

SCE: The telecommunications facilities identified in the revised interconnection study as necessary to interconnect the Green Borders Geothermal Project to the CAISO Controlled Grid should be considered interconnection facilities. (Exh. No. SCE-1 at 8)

Staff: The telecommunications facilities should be classified as Interconnection Facilities and directly assigned to Green Borders. Function and location must be considered in the analysis of the issue. As can be seen from the outline below, there are several ways to analyze this issue; however, regardless of the approach chosen, it is clear that these telecommunications facilities are not integrated with the CAISO Controlled Grid and do not provide any benefits to that transmission system. As described in Staff's testimony, the function of these telecommunications facilities is solely to protect the existing rights on a radial line of a third party Qualifying Facility, under certain specific circumstances. (Exh. No. S-1 at 11-12). A second factor, location, must also be considered. It is not disputed that the telecommunications facilities are located behind the Point of Interconnection. Further, the third-party transmission line by which Green Borders will access the CAISO Controlled Grid is a radial line, or gen-tie, and is not integrated with the CAISO Controlled Grid. Since it cannot be shown that these telecommunications facilities, which are located behind the Point of Interconnection, provide any benefit to the CAISO Controlled Grid, they must be deemed Interconnection Facilities and their costs must be directly assigned to Green Borders.

1. Whether the telecommunications facilities at issue provide a benefit to the CAISO Controlled Grid.

CAISO: The telecommunications facilities at issue benefit only Green Borders and do not benefit the CAISO Controlled Grid as a whole. Unlike the RAS facilities, which do provide for more reliable and efficient use of the transmission system by allowing more generation capacity to be reliably connected than otherwise, the sole purpose of the telecommunications facilities is to allow the tripping of the Green Borders project without impacting service to the existing Oxbow QF, thus benefitting only Green Borders by facilitating Green Borders' decision to interconnect via the Dixie Valley-Oxbow line. (Exh. Nos. ISO-1 at 9-11; ISO-2 at 4-5, 7-8)

Green Borders: The disputed facilities provide a benefit to the CAISO controlled grid, because they permit Green Borders' renewable resource to safely and reliably interconnect to the CAISO's controlled grid, and also permit the least amount of generation to be tripped from the system when required for reliability purposes under limited system conditions. (Exh. Nos. GB-1 at 5-8; GB-2 at 2-6, 7-10)

SCE: The telecommunications facilities at issue benefit only Green Borders and do not benefit the CAISO Controlled Grid as a whole. There are telecommunications upgrades required as part of the Green Borders project that will benefit the CAISO Controlled Grid, however these upgrades are not at issue in this case. The telecommunications facilities at issue in this case are only to be used to mitigate the adverse impacts of interconnecting the Green Borders project to the non-CAISO Controlled Dixie Valley-Oxbow line for delivery to the CAISO grid without adversely impacting the Oxbow QF which is currently in place. (Exh. No. SCE-1 at 6-7)

Staff: The telecommunications facilities at issue, which are not integrated with the CAISO Controlled Grid (see Staff's position under section 6), provide no benefits to the CAISO Controlled Grid. The telecommunications facilities are required only to protect the existing rights of the Oxbow Qualifying Facility on the radial Dixie-Oxbow line in the event of a specific outage situation. This situation occurs only because Green Borders has opted to interconnect via the Dixie-Oxbow line. (Exh. No. S-1 at 11, 20-26)

2. Do the telecommunications facilities at issue constitute a discrete upgrade, or are they an integral part of the RAS?

CAISO: The telecommunications facilities are a discrete upgrade that should not be considered as part-and-parcel of the RAS because they serve two different purposes. The RAS facilities safeguard the operation of the transmission system and mitigate overload and stability problems while the telecommunications facilities serve only to facilitate the ability of Green Borders to interconnect with the CAISO Controlled Grid through the customer-owned Dixie Valley-Oxbow line. (Exh. No. ISO-2 at 2-3)

