

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

**Southern California Edison Company ) Docket No. ER13-1216-001**

**PREPARED DIRECT TESTIMONY OF  
DEBORAH A. LE VINE  
ON BEHALF OF THE  
CALIFORNIA INDEPENDENT SYSTEM  
OPERATOR CORPORATION**

**JANUARY 28, 2014**

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**SUMMARY OF THE PREPARED DIRECT TESTIMONY OF  
DEBORAH A. LE VINE  
ON BEHALF OF THE  
CALIFORNIA INDEPENDENT SYSTEM  
OPERATOR CORPORATION**

In her direct testimony, Ms. Le Vine addresses several issues relating to the dispute regarding the appropriate capacity value to reflect in an interconnection agreement between the California Independent System Operator (“ISO”), Southern California Edison (“SCE”) and CalWind Resources, Inc. (“CalWind”) for the Pajuella Peak generation facility. First, Ms. Le Vine explains that Section 25 of the ISO’s tariff requires an existing generator connected to the ISO’s grid, such as Pajuella Peak, to convert to interconnection service under the ISO tariff after the expiration of its full-output power purchase agreement with an ISO Participating Transmission Owner. Exh. ISO-1 at 6. Ms. Le Vine explains that a generator in this situation is not required to submit an interconnection request and go through the ISO’s interconnection study process, however, if the owner submits an affidavit indicating, and the ISO and the applicable Participating Transmission Owner confirm, that its “total capability and electrical characteristics” will be “substantially unchanged” after the conversion. Exh. ISO-1 at 6-8.

Ms. Le Vine then discusses the application of these rules to Pajuela Peak, and explains that under Section 25, CalWind is only entitled to an ISO interconnection agreement that reflects no more than its actual generating capability, which has never exceeded 22 MW. Exh. ISO-1 at 11-15. CalWind's proposal to expand the capacity of Pajuela Peak to 37.5 MW would constitute a substantial change in the facility's capability. Exh. ISO-1 at 15-17. Ms. Le Vine states that even if SCE had previously studied Pajuela Peak as a larger facility, the facility has always been modeled by the ISO at its actual generating capability of 22 MW, and therefore, an approximately sixty percent expansion of the facility's capacity would require that the ISO and SCE conduct a study to determine the impact such an expansion would have on the grid. Exh. ISO-1 at 17-20. Ms. Le Vine also explains that CalWind's dispute will be mooted by the ISO's recent determination to relinquish operational control of the facilities to which Pajuela Peak is interconnected. Exh. ISO-1 at 20-22.

Finally, Ms. Le Vine explains the significant adverse consequences that would result if, contrary to Section 25 of the ISO tariff, the ISO were required to provide interconnection agreements to generators such as CalWind that reflect substantially more capacity than is actually interconnected to the ISO controlled grid. These consequences would include higher costs to transmission ratepayers and generation developers, and potential displacements of, and disruptions to, interconnection customers already in the queue. Exh. ISO-1 at 22-25.

**LIST OF EXHIBITS**

<b>EXHIBIT</b>	<b>DESCRIPTION</b>
<b>ISO-1</b>	<b>Direct Testimony of Deborah A. Le Vine</b>

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**PREPARED DIRECT TESTIMONY OF  
DEBORAH A. LE VINE  
ON BEHALF OF THE  
CALIFORNIA INDEPENDENT SYSTEM  
OPERATOR CORPORATION**

**Q. Please state your name, title, and business address.**

**A.** My name is Deborah A. Le Vine. I am employed as the Director of Infrastructure Contracts & Management for the California Independent System Operator Corporation (“ISO”). My business address is 250 Outcropping Way, Folsom, CA 95630.

**Q. Please describe your educational and professional background.**

**A.** I earned a Bachelor of Science degree in Electrical Engineering from San Diego State University in San Diego, California in May 1981. In May 1987, I received a Master in Business Administration from Pepperdine University in Malibu, California. In December 2002, I completed an Executive Program from the John F. Kennedy School of Government, Harvard University in Cambridge, Massachusetts. In August 2007, I completed an Advanced Masters Certificate program in Project Management from Villanova University in Villanova, Pennsylvania.

1           Additionally, I am a registered Professional Electrical Engineer in the State  
2           of California.

3  
4           Prior to assuming my current position at the ISO, I was the Director of  
5           System Operations, in which I oversaw the ISO's day-to-day grid and  
6           market operations. In this capacity, I also monitored compliance with  
7           North American Electric Reliability Corporation and the Western Electricity  
8           Coordinating Council standards and the market operations provisions of  
9           the ISO tariff. I have also held Director positions at the ISO in Contracts &  
10          Compliance, during which time the ISO developed and negotiated its initial  
11          pro forma interconnection agreements, Contracts & Special Projects,  
12          Market Services, and Project Management for the Market Redesign and  
13          Technology Update.

