

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

HORUS Central Valley Solar 1, LLC)	
HORUS Central Valley Solar 2, LLC)	
)	
v.)	Docket No. EL16-104-000
)	
California Independent System)	
Operator Corporation)	

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO COMPLAINT**

The California Independent System Operator Corporation (“CAISO”)¹ submits this answer to the July 29, 2016 complaint filed by HORUS Central Valley Solar, LLC 1 and 2 (collectively, “HORUS”).² The complaint asks the Commission to issue an order “directing CAISO to stop interfering with HORUS’ compliance” with Western Area Power Administration’s (“Western”) interconnection procedures, and “to stop CAISO from requiring HORUS to go through” the CAISO’s interconnection procedures.³

The Commission should deny the requested relief by HORUS. HORUS fundamentally misunderstands the nature of the facilities to which it seeks to interconnect, the relevant provisions of the CAISO tariff, and Commission policy. HORUS’ arguments are based on the false premise that HORUS is

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO tariff.

² The CAISO submits this answer pursuant to Rules 206(f) and 213 of the Commission’s Rules of Practice and Procedure (18 C.F.R. §§ 385.206(f), 385.213) and the Notice of Complaint issued in this proceeding on August 1, 2016.

³ *HORUS Central Valley Solar 1, LLC v. Calif. Indep. Sys. Operator Corp.*, Complaint, Docket No. EL16-104-000 at 1 (July 29, 2016) (“Complaint”); Notice of Complaint at 1.

interconnecting to “Western-owned transmission facilities.”⁴ In fact, the only relevant transmission facilities in the area are the CAISO’s. As demonstrated by the Commission-approved agreement for these facilities and relevant transmission registries—including Western’s—HORUS is merely tapping into Western’s short generator interconnection facilities that connect directly to the CAISO Controlled Grid. The facilities are radial interconnection customer interconnection facilities (“ICIFs”) and as such, HORUS is interconnecting to the CAISO transmission system and Western is the ICIF owner; not the transmission provider. Commission policy and the CAISO tariff require the CAISO to study HORUS as an interconnection customer pursuant to the cluster study process, in addition to the procedures Western uses for those sharing ICIF capacity.

Prohibiting the CAISO from processing HORUS’ interconnection request would have several negative consequences. First, it would allow potential generators to avoid CAISO interconnection procedures simply by interconnecting into the CAISO via existing interconnection facilities, of which there are hundreds (including Western’s). Second, prohibiting the CAISO from processing HORUS’ interconnection request would subvert the Commission’s established policy of requiring the transmission provider to study an interconnection to its system in addition to any ICIF owner. Third, preventing the CAISO from studying interconnecting generators under its cluster study process would adversely affect the CAISO’s ability to maintain existing generators’ deliverability capacity because the CAISO would only be able to require reliability upgrades—and not

⁴ Complaint at 7.

deliverability upgrades—for generators connecting to “other systems.” Fourth, even assuming *arguendo* that HORUS does not need to follow CAISO interconnection procedures, HORUS’ projects would still represent an expansion by Western, which would violate the CAISO tariff and Western’s generator interconnection agreement (“GIA”) with Pacific Gas and Electric Company (“PG&E”). Finally, allowing HORUS to avoid the CAISO interconnection process would provide HORUS with an undue advantage over the many interconnection customers currently and previously similarly situated, all of which have complied with the CAISO’s interconnection procedures. For these reasons, the CAISO respectfully requests that the Commission dismiss HORUS’ complaint.

I. Background

HORUS seeks to interconnect to, or in front of, Western’s O’Neill substation. The O’Neill substation is a 70 kV switchyard that allows the transmission provider, PG&E, to facilitate Western’s pumping-generating facilities to interconnect with the CAISO controlled grid and participate in the CAISO markets.⁵ Western’s facilities are subject to a Commission-approved GIA between Western and PG&E.⁶

HORUS originally presented its projects to the CAISO as interconnections to Western, treating the CAISO and PG&E as affected systems.⁷ HORUS then sought to participate in the CAISO’s new resource interconnection process, which is the CAISO’s process for approving and synchronizing its new

⁵ The U.S. Bureau of Reclamation jointly owns some facilities with Western.

