UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Meridian Energy USA, Inc.) Docket No. ER13-1333-000

MOTION TO INTERVENE AND PROTEST OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION IN RESPONSE TO PETITION FOR WAIVER OF MERIDIAN ENERGY

The California Independent System Operator Corporation ("ISO") submits this protest to the request for tariff waiver submitted by Meridian Energy USA, Inc. ("Meridian") on April 24, 2013. Meridian, an interconnection customer, requests that the Commission waive the tariff obligation for the second posting of interconnection financial security pending information on what it refers to as the "total cost exposure of [its generation projects] for the required interconnection facilities."[1]

The Commission should deny Meridian's request because it fails to satisfy the Commission's "good cause" standard for granting a tariff waiver. Meridian has not demonstrated good cause for waiving the second security posting requirement. Rather, Meridian's situation is not materially different from other interconnection customers in terms of the degree of "certainty" regarding the total cost exposure of its projects. Meridian has the benefit of a cost cap for its full-capacity deliverability-related upgrade costs, and per the ISO's interconnection rules, there is no cost cap covering Meridian's other network upgrades or interconnection facilities because these upgrades were identified through the

[1] The ISO files this answer pursuant to 18 C.F.R. § 385.213. Capitalized terms not otherwise defined in this answer have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO tariff.

ISO's serial study process. Therefore, Meridian has failed to demonstrate that good cause exists for a tariff waiver. However, even assuming that Meridian could make such a demonstration under some hypothetical set of circumstances, Commission precedent is clear that the appropriate relief would not be to permit Meridian to delay its posting requirement.

Granting a waiver would also have undesirable consequences because it would undermine the importance of financial security postings to ensure that projects advancing in the interconnection queue are viable, which is the very purpose of the financial security posting requirements. Allowing Meridian to defer its posting obligation would also shift financial risk to Pacific Gas and Electric Company (PG&E) as the applicable participating transmission owner, and would undermine the ISO's ability to conduct its interconnection process in a fair and efficient manner by establishing an incentive for other interconnection customers to file similar unwarranted requests. Lastly, a waiver would not have evident benefits for any customers other than Meridian.

I. BACKGROUND

On April 24, 2013, Meridian filed public and confidential versions of a request for waiver of Appendix Y to the ISO tariff. Specifically, Meridian requested that the requirement to make its second posting of interconnection financial security relating to the deliverability analysis for three generation projects[2] be deferred until 90 days after Meridian receives cost information from

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[2] The three projects being developed by Meridian are Jacob Canal Solar Farm (queue # 372), Lauren West Solar Farm (queue # 470), and Laurel East Solar Farm (queue # 471), which are being developed by Meridian's wholly owned subsidiaries Jacob Canal Solar Farm, LLC, Laurel West Solar Farm, LLC, and Laurel East Solar Farm, LLC, respectively.

PG&E that Meridian states is material to evaluating the total cost exposure of the projects.[3] Each of the projects is subject to existing Small Generator Interconnection Agreements ("SGIAs") that were all entered into on October 14, 2010.[4] Meridian's April 24 filing also included a motion for stay of Meridian's obligation under the ISO tariff to make its second posting of interconnection financial security.

On April 25, 2013, the Commission issued a notice of filing stating that answers to Meridian's motion for stay should be filed by April 29, 2013 and that answers to Meridian's request for limited tariff waiver should be filed by May 6, 2013.

On April 30, 2013, the ISO filed a motion to submit an answer one day out of time, an answer to Meridian's motion for stay, and a motion to establish a standard comment period for answers to Meridian's request for tariff waiver.[5] Meridian filed a reply to the ISO's answer on May 1, 2013. On May 3, 2013, the

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[3] The local utility is Pacific Gas and Electric Company ("PG&E"), which is the applicable participating transmission owner for the interconnection of Meridian's projects.

[4] April 24 Meridian Filing, Attachments A, B and C.

[5] Meridian never served this pleading on the ISO. Although it may be unclear whether the Commission's regulations require the service of tariff waiver requests, the ISO respectfully urges the Commission to clarify that when an entity files a petition to waive a provision of a tariff that is not its own, service should be required on the tariff's owner. This outcome is appropriate because a request to waive provisions in another entity's tariff is in all pertinent respects identical to a complaint requesting modification of an existing tariff rule under Section 206 of the Federal Power Act, which the Commission's regulations require to be served on the subject of the complaint. 18 C.F.R. § 385.206(c). Moreover, requiring service under these circumstances is supported by basic notions of equity and administrative efficiency.