14

15   **Q.    What are your responsibilities as the ISO's Director of Infrastructure**  
16   **Contracts & Management?**

17   **A.**The ISO created the position of Director of Infrastructure Contracts &  
18          Management in 2012 in order to manage the ISO's generation  
19          interconnection queue and generation interconnection agreement ("GIA")  
20          portfolio, and other regulatory contracts required by the ISO tariff. My  
21          responsibilities include proactively monitoring that the parties to  
22          interconnection agreements are meeting the terms and conditions thereof,  
23          managing the over 260 projects currently in the ISO's interconnection

1 queue, aligning internal ISO processes consistent with queue  
2 management efforts, and resolving interconnection customer issues. In  
3 addition, I am responsible for all regulatory contracts negotiated and  
4 executed between the ISO and market participants, including but not  
5 limited to, Qualifying Facility (“QF”) conversions, Participating Generator  
6 Agreements, Meter Service Agreements, and Adjacent Balancing  
7 Authority Operating Agreements.  
8

9 **Q. Have you previously submitted testimony to the Commission?**

10 **A.** Yes. I have previously submitted testimony in Docket Nos. ER07-869,  
11 ER11-3856, ER11-4000, ER12-1855, ER13-218, and other Federal  
12 Energy Regulatory Commission (“Commission”) proceedings.  
13

14 **Q. Will you be using any specialized terms in your testimony?**

15 **A.** Yes. Unless otherwise indicated, specialized terms in my testimony have  
16 the meanings set forth in the Master Definitions Supplement, Appendix A  
17 of the ISO tariff, and references to the tariff are references to the ISO tariff.  
18

19 **Q. What is the purpose of your testimony?**

20 **A.** First, I identify and discuss the development of the ISO tariff provisions  
21 that govern the application of the ISO’s interconnection rules to existing  
22 generators that are converting from two-party state-jurisdictional  
23 interconnection agreements to three-party FERC-jurisdictional ISO

1 interconnection agreements. Those tariff provisions, contained in Section  
2 25 of the ISO tariff, state that an existing generator connected to the ISO's  
3 grid may convert to interconnection service under the ISO tariff without  
4 having to submit an interconnection request and go through the  
5 interconnection study process if the generator submits an affidavit  
6 indicating that its "total capability and electrical characteristics" will be  
7 "substantially unchanged" after the conversion. Upon confirmation, the  
8 existing generator can enter directly into a three-party interconnection  
9 agreement with the ISO and participating transmission owner  
10 ("Participating TO"). If the existing generator cannot represent that its total  
11 capability and electrical characteristics will be substantially unchanged  
12 after conversion, or if the Participating TO or the ISO cannot validate such  
13 a representation, then the generator is required to go through the ISO's  
14 interconnection study process. I also provide some background  
15 information regarding generator conversions in California and the ISO's  
16 role in managing those conversions.

17  
18 Next I will discuss the application of Section 25 to CalWind Resources,  
19 Inc.'s ("CalWind's") Pajuela Peak facility, a QF that is already  
20 interconnected to the ISO controlled grid and which previously sold its  
21 entire output to Southern California Edison ("SCE") pursuant to state-  
22 jurisdictional interconnection arrangements. CalWind protested the  
23 generator interconnection agreement submitted by Southern California



1 Edison Company (“SCE”) in this proceeding, which provides the required  
2 FERC-jurisdictional interconnection service for the Pajuela Peak facility.  
3 CalWind claims, based on its previous two-party state-jurisdictional  
4 contract with SCE, that it is entitled to a three-party FERC-jurisdictional  
5 interconnection agreement with the ISO and SCE for a 37.5 MW facility,  
6 even though the maximum net generating capacity of Pajuela Peak has  
7 never been more than approximately 22 MW. I will explain why, under  
8 Section 25, CalWind is only entitled to an ISO interconnection agreement  
9 that reflects no more than its actual total net generating capability. I also  
10 explain why CalWind’s dispute will be mooted by the ISO’s relinquishment  
11 of operational control of the facilities to which Pajuela Peak is  
12 interconnected, which, unless reversed by the Commission, will be  
13 effective as of December 15, 2013.

14  
15 Lastly, I will explain the significant adverse consequences that would  
16 result if, contrary to Section 25 of the ISO tariff, the ISO were required to  
17 provide interconnection agreements to generators such as CalWind that  
18 reflect substantially more capacity than is actually interconnected to the  
19 ISO controlled grid. These consequences would include higher costs to  
20 transmission ratepayers and generation developers, and potential  
21 displacements of and disruptions to interconnection customers already in  
22 the queue.

