

128 FERC ¶ 61,247  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Suedeen G. Kelly, Marc Spitzer,  
and Philip D. Moeller.

California Independent System Operator Corporation      Docket No. ER08-1317-002

ORDER ACCEPTING COMPLIANCE FILING

(Issued September 17, 2009)

1. On November 25, 2008, the California Independent System Operator Corporation (CAISO) filed to revise the interconnection queue reform provisions of its Large Generator Interconnection Procedures (LGIP) and related provisions of the CAISO tariff.<sup>1</sup> This order accepts the CAISO's filing as being in compliance with Commission directives in the order conditionally accepting the CAISO's Generator Interconnection Process Reform (GIPR) proposal, and directs further compliance.<sup>2</sup> The revised tariff sheets are accepted effective September 26, 2008.

**I. Background**

**A. The CAISO's Generator Interconnection Process Reform Proposal**

2. This order represents the latest order in a series of orders approving the CAISO's GIPR proposal. On May 15, 2008, the CAISO filed a petition for waiver of certain

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<sup>1</sup> Reformed interconnection provisions include revisions to the LGIP as well as revisions to certain LGIP appendices such as the large generator interconnection study process agreement. These revisions will accommodate the CAISO's three stages of interconnection queue management reform: the serial study group, the transition cluster study group and the queue cluster study group.

<sup>2</sup> *Cal. Indep. Sys. Operator Corp.*, 124 FERC ¶ 61,292 (2008) (GIPR Order).

provisions of its LGIP.<sup>3</sup> The Waiver Petition constituted the first step in the CAISO's large generator interconnection reform process and was approved on July 14, 2008.<sup>4</sup>

3. The second step in implementing the CAISO's GIPR, filed by the CAISO on July 28, 2008, comprised LGIP and other related CAISO tariff revisions. The CAISO asserted that the object of its GIPR tariff amendment was to, among other things: (1) clear the existing backlog of generator interconnection requests; (2) balance generation developer flexibility with increased generation developer commitments; and (3) provide interconnection customers with significant certainty regarding network upgrade costs.<sup>5</sup>

4. The Commission conditionally approved the CAISO's GIPR tariff revisions, finding them to be consistent with the directives of the Commission's order on *Interconnection Queuing Practices*<sup>6</sup> and the July 14 Order.<sup>7</sup> On November 25, 2008, the CAISO submitted its compliance filing in response to the GIPR Order.

#### **B. Notice and Responsive Filings**

5. Notice of the compliance filing was published in the *Federal Register*, 73 Fed. Reg. 75,422 (2008), with interventions or protests due on or before December 16, 2008. On December 11, 2008 the California Public Utilities Commission (California Commission) filed comments (Compliance Filing Comments), which we will treat procedurally as a protest. The CAISO filed an answer on December 31, 2008.

6. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2009), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept the CAISO's answer because it has provided information that assisted us in our decision-making process.

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<sup>3</sup> *Petition for Waiver of Tariff Provisions to Accommodate Transition to Reformed Large Generator Interconnection procedures, and Motion to Shorten Comment Period*, FERC Docket No. ER08-960-000 (filed May 15, 2008) (Waiver Petition).

<sup>4</sup> *Cal. Indep. Sys. Operator Corp.*, 124 FERC ¶ 61,031 (2008) (July 14 Order), *reh'g denied*, 124 FERC ¶ 61,293 (2008).

<sup>5</sup> *Id.* P 9.

<sup>6</sup> 122 FERC ¶ 61,252 (2008).

<sup>7</sup> *Id.* P 33.

## II. The CAISO's Compliance Filing

7. As described below, the Commission accepts the CAISO's compliance filing as consistent with the requirements of the GIPR Order except to the extent we order further compliance.

### A. California Commission's Comments

8. The California Commission states that while only a portion of its recommended changes to the CAISO's GIPR filing were accepted by the Commission in the GIPR Order, it is likely that experience with this reformed process will lead to future refinements, particularly regarding transmission financing and continued integration of the reformed LGIP with the CAISO's transmission planning process as well as with studies and prioritization of renewable energy zones via California's on-going renewable energy transmission initiative.

