

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

**California Independent System) Docket No. ER12-1855-000
Operator Corporation)**

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
REQUEST TO ANSWER AND ANSWER RE REQUEST TO ANSWER AND
ANSWER OF WELLHEAD ELECTRIC CO., INC.**

On July 6, Wellhead Electric Co. filed a request to answer the July 3, 2012 answer filed by the California Independent System Operator Corporation.¹ In the event that the Commission accepts Wellhead’s July 6 answer, the ISO files this request to file an answer and the ISO’s answer to Wellhead’s July 6 answer.²

For the reasons the ISO explains below, the Commission should accept the TPP-GIP tariff amendment as filed and reject Wellhead’s request that the Commission require the ISO to modify the Phase I study approach to determine network upgrade needs for each proposed generation project “on the assumption that the subject project is the only project being added to the grid” and to “use the

¹ Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A to the ISO tariff, as revised by the proposed tariff changes contained in the ISO’s May 25, 2012 TPP-GIP tariff amendment in this proceeding. Except where otherwise specified, references to section numbers are references to sections of the ISO tariff as revised by the proposals in the TPP-GIP tariff amendment.

² The ISO submits this answer pursuant to Rules 212 and 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213. The ISO requests waiver of Rule 213(a)(2), 18 C.F.R. § 385.213(a)(2), to permit it to make an answer to Wellhead’s answer. Good cause for this waiver exists here because the answer will aid the Commission in understanding the issues in the proceeding, provide additional information to assist the Commission in the decision-making process, and help to ensure a complete and accurate record in the case. See, e.g., *Astoria Generating Company L.P.*, 139 FERC ¶ 61,244, at P 22 (2012); *Equitrans, L.P.*, 134 FERC ¶ 61,250, at P 6 (2011); *California Independent System Operator Corp.*, 132 FERC ¶ 61,023, at P 16 (2010); *Xcel Energy Services, Inc.*, 124 FERC ¶ 61,011, at P 20 (2008).

‘what fits’ approach for every network upgrade including ADNUs, LDNUs and RNUs.”³

I. Answer

In its July 6 answer, Wellhead seeks clarification of footnote 45 in the ISO’s answer that addressed Wellhead’s June 15 alternative proposal regarding a “what fits” report. Specifically, Wellhead seeks to clarify whether the GIDAP study process which will provide information on “what fits” within the transmission plan deliverability will also identify what fits before any additional reliability network upgrades (RNUs). The ISO clarifies here that it will not.

In footnote 45 of the ISO’s July 3 answer, the ISO noted that the GIDAP study process is designed to provide generation developers information as to the amount of generation that “fits” within the transmission capacity reflected in the final comprehensive transmission plan approved in the transmission planning process. Specifically, the ISO stated that the Phase I study report “will model the amount of TP Deliverability the grid can support in each study area based on the latest Transmission Plan (*i.e.*, the amount of deliverability available without further delivery network upgrades), and will then identify incremental delivery network upgrades and associated costs to provide deliverability for reasonable amounts of additional generation in each area.” The ISO believes this is comparable to Wellhead’s proposed “what fits” assessment with regard to delivery network upgrades. The TPP-GIP tariff amendment does not, however, propose to provide such a “what fits” assessment with regard to RNUs.

³ Wellhead July 6 answer at 2-3.

In its July 6 answer, Wellhead also requested that the Commission require the ISO to use Wellhead's proposed "what fits" approach – which also entails assessing the network upgrade needs for each proposed generation project "on the assumption that the subject project is the only project being added to the grid" – for all categories of network upgrades, including both area and local delivery network upgrades (ADNU and LDNU) as well as RNU. For reasons explained below, the Commission should reject this Wellhead request.

A. The Commission Should Reject Wellhead's July 6 Answer on Procedural Grounds.

As Wellhead acknowledges in its July 6 answer, it had proposed in its June 15 Motion "an alternative to the TPP-GIP tariff revisions." Through its July 6 request that the Commission direct the ISO to adopt Wellhead's proposal with regard to RNU, Wellhead is again pressing for Commission approval of its proposed alternative instead of the TPP-GIP tariff amendment. It bears reiterating to Wellhead that the scope of the Commission's determination in this proceeding is whether the GIDAP is just and reasonable, not whether alternative proposals suggested by other parties are more just and reasonable.