23

1 **I. ISO Tariff Rules Regarding Conversions of Existing Generators**

2 **Q. Please describe the ISO tariff provisions relevant to this proceeding.**

3 **A.** Section 25.1 of the ISO tariff sets forth the rules regarding the applicability  
4 of the ISO's generator interconnection procedures and agreements. That  
5 section lists several categories of generators that must submit an  
6 interconnection request, be studied under the ISO's interconnection  
7 procedures, and enter into an ISO interconnection agreement. One of  
8 these categories, Section 25.1(d), relates to generators, such as  
9 CalWind's Pajuela Peak facility, that are converting from full-output sales  
10 contracts with their host utilities, which pursuant to the Public Utility  
11 Regulatory Policy Act ("PURPA") are governed by state regulations, to  
12 FERC-jurisdictional wholesale sales: "each existing Generating Unit  
13 connected to the CAISO Controlled Grid whose total Generation was  
14 previously sold to a Participating TO or on-site customer but whose  
15 Generation, or any portion thereof, will now be sold in the wholesale  
16 market, subject to Section 25.1.2.<sup>1</sup> I refer to these situations herein as  
17 "converting generators" or "QF conversions."

18

19 Section 25.1.2, however, provides a limited exception that allows certain  
20 converting generators to enter directly into a three-party ISO  
21 interconnection agreement (between the generator, the ISO, and the

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<sup>1</sup> ISO tariff section 25.1(d). The tariff sections cited in my testimony are provided in Exhibit SCE-1 at 7-9.

1 applicable Participating TO) without first having to submit an  
2 interconnection request and go through the ISO's interconnection study  
3 process. Specifically, Section 25.1.2 states that if a converting generator  
4 "represents that the total generating capability and electrical  
5 characteristics of the Generating Unit will be substantially unchanged,  
6 then that entity must submit an affidavit to the CAISO and the applicable  
7 Participating TO representing that the total generating capability and  
8 electrical characteristics of the Generating Unit have remained  
9 substantially unchanged."<sup>2</sup>

10

11 Section 25.1.2 also provides the ISO and Participating TO with the right to  
12 verify whether the "total generating capability and electrical  
13 characteristics" of the converting generator remain "substantially  
14 unchanged." If the ISO and Participating TO confirm that this is the case,  
15 the existing generator must execute an ISO interconnection agreement  
16 but need not submit an interconnection request and will not be placed in  
17 the ISO's interconnection queue.<sup>3</sup> However, if the ISO and Participating  
18 TO cannot confirm that the total capability and electrical characteristics  
19 have been or will be substantially unchanged, the existing generator must

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<sup>2</sup> ISO tariff section 25.1.2.

<sup>3</sup> ISO tariff section 25.1.2.1.

1 submit an interconnection request for the capability that is greater than the  
2 capability that the ISO and Participating TO can confirm currently exists.<sup>4</sup>

3

4 **Q. Why did the ISO include in Section 25 the exception for converting**  
5 **generators whose total capability and electrical characteristics are**  
6 **substantially unchanged?**

7 **A.** The ISO included this provision based on language contained in the  
8 Commission's Order No. 2003. Therein, commenters requested that the  
9 Commission clarify that QFs that decide to sell power into the wholesale  
10 market not be treated as "new" generating facilities under the  
11 Commission's *pro-forma* interconnection procedures because, while  
12 contractual arrangements will have changed, as long as the generator's  
13 output will be substantially the same after conversion, the physical  
14 interconnection requirements will remain the same, and therefore, no  
15 study is needed to determine the impacts of the generator on the  
16 transmission grid.<sup>5</sup> In response to this request, the Commission  
17 concluded that with respect to QFs that begin making wholesale sales,  
18 "the owner of the QF need not submit an Interconnection Request if it

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<sup>4</sup> ISO tariff section 25.1.2.2. If a converting generator desires a capability value that is lower than the total generating capability that the ISO and Participating TO can confirm, the ISO would permit this lower value to be reflected in the generator's ISO interconnection agreement. The ISO would not consider this lower value to constitute a substantial change in the converting generator's total capability because it would not increase the generator's utilization of the transmission system, but rather, would free up transmission capability for other generators.

<sup>5</sup> *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146, at P 812 (2003).

