

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

CalWind Resources, Inc.)	
)	
v.)	Docket No. EL14-4-000
)	
California Independent System Operator Corporation)	

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO RESPONSE OF CALWIND**

The California Independent System Operator Corporation (“ISO”) submits this answer to the response filed by CalWind Resources, Inc. (“CalWind”) on December 12, 2013. CalWind’s argument that the ISO is violating its tariff by not honoring its state-jurisdictional agreement with Southern California Edison (“SCE”) as an Encumbrance is both wrong and irrelevant.¹

The sole issue presented in CalWind’s complaint is whether the ISO’s generator conversion rule in Section 25 of the ISO tariff is just and reasonable. However, even if the Commission were inclined to consider CalWind’s argument, the Commission should reject it because both the language and implementation of the ISO tariff establish that Encumbrances involve rights relating to the operation of transmission facilities, not generator interconnection service. In addition, CalWind’s assertion that the ISO has violated its tariff by failing to

¹ Rule 213(a)(2) of the Commission’s Rules of Practice and Procedure generally prohibits answers to answers, however, the Commission has accepted answers that are otherwise prohibited if they clarify the issues in dispute and when the information assists the Commission in making a decision. See *Southwest Power Pool, Inc.*, 89 FERC ¶ 61,284 at 61,888 (1999); *El Paso Electric Co., et al. v. Southwestern Pub. Serv. Co.*, 72 FERC ¶ 61,292 at 62,256 (1995). This answer will assist the Commission’s understanding of the issues and, therefore, the Commission should accept it.

implement procedures to identify Encumbrances is very clearly wrong. The ISO's Transmission Control Agreement provides the process for Participating Transmission Owners to identify Encumbrances, and thereby defines the scope of the ISO's obligations with respect to honoring Encumbrances.

I. ANSWER

A. The Treatment of Encumbrances Under the ISO Tariff Is Irrelevant.

The only relevant issue raised by CalWind's complaint is the justness and reasonableness of the rule in Section 25, which provides that the maximum amount of interconnection service an existing generator already connected to the ISO controlled grid may receive, without being required to submit a new interconnection request, is the generator's existing net generating capacity.² In its two answers, CalWind has failed to address this clear legal issue³ Rather, CalWind attempts to obfuscate this issue by various means, including with its current argument that its state-jurisdictional arrangements with SCE qualifies as an "Encumbrance" under the ISO's tariff. The question of whether CalWind's interconnection agreement with SCE was an "Encumbrance" is irrelevant to the question of whether Section 25 is just and reasonable.

² CalWind Complaint at 2 ("This Complaint is focused on a narrower question: whether Sections 25.1 and 25.1.2 [of the ISO Tariff] comply with Commission policy?").

³ As the ISO explained in its answer to CalWind's complaint, Section 25 fully conforms to the Commission's rule that an entity converting from state-jurisdictional interconnection arrangements to a FERC-jurisdictional interconnection agreement need not enter the interconnection queue so long as "the output of its generator will be substantially the same after conversion." *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146, at P 815 (2003) ("Order No. 2003").

B. CalWind’s Pre-Existing Interconnection Agreement With SCE Is Not an “Encumbrance” Under the ISO Tariff

CalWind continues to assert that its state-jurisdictional bilateral interconnection agreement with SCE must be treated as an Encumbrance under the ISO tariff.⁴ “Encumbrance” is defined as a “legal restriction or covenant binding on a Participating TO that affects the operation of any transmission lines or associated facilities and which the CAISO needs to take into account in exercising Operational Control over such transmission lines or associated facilities if the Participating TO is not to risk incurring significant liability.”⁵ The only explanation CalWind offers as to why its interconnection agreement with SCE is an Encumbrance is the conclusory assertion that “Edison was obligated to account for its contractual commitments in transmission operations planning.”⁶ CalWind never explains how its now-expired interconnection agreement with SCE affects the operation of transmission lines in a manner which the ISO would need to take into account in exercising operational control over such lines.