Commission denied Meridian's request for a stay of its obligation to make its required second posting of interconnection financial security.[6]

II. MOTION TO INTERVENE

The ISO is a non-profit public benefit corporation organized under the laws of the State of California, with a principal place of business at 250 Outcropping Way, Folsom, California. The ISO is an independent transmission system operator operating the transmission systems of its participating transmission owners. The ISO is a balancing authority and coordinates the ancillary services and electricity markets within its balancing authority area.

The ISO operates under the terms of the ISO tariff, which is on file with the Commission. The ISO is responsible for administering a generator interconnection process in accordance with its Commission-approved tariff, of which Meridian seeks waiver. Accordingly, the ISO has a direct and substantial interest in this proceeding and requests that it be permitted to intervene with full rights of a party. Because no other party can adequately represent the ISO's interests in this proceeding, the ISO's intervention is in the public interest and should be granted.

III. PROTEST

The Commission may grant a request for tariff waiver if (1) good cause exists to grant a waiver of limited scope, (2) no undesirable consequences will

[6] *Order Denying Motion for Stay*, 143 FERC ¶ 61,094 (2013).

result, and (3) customers will get evident benefits.[7] Meridian fails to satisfy any of these three factors. Therefore, the Commission should deny Meridian's request for tariff waiver.

A. Meridian Fails To Demonstrate Good Cause To Waive the Interconnection Financial Security Posting Deadline

Meridian's certainty as to its potential obligations for required network upgrades and interconnection facilities is not inherently different from that of other interconnection customers who were originally studied in the serial process and later decided to take advantage of the ISO's one time full-capacity deliverability option. As with all other interconnection customers studied under the ISO's serial study procedures, there is no cap on the costs of the network upgrades identified in this process as necessary for the reliable interconnection of Meridian's projects to the ISO controlled grid. On the other hand, the Phase I and Phase II interconnection study results for the full-capacity deliverability option do provide Meridian with its maximum cost exposure for the network upgrades associated with its full-capacity deliverability request. Uncertainty is inherent in the serial study process and therefore provides no basis for relief of the requirement to post financial security for the full-capacity deliverability upgrades. In any event Meridian has made no demonstration that its final costs would be materially different from the estimates already provided by PG&E, or explained how such a potential difference would negatively impact the viability of its projects. Accordingly, any claim that it does not have a reasonable amount of

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7 *Pacific Gas and Electric Co. and Southern California Edison Co.*, 136 FERC ¶ 61,243, at P 8 (2011); *California Independent System Operator Corp.*, 136 FERC ¶ 61,107, at P 7 (2011); *California Independent System Operator Corp.*, 118 FERC ¶ 61,226, at P 9 (2007).

information to make decisions regarding its projects' continued participation in the deliverability process, or the interconnection queue as a whole, is without merit.

1. Meridian's Circumstances Are Not Meaningfully Distinct from Other Serial Customers Participating in the Full-Capacity Deliverability Assessment Process

Meridian argues that the tariff provision requiring it to make its second posting of interconnection financial security should be waived pending information from PG&E. Meridian contends it needs such information to evaluate the total cost exposure for the network upgrades and interconnection facilities that are required for the interconnection of the projects.[8] Meridian's argument is based on a fundamental misunderstanding regarding the ISO tariff's financial security requirements. In fact, Meridian has a similar amount of certainty as to its total cost exposure to that of other interconnection customers who were studied in the serial study process and chose to utilize the one-time full-capacity deliverability option. Therefore, Meridian should be required to timely post its required financial security just like every other similarly situated interconnection customer.

Meridian's projects were originally studied pursuant to the ISO's serial small generation interconnection procedures. Those studies indicated that certain network upgrades and interconnection facilities were required for the reliable interconnection of Meridian's projects to the ISO controlled grid. These studies also contained an estimate of the costs associated with those upgrades.

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[8] April 24 Meridian filing at 1-4, 10-12; May 1 Meridian reply at 1-6.

Under the ISO tariff, all interconnection studies provide customers with an *estimate* of the costs of network upgrades as well as of any interconnection facilities that will be constructed and owned by the relevant participating transmission owner.[9] These costs can, and sometimes do, change as a result of modifications made to projects at various stages of the interconnection process, including after the completion of the studies and security postings.[10] In this respect, Meridian is hardly unique.