1 represents that the output of the generating facility will be substantially the  
2 same as before.”<sup>6</sup>

3

4 **Q. In what filing did the ISO implement the tariff section 25 provisions?**

5 **A.** The ISO submitted tariff revisions implementing the section 25 provisions  
6 in a filing submitted in January 2005 to comply with Order No. 2003.<sup>7</sup> The  
7 Commission accepted these tariff revisions in an order issued in 2005.<sup>8</sup>

8

9 **Q. Please provide a brief summary of ISO’s experience regarding QF**  
10 **conversions.**

11 **A.** The ISO began considering QF conversions on a case-by-case basis  
12 within only the last few years. Much of the impetus for these conversions  
13 relates to changes in the regulatory landscape in California. Specifically,  
14 in December 2010, the California Public Utilities Commission approved a  
15 global settlement applicable to existing (and new) QFs requiring them to  
16 comply with the ISO tariff once their legacy PURPA contracts with their

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<sup>6</sup> *Id.* at P 815.

<sup>7</sup> See transmittal letter for ISO compliance filing, Docket No. ER04-445-006, at 32-33 (Jan. 5, 2005); attachment H to that filing (containing proposed tariff revisions). The ISO proposed these revisions to tariff section 5.7, which was subsequently renumbered to section 25. Specifically, as relevant to this proceeding, the current version of former section 5.7.1 is set forth in section 25.1, and the current version of former section 5.7.1.2 is set forth in section 25.1.2.

<sup>8</sup> *California Independent System Operator Corp., et al.*, 112 FERC ¶ 61,009, at P 1 (2005) (stating that the Commission accepted the ISO’s compliance filing “with certain modifications, as discussed below”). The modifications did not include changes to tariff section 5.7.1 or 5.7.1.2.

1 host public utility counterparty had terminated.<sup>9</sup> As part of the global  
2 settlement, California's three public utilities filed a petition with the  
3 Commission to end the PURPA mandatory purchase requirement for QFs  
4 greater than 20 MW, which the Commission granted on June 16, 2011.<sup>10</sup>  
5 In addition, as a matter of state policy, even QFs 20 MWs or less under  
6 new PURPA contracts must also comply with the ISO tariff unless they are  
7 under one MW.<sup>11</sup>

8

9 **Q. How does the ISO determine the MW value to include in the FERC-  
10 jurisdictional three-party interconnection agreement?**

11 **A.** In accordance with Section 25, the relevant inquiry has always been  
12 based on the best available evidence regarding the existing resource's  
13 physical generating capability. This would include the actual studies of the  
14 existing resource, if available, and other information, such as the amount  
15 of capacity reflected in the PURPA power purchase agreement and the  
16 MW value modeled by the ISO in its full network model, which values were  
17 provided to the ISO by the Participating TOs.

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<sup>9</sup> Cal. Pub. Util. Comm'n, Decision D. 10-12-035 (December 16, 2010), as modified in Decision D.11-07-010 (July 15, 2011); see CHP Program Settlement Agreement Term Sheet, posted at <http://docs.cpuc.ca.gov/PUBLISHED/GRAPHICS/124875.PDF>.

<sup>10</sup> See *Pacific Gas & Elec. Co., et al.* 135 FERC ¶ 61,234, at P 2 (2011).

<sup>11</sup> Cal. Pub. Util. Comm'n, Decision D. 07-09-040, at 135 (September 25, 2007) available at [http://docs.cpuc.ca.gov/word\\_pdf/FINAL\\_DECISION/73181.PDF](http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/73181.PDF).

1 **II. Application of the Tariff Section 25 Provisions to CalWind**

2 **Q. Please provide some background on CalWind's request to obtain an**

3 **ISO interconnection agreement for the Pajuela Peak facility.**

4 A. In January of 2012, CalWind submitted to the ISO an affidavit pursuant to  
5 Section 25.1.2 of the ISO Tariff. In that affidavit, CalWind indicated that it  
6 is the legal owner of the Pajuela Peak facility, a QF, having acquired it  
7 from the previous owner in January of 1997. CalWind represented that  
8 although it continued to sell the entire output of the Pajuela Peak facility to  
9 SCE pursuant to a Power Purchase Agreement entered into in 1991, it  
10 planned to begin selling the output of the facility in the wholesale market.  
11 CalWind therefore needed to convert its interconnection service from two-  
12 party state-jurisdictional arrangements with SCE to a three-party FERC-  
13 jurisdictional ISO interconnection agreement.<sup>12</sup>

14  
15 CalWind further represented that the facility has a "total gross generating  
16 capability of 22.36 MW with power purchase capacity of 21.795 MW."<sup>13</sup>

17 However, CalWind stated that it intended an ISO interconnection  
18 agreement for the Pajuela Peak facility to reflect a capacity of 37.5 MW.<sup>14</sup>

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<sup>12</sup> Exhibit SCE-2 at 1.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

