



customers) solar generating facilities (projects).<sup>3</sup> Each proposed project consists of the generating facility and the interconnection customer's interconnection facilities.<sup>4</sup> The SGAs specify the terms and conditions pursuant to which: (a) SoCal Edison and CAISO will provide interconnection service; (b) SoCal Edison as the participating transmission owner (Participating TO) will design, procure, construct, own, operate and maintain the Participating TO's interconnection facilities; and (c) interconnection customer(s) will pay for the Participating TO's interconnection facilities. CAISO explains that, as further discussed below, Silverado informed CAISO and SoCal Edison that it objects to certain provisions found in the SGAs. CAISO states that it filed the unexecuted SGAs, as requested by the interconnection customers, pursuant to protocols in the CAISO Generator Interconnection Procedures (GIP).<sup>5</sup>

## II. Procedural Matters

### A. Notice of Filings and Responsive Pleadings

3. Notice of the CAISO and SoCal Edison tariff filings was published in the *Federal Register*, 41 Fed. Reg. 41,367 (2012), with interventions and protests due on or before

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<sup>3</sup> CAISO states that because it received the interconnection requests on December 15, 2010, they are being processed under the CAISO tariff Appendix Y Generator Interconnection Procedures (GIP) which the Commission accepted with an effective date of December 19, 2010. CAISO explains that under the terms of the GIP, small generator interconnection requests received close in time to the GIP effective date were transitioned to the GIP for processing. CAISO adds that it refers to these interconnection requests as the SGIA transition cluster. No party protested these interconnection requests being transitioned to the GIP.

<sup>4</sup> SGAs among SoCal Edison, CAISO and the Western Antelope Dry Ranch LLC (Dry Ranch) for a proposed 10 megawatt solar generating facility were filed in Docket Nos. ER12-2206-000 and ER12-2207-000, by SoCal Edison and the CAISO, respectively, and designated as Service Agreement No. 124 under the SoCal Edison Transmission Owner Tariff, and Service Agreement No. 2566 under the CAISO Tariff. Similarly, SGAs among Western Antelope Blue Sky Ranch A LLC (Blue Sky Ranch), a 20 megawatt solar generating facility, were filed in Docket Nos. ER12-2208-000 and ER12-2209-000, by SoCal Edison and the CAISO, respectively, and designated as Service Agreement No. 125 under the SoCal Edison Transmission Owner Tariff, and Service Agreement No. 2567 under the CAISO Tariff.

<sup>5</sup> See section 11.3 of the GIP requiring an interconnection customer to either execute the tendered Generator Interconnection Agreements (GIA) or request that the applicable Participating TO(s) and CAISO file unexecuted GIAs with the Commission.

July 26, 2012. Motions to intervene in the CAISO dockets<sup>6</sup> were filed by the California Department of Water Resources State Water Project and SoCal Edison.<sup>7</sup> Motions to intervene and protests were filed in all dockets by Silverado and the Large-scale Solar Association (LSA). On August 10, 2012, SoCal Edison filed motions for leave to respond and responses to the protests of Silverado and LSA. On August 24, 2012, Silverado filed motions for leave to file an answer and answers to SoCal Edison's responses.

### **B. Deficiency Letter and Responses**

4. Finding that additional information was required to process these filings, on August 10, 2012, the Commission issued a deficiency letter directing SoCal Edison and CAISO to submit additional information, within 30 days of the issuance of the deficiency letter, regarding interconnection configuration of the protection system referred to in the two unexecuted SGIAs. SoCal Edison filed its response to the deficiency letter on September 7, 2012. Notice of SoCal Edison's response was published in the *Federal Register*, 77 Fed. Reg. 56,828 (2012), with comments due on or before September 28, 2012. On September 10, 2012, CAISO filed a motion for an extension of time to respond to the deficiency letter. On September 11, 2012, the Commission issued a notice granting CAISO an extension of time, extending the due date for CAISO's response to September 17, 2012. CAISO filed its response to the deficiency letter on September 17, 2012. Notice of CAISO's response was published in the *Federal Register*, 77 Fed. Reg. 63,306 (2012), with comments due on or before October 12, 2012. Silverado filed comments on the deficiency responses on September 28, 2012. On October 12, 2012, SoCal Edison filed a motion for leave to answer and answer to Silverado's comments.

5. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2012), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2012), prohibits an answer to a protest and/or answer unless otherwise ordered by the decisional authority. We will accept SoCal Edison's responses and answer and Silverado's answers because they have provided information that assisted us in our decision-making process.

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<sup>6</sup> Docket Nos. ER12-2207-000 and ER12-2209-000.

<sup>7</sup> SoCal Edison moved to intervene in Docket Nos. ER12-2207-000 and ER12-2209-000.

### III. Discussion

#### A. Disputed Issues in the Filings

##### 1. Reclassification of Facilities

6. SoCal Edison explains that EKWRA upgrades and mitigation measures identified in the Phase II Interconnection Study Report<sup>8</sup> will reconfigure the entire Antelope-Bailey 66 kV system and potentially reclassify proposed network upgrades to non-network facilities. If reclassified, the non-network facilities would no longer be within CAISO's jurisdiction. SoCal Edison states that Silverado was notified at the Phase II report results meeting on September 23, 2011, of this potential reclassification from transmission to distribution of facilities and cessation of the required repayment for network upgrades<sup>9</sup> already financed by Silverado.

