

177 FERC ¶ 61,099
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Richard Glick, Chairman;
James P. Danly, Allison Clements,
and Mark C. Christie.

Luna Valley Solar I, LLC

Docket No. EL21-70-000

v.

Pacific Gas and Electric Company and
California Independent System Operator Corporation

ORDER DENYING COMPLAINT

(Issued November 18, 2021)

1. On April 30, 2021, Luna Valley Solar I, LLC (Luna) submitted a complaint (Complaint), pursuant to sections 206 and 306 of the Federal Power Act (FPA),¹ naming Pacific Gas and Electric Company (PG&E) and the California Independent System Operator Corporation (CAISO) as respondents. Luna's Complaint concerns a Large Generator Interconnection Agreement (LGIA) among Luna, PG&E, and CAISO to interconnect a solar generation and battery energy storage facility currently under development by Luna to the transmission system owned by PG&E and operated by CAISO. In this order, we deny Luna's Complaint, as discussed below.

I. Complaint

2. Luna explains that it is developing an approximately 200 MW solar generating and battery energy storage facility (Project) in Fresno County, California. In November 2018, Luna executed an LGIA for the Project to interconnect to PG&E's transmission system. According to Luna, the LGIA provided for Full Capacity Deliverability Status² and a commercial operations date of April 29, 2022. On August 10, 2020, CAISO

¹ 16 U.S.C. §§ 824e, 825e.

² "Full Capacity Deliverability Status" under the CAISO Tariff is analogous to Network Resource Interconnection Service under the Commission's *pro forma* LGIA in that it allows the generation facility's full capacity to count toward a load serving entity's Resource Adequacy requirement. *See* Complaint at n.5.

approved a material modification request to revise the commercial operation date of the Project to December 30, 2023. Subsequently, on February 5, 2021, PG&E provided CAISO with a project delay notice, which indicated that the relevant Local Delivery Network Upgrades (LDNU) necessary for the Project's interconnection service were delayed from 2023 until at least 2025. According to Luna, this delay prompted it to abandon negotiations of a power purchase agreement because of a counterparty's expectation that the Project would achieve Full Capacity Deliverability Status by early 2024.³ Luna adds that PG&E's December 1, 2020 Stakeholder Transmission Asset Review Process Report (STAR Report), PG&E's April 15, 2021 presentation to CAISO (April 2021 Presentation), and other briefings to CAISO and stakeholders indicate that the earliest PG&E intends to start construction on any of the relevant LDNUs is 2022, with planned in-service dates extending to mid-2025 and, possibly, to 2027, depending on numerous factors such as design, obtaining land rights, and permitting.⁴

3. Luna further explains that, under the terms of the LGIA, it is assigned cost responsibility to fund certain network upgrades, including more than \$23 million in LDNUs.⁵ Luna states that CAISO's Tariff sets forth a phased security posting framework under which: (1) an Initial Posting is made after the final Phase I Interconnection Study; (2) a Second Posting is made after the final Phase II Interconnection Study; and (3) a Third Posting is made in connection with "the start of Construction Activities" for the relevant facilities.⁶ According to Luna, CAISO's Tariff allows the Participating Transmission Owner (TO) to identify and separate the costs of the identified discrete components and/or phases of construction so that parties to the LGIA can negotiate the security amounts and posting milestones for separate and discrete phases of construction.⁷

4. Luna states that its LGIA requires it to post financial security in the amount of \$8,183,000 for the Second Posting. Luna states that it timely provided its Second Posting

³ *Id.* at 6.

⁴ *Id.* at 7 nn.15-17.

⁵ Completion of the Local Delivery Network Upgrades is required to allow the Full Capacity Deliverability Status. Complaint at n.5. *See also id.* at 1-2, 6 (citing LGIA, app. A § 10(b), app. G).

⁶ Complaint at 4 (citing CAISO, CASIO eTariff, app. DD, §§ 11.2.2, 11.3.1.2, 11.3.2 (9.0.0) (CASIO Tariff, app. DD)).