1 **Q. Why did CalWind assert that it should receive an ISO interconnection**  
2 **agreement for 37.5 MW?**

3 **A.** During the process of negotiating an ISO interconnection agreement for  
4 the Pajuela Peak facility, CalWind stated that it believed it was entitled to  
5 receive an ISO interconnection agreement for 37.5 MW, approximately  
6 15.5 MW more than the facility's existing net generating capacity, because  
7 a state-jurisdictional "interconnection facilities agreement," entered into in  
8 1983 and amended in 1985 between SCE and the then-owner of the  
9 facility, provided for the ability to interconnect a 37.5 MW facility. SCE  
10 informed CalWind that under Section 25.1 of the ISO tariff, the maximum  
11 value that an ISO interconnection agreement could reflect for the facility  
12 would be its net generating capacity of approximately 22 MW, and that it  
13 would be inappropriate to state a value of 37.5 MW in an interconnection  
14 agreement because a 15.5 MW addition would constitute a "substantial  
15 change" in its total generating capability. Therefore, pursuant to Section  
16 25, CalWind would need to submit a new interconnection request into the  
17 ISO's study process to interconnect the proposed 15.5 MW addition.

18

19 **Q. What was the outcome of these negotiations?**

20 **A.** Because the parties could not ultimately agree on the capacity value to be  
21 reflected in an ISO interconnection agreement, and because CalWind still  
22 planned to make wholesale sales from the Pajuela Peak facility, SCE filed  
23 an unexecuted interconnection agreement for Commission review based



1 on the facility's current net generating capability. This is the process that  
2 the ISO tariff dictates in cases where the parties to an interconnection  
3 agreement are unable to agree on one or more terms thereof. The ISO  
4 filed comments in this proceeding indicating that, based on the application  
5 of Section 25 of the ISO tariff, it supported SCE's position with respect to  
6 the appropriate capacity value to reflect in an ISO interconnection  
7 agreement for Pajuella Peak.

8

9 **Q. Is there any evidence to suggest that the Pajuella Peak facility has**  
10 **ever been able to produce more than approximately 22 MW?**

11 **A.** Not that I am aware of. All of the QF self-certifications that have been  
12 submitted to the Commission for the Pajuella Peak facility, from when it  
13 commenced operation in 1985 onwards, reflect a net generating capacity  
14 that is no greater than 21.795 MW.<sup>15</sup> In addition, based on information  
15 provided by SCE, the ISO's base case data that it uses for purposes of  
16 studying interconnection requests has always reflected a net generating  
17 capacity for the Pajuella Peak facility of 21.795 MW. In other words, when  
18 the ISO has studied the impact of requests to interconnect new generators  
19 to the ISO controlled grid, or to expand existing generators, the ISO has  
20 always modelled the Pajuella Peak facility at 21.795 MW.

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<sup>15</sup> Exhibit SCE-4 at 4.

1 Also, it is my understanding from reviewing the pleadings submitted in this  
2 proceeding that CalWind is not claiming that the Pajuella Peak facility has  
3 ever had a maximum net generating capacity greater than 21.795 MW.  
4

5 **Q. Even assuming that CalWind is correct that the original SCE-specific**  
6 **interconnection agreement identified the Pajuella Peak facility as a**  
7 **37.5 MW facility, do you agree that this entitles CalWind to an ISO**  
8 **interconnection agreement reflecting this amount?**

9 **A.** No. As the ISO's executive charged with overseeing the process of  
10 negotiating and executing interconnection agreements with customers, as  
11 well as implementing the ISO's interconnection rules, it is my position that  
12 this outcome would not be in accordance with Section 25 of the ISO tariff.  
13

14 First, Section 25 states that the ISO's interconnection procedures and  
15 agreements will apply to all generators connected to the ISO controlled  
16 grid "whose total Generation was previously sold to a Participating TO or  
17 on-site customer but whose Generation, or any portion thereof, will now be  
18 sold in the wholesale market." The Pajuella Peak facility is a generator  
19 that is currently connected to the ISO controlled grid whose total output  
20 was previously sold to SCE, and which is now being sold in the wholesale  
21 market. Therefore, it is clear that the Pajuella Peak facility falls within the  
22 scope of Section 25, including the obligation to enter into an ISO  
23 interconnection agreement.

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12 **Q. Has the ISO ever defined what constitutes a “substantial change” in**  
13 **a generator’s total generating capability?**

14 A. No. It is possible that small increases in capability might not trigger the  
15 need for further study. However, I agree with SCE witness Chacon that  
16 such a question is irrelevant for purposes of this proceeding because  
17 CalWind is claiming the right to an interconnection agreement reflecting  
18 approximately 15.5 MW more capacity than the existing net generating  
19 capability of the Pajuella Peak facility, which equates to a nearly 60  
20 percent increase compared to its current maximum output. In my expert  
21 judgment, there is no question that such a large expansion would  
22 constitute a “substantial change” in the Pajuella Peak facility, such that a  
23 study would be needed to assess the impacts thereof.

