

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

**California Independent System            )       Docket No. ER14-\_\_\_\_-000**  
**Operator Corporation                    )**

**AMENDED PETITION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION FOR DISTRIBUTION OF FORFEITED FUNDS COLLECTED FROM  
GENERATOR INTERCONNECTION CUSTOMERS**

The California Independent System Operator Corporation (“ISO”) submits this amended petition for Commission approval to distribute funds forfeited by generator interconnection customers that withdrew from the ISO’s generator interconnection queue, in accordance with the allocation set forth in Attachments 1 and 2 to this filing.<sup>1</sup> The funds to be allocated come from: (1) customers that withdrew from the ISO interconnection queue during calendar year 2012; and (2) a customer that withdrew from the ISO interconnection queue during 2011, but the forfeited funds were not available for allocation at the time the ISO filed its previous distribution petition in December 2012.

Previously, the ISO filed a petition on October 14, 2013 seeking Commission approval to distribute funds for the same time period and forfeited projects. By order dated December 19, 2013, the commission granted the ISO’s petition.<sup>2</sup> As the ISO was preparing to make the distribution in early February, 2014, the ISO determined that an

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<sup>1</sup> The ISO files this petition pursuant to Rule 207 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.207, sections 3.5.1.1 and 9.4.2.6 of ISO tariff Appendix Y, and ISO tariff section 37.9.4. The ISO requests privileged treatment of Attachments 1 and 2 pursuant to 18 C.F.R. § 388.112.

<sup>2</sup> *California Independent System Operator Corp.*, 145 FERC ¶ 61,223 (2013), Docket No. ER14-84-000.

amount of \$144,621 was inadvertently excluded from the principal amount of \$15,588,925 related to the 2012 Forfeited Study Deposits reflected in the petition. The principal amount for the 2012 study deposits was therefore understated by \$144,621 making the correct distribution \$15,733,546, rather than \$15,588,925.

## **I. BACKGROUND**

### **A. Forfeiture of Interconnection Study Deposits and Interconnection Financial Security Postings**

The Generator Interconnection Procedures (“GIP”) set forth in Appendix Y to the ISO tariff govern the ISO’s collection and distribution of the forfeited funds described in this petition.

The GIP requires each interconnection customer to submit an interconnection study deposit to initiate an interconnection request. If an interconnection customer decides to withdraw its request from the interconnection queue before the first interconnection study phase is completed, the unused balance (after deduction of study costs) of its interconnection study deposit is forfeited. GIP section 3.5.1.1 requires that forfeited interconnection study deposits be allocated to market participants in the same way that penalty proceeds are allocated to market participants, as set forth in ISO tariff section 37.9.4.

The GIP also requires interconnection customers to make three interconnection financial security postings related to the interconnection customer’s cost responsibility for its interconnection network upgrades. Interconnection customers are required to make the first two of these postings prior to construction of the network upgrades. If an interconnection customer withdraws before construction of the network upgrades, the balance of its interconnection financial security posting is subject to forfeiture. In the

same manner as study deposit forfeitures, GIP section 9.4.2.6 provides that these forfeited funds are allocated to market participants in accordance with tariff section 37.9.4.

**B. Distribution of Forfeited Funds per Section 37.9.4**

Tariff section 37.9.4 provides that, after each calendar year, the ISO will allocate forfeited funds, plus accrued interest, to the scheduling coordinators of eligible market participants.<sup>3</sup> The tariff section also sets out a formula for distributing the forfeited funds and accrued interest to the scheduling coordinators. The amount to be allocated to a scheduling coordinator is the product of:

- (a) the amount in the trust account, including interest; and
- (b) the ratio of grid management charge (“GMC”) payments made during the applicable calendar year by the scheduling coordinator on behalf of eligible market participants to the total of such amounts paid by all scheduling coordinators.

This allocation is subject to an upper limit: the payment to a scheduling coordinator cannot exceed the amount of GMC paid by the scheduling coordinator during the applicable calendar year on behalf of all eligible market participants that the scheduling coordinator represents.

When the ISO distributes the funds to the scheduling coordinator, the scheduling coordinator is then responsible for distributing the amounts to the eligible market participants that it represents, in proportion to each market participant’s share of the

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<sup>3</sup> For purposes of penalty allocation, eligible market participants are those market participants that were not assessed a financial penalty under tariff section 37 during the relevant calendar year. This limitation on eligibility does not apply to the allocation of forfeited interconnection study deposits and interconnection financial security postings.

GMC that the scheduling coordinator paid during the relevant calendar year on the market participant's behalf.

Tariff section 37.9.4 requires the ISO to “obtain FERC’s approval of its determination of eligible Market Participants and their respective shares of the trust account proceeds” before distributing the forfeited funds.

## **II. REQUEST FOR APPROVAL OF DISTRIBUTION**

The ISO seeks approval to distribute the forfeited funds from interconnection customers that withdrew in calendar year 2012, plus the accrued interest, in accordance with this amended petition. As shown in the first and second rows of the table below, for the 2012 GMC distribution calendar year, the ISO collected a total of \$19,874,521 in forfeited funds for interconnection study deposits and interconnection financial security postings.<sup>4</sup> As of February 28, 2014, these forfeited funds had accrued a total of \$24,041 in interest. Thus, the current calculation of the total amount to be distributed for withdrawals occurring in 2012 is \$19,898,562.