⁷ *Id.* at 4-5 (citing CAISO Tariff, app. DD § 11.3.2.3).

security of \$8,183,000,⁸ including \$6.9 million posted for LDNUs and \$1.9 million for other upgrades.⁹

5. Luna alleges that, instead of CAISO and PG&E working with Luna to revise the milestones under the LGIA to reflect the delayed construction schedule, on March 26, 2021, PG&E provided Luna a Third Posting Notice demanding a revised and accelerated security posting schedule. Luna explains that the Third Posting Notice required Luna to post: (1) \$3.78 million by April 30, 2021;¹⁰ (2) an additional \$17 million in security by the end of 2021; and (3) \$2.3 million in further security by June 2022, for a total of \$23,225,000 by June 1, 2022. Luna notes that the requirement to post \$3.78 million by April 30, 2021 is four years prior to the earliest date that the Project will reasonably be able to achieve Full Capacity Deliverability Status as a result of the LDNUs' delays.¹¹ Luna states that PG&E has not provided basic information in support of its demand. Luna alleges that PG&E refused to rescind its Third Posting demand even after CAISO acknowledged PG&E's February 5, 2021 LDNUs delay notice and granted Luna a corresponding commercial operations date extension.¹²

6. Furthermore, Luna concludes that taking into account the \$8,813,000 of security already provided with respect to the Second Posting, this Third Posting Notice would require Luna to post a total of \$34 million in security, which is more than Luna's maximum cost allocation and is, therefore, in violation of the CAISO Tariff.¹³ Luna explains that the LGIA expressly states that the maximum cost of Luna's responsibility is \$27,276,000 and that Luna will be responsible for that amount only.¹⁴ Luna also requests that the \$3.78 million it already posted under protest toward the Third Posting be returned.¹⁵ Luna states that, contrary to the Tariff requirements regarding phased Third

⁸ *Id.*

⁹ *Id.* at 9.

¹⁰ Luna states that it paid the \$3.78 million by April 30, 2021 under protest. *Id.* at 3.

¹¹ *Id.* at 2 & 7-8.

¹² *Id.* at 8-9.

¹³ *Id.* at 9. Luna also states that PG&E's STAR Report sets Luna's cost responsibility significantly above the agreed upon maximum cost allocation. *Id.* at 7-8.

¹⁴ *Id.* at 6 (citing LGIA, app. A § 10(b), app. G).

¹⁵ *Id.* at 3.

Postings, PG&E's notice provided no information about which discrete portions of the work, or which discrete LDNUs, are included in the different phases.¹⁶ Luna adds that the Third Posting was required a full year earlier than PG&E indicated to Luna in a January 1, 2021 notice,¹⁷ notwithstanding the fact that PG&E planned to begin construction on, at most, one of the LDNUs during that time.

7. Luna objects to PG&E's accelerated schedule for the Third Posting and notes that it has already posted substantial security for the Second Posting for both LDNUs and other upgrades, and had made significant investments in marketing the output of the Project but had to abandon late-stage negotiations of a power purchase agreement after PG&E announced the delay.¹⁸ Luna claims that the amounts of security previously posted by Luna in its Second Security Posting are sufficient to cover such spend at least throughout 2021, even without the schedule delay.¹⁹ Luna concludes that a delay in the construction schedule should be accompanied by an appropriate delay and sequencing in any posting requirements, consistent with CAISO's Tariff and PG&E's own published spending requirements.²⁰ Luna, however, acknowledges that the CAISO Tariff provides the Participating TO with significant discretion to determine the timing and the amounts for Third Posting security.²¹

8. Luna further argues that the Third Posting is not required under CAISO's Tariff until the commencement of Construction Activities, which the Tariff defines as

¹⁶ *Id.* at 8. *See also id.* at 4-5 (citing CAISO Tariff, app. DD § 11.3.2.3). Section 11.3.2.3 of Appendix DD provides that:

the Participating TO, the CAISO, and the Interconnection Customer may negotiate, as part of the Generator Interconnection Agreement, a division of the Interconnection Financial Security posting required by this Section 11.3.2 into discrete Interconnection Financial Security amounts and may establish discrete milestone dates (however, outside dates must be included) for posting the amounts corresponding to each component and/or phase of construction related to the Network Upgrades and/or Interconnection Facilities described in the Generator Interconnection Agreement.

