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September 26, 2013

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: California Independent System Operator Corporation  
Compliance Filing  
Docket No. ER12-2643-\_\_\_\_\_**

Dear Secretary Bose:

The California Independent System Operator Corporation (“ISO”)<sup>1</sup> submits this filing in compliance with the Commission’s “Order Conditionally Accepting Compliance Filing and Dismissing Rehearing,” issued in the captioned proceeding on September 4, 2013.<sup>2</sup>

## **I. Compliance with the September 4 Order**

On April 15, 2013, the ISO submitted a filing in compliance with the Commission’s November 16, 2012 order in this proceeding.<sup>3</sup> On May 13, 2013, the ISO filed an answer to comments submitted in response to the April 15 compliance filing. The answer explained that the Commission should accept the April 15 compliance filing subject to certain minor tariff clarifications proposed by

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A to the ISO tariff. References to numbered sections are references to sections of the ISO tariff unless otherwise indicated.

<sup>2</sup> *California Independent System Operator Corp.*, 144 FERC ¶ 61,189 (2013) (“September 4 order”).

<sup>3</sup> *California Independent System Operator Corp.*, 141 FERC ¶ 61,132 (2012).

commenters, which the ISO agreed should be made in a further compliance filing.<sup>4</sup>

In the September 4 order, the Commission accepted the April 15 compliance filing, effective as of November 18, 2012, subject to a further compliance filing that contains the minor tariff clarifications with which the ISO agreed in its answer.<sup>5</sup> This further compliance filing sets forth the tariff clarifications.<sup>6</sup>

The Commission directed the ISO to clarify that applications for distributed generation (“DG”) deliverability under the tariff revisions approved in the September 4 order will be made directly to the applicable transmission provider, and that the transmission provider will provide a copy of each such application to the ISO.<sup>7</sup> The ISO has revised tariff section 40.4.6.3.2.2.1 to make this clarification. Pursuant to revised section 40.4.6.3.2.2.1, the copy will be provided to the ISO within five business days after the transmission provider receives the application.

The Commission also directed the ISO to make technical corrections to tariff sections 40.4.6.3.1.1 and 40.4.6.3.2.2.1 that were proposed by commenters.<sup>8</sup> As proposed by PG&E,<sup>9</sup> the ISO has clarified the items listed in section 40.4.6.3.1.1 that the ISO will include to develop the base case model for the DG deliverability assessment. As proposed by SCE,<sup>10</sup> the ISO has made several modifications to section 40.4.6.3.2.2.1 to ensure that the references to distributed generation facilities encompass not only facilities in the ISO’s generation interconnection queue, but also facilities that have an active

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<sup>4</sup> Specifically, the ISO agreed with certain tariff clarifications proposed by Pacific Gas and Electric Company (“PG&E”) and Southern California Edison Company (“SCE”).

<sup>5</sup> September 4 order at PP 37-39.

<sup>6</sup> The September 4 order did not specify a due date for this further compliance filing. The ISO believes the Commission likely intended this compliance filing to be due within 30 days of the issuance of the September 4 order, which is the usual time period for complying with a Commission order. Out of an abundance of caution, however, the ISO is submitting this compliance filing fewer than 30 days after the September 4 order was issued.

<sup>7</sup> September 4 order at P 38.

<sup>8</sup> *Id.* at P 39.

<sup>9</sup> See PG&E comments, Docket No. ER12-2643-002, at 7 and Appendix A (May 6, 2013).

<sup>10</sup> See SCE comments, Docket No. ER12-2643-002, at 3-4 (May 6, 2013).

interconnection request in an investor-owned utility participating transmission owner's queue.<sup>11</sup>

## II. Materials Provided in the Instant Compliance Filing

In addition to this transmittal letter, the instant compliance filing includes Attachments A and B. Attachment A contains clean ISO tariff sheets reflecting the tariff revisions described above. Attachment B shows these revisions in black-line format.

If there are any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

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Counsel for the California Independent System Operator Corporation

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<sup>11</sup> Under the ISO's April 15 compliance proposal, both types of facilities are eligible to receive an award of DG deliverability.

**Attachment A – Clean Tariff Sheets**

**Deliverability for Distributed Generation Compliance**

**California Independent System Operator Corporation**

**September 26, 2013**

#### **40.4.6.3.1.1 Developing the Assessment Model**

To develop the base case model for the DG Deliverability Assessment, the CAISO will include:

- (i) The most recent GIP or GIDAP Queue Cluster Phase II Interconnection Study deliverability power flow base case, which includes Distributed Generation Facilities of interconnection customers with active interconnection requests who have requested Full Capacity or Partial Capacity Deliverability Status;
- (ii) Those Generating Facilities that have obtained Deliverability using the annual full capacity deliverability option under either Section 8.2 of the GIP, Section 9.2 of the GIDAP, or equivalent process(es) under the applicable Utility Distribution Company tariffs;
- (iii) Transmission additions and upgrades approved in the final comprehensive Transmission Plan for the most recent Transmission Planning Process cycle;
- (iv) Any Generating Facilities in the most recent GIDAP Phase I Interconnection Study that have been determined to be deliverable in accordance with their requested Deliverability Status (including Distributed Generation Facilities of interconnection customers with active interconnection requests who have requested Full Capacity or Partial Capacity Deliverability Status) and were not assigned any Delivery Network Upgrade costs in the Phase I Interconnection Study;
- (v) Delivery Network Upgrades that have received governmental approvals or for which Construction Activities have commenced;
- (vi) The MW amounts of resources interconnected to the Distribution System below specific Nodes of the CAISO Controlled Grid contained in the most recent Transmission Planning Process base portfolio, except that the CAISO will remove each Node (by using a zero MW value) located within electrical areas for which the most recently completed GIP or GIDAP Phase I or Phase II Interconnection Study has identified a need for a Delivery Network Upgrade or for which the most recent Phase II Interconnection Study identified and then removed a Delivery Network Upgrade to support Deliverability for MW amounts in the Interconnection queue;
- (vii) Actual distributed generation development based on the MW amount of distributed

generation in applicable Utility Distribution Company and Metered Subsystem interconnection queues, including non-net-energy-metering resources requesting interconnection through state-jurisdictional interconnection processes;

- (viii) Any additional information provided by each Utility Distribution Company and Metered Subsystem regarding anticipated distributed generation development on its Distribution System; and
- (ix) Other information that the CAISO, in its reasonable discretion, determines is necessary.

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#### **40.4.6.3.2.2.1 Eligibility to Obtain Deliverability Status Assignment from IOU Participating Transmission Owners**

Distributed Generation Facilities interconnected, or seeking interconnection, to the Distribution System of an IOU Participating Transmission Owner may apply to the applicable IOU Participating Transmission Owner to be eligible to receive a Deliverability Status assignment in the current DG Deliverability Assessment cycle as follows:

- (i) Distributed Generation Facilities that are already in Commercial Operation and interconnected to the Distribution System of an IOU Participating Transmission Owner that do not have Deliverability Status may submit an application to be eligible for Full or Partial Capacity Deliverability Status, and those that have Partial Capacity Deliverability Status may apply to be eligible for a higher level of Partial Capacity Deliverability Status or Full Capacity Deliverability Status.
- (ii) Distributed Generation Facilities with an active interconnection request in the interconnection queue of an IOU Participating Transmission Owner that have not requested Deliverability Status in the underlying interconnection process but have received their Phase I interconnection study results or the equivalent thereof may submit an application to be eligible to receive Partial Capacity Deliverability Status or Full Capacity Deliverability Status.

- (iii) Distributed Generation Facilities with an active interconnection request in the interconnection queue of an IOU Participating Transmission Owner that have not received their Phase I interconnection study results or the equivalent thereof, irrespective of whether they requested Deliverability Status in their interconnection request, may submit an application to be eligible to receive Partial Capacity Deliverability Status or Full Capacity Deliverability Status.

Distributed Generation Facilities with an active interconnection request in the interconnection queue of an IOU Participating Transmission Owner that have requested Deliverability Status in the underlying interconnection process and have already received Phase I interconnection study results or the equivalent thereof are not eligible to be assigned Deliverability Status pursuant to Section 40.4.6.3 because their Deliverability Status is protected in accordance with the provisions of Section 40.4.6.3.1 and will be assigned through the applicable IOU Participating Transmission Owner's interconnection process.

Applications from Distributed Generation Facilities in the eligible categories specified above must be submitted by the deadline specified in the schedule for the current DG Deliverability Assessment cycle in order for the Distributed Generation Facility to be treated as eligible to receive a Deliverability Status assignment in the current cycle. Distributed Generation Facilities that fail to apply in a timely manner will be assumed not to be seeking Deliverability Status in the current cycle. The CAISO will issue a Market Notice announcing the deadline for submitting applications. The deadline will be no earlier than thirty (30) days after the CAISO publishes the results of the DG Deliverability Assessment. The form of the application shall be specified in a Business Practice Manual. The application shall be submitted to the applicable Participating Transmission Owner, which shall provide a copy of the application to the CAISO within five (5) Business Days after the application was submitted.