9. The California Commission's Compliance Filing Comments reiterates its request for certain modifications to the CAISO's interconnection study provisions that the California Commission had initially requested in connection with the GIPR Order, and which the Commission rejected in the GIPR Order. The specific modifications are described in the following subparts.

### B. Intermediate Deliverability

10. As accepted in the GIPR Order, the CAISO's reformed interconnection procedures specify that an interconnection customer must request either "energy-only" or "full capacity" deliverability.<sup>8</sup> Where an interconnection customer has selected energy-only deliverability status, a facility's output can only be delivered subject to system conditions. A reliability analysis will be performed to determine the need, if any, for reliability network upgrades.<sup>9</sup>

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<sup>8</sup> See GIPR LGIP § 3.5.1, Initiating an Interconnection Request, and GIPR LGIP Appendix A, Large Generator Interconnection Study Process Agreement (study process agreement). The former provision states that an interconnection customer must specify requested deliverability status in the study process agreement, while the latter provision offers the choice between full capacity and energy-only under deliverability status.

<sup>9</sup> The CAISO, in coordination with the applicable participating transmission owner(s) (PTO(s)) will perform short circuit and stability analyses for each interconnection request to preliminarily identify reliability network upgrades needed to interconnect the large generating facilities to the CAISO-controlled grid. Power flow

(continued...)

11. The California Commission previously argued, among other things, that an interconnection customer's options at the Phase I study results meeting or shortly thereafter should include the ability to request less than full capacity deliverability. Such deliverability would be limited to whatever level of reduced deliverability and possibly reduced transmission investment and/or earlier in-service dates are offered by the CAISO pursuant to Phase I deliverability studies. In the GIPR Order, the Commission found that the Phase I interconnection study results meeting allows for modifications to decrease the electrical megawatt output of the proposed project.<sup>10</sup> The Commission also found, however, that it was not clear in the GIPR LGIP whether an interconnection customer is able to request a lesser level of deliverability without decreasing the capacity of the project.<sup>11</sup>

12. The Commission was also concerned that complications from the additional level of deliverability would impede the progress of the CAISO's interconnection queue reform process. For these reasons, the Commission suggested that the CAISO have further discussions with the California Commission and interested stakeholders to assess whether further refinement to the GIPR LGIP is appropriate.<sup>12</sup>

13. In its Compliance Filing Comments, the California Commission states that it did attempt to meet with the CAISO staff, pursuant to the Commission's suggestion, to explore the need and value of a GIPR LGIP tariff revision that would address intermediate delivery. The California Commission further states that due to the press of other business they have not yet been able to meet. However, the California Commission reiterates its request here for a modification to make the best use of information from Phase I deliverability assessments, including those assessments with one or more upgrade components removed, and repeats its arguments in favor of giving interconnecting generators the option of an intermediate deliverability. The California Commission contends that within the GIPR LGIP tariff language, as presently written and accepted in the GIPR Order, it is unclear whether or how such intermediate deliverability could rationally be achieved.

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analyses will also be done to identify reliability criteria violations that must be mitigated by reliability network upgrades. *See* GIPR LGIP § 6.3.1, Reliability Network Upgrades.

<sup>10</sup> *See* GIPR Order, 124 FERC ¶ 61,292 at P 92; GIPR LGIP § 6.7.2.1, under Modifications.

<sup>11</sup> GIPR Order, 124 FERC ¶ 61,292 at P 92.

<sup>12</sup> *Id.*

14. In its answer to comments of the California Commission (CAISO Answer to Comments), the CAISO argues that the operational and reliability implications of lesser deliverability without a decrease in the project's capacity would necessitate additional reliability analyses that would impede the queue process. The CAISO asserts that implications relating to intermediate deliverability are complex, and the current analytical tools do not provide a commensurate level of precision implied by a determination of partial deliverability, because a deliverability analysis for a cluster of newly proposed projects is overlaid upon an analysis of existing and previously studied generators. The CAISO states that the deliverability analysis needs to address many data components which are dynamic (such as fluctuations in the dependable capacity of existing generators and the evolution of the transmission and generation facilities planned to be added or removed from the system). If the process is expected to produce precise intermediate deliverability levels for each generation project, then the tolerance for fluctuations is eliminated, and almost any change to the grid model that occurs from one study to the next will change the intermediate deliverability level of every generation project. According to the CAISO, this increased complexity impedes the queue process.<sup>13</sup> The CAISO requests that the Commission not direct LGIP modifications that would impose a requirement for an intermediate deliverability option, since the feasibility of such a level of interconnection is unclear at this time.