¹⁷ *Id.* at 8 & 9.

¹⁸ *Id.* at 6 & 9.

¹⁹ *Id.* at 2.

²⁰ *Id.* at 9.

²¹ *Id.* at 5.

“irrevocable financial commitments for the purchase of major electrical equipment or land for Participating TO’s Interconnection Facilities or Network Upgrades assigned to the Interconnection Customer that occur after receipt of all appropriate governmental approvals needed.”²² Luna claims that, to its knowledge, PG&E has not received all the required governmental approvals. Luna points to PG&E’s April 2021 Presentation to CAISO suggesting that PG&E will commence Construction Activities in the next year for, at most, only one of the LDNUs for which Luna is assigned any cost responsibility. According to Luna, the remaining LDNUs are delayed for longer periods and even the new schedule is contingent on many future events, including “obtaining necessary land/aerial rights, clearance sequence, obtaining necessary construction assessments, and access to structures.”²³ In Luna’s opinion, it is highly unlikely that PG&E has obtained the necessary permits for these upgrades or that Construction Activities would have commenced by the June 2021 security posting date, given that PG&E appears to have not obtained the associated land rights and has other contingencies to meet.²⁴

9. Further, Luna argues that, given PG&E’s published schedule for the LDNUs, there is no good reason for PG&E to request \$17 million more to be posted later this year. Luna adds that it is not clear that PG&E has made similar security requests of other interconnection customers sharing cost responsibility for these same LDNUs. Luna alleges that PG&E has not provided Luna information about the upgrades and activities planned for 2022, nor has PG&E addressed the obvious inconsistencies that Luna has raised between the proposed schedule set forth in the STAR Report and PG&E’s demand for the Third Posting.²⁵ Luna further contends that PG&E also has not justified why its proposed Third Posting schedule would require Luna to post total security of more than \$38 million, far exceeding the \$27,276,000 cost responsibility limit expressly stated in its LGIA.²⁶ Luna concludes that PG&E’s Third Posting Notice is unjustified and premature and must be rescinded.

II. Notice and Responsive Pleadings

10. Notice of Luna’s Complaint was published in the *Federal Register*, 86 Fed. Reg. 24,858 (May 10, 2021), with answers, interventions, and protests due on or before May 20, 2021. American Clean Power Association (American Clean Power), Large-

²² *Id.* at 10 (citing CAISO Tariff, app. A, Master Definitions; LGIA, app. B §2(d)).

²³ *Id.* at 10-11 & n.21.

²⁴ *Id.* at 11.

²⁵ *Id.* at 13.

²⁶ *Id.* at 12.

Scale Solar Association (Large-Scale Solar), and Solar Energy Industries Association (Solar Energy Industries) (collectively, Associations), and EDP Renewables North America LLC filed timely motions to intervene. American Clean Power and Large-Scale Solar also submitted comments, and Solar Energy Industries submitted an answer, in support of Luna's Complaint. On May 20, 2021, PG&E and CAISO filed separate answers to the Complaint and motions to dismiss. On June 4, 2021, Luna filed an answer to the answers of PG&E and CAISO.

