

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

Pacific Gas and Electric Company)
)
) **Docket No. EL16-47**

**MOTION TO INTERVENE AND COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (“CAISO”) respectfully moves to intervene and submits these comments regarding the Petition for Declaratory Order filed by Pacific Gas and Electric Company (“PG&E”) on March 10, 2016 in the captioned docket.¹ In its filing, PG&E seeks transmission rate incentives for eight transmission projects that the CAISO approved in its transmission planning process. Specifically, PG&E requests recovery of one-hundred percent of all prudently incurred construction costs if any of the projects are abandoned or cancelled, in whole or in part, for any reason beyond PG&E’s control (“Abandonment Incentive”). PG&E also seeks confirmation that the fifty basis point adder applicable to its base return on equity for regional transmission organization participation (“RTO Adder Incentive”) applies to these projects. The purpose of these comments is to confirm certain information relevant to PG&E’s request for incentive rate treatment and support PG&E’s request for abandoned plant recovery.

¹ The CAISO moves to intervene and submits these comments pursuant to Rules 212 and 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385,214 (2015), and Commission’s notice in this docket.

I. Motion to Intervene

The CAISO requests that the Commission allow it to intervene because PG&E will recover its proposed transmission revenue requirement, including any rate incentives, through the transmission access charge that the CAISO collects from users of the transmission facilities under the CAISO's operational control. The justness and reasonableness of the CAISO's transmission access charge is dependent upon the justness and reasonableness of the transmission revenue requirements that transmission owners recover through the transmission access charge. As a result, the CAISO has a direct and substantial interest in the proceeding. Also, PG&E is seeking incentives for transmission projects that the CAISO approved through its annual transmission planning process. Because no other party can adequately represent the CAISO's interests in the proceeding, the CAISO's intervention is in the public interest, and the Commission should grant the intervention.

II. Comments

A. Nature of the Projects

PG&E seeks transmission rate incentives for eight transmission projects that are more fully described in PG&E's petition: the Wheeler Ridge Junction 230 kV substation project; the Spring 230 kV substation project; the Estrella 230 kV substation project; the Martin 230 kV bus extension; the Northern Fresno 115 kV Reinforcement project; the Midway-Andrew 230 kV project; the Lockford-Lodi Area 230 kV Development project; and the Oro Loma 70 kV Reinforcement project. The CAISO confirms that it determined the need for all of these projects through its annual transmission planning process. Through that process, the CAISO identifies projects to address reliability needs,

economically driven needs, and policy-driven needs. The CAISO approved these specific projects to meet identified reliability needs on the CAISO system.

B. Abandoned Plant Incentive

The CAISO supports PG&E's requested authorization for abandoned plant recovery. The CAISO believes such authorization is appropriate when a facility has been initially proposed and approved through a process involving stakeholder input, such as the CAISO's transmission planning process, and the subsequent decision to abandon the project is not under the control of project developer. Such abandonment might occur, for example, due to a failure to obtain necessary regulatory approvals. Under the CAISO tariff, project sponsors such as PG&E are obligated to make a good faith effort to obtain all approvals and property rights for and to construct needed transmission projects reflected in the annual transmission plan for which they are responsible. It is particularly important that project sponsors proceed with reliability projects in a diligent and timely manner so the CAISO does not face potential reliability criteria violations. The availability of abandoned plant recovery promotes this undertaking and is an important incentive that serves to expand the options available to the CAISO in meeting reliability and other needs identified in its annual transmission planning process.

It is the CAISO's policy not to take a position on requests for rate incentives regarding the return on equity.

III. Description of the CAISO and Communications

The CAISO is a non-profit public benefit corporation organized under the laws of the State of California with its principal place of business at 250 Outcropping Way,

Folsom, CA 95630. The CAISO is the balancing authority responsible for the reliable operation of the electric grid comprising the transmission systems of a number of utilities, including PG&E, administers the generator interconnection procedures applicable to those facilities, and is the market operator of energy and ancillary services markets. The CAISO requests that all communications and notices regarding this filing and these proceedings be provided to the following:

Anthony J. Ivancovich
Deputy General Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
aivancovich@caiso.com

III. Conclusion

For the reasons explained above, the CAISO requests that the Commission grant its motion to intervene and consider its comments.

Respectfully submitted,
/s/ Anthony J. Ivancovich

Roger E. Collanton
General Counsel
Anthony J. Ivancovich
Deputy General Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7135
Fax: (916) 608-7222
aivancovich@caiso.com

Attorneys for the California Independent
System Operator Corporation

Dated: April 11, 2016

CERTIFICATE OF SERVICE

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

Dated at Folsom this 11th day of April, 2016.

/s/ Anna Pascuzzo

Anna Pascuzzo