7. A provision in Attachment 2 to the Dry Ranch and Blue Sky Ranch SGIAs states that upon the effective date of the reclassification, the CAISO and SoCal Edison obligation to provide repayment of amounts advanced for network upgrades or congestion revenue rights<sup>10</sup> associated with the reclassified facilities will cease.<sup>11</sup> The reclassification provision also states that should the point of interconnection change from the CAISO controlled grid to the distribution system, then SoCal Edison and the interconnection customer will negotiate in good faith to replace the SGIA with a GIA consistent with the *pro forma* agreement contained in SoCal Edison's Wholesale Distribution Access Tariff (WDAT).

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<sup>8</sup> SoCal Edison, transmittal letters, Docket Nos. ER12-2206-000 and ER12-2208-000 at 4. *See also* August 19, 2011 QC1 and QC2 Phase II Interconnection Study Report for Transition of Existing SGIP (Small Generator Interconnection Procedures) Interconnection Requests to the GIP.

<sup>9</sup> SGIA Article 5.3.1, Repayment of Amounts Advanced for Network Upgrades, provides for a payment to the interconnection customer by the Participating TO of either direct payments made on a levelized basis over a five-year period, or an alternative mutually agreed upon schedule that ends in five years.

<sup>10</sup> SGIA Article 5.3, Transmission Credits, provides that the interconnection customer, no later than thirty days prior to commercial operation, may make a one-time election to receive congestion revenue rights in lieu of a refund of the cost of network upgrades in accordance with Article 5.3.1.

<sup>11</sup> *See* Dry Ranch/Blue Sky Ranch SGIAs, Attachment 2, Description of Costs, section 18 (a) Reclassification of Network Upgrades (reclassification provision).

8. In addition, the reclassification provision states that upon the effective date of the replacement GIA, the parties will terminate the SGIA. CAISO and SoCal Edison state that Silverado opposes the reclassification provision and requests its deletion from the SGIA.

#### Silverado and LSA Protests

9. In their separately filed protests to the SGIA, Silverado and LSA argue that the proposed SGIA reclassification provision is premature because, as CAISO states in the instant filings, it is not yet clear whether the reliability network upgrades will become radial in nature and, therefore, subject to removal from CAISO operational control.<sup>12</sup>

10. LSA requests that the Commission reject the inclusion of the reclassification provision in the SGIA for several reasons. LSA argues first that unless and until the reclassification is approved and implemented, it is premature to include provisions dealing with the change. LSA further argues that CAISO should engage in a broad stakeholder process to determine how system reconfigurations should be treated before making unilateral and case-by-case, non-conforming changes to *pro forma* GIAs. LSA suggests that if CAISO does not develop such a policy through a stakeholder process, the unilateral rate change provisions of the Commission-approved *pro forma* SGIA permit SoCal Edison to file a proposed SGIA modification with the Commission if and when such changes are necessary and appropriate.<sup>13</sup>

11. In addition, LSA opposes SoCal Edison and CAISO adding a non-conforming provision in a GIA that would prospectively determine the rules for hypothetical reconfigurations of a transmission system. LSA argues that it is not appropriate for the Commission to rule on this potentially major policy issue through a single SGIA where numerous potentially interested stakeholders have not had an opportunity to participate in any meaningful way and the implications of the proposed provisions have not been fully explored or examined for compliance with Commission policy.

12. LSA contends that if the Commission permits the reclassification provision to be included in these SGIA, SoCal Edison and CAISO likely will take the position that they may include the same or similar provisions in all cases where a future reclassification of facilities from network to distribution may occur at some future date. LSA argues that this would impose a substantial additional financial burden on numerous other interconnection customers who are not parties in the current proceeding.

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<sup>12</sup> Silverado protest at 7 (citing CAISO filings, Docket Nos. ER12-2207-000 and ER12-2209-000 at 5).

<sup>13</sup> See SGIA article 12.12, Reservation of Rights.

13. Alternatively, LSA requests that if the Commission does allow SoCal Edison and CAISO to include the reclassification provision in this SGIA, the Commission specifically find that the decision will not have precedential value for future cases where reclassification of network upgrades may occur. LSA also requests the Commission find that CAISO and SoCal Edison must demonstrate in each such future case that inclusion of the reclassification provision is necessary, just, and reasonable.

14. Silverado requests, due to the late stage in the process of its interconnection requests, that its projects be exempted from any potential reclassification of network upgrades. Silverado argues that in the past, CAISO has exempted later-staged projects that satisfy specified advanced-status criteria in order not to significantly disrupt the projects under a new set of rules.

15. Silverado states that its CPUC-approved power purchase agreement to sell renewable energy was awarded as part of a competitive solicitation process that considered both energy and network upgrade costs when determining the value of renewable energy. Silverado states that since its Phase II study report identified certain facilities as reimbursable network upgrades, the financing, development and construction of the interconnection projects partially depends upon reimbursement of customer-advanced network upgrade costs.