A. Comments

11. The Associations request that the Commission grant Luna's Complaint and the requested relief. Large-Scale Solar and Solar Energy Industries argue that PG&E appears to have violated CAISO's Tariff by requiring the Third Posting before it has substantiated the need for the posting. Solar Energy Industries states that PG&E's public statements demonstrate that the network upgrades associated with Luna's Project must be completed sequentially and argues that collection of the Third Posting should follow the sequencing of the network upgrades.²⁷ Large-Scale Solar argues that governmental approvals may not have been received and that "irrevocable financial commitments for the purchase of major electrical equipment or land" have not been made to necessitate the Third Posting at this time.²⁸ Large-Scale Solar suggests that the Third Posting may result in the maximum security amount exceeding Luna's total cost responsibility. Solar Energy Industries asserts that granting Luna's Complaint could help restore the balance from the substantial Project delays.

12. The Associations also argue that PG&E's request for a Third Posting at this time could create uncertainty for other interconnection customers. Solar Energy Industries states that security postings should be related to the applicable network upgrades and facilities they support and that, if PG&E is using security postings for upgrades not associated with an interconnection customer to increase systemwide efficiencies, it is acting inconsistently with CAISO's Tariff.²⁹ Furthermore, American Clean Power argues that delays in the interconnection process and deviations from CAISO's Tariff could

²⁷ Solar Energy Industries Comments at 3 (citing PG&E, *Generation Interconnection PG&E Update* (Apr. 15, 2021) <http://www.aiso.com/Documents/PG-EPresentation-GeneratorInterconnectionTransmissionUpgrades-Apr15-2021.pdf>).

²⁸ *Id.* (citing CAISO Tariff, CASIO eTariff, app. A, Master Definitions (0.0.0)).

²⁹ *Id.* at 5 (citing CAISO Tariff, app. DD §§ 11.2, 11.3.1.1).

delay California's progress toward achieving the state's clean energy goals by reducing confidence in the interconnection process.³⁰

B. CAISO and PG&E Answers and Motions to Dismiss

13. CAISO and PG&E move for the Commission to dismiss the Complaint as legally deficient and unsupported. CAISO and PG&E argue that Luna's request fails to meet its burden under FPA section 206 to: (1) demonstrate that the LGIA or existing CAISO Tariff provisions are unjust, unreasonable, or unduly discriminatory or preferential; (2) identify where PG&E has violated existing tariff provisions; and (3) provide adequate documentation to support its Complaint.³¹ CAISO contends that, at a minimum, the Commission should dismiss CAISO as a party because Luna's Complaint neither alleges any illegal action by CAISO nor points to any unjust and unreasonable CAISO Tariff provision.³²

14. PG&E and CAISO each dispute Luna's assertions that the security demand is premature. PG&E explains that CAISO's Tariff requires the Third Posting at least 30 calendar days before the start of Construction Activities for LDNUs,³³ and that it must begin purchasing long-lead time materials to meet the in-service dates for the LDNUs, which span from the second quarter of 2022 to the second quarter of 2025. PG&E disagrees with Luna's contention that PG&E has not received the required governmental approval to support the request for the Third Posting and explains that the LDNUs are for reconductoring work that does not require governmental approval that would otherwise delay the timeframe to commence work.³⁴ CAISO further clarifies that the Third Posting can be required as soon as the Second Posting has been made but "no later than the start of Construction Activities" and that the Third Posting is non-refundable at the commencement of Construction Activities if the interconnection customer withdraws.³⁵

15. CAISO disagrees with Luna's argument that acceleration of the Third Posting schedule is unreasonable in light of the LDNUs' significant delays because it ignores the

³⁰ American Clean Power Comments at 4-5.

³¹ PG&E Answer at 3 and CAISO Answer at 3, 9 (citing 18 C.F.R. § 385.206 (b) (1), (2), (8)).

³² CAISO Answer at 10.

³³ PG&E Answer at 5.

³⁴ *Id.* (citing Luna Complaint at 10).