Also, all Encumbrances that the ISO is obligated to honor are reflected in Appendix B to the ISO’s Transmission Control Agreement. CalWind’s interconnection agreement with SCE is not listed in Appendix B. In fact, to the best of the ISO’s knowledge, no ISO transmission owner has ever identified a state-jurisdictional generator interconnection agreement as an Encumbrance,

⁴ CalWind December 12 Answer at 4-5.

⁵ ISO Tariff, Appendix A.

⁶ CalWind November 15 Answer at 10.

and no entity has previously challenged the lack of such designation. CalWind provides no compelling reason why it should be treated differently.

C. The ISO’s Transmission Control Agreement Establishes the Process for Transmission Owners to Designate Encumbrances

In its most recent answer, CalWind alleges that the ISO has engaged in a “flagrant violation of Section 25.3” by failing to coordinate with SCE in identifying Encumbrances that might impact the ISO’s interconnection studies.⁷ This is simply not true – the ISO has fully complied with Section 25.3. The process for identifying Encumbrances is set forth in the ISO’s Transmission Control Agreement.⁸ Specifically, Section 2.2 of that agreement requires transmission owners to identify any Encumbrances in their application to join the ISO. Section 4.5 specifies that each ISO transmission owner warrants that all Encumbrances associated with the facilities that it places under the ISO’s operational control are disclosed in Appendix B. Section 4.4.3 states that ISO transmission owners must not create any new Encumbrances without the ISO’s consent. Finally, Section 6.4 explains that transmission providers must develop and provide to the ISO protocols in order to give effect to any Encumbrances. The ISO has consistently implemented and adhered to these procedures.

Ignoring this, CalWind attempts to create an impression of ISO malfeasance by asserting that SCE “has not provided [the ISO] with any

⁷ CalWind December 12 Answer at 4. CalWind bases this conclusion on an SCE data response that stated that Edison “has no procedures” to inform the ISO of Encumbrances that may impact the ISO’s or SCE’s evaluation of generator interconnection requests. The ISO cannot speak to the intent or meaning of SCE’s data response.

⁸ The Transmission Control Agreement is available on the ISO’s website at <http://www.caiso.com/Documents/TransmissionControlAgreement.pdf>

information concerning Encumbrances.”⁹ To reiterate, SCE’s Encumbrances, as with all other Encumbrances, are listed in Appendix B of the Transmission Control Agreement. CalWind’s generator interconnection agreement with SCE has never been listed in Appendix B. Regardless, even if a state-jurisdictional generator interconnection agreement met the definition of Encumbrance, CalWind’s argument that the ISO is obliged to identify and enforce the terms of an agreement it is not a party to is at odds with the process for reporting and implementing Encumbrances set forth in the Transmission Control Agreement, as well as the plain language of Section 25.3.¹⁰

⁹ CalWind December 12 Answer at 4.

¹⁰ Section 25.3 provides, in pertinent part, that “[n]o new Generating Unit shall adversely affect the ability of the applicable Participating TO to honor its Encumbrances existing as of the time an Interconnection Customer submits its Interconnection Request to the CAISO. The applicable Participating TO, in consultation with the CAISO, shall identify any such adverse effect on its Encumbrances”

II. CONCLUSION

For the reasons stated herein and in its answer to CalWind's complaint, the Commission should dismiss the complaint submitted by CalWind in this proceeding.

Respectfully submitted,

Michael Kunselman
Michael E. Ward
Bradley R. Miliauskas
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004

/s/ Sidney M. Davies

Nancy Saracino
General Counsel
Roger E. Collanton
Deputy General Counsel
Sidney M. Davies
Assistant General Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attorneys for the California Independent System Operator Corporation

Dated: December 20, 2013

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 captioned 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 Washington, D.C., this 20th day of December, 2013.

/s/ Michael Kunselman
Michael Kunselman