#### **Commission Determination**

15. We reject the California Commission's request that the Commission require the CAISO to modify its tariff to accommodate intermediate delivery. This request was considered and rejected in our prior order. During the compliance phase of this proceeding, the issue before the Commission is whether the CAISO properly complied with the Commission's directives in the GIPR Order. The relief that the California Commission requests is beyond the scope of this proceeding.

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<sup>13</sup> See CAISO Answer to Comments at 6, n.2.

### C. Phase II Requested Delivery Level Confirmation

16. Included in the CAISO's GIPR LGIP describing the interconnection process,<sup>14</sup> are Phases I and II study procedures that describe the scope, purpose and interrelationship of the studies with other aspects of the interconnection process.<sup>15</sup>

17. The California Commission argued that the purpose and consequences of the Phase II deliverability studies should be clarified in terms of their relationship to both Phase I deliverability studies and generators' final selection of their deliverability status.<sup>16</sup>

18. In the GIPR Order, the Commission concluded that because it is unclear that an interconnection customer has the opportunity to change its deliverability status from full capacity deliverability to energy-only deliverability at the end of the Phase I interconnection study, the CAISO must make this clarification in its compliance filing.<sup>17</sup> In its compliance filing, the CAISO proposes to modify Phase II interconnection study procedures (section 7.1 of the GIPR LGIP) to provide that following the Phase I results meeting, the interconnection customer will submit to the CAISO a completed appendix B data form<sup>18</sup> indicating either confirmation of the desired deliverability status previously designated in the study process agreement's study assumptions,<sup>19</sup> or change in the status of the desired deliverability from full capacity deliverability status to energy-only deliverability status.

19. The California Commission now argues that the CAISO's modification does not explicitly provide that the Phase II deliverability assessment within the Phase II

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<sup>14</sup> See generally GIPR LGIP §§2-7 (beginning with a general overview of the large generator interconnection process and then setting forth the procedures, from interconnection request submittal to commercial operation of a large generator facility).

<sup>15</sup> See generally GIPR LGIP §§ 6-7, Interconnection Studies and Phase II Interconnection Study, respectively.

<sup>16</sup> See California Commission's Answer to the GIPR Filing at 32.

<sup>17</sup> GIPR Order, 124 FERC ¶ 61,292 at P 90.

<sup>18</sup> See Large Generator Interconnection Study Process Agreement, Appendix B, entitled Data Form To Be Provided By The Interconnection Customer Prior To Commencement Of The Phase II Interconnection Study.

<sup>19</sup> See Large Generator Interconnection Study Process Agreement, Appendix A, entitled Assumptions Used in Conducting the Phase I Interconnection Study.

deliverability study will ensure that an interconnection customer will receive the level of deliverability that it requested and paid for at the end of the Phase I study. The California Commission requests the following modification be added to GIPR LGIP section 7.1:

The Phase II Deliverability Assessment will ensure that Interconnection Customers selecting other than Energy-Only Deliverability Status will, as a result of transmission upgrades identified in the Phase II Interconnection Study, receive no less than the level of deliverability that those Customers requested, and for which they were assigned financial security deposit responsibility, at the end of the Phase I Interconnection Study.<sup>[20]</sup>

20. The CAISO asserts that the additional language that the California Commission recommends does not add anything to either GIPR LGIP section 7.1 or to the conceptual description of the study process unless the CAISO is required to permit an interconnection customer to choose a level of deliverability in between the energy-only deliverability status and full capacity deliverability status. For that reason, the CAISO states that it is unnecessary to adopt the California Commission's proposed tariff language.<sup>21</sup>

