

**Comments of LS Power Associates, L.P. Interim
Interconnection Requirements for Large Generator Facilities
Review Initiative**

Submitted by	Company	Date Submitted
Eric Crawford ecrawford@lspower.com 925.201.5234	LS Power Associates, L.P.	May 3, 2010

LS Power appreciates the opportunity to comment on CAISO's Interconnection Standards Draft Final straw proposal dated April 26, 2010.

While LS Power, in general, supports the initiative and understands the need for the new Interconnection Requirements, we strongly oppose CAISO's urgency in adopting the new requirements effective on the day CAISO seeks and secures Board approval.¹ We believe that CAISO should change the applicability date for new requirements from the CAISO Board of Governors approval date to the date that FERC sets as the effective date for the associated tariff amendment that the CAISO plans to submit in June 2010.

It is a fundamental premise that the CAISO cannot amend the rates, terms or conditions of service without making a tariff filing pursuant to Section 205 of the Federal Power Act. A corollary to this requirement is that a public utility like the CAISO cannot change its existing tariff terms on a retroactive basis; it must follow the prior notice requirements under FERC's regulations and secure FERC approval prior to allowing the tariff changes to go into effect. Here, CAISO is proposing to change the technical standards for interconnection, which is a fundamental term or condition of service under its FERC-approved tariff. The proposed interconnection standards, if implemented upon Board approval, would result in a change to the CAISO tariff before the amendments have been filed at FERC and thus would be an impermissible retroactive tariff amendment.

LS Power also is concerned about the practical implications associated with the CAISO's proposed action. Applying the new requirements as of CAISO's Board approval date will cause uncertainty in terms of design requirements for new projects. The uncertainty and inefficiency of the proposed approach would be especially pronounced if FERC subsequently disapproves or partially approves CAISO's new proposal after review of the tariff amendment. The projects that would have designed their systems to meet new CAISO requirements would stand the unnecessary risk of additional costs to meet the proposed new requirements and be subject to additional re-design if FERC alters CAISO's proposal.

In addition, FERC is in the middle of considering much broader policy initiatives related to interconnection and renewables deployment that should be factored into CAISO's proposed interconnection standards. Thus, rather than adopting the new requirements in a vacuum, CAISO should give FERC staff a chance to review CAISO's proposal and rule on the new requirements prior to implementing them. For example, FERC's desire to promote renewable energy development is evidenced by the recent issuance of a Notice of Inquiry² relating to the integration of variable generation and FERC's ruling on the Nevada Power/EI Dorado Energy,

¹ Straw Proposal at 3 (Recommendation 2.D states that the new requirements would not go into effect prior to Board approval).

² *Integration of Variable Energy Resources*, 130 FERC ¶ 61,053 (2010).

LLC dispute³. CAISO should ensure that the new requirements it is imposing do not run counter to the developing FERC policies. Consequently, LS Power strongly supports adopting the CAISO's new interconnection requirements only after receiving FERC approval of the associated tariff amendment.

³ *Nevada Power Co.*, 130 FERC ¶ 61,147, at P 27-28 (2010).