⁶ The GIA, order, and extension are attached to HORUS’ complaint as Exhibits 15-17.

⁷ Complaint at 4.

generators approaching commercial operation.⁸ At this point, both the CAISO and PG&E agreed that HORUS was not interconnecting to Western's actual transmission system, but to Western's ICIF to the CAISO controlled grid. Accordingly, the CAISO and PG&E concluded that they are not merely affected systems, and HORUS must be treated as a CAISO interconnection customer.⁹

Because HORUS did not want to participate in the CAISO's cluster study process, the CAISO notified HORUS that the only way for a project of HORUS' generating capacity to interconnect to the CAISO without participating in the cluster study process is the CAISO's independent study process.¹⁰ However, HORUS was unable to pass the electrical independence test necessary for independent study, and therefore submitted an interconnection request in the CAISO's cluster study process.¹¹

At no point has HORUS denied that it wants to inject its energy onto the CAISO controlled grid and participate in the CAISO markets. It only argues that it does not have to follow the CAISO's interconnection procedures because it is following Western's interconnection procedures. Further, to support its argument that it is interconnecting to Western alone, HORUS has disputed its point of interconnection with the CAISO. Rather than interconnecting at the substation bus—the common and preferred point of interconnection for generators—HORUS has argued that its point of interconnection should merely tap into the tie

⁸ *Id.*; <https://www.caiso.com/participate/Pages/NewResourceImplementation/Default.aspx>.

⁹ Complaint at 4.

¹⁰ *Id.*

¹¹ *Id.* at 5; Section 4.2 of Appendix DD to the CAISO tariff.

line “towards the transformer from the existing meter set.”¹² The CAISO views this proposed configuration as a transparent attempt by HORUS to configure its project to support its arguments and avoid complying with CAISO interconnection procedures. These points of interconnection are only 25 yards apart, and Commission policy supports the finding that this constitutes an interconnection to the CAISO controlled grid.¹³

II. Answer

A. **HORUS is Interconnecting to Western Interconnection Facilities to the CAISO Controlled Grid, and Therefore Must Adhere to the CAISO’s Interconnection Process.**

The Commission defines interconnection facilities as “all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider’s Transmission System.”¹⁴ They are “sole-use, limited and discrete, radial in nature, and not part of an integrated transmission network.”¹⁵ The Commission has explained that “Interconnection Facilities are constructed to enable a generation facility or multiple generation facilities to transmit power to the integrated transmission grid,” and that “Interconnection Facilities are typically

¹² See Exhibit 10 to Complaint.

¹³ See, e.g., *San Diego Gas & Electric Co.*, 139 FERC ¶ 61,006 at PP 6-7; 12 (2012) (finding that facilities 1,200 yards apart were sufficiently integrated such that one should be treated as an extension of the other).

¹⁴ *Open Access and Priority Rights on Interconnection Customer’s Interconnection Facilities*, Order No. 807, FERC Stats. & Regs. ¶ 31,367 at P 10 (March 19, 2015); *denying reh’g*, Order No. 807-A, 153 FERC ¶ 61,047 (2015) (quoting Article 1 of FERC *pro forma* Large Generator Interconnection Agreement).

¹⁵ Order No. 807-A at P 24.

radial in nature, with a single point of interconnection with the network grid, and over which power flows in one direction toward the transmission grid.”¹⁶

These descriptions of interconnection facilities apply perfectly to the facilities to which HORUS seeks to interconnect. They are radial facilities constructed solely to interconnect Western’s generating facilities to the CAISO controlled grid.¹⁷ There is no load or bidirectional flow over the facilities except for Western’s station power and pumping load used to operate its generating facilities. The only integrated transmission system to which they are interconnected is the CAISO’s; not Western’s.¹⁸ Western itself admits in this proceeding that “Western’s O’Neill substation is interconnected to [PG&E’s] transmission system under a generator interconnection agreement. Currently, *Western does not operate or maintain high voltage transmission lines in the area and relies on PG&E for transmission service. . . .*”¹⁹ Accordingly, “Western informed HORUS of the need to coordinate with PG&E and the CAISO under both Western’s SGIP and PG&E’s generator interconnection agreement,” which states that any new interconnection or expansion must submit an interconnection request pursuant to the CAISO interconnection procedures.²⁰ For these reasons, the CAISO has insisted that HORUS interconnect to the CAISO pursuant to the CAISO’s cluster study process.