1

2 **Q. Why should the reference to “total generating capability” be read to**  
3 **mean a converting generator’s existing, physical net generating**  
4 **capacity?**

5 **A.** The scenario underlying existing generator conversion requests such as  
6 CalWind’s involves a generator that is already connected to the ISO  
7 controlled grid, but is has been making sales solely to its host utility  
8 pursuant to a legacy PURPA power purchase agreement. Upon  
9 termination of the legacy PURPA power purchase agreement, the  
10 generator must comply with the ISO tariff and enter into a three-party  
11 FERC-jurisdictional interconnection agreement if the generator is  
12 interconnected to the ISO controlled grid.

13

14 Therefore, even though the generator needs to convert its interconnection  
15 service from a state-jurisdictional agreement with its host utility to a FERC-  
16 jurisdictional ISO agreement, as long as it makes no substantial changes  
17 to its pre-conversion output or other electrical characteristics, its impact on  
18 the ISO controlled grid will remain the same. As a result, there is no  
19 engineering need to re-study a converting generator under these  
20 circumstances. However, if a converting generator wishes to make  
21 substantial changes at the time of its conversion to an ISO interconnection  
22 agreement, such as a 60 percent increase in its total generating capability,  
23 the ISO must study such expansions in order to understand what, if any,

1 impact they would have on the ISO controlled grid, taking into account  
2 other generators that have requested interconnection service, and  
3 remediate any impact. In this respect, converting generators are no  
4 different than other generators that wish to make substantial changes to  
5 the output or electrical characteristics of their units, and Section 25 of the  
6 ISO tariff appropriately reflects this reality.

7

8 **Q. But if CalWind is correct that SCE already studied Pajuella Peak as a**  
9 **37.5 MW facility, wouldn't the impacts of a facility this size have**  
10 **previously been taken into account and addressed?**

11 **A.** Perhaps, but the critical phrase here is “previously been.” In the case of  
12 the interconnection of Pajuella Peak, it was studied by SCE long before the  
13 ISO came into existence and subsequently became the provider of FERC-  
14 jurisdictional interconnection service for generators interconnected to the  
15 facilities turned over to the ISO’s operational control. Even if SCE studied  
16 Pajuella Peak as a 37.5 MW facility, the transmission grid has not  
17 remained static since that time. Also, as I noted above, the base case  
18 data that the ISO uses to model generators for purposes of  
19 interconnection studies has always used the value provided by SCE for  
20 the Pajuella Peak facility: its actual net generating capability of 21.795  
21 MW. As such, all of the results of the interconnection studies conducted  
22 by the ISO have reflected this fact.

23

1 For these reasons, the ISO and SCE cannot, consistent with good utility  
2 practice, simply “assume” that the Pajuella Peak facility has a capacity of  
3 37.5 MW without conducting a study to understand the ramifications to  
4 power flow and system stability of interconnecting an additional 15.5 MW  
5 of capacity in that area of the grid. This study would need to be based on  
6 today’s configuration of the grid, and therefore take into account  
7 modifications and upgrades that have been made since the original  
8 interconnection of the Pajuella Peak facility, as well as other generators  
9 that subsequently interconnected, or that plan to interconnect, in the same  
10 area. I agree with the concerns identified by Mr. Chacon in his testimony  
11 regarding the possible outcomes of providing CalWind with 37.5 MW of  
12 interconnection service without first studying and addressing the impact of  
13 its proposed 15.5 MW expansion.<sup>16</sup>

14

15 **Q. Has the ISO previously utilized interconnection agreements or**  
16 **studies performed by a host utility in determining the appropriate**  
17 **capacity to reflect in ISO interconnection agreements for converting**  
18 **generators?**

19 **A.** Yes. The ISO has, in previous instances of generator conversions,  
20 utilized the original interconnection agreements and studies between  
21 generators and their host utilities in order to attempt to establish and verify  
22 the total generating capability of those generators. Because the ISO has

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<sup>16</sup> See Exhibit SCE-5 at 12.

1 no first-hand information regarding the physical characteristics of  
2 converting generators transitioning from state-jurisdictional interconnection  
3 arrangements with their host utilities, the ISO considered these two-party  
4 interconnection agreements and associated studies as useful evidence  
5 regarding the actual, physical characteristics of the generators, including  
6 their total generating capability.