#### **Commission Determination**

21. The CAISO's proposed modifications to section 7.1 clarify that the interconnection customer shall confirm the deliverability status it requested or change to energy-only deliverability status after the Phase I interconnection study and before the study process moves into Phase II.<sup>22</sup> We therefore, conclude that the CAISO's proposed section 7.1 modifications provide adequate clarification that the interconnection customer will have the opportunity to ensure that it will be provided with no less than the deliverability level it requested at the end of the Phase I interconnection study. To the extent that the California Commission's proposed modification seeks to address a level of deliverability in between energy-only and full-capacity deliverability status, it is beyond the scope of this compliance proceeding. To the extent the proposed modification would apply more generally, it does not provide additional clarification and, therefore, we reject it. The CAISO has complied with this Commission's directive and additional revisions here are unnecessary.

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<sup>20</sup> California Commission Compliance Filing Comments at 4.

<sup>21</sup> CAISO Answer to Comments at 4.

<sup>22</sup> CAISO Answer to Comments at 3-4.

**D. Deliverable or Allowed Output**

22. The California Commission previously argued that it is not possible to say how much an individual generator will actually be allowed to deliver should part of the network upgrade plan for full deliverability not be built. For this reason, the California Commission requested a revision to the second paragraph of GIPR LGIP Section 2.4.3, The Interconnection Studies. The Commission denied the requested revision on the basis that neither the need for nor effects of such a revision to the GIPR LGIP interconnection studies obligations were clearly justified by the California Commission.<sup>23</sup>

23. In its Compliance Filing Comments, the California Commission argues that its requested revision here is semantic but significant. The California Commission states that while omission of one or more delivery network upgrades required for full deliverability would foreseeably limit a large generating facility's deliverable capacity, i.e., capacity that can be counted upon for resource adequacy purposes, to less than that facility's full capacity, it would not preclude allowing that facility to be scheduled and dispatched above its "deliverable capacity" and perhaps even at full capacity, in some hours, depending on operating conditions and procedures such as involving scheduling and congestion management.

24. In its Answer to Comments, the CAISO argues that the California Commission's request to modify the interconnection studies provision is directed toward a tariff provision, resource adequacy, which is not part of the compliance filing and should therefore be rejected.

**Commission Determination**

25. We deny the California Commission's requested modification. Because determination of resource adequacy qualifying capacity is beyond the scope of the interconnection studies provision, we reject the request.

**E. Applicable Reliability Standards**

26. In the original GIPR proceeding, the Southern California Edison Company proposed to modify the definition of Applicable Reliability Standards to read:

...Generating Facility is directly interconnected, including the requirements pursuant to Section 215 of the Federal Power Act.

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<sup>23</sup> See GIPR Order, 124 FERC ¶ 61,292 at P 112.



The CAISO did not object to a clarifying change to the definition of Applicable Reliability Standards, but prefers that the revision read:

...Generating Facility is directly connected, including requirements adopted pursuant to Section 215 of the Federal Power Act.

The CAISO also suggested that the same change should be made to the definition in the then-current large generator interconnection agreement (LGIA) for the sake of consistency.

27. In the GIPR Order, the Commission agreed with the CAISO's approach and directed the CAISO to make the change in a compliance filing to this order.<sup>24</sup> However, the CAISO does not appear to have included this revision in its compliance filing.

### **Commission Determination**

28. The Commission directs the CAISO to revise the definition as it has suggested in both the LGIA applicable to the Serial Study Group and the GIPR LGIA, as we directed in the GIPR Order. The CAISO should make this change in a compliance filing no later than 30 days from the date of this order.

#### **The Commission orders:**

(A) The Commission accepts the CAISO's compliance filing effective September 26, 2008 and denies the California Commission's requested modifications, as discussed in the body of this order.

(B) The CAISO is hereby directed to make a compliance filing within 30 days of the date of issuance of this order modifying its tariff provisions as discussed in the body of this order.

By the Commission. Chairman Wellinghoff is not participating.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>24</sup> GIPR Order 124 FERC ¶ 61,292 at P 251.