³⁵ CAISO Answer at 6 (citing CAISO Tariff, app. DD §§ 11.3.2, 11.4.2.4).

shared network upgrades required for interconnection. PG&E and CAISO note that Luna omitted the fact that it exercised its right to suspend work on April 15, 2021, and that while suspension excuses Luna from financing its own facilities, the notice of suspension does not excuse Luna from its obligation to fund shared network upgrades.³⁶

16. CAISO and PG&E counter arguments asserting that requiring the Third Posting is inconsistent with CAISO's Tariff. CAISO contends that PG&E has reasonably separated the Third Posting into multiple parts, even though it is not required to do so under CAISO's Tariff.³⁷ PG&E states that it negotiated separate and discrete postings for the Third Posting and that Luna has paid, to date, only \$11.97 million of the overall financial security cap of \$27.276 million.³⁸ CAISO highlights that there is no record to support Luna's allegation that the Third Posting would increase Luna's cost responsibility, and notes that an exceedance of the maximum cost allocation would violate CAISO's Tariff.

17. Further, CAISO and PG&E counter Luna's claim that its First and Second Postings should sufficiently cover PG&E's 2021 construction costs. CAISO and PG&E argue that the prior postings are irrelevant to Luna's compliance with the Third Posting under CAISO's Tariff. CAISO explains that while First and Second Postings cover 30% of an interconnection customer's financial obligation and a portion of initial Construction Activities, security postings serve additional purposes beyond financing Construction Activities, including demonstrating the commercial viability and commitment of an interconnection customer and hedging risk against interconnection customers withdrawing from the interconnection queue and cascading costs on the transmission owner.³⁹

18. Finally, PG&E asserts that the documentation that Luna provides, namely PG&E's STAR Report and April 2021 Presentation, are not relevant to the Third Posting, as they provide general updates on the estimated start times for Construction Activities and are not specific to the Third Posting requirements under the LGIA or CAISO Tariff.⁴⁰

³⁶ PG&E Answer at 6-7 and CAISO Answer at 4 (citing LGIA § 5.16).

³⁷ CAISO Answer at 5, (citing CAISO Tariff, app. DD § 11.3.2).

³⁸ PG&E acknowledges that under the LGIA Luna's overall network upgrades financial security cap is \$27.276 million. PG&E Answer at 6 (citing LGIA at 92 in PG&E Answer, att. 1 at 8).

³⁹ CAISO Answer at 7-8 (citing *Calif. Indep. Sys. Operator Corp.*, 129 FERC ¶ 61,124 at P 41 (2009)).

⁴⁰ PG&E Answer at 8.

C. Luna's Answer

19. Luna maintains that the Commission should grant its Complaint and asserts that PG&E has not sufficiently detailed the actual facilities or work that necessitate an accelerated posting schedule. Luna acknowledges its obligation to provide security for shared LDNUs but argues that its notice of suspension is irrelevant to the Complaint, and that the Third Posting continues to appear unreasonable both to itself and other customers bearing responsibility for PG&E's LDNU delays. Luna disputes PG&E's argument that Luna failed to provide supporting documentation for its request, stating that the STAR Report is permissible support. Luna also points out that PG&E's supporting documentation in its Answer still fails to detail the LDNUs and schedule that necessitate a Third Posting.⁴¹

20. Luna argues that PG&E's offering of a phased Third Posting schedule is also irrelevant to this Complaint, as that is a separate issue from when such phased posting should begin, which it asserts should be no sooner than June 1, 2023 based on the minimum two-year delay notice. Luna continues that the Third Posting schedule is not only at PG&E's discretion, but that the Third Posting is subject to CAISO's Tariff and negotiable by the parties.⁴² Luna adds that PG&E fails to explain how the LDNU costs and schedules are consistent with Luna's LGIA and Third Posting schedule and how the LDNU schedules are irrelevant to Luna's security postings associated with the upgrades. Finally, Luna maintains that the Third Posting schedule is premature. Luna explains that, while PG&E states in its answer that governmental approvals are not necessary, this is contrary to the argument PG&E made in the April 2021 Presentation to CAISO that stated that the LDNU schedules depended upon "permitting strategy" and "obtaining necessary land/aerial rights."⁴³

21. Luna moves that the Commission reject CAISO's motion to be dismissed as a party to this Complaint, noting that CAISO is a party to the LGIA and administrator of the Tariff that is the subject of the Complaint.