16. Lastly, Silverado argues that the reclassification provision contravenes section 35.15 of the Commission's rules and regulations, as well as SGIA termination provisions. The Commission's regulations require the filing of a notice of SGIA termination with the Commission.<sup>14</sup> Silverado contends that an automatic SGIA termination based upon a reclassification of upgrades from network to distribution would remove the advantages of a contemporaneous Commission consideration of facts and circumstances that would occur with a section 205 filing in which the filing party is requesting rather than assuming SGIA termination.

#### SoCal Edison's Answer

17. SoCal Edison responds that it is reasonable to include the contested reclassification provision in the SGIA as a clarification for the interconnection customer

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<sup>14</sup> See 18 C.F.R. § 35.15 (stating that for any rate schedule, tariff or service agreement that is required to be on file with the Commission, a filing must be made to cancel or terminate such schedule or agreement at least 60 days prior to the proposed effective date of such termination). See also SGIA section 3.3, Termination (stating that no termination shall become effective until the parties have complied with all laws and regulations applicable to such termination, including the filing with FERC of a notice of termination of this SGIA (if required), which notice has been accepted for filing by FERC).

of how such changes may impact the SGIA if they occur. SoCal Edison asserts that, consistent with Commission policy, transmission credits for the cost of network upgrades would be provided until such time as the facilities are reclassified as distribution upgrades.

18. SoCal Edison disagrees with Silverado's interpretation of the reclassification provision, which in part states that upon the effective date of the replacement GIA the parties will terminate the SGIA.<sup>15</sup> SoCal Edison asserts that the reclassification provision does not suggest that the Commission is to be excluded, and offers to further clarify matters by inserting additional language to explain that termination is conditioned upon the Commission's approval.

19. SoCal Edison also disagrees with the premise that the interconnection customer is unconditionally entitled to full repayment for network upgrades upon the commercial operation date.<sup>16</sup> Specifically, SoCal Edison contends that if the point of interconnection is no longer to the transmission network under CAISO control, and becomes a point on the distribution system, then the terms of the SGIA would no longer apply. Thus, the obligation to pay refunds for those facilities would cease.

20. SoCal Edison further disagrees with the argument that because the generating projects are in the late stage of development, they should be exempted from any potential reclassification of network upgrades. SoCal Edison argues that the September 23, 2011 notification to interconnection customers of the potential upgrade reclassification preceded the interconnection customers' initial interconnection financial security postings. SoCal Edison argues that the interconnection customers cannot now reasonably claim the projects should be exempt due to the late stage of development when they knew of the issue early on and chose to proceed with the projects.

21. SoCal Edison disagrees with the premise that because the reclassification of facilities has not yet occurred – and thus may not occur – it should not be addressed in the SGIA. SoCal Edison argues that one of the very purposes of an interconnection agreement is to define the parties' understanding of what could happen in foreseeable scenarios. SoCal Edison contends that the Commission has ordered transmission providers to include the results in interconnection agreements of hypothetical scenarios

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<sup>15</sup> See SGIA Attachment 2 section 18 (a) (ii) Reclassification of Network Upgrades discussion of contingent outcomes associated with the EKWRA reconfiguration.

<sup>16</sup> SoCal Edison at 5 (citing *pro forma* SGIA section 5.3.1.1 which states that if the agreement terminates within five years from the commercial operation date, the Participating TO's obligation to pay refunds to the interconnection customer shall cease as of the termination date).

that may never occur, and are the very sort of provisions LSA and Silverado claim should be impermissible.<sup>17</sup>

### Silverado's Answer

22. In its answer, Silverado argues that full disclosure from SoCal Edison would include advising its customers of actual reconfiguration plans, which currently remain preliminary and subject to change. To substantiate the indefinite nature of the reclassification, Silverado points to CAISO's discussion in its instant filings that the EKWRA project alone would not cause the reclassification of network upgrades related to the interconnection projects.<sup>18</sup> Silverado argues that if certain other projects do not reach commercial operation, the reconfiguration and reclassification would not occur as contemplated in the SGIAs. Silverado agrees that it has been on notice of a potential reclassification since the Phase II results meeting but states that the potential reclassification was so uncertain in 2011 that Silverado could not have reasonably relied upon the information provided.

### Commission Determination

23. Pursuant to Order No. 2006<sup>19</sup>, the SGIP includes several *pro forma* agreements to provide interconnection service to generators that are no larger than 20 megawatts.<sup>20</sup> Use

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<sup>17</sup> As an example, SoCal Edison states that even though higher-queued generators might not drop out of the interconnection queue, transmission providers are still required to fully disclose the potential financial impact on interconnection upgrade costs of such a possibility. *See Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160, at P 320, *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert denied*, 552 U.S. 1230 (2008).

<sup>18</sup> *See* CAISO filings, Docket Nos. ER12-2207-000 and ER12-2209-000, transmittal letters at 5.

<sup>19</sup> *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, FERC Stats. & Regs. ¶ 31,180, *order on reh'g*, Order No. 2006-A, FERC Stats. & Regs. ¶ 31,196 (2005), *order granting clarification*, Order No. 2006-B, FERC Stats. & Regs. ¶ 31,221 (2006).

