pursue COM. Interconnection Customers that would like to pursue block implementation should submit a written request to NRI@caiso.com at least ten (10) business days prior to the COM date for the first block of capacity. A completed Block Implementation Plan must be included in the request. The process for synchronizing to the CAISO controlled grid and pursuing a block implementation through COM (including the template and guidelines for the Block Implementation Plan) is discussed in greater detail in the New Resource Implementation Guide on the CAISO website at <http://www.caiso.com/Documents/NewResourceImplementationGuide.doc> and CAISO Operating Procedure 5320.

¹⁹ A Phased Generating Facility is distinct from phased implementation of a Generating Facility. Regardless of whether an Interconnection Customer is proposing distinct phases or has distinct phases in its GIA, Interconnection Customers requesting to bring their Generating Facility on line in phases and the CAISO will work with the Interconnection Customer and the applicable Participating TO to allow phased implementation if other requirements have been met, including reliability network upgrades.