⁴¹ Luna Answer at 5-6 (citing PG&E, TO Tariff and Service Agreement, app. IX, § 4.1 (0.0.0)).

⁴² *Id.* at 6-7 (citing CAISO Tariff, app. DD § 11.3.2.3).

⁴³ *Id.* at 7-8 (citing April 15, 2021 Presentation at 9).

III. Discussion

A. Procedural Matters

22. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2020), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

23. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2020), prohibits an answer to an answer unless otherwise ordered by the decisional authority. We accept Luna's answer because it has provided information that assisted us in our decision-making process.

B. Commission Determination

24. As an initial matter, we deny PG&E's and CAISO's motions to dismiss Luna's Complaint on procedural grounds. As set forth in Rule 206(b) of the Commission's regulations, a complaint must, among other things: (1) clearly identify the action or inaction which is alleged to violate applicable statutory standards or regulatory requirements; (2) explain how the action or inaction violates the applicable statutory standards or regulatory requirements; and (3) provide the Commission with documents that support the facts in the complaint.⁴⁴ We find that Luna's Complaint substantially complies with these requirements. We also deny CAISO's motion to be dismissed as a respondent in this proceeding, because CAISO is a party to the LGIA at issue in the Complaint.

25. On the merits, we deny the Complaint. Luna has not demonstrated that PG&E or CAISO have violated the Tariff or the terms of the LGIA. First, Luna challenges the timing of the Third Posting demanded by PG&E, arguing that the Third Posting is premature given PG&E's announced delays in completion of relevant network upgrades. We find that the relevant provisions of the Tariff and LGIA and the facts of this case demonstrate the contrary. CAISO's Tariff requires a Third Posting "[a]fter the Second Posting for a Queue Cluster has been made but no later than the start of Construction Activities for Network Upgrades or Participating TO's Interconnection Facilities on behalf of the Interconnection Customer, whichever is earlier..."⁴⁵ The LGIA among the parties further specifies that the Third Posting is due "[a]t least thirty (30) Calendar Days prior to the start of Construction Activities of the Participating TO's Interconnection

⁴⁴ 18 C.F.R. § 385.206(b)(1), (2), and (8) (2020).

⁴⁵ CAISO Tariff, app. DD § 11.3.2.

Facilities or Reliability Network Upgrades or [LDNUs].”⁴⁶ Read together, we find that, under the CAISO Tariff and the LGIA, a Third Posting may be due at any time after the Second Posting and at the latest 30 days prior to the commencement of Construction Activities.

26. The record in this proceeding demonstrates that PG&E’s demand for the Third Posting did not contravene either the CAISO Tariff or the LGIA. Luna made its Second Posting on May 21, 2018, which precedes PG&E’s request for the Third Posting on April 30, 2021 by almost three years. Therefore, we find that PG&E’s demand was consistent with CAISO’s Tariff and that PG&E was within its rights under the LGIA to request a Third Posting at that time. We are also not persuaded by Luna’s argument that PG&E’s demand for the Third Posting is premature because PG&E is allegedly not at a point where it will soon commence Construction Activities. The commencement of Construction Activities is the *latest* time by which the Third Posting must be made, and neither the Tariff nor the LGIA places any limitation on how soon before Construction Activities begin PG&E may demand the Third Posting other than to require that such demand come after the Second Posting. Thus, even if we accepted that Construction Activities had not yet started by April 30, 2021 – and we make no finding on that point – PG&E’s demand would still comply with the terms of the CAISO Tariff and the LGIA noted above. Accordingly, we reject Luna’s allegation that the timing of the Third Posting is premature.

27. Second, Luna claims that PG&E’s request for the Third Posting violates the CAISO Tariff because PG&E failed to justify how the requested amounts correspond to specific phases in the Construction Activities. Luna alleges that PG&E’s Third Posting request provided no information about which discrete portions of the work, or which discrete LDNUs, are included in the different payment phases, and argues that this is contrary to the CAISO Tariff’s requirements regarding a phased Third Posting.