<sup>20</sup> Among the agreements appended to the Small Generator Interconnection Procedures are the Interconnection Request, the Interconnection Study Agreements, and the Small Generator Interconnection Agreement.



of the *pro forma* agreements to accommodate interconnection service requests reduces time and costs for interconnection customers and transmission providers and helps remedy undue discrimination.<sup>21</sup> However, the Commission recognized that there would be a small number of extraordinary interconnections where unique factors would call for the filing of a non-conforming agreement.<sup>22</sup> A transmission provider seeking a case-specific deviation from a *pro forma* interconnection agreement bears the burden of justifying and explaining what makes the interconnection unique and what operational concerns or other reasons necessitate the variations.<sup>23</sup> The Commission analyzes the variations to ensure that operational or other reasons necessitate the non-conforming agreement.<sup>24</sup>

24. Under Commission policy, the interconnection customer must bear the cost of necessary interconnection facilities and distribution upgrades.<sup>25</sup> Also, the interconnection customer must initially fund the cost of network upgrades, but is entitled to credits against its charges for transmission delivery service equal to the amount funded, plus interest.<sup>26</sup> Pursuant to both the Commission's *pro forma* SGIA and the CAISO SGIA, Article 4.1.1 states that the interconnection customer shall pay for the cost of the interconnection facilities as itemized in Attachment 2 of the SGIA: "Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment." Attachment 2 of the SGIA was left blank for the identification and itemization of customer-specific facilities and equipment associated with the interconnection facilities.

25. In the Blue Sky Ranch and Dry Ranch SGIA Attachment 2, SoCal Edison has enumerated a set of contingencies, which could lead to a reclassification of network upgrades to distribution upgrades. SoCal Edison argues that it is necessary to include these contingencies as a full disclosure of how an EKWRA reconfiguration, if and when it occurs, could impact the interconnection customers' cost responsibility.

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<sup>21</sup> Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 1.

<sup>22</sup> See Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at PP 560-562.

<sup>23</sup> See, e.g., *PJM Interconnection, L.L.C.*, 111 FERC ¶ 61,098, at P 9 (2005) (*PJM Order*); see also *El Paso Electric Co.*, 110 FERC ¶ 61,163, at P 4 (2005).

<sup>24</sup> See *PJM Order*, 111 FERC ¶ 61,098 at P 9.

<sup>25</sup> See Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 425.

<sup>26</sup> *Id.*

26. However, CAISO states that it is not yet clear whether the reliability network upgrades identified in the SGIAAs will become radial in nature, and therefore, subject to a likely SoCal Edison request for their reclassification. CAISO also states that the EKWRA reconfiguration alone will not cause the network upgrades to become distribution upgrades.

27. We conditionally accept the SGIAAs; however, we reject the reclassification provision as a material deviation that is beyond the scope of the Attachment 2 provision. The express purpose of SGIA Attachment 2 is to provide an estimate of the costs for the small generating facilities, interconnection facilities, and metering equipment.<sup>27</sup> In contrast, the proposed reclassification provision addresses whether and to what extent the interconnection customer may be eligible for repayment of network upgrades depending upon a number of contingencies not related to Attachment 2 cost estimates.

28. We also note that the CAISO GIP already provides that the transmission owner/provider and interconnection customer(s) meet and discuss study findings, which should include disclosure of the ramifications of the EKWRA reconfiguration project, within thirty days of providing the final study report to an interconnection customer.

29. We direct CAISO and SoCal Edison to remove the reclassification provision and refile the SGIAAs in compliance filings within 30 days of the date of this order.

30. Also, we reject Silverado's request for exemption from any potential reclassification of network upgrades. We find that in the instant filings CAISO describes the EKWRA reconfiguration project as one of the reliability mitigation measures necessary to accommodate interconnection of new generation in that region.<sup>28</sup> Informed of this possibility, Silverado nevertheless made a business decision to proceed with interconnection despite the risk of upgrades being reclassified from network to distribution. Under these circumstances, we find the request for exemption to be inappropriate based on the disclosure of the reliability mitigation measures necessary for interconnection.

31. We also find that reclassifying upgrades from network to distribution would require a posting on the CAISO website with an opportunity for interested parties to submit written comments and where unresolved issues could be submitted to CAISO alternative dispute resolution procedures.<sup>29</sup> Alternatively, CAISO could apply to the

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<sup>27</sup> *See So. Cal. Edison Co.*, 141 FERC ¶ 61,041 (2012).

<sup>28</sup> *See* CAISO transmittal letter at 2.

<sup>29</sup> *See id.* at 5.

Commission for approval of the reclassification of facilities.<sup>30</sup> In any event, because the potential effects of the reliability mitigation measures on these projects is unclear, exempting the interconnection projects at this stage would not be appropriate.

## 2. Protective Relays and Communications Equipment

32. The SGIA includes a list of the interconnection facilities that the interconnection customers are responsible for installing. These facilities include telecommunication equipment and protective relays. SoCal Edison states that Silverado objects to CAISO and SoCal Edison's classification of telecommunication equipment and protective relays at Antelope Substation as interconnection facilities and instead believes that they are network upgrades.<sup>31</sup> CAISO states that the Commission has found previously that certain telecommunications facilities were interconnection facilities because they did not provide benefits to the CAISO controlled grid and they were not "at-or-beyond" the point of interconnection.<sup>32</sup>

### Silverado Protest

33. Silverado contends that the Commission has found previously that a remedial action scheme, which uses telecommunication equipment and protective relays, provides benefits to the entire transmission network and should be shared by all customers on the integrated grid.<sup>33</sup> Silverado also states that, in contrast to *Green Borders* in which the facilities in question were found not to be at or beyond the point of interconnection, the facilities here are to be installed at the point of interconnection - the Antelope substation - and at the generating facility.