7

8 **Q. Had the ISO considered the situation presented by CalWind when it**  
9 **decided to utilize these agreements?**

10 A. No. Prior to CalWind's request for an ISO interconnection agreement, the  
11 ISO had never been faced with a situation in which a converting generator  
12 had originally been studied by its host utility at a particular generating  
13 capability, but the owner of the generator ultimately decided to build a  
14 substantially smaller facility. The ISO had previously assumed that a  
15 converting generator's original interconnection studies and agreements  
16 would closely reflect the characteristics of the unit that was constructed  
17 and placed into operation.

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1 **Q. Does the fact that the ISO utilized interconnection agreements and**  
2 **studies in determining the appropriate output to reflect for**  
3 **converting generators in ISO interconnection agreements change**  
4 **your opinion regarding the application of Section 25.1 to CalWind?**

5 A. No it does not. To reiterate, the ISO's use of interconnection studies and  
6 agreements did not reflect a different interpretation of the rule set forth in  
7 Section 25 than the one that I stated earlier. The ISO's goal has always  
8 been to ensure that the capacity set forth in an ISO interconnection  
9 agreement for a converting generator does not exceed the existing  
10 generator's actual, physical capability. The original interconnection  
11 studies and agreements are simply resources that the ISO has used to  
12 obtain the data necessary to achieve that goal.

13

14 **Q. Are there any other issues that you believe are relevant to**  
15 **understanding the dispute regarding the ISO interconnection**  
16 **agreement for Pajuella Peak?**

17 A. Yes, specifically the status of the transmission facilities to which Pajuella  
18 Peak is interconnected. On December 15, 2013, the ISO relinquished  
19 operational control over these transmission facilities to SCE pursuant to  
20 the process set forth in the ISO's Transmission Control Agreement, which  
21 is the FERC-jurisdictional agreement that governs the relationship  
22 between the ISO and its Participating TOs. There is a pending complaint  
23 before the Commission in Docket No. EL14-14 challenging the ISO's



1 decision to relinquish control of these facilities. However, absent a  
2 Commission decision granting this complaint, the ISO will not have had  
3 operational control over Pajuella Peak's point of interconnection as of  
4 December 15, 2013.

5

6 **Q. What is the relevance of this change in operational control?**

7 A. The ISO only provides interconnection service to generators that are  
8 connected to the ISO controlled grid, which is defined as those  
9 transmission lines and associated facilities under the ISO's operational  
10 control. Therefore, an ISO interconnection agreement for Pajuella Peak  
11 will only be effective for the period during which the ISO had operational  
12 control over the generator's point of interconnection. Assuming that the  
13 ISO's relinquishment of operational control over these facilities to SCE is  
14 not reversed, CalWind will need to obtain FERC-jurisdictional  
15 interconnection service directly from SCE from the point at which the  
16 changeover in control occurred.

17

18 **Q. How does this impact the question of what capacity should be**  
19 **reflected in an ISO interconnection agreement for Pajuella Peak?**

20 A. CalWind still needed an ISO interconnection agreement to cover  
21 interconnection service provided by the ISO during the period from when  
22 Pajuella Peak's full output power purchase agreement with SCE expired  
23 and it was required to obtain interconnection service under the ISO tariff,

1 which the ISO understands occurred in March 2013, to when the ISO  
2 relinquished operational control over the facilities to which it is  
3 interconnected on December 15, 2013. However, the question of what  
4 capacity value should be reflected in the ISO interconnection is essentially  
5 mooted by the change in operational control. This is because Pajuela  
6 Peak's maximum generating capability never exceeded 22 MW prior to the  
7 ISO's relinquishment of operational control. Therefore, whether the ISO  
8 interconnection agreement states that that Pajuela Peak is a 22 MW  
9 generator or a 37.5 MW generator will have no practical impact on  
10 CalWind's expansion plans, which will, absent a reversal of the ISO's  
11 decision to relinquish operational control over the point of interconnection,  
12 need to be undertaken pursuant to interconnection arrangements directly  
13 with SCE under SCE's tariff.

14  
15 **III. Adverse Consequences Would Result if the ISO Were Required To**  
16 **Adopt CalWind's Proposed Interpretation of Section 25**

17 **Q. In addition to the concerns discussed in your previous answer, are**  
18 **there other adverse impacts associated with CalWind's proposal to**  
19 **require the ISO to provide interconnection service to converting**  
20 **generators based on capacity that was never constructed?**

21 **A.** Yes. Significant adverse consequences would result if the ISO were  
22 required to permit a generator to obtain an ISO interconnection agreement  
23 reflecting substantially more capacity than its existing total generating

1 capability. In order to do so, the ISO would need to fundamentally change  
2 the operation of its interconnection process by either modifying its base  
3 cases going forward or attempting to account for any difference between  
4 the actual physical capacity of a QF and the capacity reflected in its earlier  
5 interconnection studies/agreements when such a QF requests contract  
6 conversion. Either mechanism would be problematic.