Green Borders: The telecommunication facilities are not a discrete upgrade and should be considered part-and-parcel of the RAS, because they serve the same function of an overall protective system that safeguards the operation of SCE's transmission system. (Exh. Nos. GB-1 at 3-5; GB-2 at 2-6, 9-10)

SCE: The telecommunications facilities are a discrete upgrade that would not be required if Green Borders constructed an independent generation tie-line or if SCE were allowed to continue to operate the non-CAISO Controlled circuit breaker located on position no.8 of the Control Substation. There are RAS upgrades required as part of the Green Borders Interconnection that are integral to the RAS, which are considered network upgrades, however the facilities at issue are a discrete upgrade. (Exh. No. SCE-1 at 6-7)

Staff: The telecommunications facilities are an individual element of the RAS. The RAS is not a single-use device with a sole functionality but is comprised of components which serve different functions. In this case, the function of the telecommunications facilities is to protect the existing rights of the Oxbow Qualifying Facility on the radial Dixie-Oxbow line. (Exh. No. S-6 at 4)

3. Whether the location of the telecommunications facilities on the Green Borders side of the interconnection is relevant to determining their appropriate classification.

CAISO: It is. The Commission has, in analyzing the classification of facilities, often examined whether or not the facilities at issue are located on the generator or transmission owner side of the point of interconnection. (Exh. No. ISO-2 at 3)

Green Borders: The location of the telecommunication facilities on the Green Borders side of the interconnection is irrelevant to determining their appropriate

classification, rather, it is the function and overall use of the equipment that is relevant in determining the classification of the facilities. (Exh. Nos. GB-1 at 5; GB-2 at 2-5)

SCE: Yes, the fact that these facilities are before the point of interconnection is relevant to determining that they are interconnection facilities. (Exh. Nos. ISO-2 at 3, S-1 at 11)

Staff: Yes, location remains a relevant factor. It is not disputed by any participant that these telecommunications facilities are situated on the Green Borders side of the Interconnection. (Exh. No. S-1 at 10). Past Commission precedents have held that facilities so located should be considered Interconnection Facilities.

4. Does the fact that Southern California Edison will own and operate the telecommunications facilities support treating them as network upgrades?

CAISO: The fact that SCE will own and operate these telecommunications facilities does not support treating them as network upgrades. Both the CAISO and FERC *pro forma* LGIA recognize a category of interconnection facilities that are owned by the transmission provider. Although ownership might be a factor in determining facility classification under certain circumstances, in this particular case SCE's ownership and operation of the facilities is not significant because these facilities will be operated for the sole benefit of Green Borders, and not for SCE or for the grid as a whole. (Exh. No. ISO-2 at 7)

Green Borders: Yes, the fact that SCE will own and operate the telecommunications facilities supports treating them as network facilities. The ownership of the facilities is a relevant issue in determining the classification of facilities, because the facilities at issue will provide a benefit and safeguards to SCE's transmission system. (Exh. No. GB-1 at 4-5, 8)

SCE: No. The ownership of the facilities is not relevant in determining whether they are interconnection facilities or network facilities. (Exh Nos. ISO-2 at 7, S-1 at 26-27, S-2 at 1)

Staff: The ownership of these telecommunications facilities is not determinative of functionalization. (Exh. S-1 at 26)

5. Is the Commission's decision in *Southern California Edison Co., 97 FERC ¶ 61,148 (2001)* ("*Wildflower*") relevant to the issue of determining the classification of the telecommunications facilities at issue in the current proceeding? If so, how?