34. Silverado asserts that the facilities provide benefits to SoCal Edison's transmission grid, stating that if primary protection fails on a line remote from the Antelope substation, CAISO can use the telecommunication equipment to open the breakers at the Antelope substation to prevent the spread of outages. As such, Silverado contends that the telecommunication equipment and protective relays in the SGIA will enable the Blue Sky Ranch and Dry Ranch Projects to participate in special protections systems (SPS) to be

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<sup>30</sup> *Id.*

<sup>31</sup> See SGIA Attachment 2 description and costs of small generating facility, interconnection facilities and metering equipment.

<sup>32</sup> See CAISO transmittal letter at 8 (citing *So. Cal. Edison Co.*, 139 FERC ¶ 61,185 (2012) (*Green Borders*)).

<sup>33</sup> See Silverado Protest at 28 (citing *So. Cal. Edison Co.*, 97 FERC ¶ 61,148 (2001) (*Wildflower*)).

implemented by SoCal Edison in order to protect the reliability of its transmission system.<sup>34</sup>

### SoCal Edison's Response

35. SoCal Edison states that the telecommunication equipment at issue is located on the customer side of the interconnection at Antelope substation, which then connects back to the generating facility, and the protective relays at issue at Antelope are exclusively used to detect faults on the generation tie-line.<sup>35</sup> SoCal Edison further states that all of the facilities at issue are located behind the point of interconnection to the transmission system, and that the configuration utilized in Silverado's interconnection is exactly the same as that present in *Green Borders*, where the Commission held the telecommunication equipment was properly classified as interconnection facilities.<sup>36</sup>

36. SoCal Edison states that none of the studies performed for this project have identified the need to add this project into an a SPS at this time and that the language in the agreement is included to specify that this project may be added into a future SPS at a later point in time as system requirements change. SoCal Edison further states that local breaker failure protection is implemented within the mechanical electrical equipment room at the Antelope substation without the telecommunication equipment that is being protested, and does not utilize the protective relays in question.<sup>37</sup>

### SoCal Edison's Response to Commission Data Request

37. SoCal Edison submitted a schematic depicting the physical location of the disputed interconnection facilities.<sup>38</sup> SoCal Edison states that the telecommunication equipment and protective relays at issue are located on the customer side of the

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<sup>34</sup> *Id.* at 29.

<sup>35</sup> *See* SoCal Edison Response at 21.

<sup>36</sup> *Id.*

<sup>37</sup> *Id.* at 22.

<sup>38</sup> SoCal Edison also submitted its Interconnection Handbook. Section 8.1 of the Handbook contains telecommunication requirements to be used as informational guidelines to facilitate a typical telecommunication equipment installation at an interconnected facility. According to the Handbook, there are several types of telecommunication equipment, including fiber optic cable, which SoCal Edison will consider for a particular interconnection, and protection-related telecommunications may be required as determined by SoCal Edison protection engineering staff.

interconnection at Antelope substation and that the sole purpose of these facilities is to provide generator tie-line protection and to support the generators remote terminal unit.<sup>39</sup>

#### Silverado's Answer to SoCal Edison's Response

38. Silverado states that SoCal Edison wrongly asserts that the telecommunication equipment and protective relays at issue are comparable to those in *Green Borders*.<sup>40</sup> Silverado contends that the telecommunication equipment is not necessary for Silverado's generation tie-line to remain in service to supply station light and power in the event that Silverado's generation is tripped. Silverado argues that solar photovoltaic (PV) generation has a modest need for station service power that can be obtained from batteries and backup generators in the event of a generation trip. Silverado adds that SoCal Edison could employ impedance and overcurrent relays at Antelope to open the generation tie-line in the event of a fault, without the need for telecommunication equipment.

39. Lastly, Silverado states that SoCal Edison contradicts itself by stating that there are no plans to include Silverado's project in an SPS at this time, but implying that there would be in the future.<sup>41</sup>

#### Silverado's Comments on SoCal Edison's Response to Commission Data Request

40. Silverado states that protection of a generation tie-line for an asynchronous generator, such as a solar PV project, does not require the same equipment as is required for a synchronous generator. Silverado argues that relays and breakers at its project on the generation tie-line will open the generation tie-line in the event of a fault without the need for a telecommunication link to Antelope substation.<sup>42</sup>

#### SoCal Edison's Answer to Silverado's Comments

41. SoCal Edison maintains that Silverado ignores and fails to dispute the fact that the telecommunication and relay equipment are located between the interconnection customers' generation facilities and the point of interconnection to the CAISO grid.<sup>43</sup>

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<sup>39</sup> See SoCal Edison Response to Data Request at 1-3.

<sup>40</sup> See Silverado Answer at 28.

<sup>41</sup> *Id.* at 30.

<sup>42</sup> See Silverado Comments at 3-4.

<sup>43</sup> See SoCal Edison Answer at 2.