7

8 **Q. Why would the first of those two potential mechanisms be**  
9 **problematic?**

10 **A.** In the first instance, the ISO would first have to identify all contracts that  
11 might potentially provide an existing generator with interconnection service  
12 greater than the capacity the existing generator actually constructed, none  
13 of which involve the ISO as a party This would involve a significant  
14 administrative burden on the ISO, as the ISO is not a party to these  
15 arrangements and does not have access to these contracts, and so would  
16 have to obtain all of this information from its Participating TOs. For  
17 converting generators, these contracts could date back as far as when the  
18 Commission first adopted its QF regulations in the 1970s.

19

20 Even if the ISO could identify all these contracts, modifying its base cases  
21 to reflect undeveloped capacity would mean planning for generation  
22 capacity that has never been built, and indeed may never be built. This  
23 would result in the ISO and its Participating TOs identifying and building

1 upgrades in excess of what is necessary to accommodate existing  
2 capacity and capacity associated with projects in development as reflected  
3 in discrete interconnection requests. The costs of these un-utilized or  
4 under-utilized transmission upgrades would be borne by transmission  
5 ratepayers, or, potentially, the Participating TOs, if they could not justify  
6 these costs as prudent. Moreover, requiring Participating TOs to place  
7 into service additional transmission upgrades necessary to accommodate  
8 unbuilt capacity could require additional outages of generation and  
9 transmission facilities, which could adversely affect the ISO's ability to  
10 reliably operate the grid.

11

12 **Q. What would be problematic about the second of those solutions?**

13 **A.** Waiting for existing generators in CalWind's situation to request  
14 interconnection service before accounting for the impact of the difference  
15 between the capability reflected in their original interconnection  
16 agreements and studies and their actual generating capability, would  
17 inject substantial uncertainty into the interconnection process, to the  
18 detriment of other generators. It could also delay the in-service dates of  
19 generators in the queue because they could not interconnect on their  
20 proposed project timeline if additional transmission capability needs to be  
21 built to support conversion capacity that may or may not materialize.  
22 Existing interconnection customers would also face the potential of having  
23 their queue positions effectively displaced whenever an existing generator

1           wished to develop the additional capacity reflected in its state-jurisdictional  
2           interconnection agreements/studies, because the QF's expansion capacity  
3           would effectively be prioritized over the requests of all other customers  
4           regardless of when they came into the queue. Consistent with good utility  
5           practice, the ISO would still need to conduct a study to determine whether  
6           adding substantial capacity to the existing generator would require  
7           upgrades in addition to those already in-service or planned for projects in  
8           the queue. If additional upgrades were required, then the costs of those  
9           upgrades would presumably need to be allocated to some other entities –  
10          either other interconnection customers in the queue or the applicable  
11          participating TOs. This concern is also expressed by Mr. Chacon in his  
12          testimony, and I agree with his analysis.<sup>17</sup>

13

14       **Q.    Thank you. I have no further questions.**

15

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<sup>17</sup>

SCE-5 at 17-18.

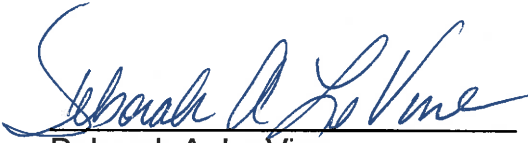
UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

Southern California Edison Company ) Docket No. ER13-1216-001

DECLARATION OF WITNESS

I, Deborah A. Le Vine, declare under penalty of perjury that the statements contained in the Prepared Direct Testimony of Deborah A. Le Vine on behalf of the California Independent System Operator Corporation in this proceeding are true and correct to the best of my knowledge, information, and belief.

Executed on this 28<sup>th</sup> day of January, 2014.

  
Deborah A. Le Vine

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each party listed on the official service list for this proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010 (2013)).

Dated at Washington, DC on this 28th day of January, 2014.

/s/ Michael Kunselman  
Michael Kunselman

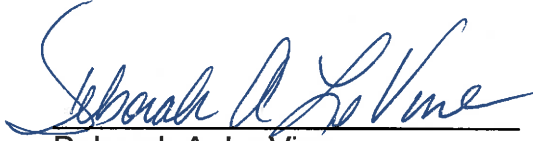
UNITED STATES OF AMERICA  
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DECLARATION OF WITNESS

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/s/ Michael Kunselman  
Michael Kunselman