

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

**Open Access and Priority Rights on
Interconnection Facilities**

**Docket Nos. AD12-14-000;
AD11-11-000**

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION**

I. Introduction

The California Independent System Operator Corporation (ISO) files these comments in response to Commission's notice of inquiry concerning open access and priority rights for interconnection facilities.¹ The Commission asks a variety of questions relating to possible approaches to revise its policy for ensuring open access to these facilities. The ISO supports the Commission's efforts to examine regulatory alternatives to promote infrastructure development in a manner that increases the efficiency of interconnecting renewable and other resources to the electric grid.

As part of its inquiry, the Commission should consider authorizing alternative mechanisms to achieve open access principles for generator owned interconnection facilities, including voluntary arrangements between generator owners of interconnection facilities and transmission providers. In addition, as part of any proposed rule mandating the use of a transmission provider's procedures to manage open access of generator owned interconnection facilities, the Commission must consider and address cost recovery, cost allocation and operational control issues.

¹ *Open Access and Priority Rights on Interconnection Facilities*, Docket Nos. AD12-14-000 and AD11-11-000 (April 2012).

II. The Commission should consider authorizing alternative mechanisms to achieve open access principles, including voluntary arrangements between owners of interconnection facilities and transmission providers

In its notice of inquiry, the Commission identifies alternative approaches to govern third-party requests for service and priority rights, including the use of a large generator interconnection agreement and large generator interconnection procedures framework to extend the provisions that govern third-party use of a transmission provider's interconnection facilities to an interconnection customer's interconnection facilities.² The Commission should not consider this alternative as an exclusive option. One prescriptive approach may not suit all situations. Generator owners should have options to file their own open access tariff or explore other commercial relationships to meet any requirements to provide third parties with access to their facilities. For example, the Commission should permit owners of interconnection facilities to enter into agreements with transmission providers on a voluntary basis under which a transmission provider agrees to manage open access of the interconnection facility. This approach may foster innovative and efficient arrangements to address open access concerns in connection with third party requests for access to generator-owned interconnection facilities. Were a transmission provider to undertake such an arrangement a generator owner would benefit from the transmission provider's experience and third party resources would have the assurance of an independent entity subject to the Commission's jurisdiction overseeing their interconnection requests. These voluntary agreements would need to address the steps the transmission provider would take to manage interconnection requests from third parties and any priority rights reserved by the owner of the interconnection facility; the cost allocation of the

² Notice of inquiry at P 3.

interconnection facility as between the generator owner, its affiliates and third parties; the scope of operational control undertaken by the transmission provider; and recovery of transmission provider's costs for undertaking incremental work. The ISO believes the Commission could review and approve these voluntary negotiated agreements on a case-by-case basis.

III. Any mandated expansion of generator interconnection procedures must consider and address impacts on transmission providers and their customers

If the Commission decides to propose a rule that requires transmission providers to extend the terms of their tariffs to manage third party requests for service over a generator interconnection facility, the Commission will need to address various issues impacting transmission providers and their customers. Any proposed rule will need to address the scope of the transmission provider's responsibilities and the obligation of the generator owner to indemnify the transmission provider for claims against the transmission provider. The Commission will need to mandate a cost recovery approach that recognizes the increased burden of managing interconnection requests for the generator's facility. In addition, if the Commission directs transmission providers to manage third party interconnection requests to generator-owned facilities through existing interconnection procedures, the Commission must address cost allocation rules among the interconnection facility owner and third parties. The terms and conditions of any such arrangement will also need to address the level of operational control of the interconnection facility exercised by the transmission provider and the fact that operational control in this instance will not equate with owners' recovering their costs through the transmission provider's access charges.

IV. Conclusion

The ISO requests that the Commission consider examining voluntary agreements between owners of generator interconnection facilities and transmission providers to manage third party requests for interconnection service to those facilities. To the extent the Commission proposes to direct transmission providers to expand the terms of their large generator interconnection procedures to apply to generator interconnection facilities, the Commission must also consider and address impacts on transmission providers and their customers.

Respectfully submitted,

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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 lists for the above referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2011).

Dated at Folsom, California this 26th day of June 2012.

Is/ Anna Pascuzzo

Anna Pascuzzo