The key distinction that Meridian ignores is between the financial security obligations relating to the ISO's serial study process, which identified the network upgrades necessary for reliable interconnection and those contained in the ISO's cluster study process, which relate to Meridian's request for full-capacity deliverability. Neither process provides c*ertainty* with respect to the actual, final costs relating to any particular interconnection. They do, however, differ as to the extent to which interconnection customers are responsible for any changes in costs. Under the serial interconnection process, customers are not required to provide any financial security until 20 business days prior to the commencement of design, procurement, installation or construction of the upgrades indicated in

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9 ISO tariff Appendix S at Section 3.5.3 ("The facilities study shall specify and estimate the costs of the equipment, engineering, procurement and construction work (including overheads) necessary to implement the conclusion of the system impact study(s)."), Attachment 8, Section 4.0, *see also* ISO tariff Appendix Y, sections 6.4(vi), 7.1(vii).

10 For instance, consistent with the Commission's pro forma procedures, the ISO's interconnection procedures and agreement provide the ability of customers to request modifications to their projects while retaining their queue position when such modifications are not considered "material" in nature. *See* ISO tariff, Appendix Y at Section 6.9.2; Appendix S at Section 3.4.5.

their interconnection agreements.[11] The ISO modified this structure as part of its 2008 Generation Interconnection Process Reform ("GIPR") tariff amendment, which changed the ISO's default interconnection study procedures for large generator projects from a serial to a cluster process.[12] As part of the GIPR reforms, the ISO implemented an escalating schedule of financial security posting requirements that begins 90 days after the issuance of the results of the Phase I interconnection study. In order to balance these increased financial obligations with improved cost certainty for interconnection customers, the ISO "capped" interconnection customers' responsibility for network upgrades costs at the lesser of the estimated costs set forth in the Phase I and Phase II interconnection studies. The ISO subsequently amended its tariff to apply these cluster study and financial security procedures to small generator projects as well.[13] The ISO did not, however, amend the serial processes, and therefore, unlike the cluster study process set forth in Appendix Y, those customers that elected to remain in the serial study process have no cap on their responsibility for the costs of network upgrades or interconnection facilities associated with the serial study process.

Pursuant to the ISO's serial study interconnection procedures, Meridian, along with all other serial customers, has no obligation to provide any financial

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[11] See, e.g., April 24 Meridian Filing at Attachment A, Section 6.3 ("Financial Security Arrangements.").

[12] Generator Interconnection Process Reform Initiative Tariff Amendment, Docket No. ER08-1317 (filed July 28, 2008). This amendment was approved by the Commission in an order issued on September 26, 2008. 124 FERC ¶ 61,292 (2008) ("GIPR Order")

[13] Tariff Amendment to Revise Generator Interconnection Procedures, Docket No. ER11-1830-000 (filed October 19, 2010). This amendment was approved by the Commission in an order issued on December 10, 2010. 133 FERC ¶ 61,223 (2010).

security relating to the upgrades required for reliable interconnection of Meridian's projects to the ISO controlled grid, as identified in the projects' interconnection agreements, until the Participating TO is ready to commence design, procurement, installation or construction of the PTO interconnection facilities and network upgrades, which is relatively late in the interconnection process. The serial study results include the determination of the point of interconnection. The only reason that Meridian is required to post any financial security on an earlier schedule is because it voluntarily elected to take advantage of the one-time option that the ISO added to its interconnection procedures to allow customers who had previously been studied as energy-only to obtain full-capacity deliverability status for their projects. Under the relevant tariff provisions, customers who elected to enter this hybrid process are included in the ISO's Phase I and Phase II interconnection studies for the limited purpose of determining what, if any, incremental upgrades are required in order to provide these customers with full-capacity deliverability status, while leaving the upgrades relating to the customers' points of interconnection as part of the serial study process. [14]

The ISO has issued the results of the full-capacity deliverability studies to Meridian and other customers who elected to pursue this option, and therefore, all of these customers, including Meridian, have certainty with respect to their responsibility for the costs of these full-capacity deliverability incremental network upgrades. It is these costs that determine the amount of Meridian's obligation to

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[14] *See* ISO tariff, Appendix Y, Section 8.1.