**Attachment B – Marked Tariff Sheets**

**Deliverability for Distributed Generation Compliance**

**California Independent System Operator Corporation**

**September 26, 2013**

#### 40.4.6.3.1.1 Developing the Assessment Model

To develop the base case model for the DG Deliverability Assessment, the CAISO will include:

- (i) The most recent GIP or GIDAP Queue Cluster Phase II Interconnection Study deliverability power flow base case, which includes Distributed Generation Facilities of interconnection customers with active interconnection requests who have requested Full Capacity or Partial Capacity Deliverability Status;
- (ii) Those Generating Facilities that have obtained Deliverability using the annual full capacity deliverability option under either Section 8.2 of the GIP, ~~or~~ Section 9.2 of the GIDAP, or equivalent process(es) under the applicable Utility Distribution Company tariffs;
- (iii) Transmission additions and upgrades approved in the final comprehensive Transmission Plan for the most recent Transmission Planning Process cycle;
- (iv) Any Generating Facilities in the most recent GIDAP Phase I Interconnection Study that have been determined to be deliverable in accordance with their requested Deliverability Status (including Distributed Generation Facilities of interconnection customers with active interconnection requests who have requested Full Capacity or Partial Capacity Deliverability Status) and were not assigned any Delivery Network Upgrade costs in the Phase I Interconnection Study;
- (v) Delivery Network Upgrades that have received governmental approvals or for which Construction Activities have commenced;
- (vi) The MW amounts of resources interconnected to the ~~d~~Distribution ~~s~~System below specific Nodes of the CAISO Controlled Grid contained in the most recent Transmission Planning Process base portfolio, except that the CAISO will remove each Node (by using a zero MW value) located within electrical areas for which the most recently completed GIP or GIDAP Phase I or Phase II Interconnection Study has identified a need for a Delivery Network Upgrade or for which the most recent Phase II Interconnection Study identified and then removed a Delivery Network Upgrade to support Deliverability for MW amounts in the Interconnection queue;
- (vii) Actual distributed generation development based on the MW amount of distributed

generation in applicable Utility Distribution Company and Metered Subsystem interconnection queues, including non-net-energy-metering resources requesting interconnection through state-jurisdictional interconnection processes;

- (viii) Any additional information provided by each Utility Distribution Company and Metered Subsystem regarding anticipated distributed generation development on its Distribution System; and
- (ix) Other information that the CAISO, in its reasonable discretion, determines is necessary.

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#### **40.4.6.3.2.2.1 Eligibility to Obtain Deliverability Status Assignment from IOU Participating Transmission Owners**

Distributed Generation Facilities interconnected, or seeking interconnection, to the Distribution System of an IOU Participating Transmission Owner may apply to the applicable IOU Participating Transmission Owner ~~and the CAISO~~ to be eligible to receive a Deliverability Status assignment in the current DG Deliverability Assessment cycle as follows:

- (i) Distributed Generation Facilities that are already in Commercial Operation and interconnected to the Distribution System of an IOU Participating Transmission Owner that do not have Deliverability Status may submit an application to be eligible for Full or Partial Capacity Deliverability Status, and those that have Partial Capacity Deliverability Status may apply to be eligible for a higher level of Partial Capacity Deliverability Status or Full Capacity Deliverability Status.
- (ii) Distributed Generation Facilities with an active interconnection request in the interconnection queue of an IOU Participating Transmission Owner that have not requested Deliverability Status in the underlying interconnection process but have received their Phase I ~~interconnection~~ ~~study~~ results or the equivalent thereof may submit an application to be eligible to receive Partial Capacity Deliverability Status or Full Capacity Deliverability Status.

- (iii) Distributed Generation Facilities with an active interconnection request in the interconnection queue of an IOU Participating Transmission Owner that have not received their Phase I ~~interconnection~~ ~~study~~ results or the equivalent thereof, irrespective of whether they requested Deliverability Status in their interconnection request, may submit an application to be eligible to receive Partial Capacity Deliverability Status or Full Capacity Deliverability Status.

Distributed Generation Facilities with an active interconnection request in the interconnection queue of an IOU Participating Transmission Owner that have requested Deliverability Status in the underlying interconnection process and have already received Phase I ~~interconnection~~ ~~study~~ results or the equivalent thereof are not eligible to be assigned Deliverability Status pursuant to Section 40.4.6.3 because their Deliverability Status is protected in accordance with the provisions of Section 40.4.6.3.1 and will be assigned through the applicable IOU Participating Transmission Owner's interconnection process.

Applications from Distributed Generation Facilities in the eligible categories specified above must be submitted by the deadline specified in the schedule for the current DG Deliverability Assessment cycle in order for the Distributed Generation Facility to be treated as eligible to receive a Deliverability Status assignment in the current cycle. Distributed Generation Facilities that fail to apply in a timely manner will be assumed not to be seeking Deliverability Status in the current cycle. The CAISO will issue a Market Notice announcing the deadline for submitting applications. The deadline will be no earlier than thirty (30) days after the CAISO publishes the results of the DG Deliverability Assessment. The form of the application shall be specified in a Business Practice Manual. The application shall be submitted to ~~both~~ the applicable Participating Transmission Owner, which shall provide a copy of the application to ~~and~~ the CAISO within five (5) Business Days after the application was submitted.