SoCal Edison further states that Silverado mischaracterizes the telecommunication and relay equipment identified in the SGIAs as superfluous and necessary only for SoCal Edison's benefit.

42. SoCal Edison states that Silverado attempts to confuse the issue by suggesting that the protection requirements identified for the generation tie-line should somehow be linked to the generation resource connected at the end of the line. SoCal Edison further states that its concern is not the amount of fault duty contribution from the generation source connected to the end of the generation tie-line, but rather the duration of time needed to clear faults on the generation tie-line. SoCal Edison adds that without the telecommunication equipment, generation tie-line protection coordination with protection relays on the interconnection customers' photovoltaic distribution feeders would create adverse and unnecessary time delays in removing a faulted element.<sup>44</sup>

43. SoCal Edison states that Silverado's suggested solution of overcurrent relays is inappropriate as their use would introduce adverse and unnecessary time delay.<sup>45</sup> SoCal Edison explains that overcurrent relays require more time to recognize that a faulted condition actually occurred on the generation tie-line (and not internal to the solar PV distribution feeders) prior to taking the necessary corrective action. SoCal Edison contends that Silverado's suggested approach will likely subject all customers to reliability concerns associated with the longer clearing times of faults on the customer's generation tie line. SoCal Edison argues that this is not consistent with good utility practice.

44. SoCal Edison states that in some circumstances it may be feasible to utilize overcurrent relay protection to replace one of the communication-based relay systems; however, more detailed information is needed to adequately model the interconnection customer's generation tie-line (and the projects connected to the tie-line) before such a determination could be made.<sup>46</sup>

45. SoCal Edison further states that the determination to replace one of the communication-based relay systems with an overcurrent relay protection system will be further vetted as part of the project's final engineering and design -- provided that the interconnection customers furnish all necessary information associated with each project intending to share the generation tie-line. SoCal Edison adds, however, that replacement of one of the communication-based relay systems will not eliminate the need for the other

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<sup>44</sup> *Id.* at 3.

<sup>45</sup> *Id.* at 4.

<sup>46</sup> *Id.* at 5.

fiber telecommunication. In addition, such need is unlikely to change as part of final engineering and design as it is impractical to effectively utilize such relays on very short lines such as the one proposed by the interconnection customers.

46. Lastly, SoCal Edison argues that its statements that the telecommunication equipment can be used to support a future SPS were not intended to imply that the telecommunication equipment is needed for the SPS. Rather, they were meant to indicate that SoCal Edison would leverage the necessary telecommunication equipment already required for adequate line protection in a manner that would offer a benefit of maintaining station light and power.<sup>47</sup> SoCal Edison adds that if a customer, such as Silverado, does not desire SoCal Edison to maintain station light and power, any future SPS could be designed in such a manner and thus would not need to use the telecommunication equipment that should be in place to provide adequate line protection.

#### Commission Determination

47. We find that SoCal Edison has correctly classified the telecommunication and protective relay equipment at issue based on their location and function.<sup>48</sup> Because the facilities are not located at or beyond the point of interconnection, and because we do not find that they provide distinct benefits to the CAISO-controlled grid, we find that they have been properly classified as interconnection facilities (and not network upgrades).

48. Regarding location, consistent with the Commission's "at-or-beyond" criterion, to be considered network upgrades, the facilities ordinarily must be located at or beyond the point where the interconnection customer's generating facility interconnects to the transmission provider's transmission system.<sup>49</sup> SoCal Edison provided a detailed schematic depicting the physical location of the interconnection facilities that clearly shows the telecommunication equipment in question are located on the customer side of the interconnection at Antelope substation.<sup>50</sup> Silverado does not dispute SoCal Edison's description of the location of the facilities in question. As such, we find that the telecommunication equipment is on the customer side of the interconnection at Antelope.

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<sup>47</sup> *Id.* at 6.

<sup>48</sup> The telecommunication and protective relay equipment costs approximately \$1.5 million and includes two fiber optic cables.

<sup>49</sup> *See* Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at PP 22, 65-66, 676.

<sup>50</sup> *See* SoCal Edison Response to Data Request, Figure 1.

49. Silverado argues that the telecommunication equipment and protective relays nevertheless should be classified as network upgrades citing *Wildflower*, wherein the Commission found that the remedial action scheme, which uses telecommunication equipment and protective relays, provides benefits to the entire transmission network and should be shared by all customers on the integrated grid.<sup>51</sup> However, *Wildflower* is inapposite because the facilities at issue in *Wildflower* were located beyond the point of interconnection, whereas the facilities at issue in the instant proceeding are located *behind* the point of interconnection.<sup>52</sup>

50. In *Green Borders*, the telecommunication facilities were located on the customer side of the interconnection at SoCal Edison's Control Substation, and traveled back to the generating facility.<sup>53</sup> Similarly, in the instant filing, the telecommunication facilities at issue are located on the customer side of the interconnection at the Antelope substation, which then travel back to the generating facility.

51. As to function, we do not find that these facilities provide distinct benefits to the CAISO-controlled grid. We reject Silverado's argument that the facilities in question should be classified as network upgrades because they could be used in the future to provide network benefits to SoCal Edison's transmission system, such as in the implementation of an SPS. As SoCal Edison states, none of the studies performed for this project have identified the need to add this project into an SPS at this time and the language in the agreement is included to specify that this project may be added into a future SPS at a later point in time as system requirements change. We find the purpose and primary function of these facilities is to provide generator tie-line protection and to support the generators remote terminal unit.