CAISO: The *Wildflower* decision determined that certain RAS equipment should be treated as network upgrades, which is appropriately reflected in the unexecuted LGIA filed for Green Borders. However, this decision does not speak to the proper classification of the telecommunications facilities because the *Wildflower* project did not interconnect to the Grid in the same manner as Green Borders (*i.e.* through a customer-

owned radial transmission line), and therefore, did not include the same sort of telecommunications facilities. (Exh. No. ISO-2 at 6)

Green Borders: Yes, the Commission's decision in *Wildflower* is relevant to the issue of determining the classification of the telecommunication facilities at issue in the current proceeding, and using the Commission's analysis in *Wildflower*, it is appropriate for the facilities at issue in this proceeding to be classified as network upgrades. The Commission's decision in *Wildflower* demonstrates that RAS installed in lieu of costly network upgrades would be classified as network upgrades. The facilities in dispute in this proceeding serve a similar function as the RAS' approved in the Commission's *Wildflower* decision and appropriately should be classified as network upgrades. (Exh. Nos. GB-1 at 6-8; GB-2 at 7-9)

SCE: The *Wildflower* decision is relevant because it determined that certain RAS equipment should be treated as network upgrades. SCE properly included the RAS equipment that benefits the CAISO grid in its LGIA with Green Borders. The distinction can be made between *Wildflower* and Green Borders because of the manner in which Green Borders is interconnecting to the electric system (through the non-SCE owned Dixie Valley-Oxbow line) and delivering its output through a single non-CAISO controlled 115-kV circuit breaker at the SCE Control Substation. The additional telecommunications facilities at issue are only required to mitigate increased tripping exposure that would otherwise be burdened onto a third party generator. (Exh. No. ISO-2 at 6)

Staff: No, the *Wildflower* case is not determinative of the issue. Under *Wildflower*, RAS costs when designed, operated and built to provide protection to an integrated system, should be recovered from users of that integrated system. In this case, however, the telecommunications line at issue is not part of an integrated transmission system. (Exh. Nos. S-1 at 19; S-6 at 5-7)

6. Is it appropriate to compare the telecommunications facilities at issue in Green Borders to a radial transmission line for purposes of determining the appropriate facilities classification?

CAISO: Yes. It is fair to analogize the telecommunications facilities to a radial line in this case because both facilities are dedicated to safely and reliably interconnecting a single interconnection customer to the grid, because the only purpose of these telecommunications facilities is to trip the Green Borders project separately and independently, without also tripping the Oxbow QF, and because these facilities will be located on the Green Borders' side of the point of interconnection. (Exh. Nos. ISO-1 at 10-11; ISO-2 at 8-9)

Green Borders: No, it is inappropriate to compare the telecommunications facilities at issue in this proceeding to a radial transmission line for purposes of determining the appropriate facilities classification, because the purpose and function of the telecommunication facilities are different than the purpose and function of a radial transmission line. (Exh. Nos. GB-1 at 8, GB-2 at 5-7)

SCE: Yes. The additional telecommunications facilities are needed in order to mitigate the detrimental impact to the Oxbow QF that connects to SCE's system through the Dixie Valley–Oxbow radial transmission line. If Green Borders were to connect via its own radial transmission line to SCE's Control Substation, those facilities would be considered interconnection facilities, and the telecommunications facilities at issue would not be needed but rather the circuit breaker installed at the Control Substation to support the new radial transmission line would be tripped as part of the RAS. (Exh. No. SCE-1 at 7-8)

Staff: The Commission has not specifically addressed whether the type of telecommunications facilities at issue here are Network Upgrades or Interconnection Facilities. In the absence of any specific Commission directives, it is appropriate to look to other relevant tests, such as those for determining whether a transmission line is a radial line or part of an integrated system. Thus, as the first step in analyzing the telecommunications facilities, the Staff witness, using the *Mansfield* five-factor test, confirmed that the third party transmission line, the Dixie-Oxbow line, is a radial line and not integrated with the CAISO Controlled Grid. (Exh. No. S-1 at 12-16). The telecommunications facilities here are only one element of the RAS upgrades and are located behind the Point of Interconnection and along this third party line. Further, the function of the telecommunications facilities is to ensure the Qualifying Facility's continued use of the radial line when a specific event occurs. Thus, the telecommunication facilities function more like a radial line than as an integrated part of the CAISO Controlled Grid.

Respectfully submitted,

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