post financial security, including the second posting of financial security that Meridian requests to defer in its waiver request.[15] Meridian, however, argues that its obligation to post security for these incremental upgrades should be deferred until it has certainty with respect to *all* of its network upgrade costs, including those that are not subject to any cap under the ISO tariff -- *i.e*., those that were identified in the serial study process. In effect, what Meridian is asking for is the benefit of a cost cap for not only its deliverability-related network upgrades (which is provided under the ISO tariff), but also for the reliability network upgrades identified in the serial study process (which is not provided under the ISO tariff), even though it is only required to post financial security with respect to the former.[16]

Meridian provides no compelling reason why it should be afforded this special treatment. Meridian's situation is not unique, insofar as all other serial customers that elected to participate in the ISO's one-time full-capacity deliverability assessment are required to make financial security postings relating to any full-capacity deliverability incremental upgrades identified in this process,

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15 ISO tariff Appendix Y, sections 9.3.1.2 and 9.3.1.3 (each stating that each interconnection customer for a small generating facility must make a second posting of financial security equal to the lesser of (i) $1 million or (ii) 30 percent of the total cost responsibility assigned to the interconnection customer for network upgrades in either the final Phase I interconnection study, final Phase II interconnection study, system impact study, or facilities study, whichever is lower).

16 Meridian contends that its proposed waiver is consistent with the premise underlying the ISO's adoption of a cost cap on network upgrade costs. However, in GIPR, the ISO made clear that purpose behind providing increased cost certainty for interconnection customers in the cluster process was to address the problem of customers being faced with repeated changes in costs due to decisions *made by other interconnection customers*. *See* GIPR Order at P 115. Meridian's situation, however, does not involve cost shifts due to the decisions of other interconnection customers, but rather, problems locating a viable point of interconnection configuration for its three facilities.

while still being subject to the serial study procedures with respect to their other upgrades, including the lack of a cost cap on what the final costs will be. In other words, no customers that were studied in the serial process are covered by a cost cap for the upgrades identified in those studies. Meridian's argument is also undermined by the fact that it had the opportunity to transition all three of its projects into the ISO's cluster study process, at which point it would have been protected by the cost cap for all of its upgrade costs, while at the same time being required to post security based on all of these costs. Meridian declined this option and instead elected to remain in the serial process.[17] Meridian should not be able to avoid the clear tariff-mandated consequences of its decision.

Finally, Meridian's claim that its choice is between making the required financial security posting or "being forced from the queue" is inaccurate.[18] Because Meridian is only required to post security relating to the incremental upgrades associated with its request for full-capacity deliverability, even if Meridian fails to make its second security posting, it will not be deemed withdrawn from the ISO's queue. Rather Meridian will simply lose its opportunity to pursue full-capacity deliverability pursuant to the one-time option set forth in Section 8.1 of Appendix Y for its three projects, which will still remain in the serial queue as energy-only facilities.

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[17] ISO tariff, Appendix Y, Appendix 8 at Section 2.1, 3.1, 3.2. In addition to including language enabling language in its tariff, the ISO also issued a market notice to inform interconnection customers of this transition right. This market notice is included as Attachment A to this filing.

[18] April 24 Meridian Filing at 3-4.

2. The Precedent Cited by Meridian Does Not Support Its Request for Waiver

In an effort to show good cause for a tariff waiver, Meridian cites two related orders in which the Commission granted waivers relating to the first and second financial security postings to Calpine Corporation with respect to its Sutter Energy Center facility.[19] Unlike Meridian, however, Calpine did not ask to be exempted from the obligation to make its financial security postings by the applicable deadlines; rather, Calpine sought waiver of the forfeiture provisions of the ISO tariff in order to qualify under certain limited conditions for a full refund of its postings.[20] In addition to this difference, the factual circumstances of the Sutter facility are distinguishable from Meridian's projects in two other key respects.

First, Calpine's Sutter facility was already interconnected to the Western Area Power Administration-Sierra Nevada Region ("Western") balancing authority area and in commercial operation at the time it entered the ISO's interconnection process.[21] Calpine entered the ISO queue in order to move its point of interconnection from the Western balancing authority area to the ISO balancing authority area. This is significant because under Calpine's circumstances, the primary reason for requiring earlier postings of financial

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[19] April 24 Meridian filing at 12-14 (citing *Calpine Corp.*, 134 FERC ¶ 61,232 (2011) ("*Sutter 1*"), and *Calpine Corp.*, 138 FERC ¶ 61,068 (2012) ("*Sutter 2*")).