52. We find that the telecommunication facilities are behind the point of interconnection and should be classified as interconnection facilities based on their location and function. Silverado argues that SoCal Edison can obtain all necessary system protection by using overcurrent relays only at the point of interconnection instead of using high-cost fiber optic cable.<sup>54</sup> In response, SoCal Edison states that it is willing to study the issue, but that it would need more detailed information to adequately model the interconnection customer's generation tie-line and the projects connected to the

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<sup>51</sup> See Silverado Protest at 28 (citing *Wildflower*, 97 FERC ¶ 61,148).

<sup>52</sup> See *Wildflower*, 97 FERC ¶ 61,148.

<sup>53</sup> See *Green Borders*, 139 FERC ¶ 61,185.

<sup>54</sup> See Silverado Comments at 5.



generation tie-line before such a determination can be made.<sup>55</sup> SoCal Edison's commitment to study the feasibility of replacing one of the communications-based relay systems with an overcurrent relay protection system as part of the project's final engineering and design is reasonable. Additionally, SoCal Edison must provide all parties with the results of such studies to ensure full transparency.

### **3. SGIA Effective Date and Commercial Operation Date**

53. SoCal Edison and CAISO each request that the SGIAs become effective as of July 6, 2012, i.e., one day after the date on which they were filed with the Commission, so that the parties may commence construction activities. They also request an in-service date of June 30, 2014 and a commercial operation date of July 30, 2014, which is 30 calendar days after the current in-service date. SoCal Edison states that Silverado opposes the current in-service date and instead requests an in-service date of October 1, 2013, and an October 31, 2013 commercial operation date.<sup>56</sup>

54. SoCal Edison and CAISO explain that the reliability network upgrades required for the interconnection of the projects require twenty-four months to construct. They further explain that construction cannot commence until the SGIAs are effective and the projects have made their third financial postings.

#### Silverado Protest

55. Silverado argues that there is no reason to delay the in-service date or the commercial operation date. Silverado contends that SoCal Edison and CAISO have had ample opportunity to begin construction of the reliability network upgrades while the parties resolve their disagreement over the proposed reclassification provision. Silverado also asserts that because of SoCal Edison's improper refusal to provide an Engineering & Procurement Agreement (E&P Agreement) in a timely manner as required by the CAISO GIP, seven months have been lost during which SoCal Edison could have proceeded with E&P long lead-time items needed to interconnect the projects.<sup>57</sup>

56. Silverado states that it supports efforts to expedite construction but that the requested SGIA effective date of July 6, 2012, may result in inadvertent financial consequences. Silverado states that under the SGIA, it must submit security to SoCal Edison for the estimated tax liability for the cost of the upgrades identified in the SGIA

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<sup>55</sup> See SoCal Edison Answer at 5.

<sup>56</sup> See SGIA Attachment 4 milestones.

<sup>57</sup> See CAISO Tariff Appendix Y GIP, section 10 procedures for GIP Interconnection Requests.

within thirty calendar days of the SGIA effective date. Silverado asserts that its combined security requirement for the two projects exceeds \$1.7 million. Silverado states that if the Commission grants the requests for waiver and the SGIAs become effective July 6, 2012, Silverado will be required to provide the \$1.7 million security within thirty days whether or not SoCal Edison and CAISO have commenced construction activities. Silverado argues that this could present a hardship to the development, financing, and construction of its respective generation projects.

57. Alternatively, Silverado states that under section 11.3 of CAISO's GIP, parties to an interconnection agreement may agree to proceed with design procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted SGIA, pending FERC action.<sup>58</sup>

#### SoCal Edison's Answer

58. SoCal Edison responds that it is willing to change the interconnection customer's financial security posting deadline for the estimated tax liability associated with upgrade costs to be concurrent with the start of construction activities.<sup>59</sup>

59. SoCal Edison asserts that the construction timeframe of 24 months reflected in the Phase II Interconnection Study report is the best estimate provided without having performed the detailed engineering and design work. SoCal Edison states that upon completion of the final engineering and design, it will provide an updated commercial operation date if it is different than the current schedule.

60. SoCal Edison argues that the in-service and commercial operation dates of June 30 and July 30, 2014, respectively, are appropriate given that the Phase II Interconnection Study report indicated a construction schedule of 24 months from the SGIA execution date. SoCal Edison states that it submitted its first draft of the SGIAs to the interconnection customers for review on October 27, 2011, but that the interconnection customers did not provide SoCal Edison with comments until March 6, 2012. SoCal Edison contends that for Silverado to allege that SoCal Edison unjustifiably delayed the projects, when the interconnection customers were also responsible for lengthy delays, is inappropriate. SoCal Edison further contends that not only did the interconnection customers' four-month delay exceed the 30 days permitted for a response under

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<sup>58</sup> See Appendix Y GIP, section 11.3, Execution and Filing of Generator Interconnection Agreement.

