Tariff Bulletin

Generator Interconnection Process Reform (GIPR)

Public Lands BLM Site Exclusivity;
Proposed Interpretation of Tariff Language and Criteria for Establishing “Site Exclusivity” on BLM/Public Land

Release Date: December 3, 2008

Issue:
The California ISO’s Generator Interconnection Process Reform (GIPR) tariff provisions (Appendix GG to currently effective ISO Tariff) were conditionally accepted by FERC on September 26, 2008. The ISO has received some questions from interconnection customers concerning how the ISO intends to implement certain aspects of the GIPR. In advance of development of a Business Practice Manual (BPM) devoted to the ISO interconnection process, the ISO is proposing to issue “Tariff Bulletins.” Similar to the BPM development process, the ISO intends to publish the proposed policy for notice and comment prior to implementation.

This is the first proposed Tariff Bulletin and concerns guidance to Interconnection Customers for satisfaction of the “Site Exclusivity” requirement with respect to projects to be sited on federal public lands administered by the U.S. Department of the Interior Bureau of Land Management (“BLM”).

The currently effective Tariff and Market Redesign and Technology Update Tariff includes the following definition for “Site Exclusivity” for public land:

Documentation reasonably demonstrating:

…

(2) For public land, including that controlled or managed by any federal, state, or local agency, a final, non-appealable permit, license, or other right to use the property for the purpose of generating electric power and in acreage reasonably necessary to accommodate the Generating Facility, which exclusive right to use public land under the management of the federal Bureau of Land Management shall be in a form specified by the Bureau of Land Management.

Under the GIPR LGIP, the Interconnection Customer must demonstrate proof of Site Exclusivity through the project’s proposed Commercial Operation Date or post a $250,000 Site Exclusivity Deposit in lieu of Site Exclusivity. (GIPR LGIP Section 3.5.1.) The Site Exclusivity Deposit is refundable upon withdrawal or proof of Site Exclusivity or certain circumstances of withdrawal. (GIPR LGIP Section 3.5.1.4.).
Discussion:

1. The ISO proposes an interpretation of “other right to use the property,” that will allow the Interconnection Customer to provide evidence to the ISO that it has satisfied various criteria which demonstrate significant effort in prosecuting the project permit application before the BLM and viability of the power generation project.

To date, information offered by Interconnection Customers and CAISO investigation with BLM representatives regarding the BLM permitting process to obtain a “right of way” (permit) for site acquisition and exclusive use for power generation indicates that the applicant can acquire no right to use property for power generation, and to exclude others from the site, prior to issuance of a final BLM permit and that it can take up to two to three years to obtain a Final Permit.

2. On November 17, 2008, California Governor Arnold Schwarzenegger signed Executive Order S-14-08, which calls for a Renewable Portfolio Standards target of 33% by 2020 and establishes a California Renewable Energy Action Team, and, pursuant to the Executive Order, a Memorandum of Understanding has been entered into between BLM, US Fish and Wildlife Service, California Department of Fish and Game and California Energy Commission, which provides for agency cooperation with BLM to develop a Solar Energy Programmatic Environmental Impact Statement as it relates to California.

3. The ISO proposes that an Interconnection Customer may satisfy the “other right to use the property for the purpose of generating electric power” component of the Site Exclusivity definition, with respect to BLM land, by providing evidence to the satisfaction of the ISO of the following:

   a. **Secure Temporary Use Permit.** Interconnection Customer has obtained and perfected (i.e. recorded in Official Records of appropriate county) a right-of-way (ROW) that authorizes applicant to place power generation testing facilities on property (permit authorization period is usually 2-3 years) [i.e, a “BLM Type II right-of-way” or equivalent] plus

   b. **Undertaking of Significant Additional Activity to Prosecute the Permanent Permit,** as demonstrated by a showing of all of the following:

      i. Interconnection Customer has applied for a BLM ROW for right of way grant [i.e Form (SF-299), Form 2800-14 (solar) or equivalent permit] for authorization to use project site for commercial power generation facilities.

      ii. The Interconnection customer has submitted and BLM has reviewed the Interconnection Customer’s Plan of Development (or equivalent) and has made a determination that the Interconnection Customer has the technical and financial capability to construct, operate, maintain and terminate the energy facilities.

      iii. Interconnection Customer has entered into a pro forma Cost Recovery Agreement with BLM (agreement whereby permit
applicant agrees to fund the cost of environmental review process) plus advancement to BLM of some level of the cost recovery funds.

iv. Identification of lead agency for environmental permitting process and hiring of environmental consultant to prepare required environmental documents and reports (i.e. Environmental Assessment/Environmental Impact Statement or equivalents).

c. **Interconnection Customer is the first in time applicant to satisfy criteria (a) and (b) with respect to the project site.** BLM has informed the ISO that, in certain situations (for example, for the California Desert area), BLM has received applications for ROWs from multiple developers (for example, both a wind energy developer and a solar energy developer) for the same land. In those cases, both of the BLM applicants have submitted the requisite documents or performed the requisite actions described for proposed criteria (a) and (b) (i.e., Paragraph 3 (a) and (b) above).

i. In such situations, the Interconnection Customer who demonstrates that it is first-in-time-applicant would be considered to have established site exclusivity. Other Interconnection Customers would be required to submit the site exclusivity deposit.

**Written Comment:**

The CAISO seeks written comment by interested stakeholders and members of the public, who are asked to submit written comment by **5:00 pm, Pacific Standard Time on Tuesday, December 16, 2008.**

Written Comments should be submitted as follows:

By electronic mail to: [BLMSE@caiso.com](mailto:BLMSE@caiso.com)

**Stakeholder Conference Call**

Following receipt of written comments, the ISO will conduct a conference call on **Tuesday, December 9, 2008** to provide an opportunity for discussion of the proposal,

Conference Call Details
Date: Tuesday, December 9, 2008
Time: 1:00 p.m. – 3:00 p.m. Pacific Time
Teleconference Information
Dial-in Number: (800) 230-1092
International Dial-in: (612) 332-0335