[20] *Sutter 1*, 138 FERC at P 6. As discussed in Section III.D below, even if Meridian presented a scenario that justified relief from the ISO tariff's financial security provisions , such relief would not, as the Commission made clear in *Sutter*, allow Meridian to delay making the required postings by the May 4 deadline..

[21] *Id*. at P 8.

security was not implicated, namely, to deter non-viable projects from remaining in the queue. As the ISO has explained, and the Commission has endorsed, requiring earlier and greater financial security commitments from interconnection customers is important in order to incentivize developers to withdraw those projects that do not have a reasonable chance of achieving commercial operation, thereby promoting the successful interconnection of financially viable projects.[22] Because the Calpine Sutter facility was already interconnected and operating at the time it submitted its interconnection request to the ISO, the issue of whether the facility would be commercially viable was moot. However, this is not the case with respect to Meridian's three projects, which are still in the planning stages even though the interconnection requests were submitted nearly five years ago. It is thus important that Meridian, like other projects that are not yet in commercial operation, be required to adhere to the ISO's security posting obligations in order to ensure the integrity of the ISO's interconnection queue.

Second, the cost uncertainty faced by Sutter was different in both kind and scope than that present in Meridian's situation. In the case of Sutter, the ISO was unable to provide Calpine with a comprehensive estimate of its anticipated cost responsibility for network upgrades at the time of the Phase I interconnection study. In particular, the ISO was unable to determine what upgrades might be necessary to mitigate the impact that changing Sutter's point

[22] See GIPR Order at P 151 (noting that the financial security requirements were designed to "deter speculative projects that lack a reasonable chance of achieving commercial operation" from remaining in the ISO's interconnection queue, while not "discourage[ing] the continuation of viable projects").

of interconnection would have on certain WECC path ratings.[23] Calpine also faced potential costs associated with upgrades required on affected systems that also depended on the impact of Calpine's request on WECC path ratings.[24] These costs, which included the potential for significant additional ISO network upgrades, and therefore a change in Calpine's cost cap, are entirely different from those faced by Meridian, which only relate to the customer-specific interconnection facilities to be constructed and owned by PG&E, which as explained above are not subject to a cap.

In addition, in the case of the Sutter interconnection request, Calpine had no way of estimating its additional cost exposure subsequent to the completion of the ISO's and affected system operators' analysis of the impact of changing Sutter's point of interconnection on the WECC path ratings. Meridian, on the other hand, has received final estimates regarding the network upgrades necessary to provide it full-capacity deliverability status, which are subject to a cost cap, as well as information from PG&E regarding the scope of its other upgrade costs.

B. A Waiver Would Result in Undesirable Consequences

Granting Meridian's request for tariff waiver would have several undesirable consequences. First, granting Meridian's request would compromise the integrity of the ISO's interconnection process. The purpose of requiring multiple, increasing financial security postings is to ensure that projects advancing in the interconnection queue continue to have a reasonable path to

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[23] *Sutter 1*, 138 FERC at P 8.

[24] *Id*.

commercial operation, and to encourage developers whose projects are not viable to make the decision to withdraw earlier in the interconnection process.[25] The Commission "has consistently recognized the importance of interconnection financial security postings to ensure that projects advancing in the interconnection queue are viable."[26] Allowing Meridian to delay its financial security postings based on uncertainty over its serial process interconnection costs would undercut this aspect of the policy underlying financial security requirements.[27] In addition, because Meridian has not shown that it is uniquely situated among customers that were studied in the serial process and then elected to utilize the one-time full-capacity deliverability opportunity, providing Meridian with the ability to defer its financial security posting obligations for the full-capacity deliverability network upgrades would provide it with a significant, and unwarranted, financial advantage compared to these other customers

As the ISO has expressed in regard to other tariff waiver requests, the ISO is also concerned with the precedent that a waiver in this case could create, which could significantly impede the ISO's ability to create and enforce meaningful tariff rules, and thereby conduct a fair and efficient interconnection process.[28] In particular, the ISO is concerned that because Meridian is not

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[25] *Hydrogen Energy California*, 135 FERC ¶ 61,068, at P 31.

[26] *Id.* at P 31 (citing, as an example, *California Independent System Operator Corp.*, 124 FERC ¶ 61,292, at P 151 (2008)).