As the ISO explained in the TPP-GIP tariff amendment filing, the ISO conducted an extensive stakeholder process in developing its proposal, the result of which was a GIDAP design that achieves the stated objectives of the initiative while balancing a number of inherent tradeoffs. In the course of that process the ISO entertained numerous proposals and ideas offered by stakeholders, and ultimately incorporated some and did not incorporate others. It is procedurally inappropriate in the context of the ISO's filing under Section 205 of the Federal

Power Act for a party that was not satisfied with the resulting GIDAP design to present its alternative proposal for Commission approval alongside the ISO's TPP-GIP tariff amendment.

Following this logic, the ISO's intention when it responded to Wellhead in ISO's July 3 answer was not to consider and assess Wellhead's (or any other party's) alternatives to the TPP-GIP tariff amendment, but simply to point out the extent to which the ISO's filed tariff amendment achieves what Wellhead appeared to be asking for. The ISO believes, as stated in footnote 45 of the July 3 answer, that the design of the proposed Phase I study process under GIDAP, as elaborated in the testimony of Dr. Songzhe Zhu, will provide the "what fits" information Wellhead is seeking with regard to ADNU and LDNU. The GIDAP proposal will not, however, provide what Wellhead is seeking with its alternative proposal with regard to RNU. Moreover, the TPP-GIP tariff amendment does not propose any revisions to the existing interconnection study process as regards reliability network upgrades (RNU). Thus, Wellhead's proposed alternative to the TPP-GIP tariff revisions, *i.e.*, to modify the RNU study process to consider the network upgrade requirements of each proposed generation project "on the assumption that the subject project is the only project being added to the grid" and to produce a "what fits" report for RNUs, is outside the scope of the ISO's filed tariff amendment.

Finally, the ISO must disagree with Wellhead's suggestion in its July 6 answer that Wellhead's proposed approach with regard to RNUs is necessary to "provide accurate information as to the transmission facilities and associated

costs that will be required to interconnect a specific generating project.” The GIDAP study processes as proposed in the TPP-GIP tariff amendment will provide the level of accuracy regarding RNU facilities and associated costs required by participants to make informed business decisions.⁴

B. The Wellhead Proposal Regarding RNUs Raises Several Issues That Must Be Recognized.

Although the ISO will not get into a detailed discussion of Wellhead’s proposal in this brief answer, it is important for the Commission to understand that there are several significant issues with Wellhead’s proposal, which Wellhead does not acknowledge in its assertions of the benefits of its proposal and which should be recognized if the Commission is considering the merits of that proposal.

First, performing interconnection studies to identify the network upgrade needs of each individual generation project “on the assumption that the subject project is the only project being added to the grid” would be a major departure from the existing cluster study approach approved by the Commission in prior orders. The TPP-GIP tariff amendment does not adopt such a departure from the existing cluster study approach, which uses the group of interconnecting projects as the level of analysis to determine what network upgrades are triggered.

Second, in describing the detailed design of the GIDAP, the TPP-GIP tariff amendment made numerous references to the treatment of RNU and the

⁴ See TPP-GIP tariff amendment, Exh. No. ISO-1 (Testimony of Songzhe Zhu) at 3-4.

retention of RNU-related provisions that exist in today's GIP. In particular, the GIDAP retains today's functions of the Phase I and Phase II study processes in providing RNU cost estimates and establishing RNU cost caps which are then incorporated into each interconnection customer's generator interconnection agreement. To seriously consider Wellhead's alternative to the ISO's filed tariff amendment would require a careful and comprehensive reassessment of the role that RNU study results play in the interconnection process and the implications of changing the study methodology as Wellhead proposes. The TPP-GIP Integration stakeholder initiative did not undertake such a reassessment due to the overriding importance of addressing delivery network upgrades (DNU) as the key focus for integrating the generator interconnection and transmission planning processes, as well as what most parties agree is the far greater magnitude of DNU costs relative to RNU costs.

Finally, considering the details of the study processes described by Dr. Zhu in her testimony, it should be clear that the GIDAP will entail considerable expansion of workload for the planning staff as compared to today's GIP, without extending the overall time frame for the Phase I and Phase II study processes. Wellhead's proposal that the ISO identify *all* categories of network upgrades needed for each proposed generation project "on the assumption that the subject project is the only project being added to the grid" – particularly in view of the volume of projects in the queue – would require an additional dramatic increase in the volume of studies to be performed.

II. Conclusion

For the reasons explained above, the ISO requests that the Commission reject Wellhead's request in its July 6 answer to order that the ISO modify the GIDAP study process, and approve the TPP-GIP tariff amendment as filed by the ISO.

Respectfully submitted,

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Dated: July 10, 2012

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 Washington, D.C. this 10th day of July, 2012.

/s/ Bradley R. Miliauskas
Bradley R. Miliauskas