<sup>59</sup> See SoCal Edison Response at 25.

section 11.1 of the CAISO's GIP,<sup>60</sup> it also exceeded the 120 days allotted for the entire negotiation under section 11.2 of the GIP.<sup>61</sup>

61. SoCal Edison argues that while Silverado did request an E&P Agreement in accordance with section 10 of the GIP, SoCal Edison and CAISO agreed that it would be most prudent to negotiate and execute the current SGIA already in progress rather than to negotiate an E&P Agreement. SoCal Edison contends that applying engineering and procurement provisions under section 10 of the tariff without considering the interconnection customer's responsibility to provide its input under section 11.1.1 ignores the objective of the process – a completed interconnection agreement.

62. SoCal Edison argues that while it was prepared to file fully executed or unexecuted interconnection agreements with the Commission, the coincident negotiation and execution of both the SGIA and an E&P Agreement would have been an unnecessary use of both Interconnection Customer and SoCal Edison resources.

#### Silverado's Answer

63. Silverado argues that it requested the E&P Agreement to advance the interconnection of its project while SGIA negotiations were ongoing and while awaiting additional information from SoCal Edison.

64. Silverado states that it made several requests for information so as to make an informed decision regarding SoCal Edison's reclassification language. Silverado states that after the Phase II interconnection study results meeting, it made at least three requests for diagrams, maps and information that would identify which facilities SoCal Edison would attempt to reclassify as a result of the EKWRA project. Silverado claims that SoCal Edison provided the information during the week of August 13-17, 2012,<sup>62</sup> previously informing Silverado that a release of the requested information was

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<sup>60</sup> Section 11.1.1 of the GIP states, "The Interconnection Customer shall provide written comments, or notification of no comments, to the draft appendices to the applicable Participating TO(s) and the CAISO within (30) calendar days of receipt."

<sup>61</sup> Section 11.2 of the GIP states that if the interconnection customer has not executed and returned the GIA, requested filing of an unexecuted GIA, or initiated dispute resolution procedures pursuant to GIP section 13.5 within one hundred twenty (120) calendar days after issuance of the final Phase II Interconnection Study report, it shall be deemed to have withdrawn its interconnection request.

<sup>62</sup> See Silverado Answer at 31. Silverado states that it received this information "last week." Since the answer is dated August 24, 2012, we understand Silverado to be stating that it received the requested information some time from August 13-17, 2012.

undergoing approval. Silverado argues that SoCal Edison's delays in approving a release of EKWRA details were the reason behind Silverado's SGIA delay.

65. Silverado argues that SoCal Edison's answer demonstrates a fundamental misunderstanding of its obligations to provide an E&P agreement under section 10 of the CAISO's GIP, which are independent from Silverado's obligations to provide comments in the GIA development process under section 11 of the CAISO GIP. Silverado argues that contrary to SoCal Edison's reading of the CAISO GIP, a delay that contravenes section 11 does not absolve SoCal Edison or the CAISO of their respective responsibilities under other sections of the CAISO GIP.

66. Silverado argues that SoCal Edison did not initiate any dispute resolution procedures against Silverado and consequently, has no right to withhold the E&P Agreement. Silverado contends that SoCal Edison's failure to abide by its requirements under the CAISO GIP should not be rewarded with additional time to complete construction of these upgrades. Silverado therefore requests that the Commission direct SoCal Edison and CAISO to revise Attachment 4 of the SGIA to reflect the October 2013 in-service and commercial operation dates as initially contemplated.

#### Commission Determination

67. The Commission accepts the SoCal Edison and CAISO request for a July 6, 2012 effective date for the SGIAs in support of the commencement of construction activities. The Commission also accepts SoCal Edison's offer to change the interconnection customers' financial security posting deadline for the estimated tax liability associated with upgrade costs to be concurrent with the start of construction activities instead of thirty days after the July 6, 2012 effective date. We find that this may alleviate some of the inadvertent financial consequences mentioned by Silverado associated with having to post financial security whether or not construction has commenced. We direct SoCal Edison to include this revision in its compliance filing.

68. In addition, we accept the in-service and commercial operation dates of June 30 and July 30, 2014, respectively, as requested by SoCal Edison and CAISO because they are based on the Phase II Interconnection Study estimate indicating a construction schedule of 24 months from the SGIA execution date.<sup>63</sup> We find that, in support of the continued progress and development of these projects, that SoCal Edison should provide an E&P Agreement to Silverado if the parties believe it is necessary. We also note that SoCal Edison has agreed, when the final engineering and design has been completed, to provide an updated commercial operation date if different than the current schedule.<sup>64</sup>

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<sup>63</sup> SoCal Edison August 10, 2012 Response at 24.

<sup>64</sup> *Id.* at 25.

The Commission orders:

(A) The SGIA's are hereby conditionally accepted, effective July 6, 2012, subject to a compliance filing to include the revisions required as discussed in this order.

(B) We hereby reject the proposed SGIA reclassification provision as further discussed in this order.

(C) We hereby reject Silverado's request for exemption from any potential reclassification of network upgrades, as further discussed in this order.

(D) We hereby reject Silverado's request for in-service and commercial operation dates of October 1, and October 31, 2013, respectively, as further discussed in this order.

(E) We hereby reject Silverado's request for the classification of telecommunication equipment and protective relays identified in the SGIA as network upgrades as further discussed in this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.