[27] *TGP Development Company, LLC v. California Independent System Operator Corp.*, 135 FERC ¶ 61,083, at P 31 (2011).

[28] *See Coso Energy Developers*, 134 FERC ¶ 61,088 (2011) at P 18 (noting that because Coso had not demonstrated that its circumstances were sufficiently unique "granting Coso's waiver could serve as precedent for existing projects in future clusters, potentially leading to

unique in lacking absolute cost certainty regarding its network upgrade costs, other customers in the same situation may rely on a waiver granted to Meridian to argue that they too should be relieved from having to comply with ISO's interconnection financial security obligations.

In addition, granting tariff waiver would have undesirable consequences for the applicable participating transmission owner, PG&E. As the Commission has explained, "[o]ne purpose of the requirement that interconnection customers post interconnection financial security is to protect existing [participating transmission owners] . . . in case of default by an interconnection customer."[29] The Commission found in that same order that granting a stay of an interconnection customer's requirement to post the second financial security installment would inappropriately shift the financial risk associated with the interconnection customer's projects to the participating transmission owner, thus possibly causing it financial harm.[30] The same is true for Meridian's request for waiver of the financial posting obligation.[31]

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adverse impacts on the interconnection process"); *SunPower Corporation*, 142 FERC ¶ 61,251 (2013) at P 27 (concluding that SunPower's request for a waiver of its obligation to comply with the withdrawal deadline associated with the ISO's generator downsizing process "does not solely reflect specific and unique facts and could constitute a precedent that would allow market participants to avoid these or any other requirements set forth in the tariff").

[29] *TGP Development Company*, 135 FERC ¶ 61,083, at P 38.

[30] *Id.*

[31] Meridian argues in its May 1 filing that the potential harm to PG&E should be ignored because, according to Meridian, PG&E created this risk by not providing the "scope, cost and timing" information on Meridian's serial upgrades pursuant to the timeline requested by Meridian. May 1 Meridian Filing at 4-5. Meridian's reasoning is specious, however, for the reasons described in Section III.A above. The financial security posting that Meridian seeks to defer relates solely to the incremental network upgrade costs associated with Meridian's request for full-capacity deliverability status. Because these upgrades are subject to a cost cap (unlike Meridian's serial study upgrades), deferring Meridian's obligation to post security for these upgrades, while still allowing Meridian to continue to participate in the full-capacity deliverability

C. A Waiver Would Not Result in Evident Benefits for Customers

Meridian argues that granting its request for tariff waiver would provide evident benefits to customers because it would allow its projects to remain under development.[32] If Meridian's argument is based on the premise that a delay in a financial posting requirement is a benefit per se because all else equal, posting financial security later is preferable to posting sooner, such an argument is entirely at odds with the purpose of the financial posting requirement as discussed above. If Meridian is suggesting it will have to cease development unless the Commission grants its waiver request, Meridian is incorrect. If the Commission denies Meridian's request for tariff waiver, and assuming Meridian has not submitted its second financial security posting, Meridian can continue to develop its projects, albeit without full-capacity deliverability status. As explained above, this proceeding only concerns the financial security that Meridian is required to post to secure the network upgrades necessary to provide its projects with full-capacity deliverability status. Therefore, the risk to Meridian is limited to whether it will be permitted to remain in the one-time deliverability assessment. Its rights to continue to participate in the serial study process are unaffected.

In addition, Meridian's argument that granting this waiver will facilitate the achievement of California's renewables portfolio standard ("RPS") goals is, at best, speculative.[33] Given that there is far more capacity in the ISO's

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study process, necessarily shifts financial risk associated with its full-capacity deliverability upgrades to PG&E, for the exact reasons that the Commission found in *TGP*. This is true regardless of the status of Meridian's serial study upgrades.

[32] April 24 Meridian filing at 16.

[33] Meridian April 24 filing at 16-17.

interconnection queue than is needed to meet California's RPS goals, many of the facilities in the ISO's queue will not ultimately achieve commercial operation.[34] Therefore, there is no reason to believe that Meridian's project is uniquely required in order to achieve California's RPS targets, as opposed to other customers in the queue, particularly if Meridian is unable to demonstrate that its projects are sufficiently viable to meet its financial security obligations.

