

# Memorandum

**To:** ISO Board of Governors  
**From:** Charles A. King, P.E. Vice President, Market Development & Program Management  
Greg Cook, Manager, Market Design and Regulatory Policy  
**Date:** December 4, 2007  
**Re:** **Follow up to October 17 Decision - Location Constrained Resource Interconnection**

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***This memorandum does not require Board action.***

On October 17, 2007 the Board of Governors granted approval for Management's recommendation to file the Location Constrained Resource Interconnection (LCRI) Policy with FERC. In addition to this approval, Governor Lowe requested a status briefing on this item at the December Board of Governors meeting.

In response to stakeholder comments received late in the process including those presented at the October Board of Governor's meeting, the Final Proposal and tariff language on the Location Constrained Resource Interconnection Policy were updated and clarified to address many of their concerns as outlined below.

- All four stakeholder presenters at the October Board meeting had concerns related to the demonstration of additional interest. Specifically, PG&E and SCE suggested that a monetary deposit of five to ten percent of the LCRIG's prorata share of the capital costs is the appropriate showing, while CMUA indicated that a refundable deposit (an existing option) did not provide enough consumer protection. CalWEA stated that the "bar" for additional interested should be higher than what was currently offered. In response to these concerns the tariff language was modified by including an additional option to enable applicants to meet the "additional interest" criterion. The tariff language was amended so that LCRI applicants can demonstrate "additional interest" by paying a deposit equal to five percent (5%) of the Location Constrained Resource Interconnection Generator's (LCRIG) prorata share of the capital costs of the proposed LCRI facility.
- SCE raised concerns that the tariff language related to specific ratemaking mechanisms was too proscriptive. In response to this concern the tariff language was modified to reflect more general guidelines relating to the method PTOs use to file for cost recovery at FERC.

The LCRI tariff amendment was filed with FERC on October 31, 2007 as planned.