¹⁶ *Id.* at P 11.

¹⁷ See, e.g., Complaint, Exhibit 15, Appendix D (single-line diagram of Western’s O’Neill Pumping/Generating Plant and associated substation/switchyard to which HORUS seeks to interconnect).

¹⁸ *Id.*

¹⁹ *HORUS Central Valley v. CAISO*, Western Area Power Administration Motion to Intervene at 4, Docket No. EL16-104-000 (Aug. 17, 2016) (emphasis added).

²⁰ *Id.*

1. *Western's GIA with PG&E demonstrates that HORUS must adhere to CAISO interconnection procedures.*

Article 7.9 of Western's GIA with PG&E, titled "*New or Modified Interconnections*," states that "[Western] shall follow all applicable provisions of the ISO Tariff and/or the TO Tariff regarding *new interconnections to or increases in capacity of its existing interconnection*."²¹ HORUS argues the LGIA provision "does not apply to a third party generator that is interconnecting to Western."²² Superficially, this is true: third parties are not subject to an LGIA to a contract they did not sign. But this does not mean that Western can add "new interconnections" or "increases in capacity" without following the CAISO tariff because a third party is doing the actual construction. Such an interpretation would negate the purpose of this provision, which is to enable the CAISO to ensure the reliability of its controlled grid. Such an interpretation would treat similarly situated customers that are interconnecting to the same facility differently merely because they have different names or owners.²³ It is unreasonable to interpret the GIA such that any interconnection or expansion built by Western is subject to CAISO interconnection procedures, but any interconnection or expansion built by a different corporate entity is studied by Western interconnection procedures (and the CAISO is merely an affected system). Ownership is not a meaningful difference under Section 205 of the Federal Power Act such that HORUS should have an undue advantage over

²¹ GIA at Article 7.9.2 (emphases added).

²² Complaint at 12.

²³ 16 U.S.C. § 824d (2012).

Western and other generators seeking to interconnect to the CAISO.²⁴

Even if the Commission reads this provision so narrowly such that it does not apply to HORUS, Western would violate Article 7.9 because it has effected a new interconnection and increased capacity without following the CAISO tariff, namely, by failing to submit an interconnection request.²⁵

The Commission should interpret Article 7.9.1 according to its plain and unambiguous text: Because HORUS represents a new interconnection or increase in capacity, either HORUS or Western must follow CAISO interconnection procedures. Because the CAISO is not an affected system and these generation projects either represent a new interconnection or an increase in capacity by Western, they must be subject to Section 25.1 of the CAISO tariff and continue in the CAISO's cluster study process. Any other interpretation would allow an ownership shell game to provide interconnection customers with an undue advantage in violation of Western's GIA and the Federal Power Act. If the Commission determines that the GIA does not technically apply to HORUS, allowing HORUS to bypass the CAISO's interconnection process—when Western units connecting to the same facility are required to go through the CAISO's interconnection process—would be unduly discriminatory and preferential.

²⁴ *Id.*

²⁵ Section 25.1 of the CAISO tariff.