28. As relevant here, the CAISO Tariff provides:

If an Interconnection Customer’s Network Upgrades and/or Interconnection Facilities are separated into two or more specific components and/or *can* be separated into two or more separate and discrete phases of construction and the Participating TO is able to identify and separate the costs of the identified discrete components and/or phases of construction, then the Participating TO, the CAISO, and the Interconnection Customer *may* negotiate, as part of the Generator Interconnection Agreement, a division of the Interconnection Financial Security posting required by this Section 11.3.2 into discrete Interconnection Financial Security amounts and *may*

⁴⁶ PG&E Answer, Att. 1 at 9-10, LGIA app. B, tbl. B-1.

establish discrete milestone dates (however, outside dates must be included) for posting the amounts corresponding to each component and/or phase of construction related to the Network Upgrades and/or Interconnection Facilities described in the Generator Interconnection Agreement.⁴⁷

29. We conclude that, based on this Tariff provision, PG&E is not required to negotiate phasing of the Third Posting; rather, the parties have discretion to negotiate the identification and separation of costs, as well as the discrete dates for phases of the Third Posting. The relevant Tariff provision uses discretionary terms, such as “can” or “may,” as seen in the above quoted language. We find that the Participating TO may choose to allow the interconnection customer to pay the Third Posting in phases, but the Tariff does not require it to do so. Thus, contrary to Luna’s claims, PG&E is not required to allow Luna to pay the Third Posting in particular phases based on the work done. Therefore, we disagree with Luna’s claim that PG&E’s request for the Third Posting violates CAISO’s Tariff.

30. Third, Luna argues that the total amount of security demanded in PG&E’s March 26, 2021 letter would exceed Luna’s maximum \$27.276 million cost allocation under the LGIA. Specifically, PG&E’s March 26, 2021 letter requested a Third Posting of \$3.78 million to be paid by April 30, 2021 (which Luna paid) and included two additional dates and amounts: “Phase 2 -- December 30, 2021, \$17.418 million” and “Phase 3 -- June 1, 2022, \$2.32 million.”⁴⁸ Luna argues that, when taken together with the \$8.183 million it paid for the Second Posting, these additional amounts would exceed the maximum cost allocation of \$27.276 million under the LGIA. However, the record indicates that PG&E subsequently clarified in a follow-up email dated April 12, 2021 that it was requesting only the incremental amount of \$3.78 million to be posted at that time.⁴⁹ In addition, PG&E acknowledges in its answer to the Complaint that Luna’s maximum cost allocation under the LGIA cannot exceed \$27.276 million.⁵⁰ Furthermore, table A-5 in section 10 of the LGIA sets forth the Second Posting amount of \$8.183 million and the Third Posting incremental amount of \$19.093 million, with the maximum total amount of \$27.276 million.⁵¹

⁴⁷ CAISO Tariff, app. DD § 11.3.2.3. (emphasis added).

⁴⁸ PG&E Answer, Att. 2 at 2.

⁴⁹ P *Id.* at 3-4.

⁵⁰ PG&E Answer at 6.

⁵¹ PG&E Answer, att. 1 at 8.

We, therefore, disagree with Luna's interpretation of PG&E's March 26, 2021 letter as a demand for a Third Posting that exceeds the total maximum cost allocation under the LGIA. However, we clarify that PG&E may not collect a total security posting from Luna that exceeds the maximum cost allocation of \$27.276 million under the LGIA, as such action would violate section 10(b) of the LGIA, which sets forth Luna's maximum cost responsibility under the agreement. For the foregoing reasons, we deny Luna's complaint.

The Commission orders:

(A) PG&E's and CAISO's motions to dismiss are hereby denied, for the reasons discussed in the body of this order.

(B) Luna's complaint is hereby denied for the reasons stated in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.