The ISO is also seeking approval to distribute funds from an interconnection customer that withdrew in 2011 that were not available for distribution at the time of the ISO’s 2012 distribution petition. The shortfall for this customer was collected in 2013, and therefore the ISO is proposing to distribute these funds to scheduling coordinators, in accordance with tariff section 37.9.4, based on GMC data from calendar year 2011.

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<sup>4</sup> Under the ISO’s interconnection procedures, interconnection financial security postings are held by the participating transmission owners and refunds of non-forfeited amounts are made by the participating transmission owners. Participating transmission owners transfer the forfeited funds to the ISO for distribution in accordance with the ISO tariff. The ISO has been advised that there is a shortfall in the amount to be distributed affecting one interconnection customer that withdrew in 2012. The ISO is consulting with the affected participating transmission owner and will file a subsequent petition if additional funds become available for distribution.

As shown in the third row of the table below, the amount of this shortfall to be distributed is \$423,200 along with \$287 in accrued interest.

Upon receiving Commission approval to distribute the forfeited funds, the ISO will recalculate the final interest amount to reflect the accrued interest as of the day the distribution occurs.

<b>Forfeited Funds</b>	<b>Amount</b>	<b>Prorated Interest</b>	<b>Total</b>	<b>GMC Distribution Calendar Year</b>
2012 Forfeited Interconnection Study Deposits	\$15,733,546	\$18,857	\$15,752,403	2012
2012 Forfeited Interconnection Financial Security Postings	\$4,140,975	\$5,184	\$4,146,159	2012
2011 Forfeited Interconnection Financial Security Postings (Collected in 2013)	\$423,200	\$287	\$423,487	2011
Total	\$20,297,721	\$24,328	\$20,322,049	

Using this forfeiture and accrued interest data, the ISO has calculated the allocation of forfeited funds under the methodology set forth in tariff section 37.9.4. The results of that calculation are included in Attachment 1 for the 2012 GMC distribution calendar year and in Attachment 2 for the 2011 GMC distribution calendar year. The ISO will update the interest calculations prior to distribution following issuance of a Commission order in response to this petition.

### **III. REQUEST FOR CONFIDENTIAL TREATMENT**

Consistent with the approach the ISO has followed in its previous filings for Commission approval of distribution of penalty proceeds, the ISO is requesting that

Attachments 1 and 2 be afforded privileged treatment under 18 C.F.R. § 388.112.<sup>5</sup> Public disclosure of the information would identify the names of interconnection customers that withdrew from the ISO generation interconnection queue or before the construction of network upgrades. In accordance with its practice of maintaining the confidentiality of commercially sensitive information, the ISO does not make interconnection customer names publicly available prior to customers executing an interconnection agreement, and therefore identifies interconnection requests only by queue number on the ISO website page for the generator interconnection queue.<sup>6</sup> The ISO requests privileged treatment of Attachments 1 and 2 in order to continue to preserve the confidentiality of this information.

#### **IV. CORRESPONDENCE AND MARKET NOTICE**

The ISO requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

Sidney M. Davies  
Assistant General Counsel  
California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Tel: (916) 608-7144  
Fax: (916) 608-7236  
[sdavies@caiso.com](mailto:sdavies@caiso.com)

Because this matter may be of interest to all scheduling coordinators, the ISO will issue a market notice of this filing.

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<sup>5</sup> See, for example, the ISO's petition for distribution of forfeited funds collected in calendar year 2011, filed in Docket No. ER13-547-000 on December 11, 2012. The Commission granted the requested privileged treatment and accepted the ISO's petition by letter order issued on March 13, 2013.

<sup>6</sup> See <http://www.caiso.com/planning/Pages/GeneratorInterconnection/Default.aspx>.

## V. CONCLUSION

For the reasons explained above, the ISO requests that the Commission approve the distribution of forfeited funds in accordance with the allocation set forth in Attachments 1 and 2 to this filing, and provide privileged treatment of Attachments 1 and 2 under 18 C.F.R. § 388.112.

Respectfully submitted,

**By: /s/ Sidney M. Davies**

Roger E. Collanton

General Counsel

Sidney M. Davies

Assistant General Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Tel: (916) 608-7144

Fax: (916) 608-7236

[sdavies@caiso.com](mailto:sdavies@caiso.com)

Attorneys for the California Independent  
System Operator Corporation

March 20, 2014

**ATTACHMENT 1**

**[ATTACHMENT CONSISTS OF PRIVILEGED MATERIAL**

**FILED PURSUANT TO 18 C.F.R. § 388.112]**

**Amended Petition of the California Independent System Operator Corporation for  
Disposition of Forfeited Funds Collected in Connection With Processing  
Generator Interconnection Requests**

**Filed March 20, 2014**

**ATTACHMENT 2**

**[ATTACHMENT CONSISTS OF PRIVILEGED MATERIAL**

**FILED PURSUANT TO 18 C.F.R. § 388.112]**

**Amended Petition of the California Independent System Operator Corporation for  
Disposition of Forfeited Funds Collected in Connection With Processing  
Generator Interconnection Requests**

**Filed March 20, 2014**

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in 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. § 385.2010).

Dated at Folsom, California this 20<sup>th</sup> day of March, 2014.

*S/ Sarah Garcia*

Sarah Garcia