2. *Western's transmission documentation evinces that interconnecting at O'Neill is a CAISO interconnection.*

The facilities to which HORUS seeks to interconnect are not transmission facilities, but radial ICIFs to the CAISO controlled grid. Western's own public transmission documentation demonstrates this fact. For example, Western's interconnection queue explicitly states there are no transmission service rights associated with HORUS.²⁶ That Western has no transmission services rights associated with these facilities demonstrates that they are not Western transmission facilities but ICIFs to the CAISO transmission system. Article 6.1.4 of Western's GIA with PG&E further evinces this fact and demonstrates that Western was right not to offer transmission service to HORUS: "[Western] understands that PG&E is subject to the ISO Tariff and to the [Transmission Control Agreement] which it has entered into with the ISO and that, as a result, PG&E cannot arrange to provide new transmission services for [Western]. Instead, transmission service must be arranged under an existing transmission agreement or under new transmission arrangements with the ISO."

B. Commission Policy Requires HORUS to Apply for Interconnection Pursuant to the CAISO's Interconnection Procedures.

HORUS states that it is "aware of no energy-only resource that has ever been required to be subject to two different interconnection procedures."²⁷ The CAISO and the Commission, however, know of such cases. The Commission addressed this question directly in Order No. 807, stating: "We reaffirm the

²⁶ Complaint, Exhibit 2.

²⁷ Complaint at 7.

existing policy that third-party requesters are obligated to obtain service on the transmission facilities at or beyond the Point of Change of Ownership as well as those facilities beyond the Point of Interconnection with ICIF pursuant to the relevant existing OATT and interconnection procedures.”²⁸ The Commission explained this policy “will maintain the reliability of the network transmission system by ensuring that the appropriate studies are conducted.”²⁹ Accordingly, HORUS cannot bypass the CAISO’s interconnection studies merely because it also must comply with Western’s ICIF procedures.

This is not to say there are myriad generators interconnecting under both the ICIF-owner interconnection procedures and the transmission-provider interconnection procedures. The opposite is true: most generators go to great lengths to avoid having to apply for OATT service under ICIFs (and ICIF owners avoid needing OATTs for their ICIFs), usually by becoming joint owners or entering into a shared-use agreement of the facilities, as expressly allowed under Order No. 807.³⁰ Nevertheless, just because HORUS has elected to interconnect to Western’s ICIF pursuant to Western’s OATT does not mean that HORUS can bypass the CAISO’s interconnection process.

C. Allowing HORUS to Avoid the CAISO’s Interconnection Process Would Subvert the CAISO’s Ability to Study the Impact of Interconnecting Generators.

Allowing HORUS to avoid the CAISO’s interconnection process because HORUS is interconnecting to Western’s ICIF would not only subvert Commission

²⁸ Order No. 807 at P 125.

²⁹ *Id.*

³⁰ See Order No. 807 at P 117.

policy, it would set a dangerous precedent that would compromise the CAISO's ability to study the impact of new interconnection customers. The CAISO recently has received significant recognition for the timeliness and effectiveness of its interconnection procedures.³¹ But future generators could easily avoid the CAISO's study process by interconnecting to the hundreds of existing interconnection facilities to the CAISO controlled grid, and under HORUS' logic, the CAISO could only study them under the truncated affected system process. This would hamper the CAISO's ability to maintain deliverability capacity for its existing generators because an affected system can only require reliability upgrades. Moreover, the CAISO would have to study them serially (as presented) instead of pursuant to its annual cluster study process. This would severely complicate the CAISO's study efforts and negate years of interconnection enhancements.³² In essence, it would create an exception that would swallow the rule.

Allowing HORUS to avoid CAISO interconnection procedures would provide HORUS with an undue advantage over the many similarly situated customers that have properly followed the interconnection procedures of both the ICIF owner and the CAISO. As Order No. 807 contemplated, most generators simply enter into a shared-use agreement of the ICIF,³³ or follow both OATT

³¹ See, e.g., American Wind Energy Association, Petition for Rulemaking to Revise Generator Interconnection Procedures, Docket No. RM15-21-000 (June 19, 2015).

³² See, e.g., *California Independent System Operator Corp.*, 124 FERC ¶ 61,292 (2008) (approving revisions to move from a serial to a cluster process, and to establish project viability and developer commitment as soon as interconnection customers have an estimate of the costs of their projects); 140 FERC ¶ 61,070 (2012) (approving revisions to integrate the transmission planning and generator interconnection processes).

