

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:  
California Independent System  
Operator Corporation  
Docket No. ER18-2498-000

Issued: November 21, 2018

Roger E. Collanton  
General Counsel  
California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630

Reference: Deficiency Letter

On September 28, 2018, the California Independent System Operator Corporation (CAISO) filed a set of 13 tariff revisions pertaining to its generator interconnection process. CAISO proposes, among other things: (1) revisions to modify the requirements for interconnection customers seeking to suspend their projects; (2) revisions to increase opportunities for interconnection customers to convert to Energy-Only deliverability status; and (3) revisions to address late modifications. Please be advised that the filing is deficient and that additional information is necessary to process the filing. Please provide the information requested below:<sup>1</sup>

1. As proposed, CAISO's suspension provisions state that:

**5.16 Suspension.** The Interconnection Customer reserves ~~the right, upon written notice to the Participating TO and the CAISO,~~ may request to suspend at any time all work associated with the construction and installation of the Participating TO's Interconnection Facilities, Network

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<sup>1</sup> We encourage CAISO to file revised tariff records, if necessary, where appropriate.

Upgrades, and/or Distribution Upgrades ... Interconnection Customers seeking to suspend construction will provide the CAISO and Participating TO a request for assessment pursuant to Section ..., a modification assessment deposit, and an anticipated end date of the suspension. Interconnection Customers may request a suspension for the maximum amount of time in lieu of providing an anticipated end date. The CAISO and Participating TO will approve suspension requests where: (a) the Participating TO's electrical system and the CAISO Controlled Grid shall can be left in a safe and reliable condition in accordance with Good Utility Practice, and the Participating TO's safety and reliability criteria, and the CAISO's Applicable Reliability Standards; and (b) the CAISO and Participating TO determine the suspension will not result in a Material Modification.<sup>2</sup>

- A. CAISO's transmittal letter states, as relevant here, that "CAISO and transmission owner will then approve the suspension where . . . the suspension will not result in a material impact that the interconnection customer cannot mitigate."<sup>3</sup>

CAISO's proposed tariff revisions do not include language about mitigating the impact of the suspension but instead state that the suspension will only be approved if the project meets the criteria specified in (a) and (b) (which specifically indicates that the suspension will not result in a Material Modification). Please explain, or reconcile CAISO's proposed tariff language and the description of the revision in the transmittal, which suggests that the interconnection customer will be required to bear the costs of mitigating the impact of a Material Modification prior to suspension approval.

- B. CAISO's proposed tariff language indicates that CAISO and the Participating TO may deny suspension requests in any instance where the suspension results in a Material Modification. CAISO's tariff defines a Material Modification as a modification that has a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request with a later queue priority date. Please explain how CAISO and the Participating TO will quantify material impacts on cost and

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<sup>2</sup> Proposed Article 5.16 of Appendices V, BB, CC, and EE to the CAISO tariff.

<sup>3</sup> Transmittal Letter at 14 and n. 48.

timing, and correspondingly, what is required of the suspending interconnection customer in the event that a Material Modification is identified. Also, please explain how the proposed revision in requiring the interconnection customer to request suspension is just and reasonable in light of language in section 5.16 of the *pro forma* LGIA, which “reserves the right, upon written notice” for an interconnection customer to suspend all work.

Please provide examples, beyond the need for an interconnection customer’s continued financing common network upgrades, of how a suspension’s impact on other interconnection customers’ projects has impaired or could impair the efficiency of CAISO’s interconnection procedures, or has resulted in uncertainty or a lack of transparency for other interconnection customers. Explain how the proposed revisions requiring a material modification assessment in Section 5.16 address these issues.

2. With regard to proposed revisions that would allow a customer to convert to Energy-Only status and have the ability to reduce its financial security posting if such upgrades are determined to be no longer necessary, please quantify the impact of this late decision on other interconnection customers. In other words, to what extent have delivery network upgrade financing obligations been shifted to transmission owners when interconnection customers fail the commercial viability or deliverability retention criteria solely for the purpose of converting to Energy-Only status in order to reduce the amount of money lost upon withdrawal from the interconnection queue?<sup>4</sup>

3. CAISO proposes two revisions intended to address modifications for interconnection customers that have remained in the queue beyond the seven/ten year timeline specified in the tariff. First, CAISO proposes to apply the commercial viability criteria to all modifications that require a material modification assessment where the interconnection customer has exceeded its anticipated tariff timeline.<sup>5</sup> Second, CAISO proposes to prohibit fuel-type conversions under certain circumstances for interconnection customers that have exceeded their timelines.<sup>6</sup> Please describe and

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<sup>4</sup> Transmittal Letter at 31.

<sup>5</sup> Proposed Section 6.7.4 of Appendix DD; proposed Section 6.9.5 of Appendix Y; proposed Section 4.4.7 of Appendix U to the CAISO Tariff.

<sup>6</sup> Proposed Section 6.7.2.4 of Appendix DD; proposed Section 6.9.2.4 of Appendix Y; proposed Section 4.4.9 of Appendix U; proposed Section 6.7.2.4 of Appendix S to the CAISO Tariff.

quantify how modifications by interconnection customers that have exceeded their anticipated timelines have impacted later-queued customers' ability to acquire deliverability. In addition, please provide data on the extent to which interconnection customers that have requested modifications under these circumstances have achieved commercial operability.

This letter is issued pursuant to delegated authority, 18 C.F.R. § 375.307 (a) (1)(v) and is interlocutory. This letter is not subject to rehearing pursuant to 18 C.F.R. § 385.713. Company must respond to this letter within 30 days of the date of this letter by making an amendment filing in accordance with the Commission's electronic tariff requirements.<sup>7</sup>

The filing requested in this letter will constitute an amendment to the filing, and a new filing date will be established, pursuant to *Duke Power Company*, 57 FERC ¶ 61,215 (1991), upon receipt of Company's electronic tariff filing. A notice of amendment will be issued upon receipt of the response.

Failure to respond to this deficiency letter within the time period specified, and in the manner directed above, may result in an order rejecting the filing. Until receipt of the amendment filing, a new filing date will not be assigned to this case.

Issued by: Steve P. Rodgers, Director - Division of Electric Power Regulation – West

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<sup>7</sup> *Electronic Tariff Filings*, 130 FERC ¶ 61,047, at P 3-8 (2010) (an amendment filing must include at least one tariff record even though a tariff revision might not otherwise be needed). The response must be filed using Type of Filing Code 180 – Deficiency Filing. If there are no changes to tariff records, Company can attach a single tariff record with no changes.