D. Even if Meridian Presented Facts Justifying Relief, It Would Not Be Entitled to an Exemption from the Security Posting Deadline

The record here demonstrates that Meridian has not met the Commission's criteria for granting a tariff waiver, because Meridian is not materially or uniquely disadvantaged by the application of the transparent financial security rules in the ISO's tariff. Nevertheless, even if Meridian were able to make such a showing under some hypothetical set of circumstances, the appropriate result would still not be to waive Meridian's obligation to make its financial security postings. Rather, consistent with its decisions in the *Sutter* cases, the Commission would still require Meridian to post financial security in accordance with the standard ISO tariff procedures, subject to potential relief on the amount of the financial security subject to forfeiture in the event the project is withdrawn.

In the *Sutter* decisions, the Commission granted Calpine's request for a limited waiver of Appendix Y to the ISO tariff to permit Calpine to qualify under

[34] There are currently 295 renewable projects in the ISO queue representing a total of 32,795 MW, as well as 20 renewable projects totaling 1,986 MW that have already achieved commercial operation. This is compared to 20,000 MW needed to meet the 33 percent RPS targets.

certain limited conditions for a full refund of its financial security postings.[35] The Commission found that permitting Calpine to receive a full refund in those conditions "will provide a proper balance between having a security requirement that promotes an efficient interconnection process while not excessively burdening the interconnection customer."[36]

Meridian contends that there is no substantive difference between granting a waiver of its obligation to make its financial security posting by the May 4 deadline, and allowing it the ability to obtain a refund of those amounts after it receives updated information from PG&E regarding the "scope, cost and timing" of its network upgrades. Meridian is incorrect. As discussed above, the primary purpose of the financial security posting obligations, and the associated deadlines, is to ensure, to the greatest extent possible, that only viable projects remain in the ISO's interconnection queue. Even if Meridian were able to demonstrate that it met the Commission's criteria for a tariff waiver, which it has not done here, requiring Meridian to post in the first place would still serve the purpose of demonstrating that its projects continue to be at least viable enough to permit the posting of the amount required to secure the network upgrades associated with providing them full-capacity deliverability status. Therefore, under no circumstances should Meridian be excused from the obligation to make its second posting of financial security by the deadline.

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35 *Sutter 1* at P 21; *Sutter 2* at P 16.

36 *Id.* at P 23.

IV. COMMUNICATIONS

All service of pleadings and documents and all communications regarding this proceeding should be addressed to the following:

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V. CONCLUSION

For the reasons explained above, the Commission should deny Meridian's request for waiver of its obligation under the ISO tariff to make its second posting of interconnection financial security.

Respectfully submitted,

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Attorneys for the California Independent System Operator Corporation

Dated: May 6, 2013

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 6th day of May, 2013.

/s/ Bradley R. Miliauskas
Bradley R. Miliauskas

Attachment A

Market Notice

December 20, 2010

California ISO
Your Link to Power

Categories
Grid Operation
Legal/ Regulatory

Requested Client Action
Action Date

Small Generator Interconnection Procedures Customers Required Notification to the ISO by 12/27/10

Summary
Active small generator interconnection customers have until December 27, 2010 to provide written (e-mail) notification to the ISO if they wish to remain in the serial study process (if eligible to do so), enter the transition cluster to the generator interconnection process cluster study process, or be studied as full capacity status.

Main Text
The Federal Energy Regulatory Commission approved the California ISO generator interconnection reforms at the December 16, 2010 Commission meeting. This order, effective December 19, 2010, will enable the ISO to conduct its interconnection study process in a more streamlined and efficient manner.

Small generator interconnection procedures (SGIP) customers must email their project manager by December 27, 2010 if they wish to be included in any of the following activities:

- Remain in the serial study process (if eligible to do so)
- Enter the SGIP transition cluster to the GIP cluster study process
- Be studied as full capacity status

On December 17, 2010 the ISO notified all active small generator interconnection customers of this requirement by e-mail. The email included the spreadsheet titled SGIP Projects in SGIP Serial Process or in SGIP Transition Cluster. The spreadsheet indicates which projects are eligible to remain in the current SGIP serial study process and which projects will be included in the SGIP transition cluster. The notification and the spreadsheet are available on the ISO website at http://www.caiso.com/275e/275ed48c685e0.html.

For More Information Contact
Your project manager or Robert Emmert at Remmert@caiso.com

The California ISO strives to be a world-class electric transmission organization built around a globally recognized and inspired team providing cost-effective and reliable service, well-balanced energy market mechanisms, and high-quality information for the benefit of our customers.

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