³³ See Order No. 807 at P 117.

procedures; but in all cases, they are studied under the CAISO's cluster study process to ensure reliability and equal treatment.

As explained further below, HORUS also premises its argument on the fact that it seeks energy-only deliverability status, and therefore—according to HORUS—does not need to be studied by the CAISO. Allowing HORUS to avoid CAISO interconnection procedures would provide HORUS an undue advantage. The CAISO has 21 active interconnection requests and 15 completed, online interconnection requests where generators have sought energy-only deliverability status, all involving interconnections pursuant to the CAISO interconnection procedures to which HORUS objects.³⁴

D. HORUS' Interpretation of the CAISO Tariff is Based on the False Premise that the CAISO is an Affected System.

HORUS argues that the CAISO tariff prevents the CAISO from studying HORUS pursuant to its interconnection procedures.³⁵ HORUS explains that Section 9.4 of Appendix DD to the CAISO tariff does not apply to HORUS because HORUS is requesting energy-only deliverability status. This would be a correct interpretation if HORUS were interconnecting to an independent and separate transmission system (including different parts of Western's transmission system in the area) and the CAISO were merely an affected system; however, HORUS is not interconnecting to Western's integrated transmission system. As explained above, HORUS is interconnecting to the CAISO's transmission system, and the fact that HORUS seeks to do so via existing ICIFs does not

³⁴ See CAISO Generator Interconnection Queue, *available at* <https://www.aiso.com/planning/Pages/GeneratorInterconnection/Default.aspx>.

³⁵ Complaint at 8-10.

absolve the CAISO of its responsibility to study HORUS' interconnection (or, alternatively, Western's capacity expansion via HORUS) pursuant to Section 25 of the CAISO tariff.

Section 25.1.1 of the CAISO tariff states that the following, *inter alia*, are required to submit an interconnection request and comply with Appendix DD to the CAISO tariff, which outlines the CAISO's cluster study process:

- (a) each new Generating Unit that seeks to interconnect to the CAISO Controlled Grid;
- (b) each existing Generating Unit connected to the CAISO Controlled Grid that will be modified with a resulting increase in the total capability of the power plant; [and]
- (c) each existing Generating Unit connected to the CAISO Controlled Grid that will be modified without increasing the total capability of the power plant but has changed the electrical characteristics of the power plant such that its re-energization may violate Applicable Reliability Criteria;

Subsection (a) applies to HORUS and, accordingly, HORUS must submit an interconnection request pursuant to Appendix DD (which it did). Even if the Commission finds that subsection (a) does not apply to HORUS, Western would still be required to submit an interconnection request pursuant to subsection (b) or (c) (which Western did not). Absent such action by HORUS or Western, the CAISO may be forced to direct PG&E to open the relevant breaker to prevent the unauthorized capacity expansion. As such, the Commission should ignore HORUS' arguments based on Section 9.4 of Appendix DD to the CAISO tariff, and direct HORUS to continue to be studied by the CAISO without objection.

III. Fast Track Processing

HORUS requests fast track processing without explaining why an expedited decision is warranted.³⁶ Instead, HORUS merely reiterates its claims. Although the CAISO does not have the burden of proof in establishing why expedited consideration is *not* warranted, the CAISO notes there are no pressing timing concerns it is aware of (and HORUS raised none) that would make expedited consideration necessary here. HORUS already has interconnection requests pending with both the CAISO and Western for its proposed generating facilities.

IV. Communications

All service of pleadings and documents and all communications regarding this proceeding should be addressed to the following:

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³⁶ HORUS cites 18 C.F.R § 285.206(h) in its request for fast track processing. Complaint at 15. As there is no Part 285, the CAISO believes that HORUS intended to cite 18 C.F.R § 385.206(h).

V. Conclusion

For the reasons explained above, the CAISO respectfully requests that the Commission deny HORUS' complaint.

Respectfully submitted,

/s/ William H. Weaver

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 18th day of August, 2016.

/s/ Martha M. Sedgley
Martha M. Sedgley