

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

**California Independent System) Docket No. ER11-1830-000
Operator Corporation)**

**ANSWER TO MOTIONS TO INTERVENE AND COMMENTS, AND MOTION TO
FILE ANSWER AND ANSWER TO PROTESTS, OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (“ISO”)¹ hereby files its answer to the motions to intervene, comments, and protests submitted in this proceeding² in response to the ISO’s filing on October 19, 2010 of a tariff amendment to reform and harmonize the large and small generator interconnection procedures (“GIP Amendment”) under the ISO tariff.³

¹ The ISO is also sometimes referred to as the CAISO. Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A to the ISO tariff, and in the tariff amendment filed in this proceeding.

² The following entities filed motions to intervene, comments, and protests: Acciona Solar Energy LLC (“Acciona Solar”); California Department of Water Resources State Water Project; California Wind Energy Association (“CalWEA”); Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California; City of Santa Clara, California and M-S-R Public Power Agency; Energy Producers and Users Coalition; Feed-In Tariff Coalition (“FIT”); Imperial Irrigation District; Independent Energy Producers Association; Interstate Renewable Energy Council, California Solar Energy Industries Association, and Vote Solar Initiative (collectively, “Joint Solar Parties”); Large-scale Solar Association (“LSA”); Modesto Irrigation District; Northern California Power Agency; NRG Power Marketing LLC, Cabrillo Power I LLC, Cabrillo Power II LLC, El Segundo Power LLC, Long Beach Generation LLC, and NRG Solar Blythe LLC; Pacific Gas and Electric Company (“PG&E”); San Diego Gas & Electric Company (“SDG&E”); Sempra Generation (“Sempra”); Southern California Edison Company (“SCE”); Staff of the Public Utilities Commission of the State of California (“CPUC Staff,” representing the “CPUC”); and Wellhead Electric Company, Inc. (“WEC”). In addition, the CPUC Staff submitted a notice of intervention in the proceeding.

³ 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 (2010). 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 the protests. 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 this case. See, e.g., *Entergy Services, Inc.*, 116 FERC ¶ 61,286, at P 6 (2006); *Midwest Independent*

Reform of the ISO's interconnection procedures is necessary to address inefficiencies that have arisen in the ISO's current process for interconnecting small generators due to the dramatic increase in the volume of small generator interconnection requests and the conflict between the ISO's study processes for small and large generators.⁴ Moreover, this reform is needed now because of the increasing number of renewable resources that have and will continue to seek interconnection to the ISO's grid in order to meet California's ambitious 33 percent Renewable Portfolio Standards ("RPS") requirements. The GIP Amendment, a product of extensive stakeholder review and input, is the best means to resolve these challenges and ensure that the ISO has the fairest and most efficient interconnection process for both small and large generators going forward, consistent with the Commission's Order No. 2003 and Order No. 2006. The centerpiece of the GIP is an integrated cluster study process for both small and large generators that will provide significant benefits for developers of all sizes. The GIP also includes a Fast Track Process that will allow for more streamlined interconnections for smaller projects, as well as an Independent Study Process for those projects of any size that are electrically independent

Transmission System Operator, Inc., 116 FERC ¶ 61,124, at P 11 (2006); *High Island Offshore System, L.L.C.*, 113 FERC ¶ 61,202, at P 8 (2005).

⁴ Small generators are facilities with a capacity of 20 MW or less. Large generators are facilities with a capacity greater than 20 MW. Under the current ISO tariff, small generators are interconnected to the ISO controlled grid pursuant to the Small Generator Interconnection Procedures ("SGIP") contained in Appendix S of the tariff, and large generators are interconnected to the ISO controlled grid pursuant to the Large Generator Interconnection Procedures ("LGIP") contained in Appendix Y of the tariff. The GIP Amendment substantially revises Appendix Y to include the Generator Interconnection Procedures ("GIP").

from other generators in the ISO's interconnection queue and are in a position to be studied faster than the cluster study process would allow.⁵

The majority of the commenters in this proceeding express support for the primary elements of the GIP Amendment, including developers already in the ISO's interconnection queue or contemplating entering the queue, as well as several groups representing such developers.⁶ Also, several commenters – even ones critical of some of the specific tariff elements of the GIP Amendment – applaud the thoroughness of the stakeholder process that resulted in the instant filing.⁷ This praise reflects the fact that stakeholders and the ISO worked together to achieve the greatest possible consensus on tariff language that could be achieved prior to filing with the Commission. Only two commenters challenge the overall approach to small generator queue reform that the ISO has adopted: FIT and Joint Solar Parties, and, as explained below, neither of these entities has a direct stake in the ISO's interconnection process.

For the reasons set forth below, the ISO requests that the Commission accept the GIP Amendment as submitted, subject to certain clarifications and recommendations provided by parties and pursuant to the ISO's own review.

⁵ See Transmittal Letter for GIP Amendment at 1-4.

⁶ See, e.g., Acciona Solar at 3-5; CalWEA at 4-5; LSA at 4-5; PG&E at 3; SCE at 2-10; SDG&E at 3-4; Sempra at 2; WEC at 8.

⁷ CalWEA at 4; LSA at 2; PG&E at 3; WEC at 2.

I. Answer

A. There Is No Merit in the Arguments of Parties Not Involved in the ISO's Interconnection Process that Propose to Block Needed Reforms.

The majority of commenters express support for the main elements of the GIP Amendment, particularly the decision to move to an integrated cluster study process for both small and large generators. Indeed, only two entities, FIT and Joint Solar Parties, filed protests in this proceeding. FIT and Joint Solar Parties propose major revisions to the GIP Amendment, rejection of large portions of the tariff amendment, and ask the Commission to impose on the ISO obligations to conduct additional extensive and time-consuming stakeholder processes, studies, and reports.

Although the ISO does not oppose the motions to intervene of FIT and Joint Solar Parties, the Commission should give no weight to these entities' protests. In contrast to other commenters, neither FIT nor Joint Solar Parties have a direct interest in the ISO's interconnection process – they do not represent any existing or probable interconnection customers in the ISO's interconnection queue, or otherwise have a financial, operational, or other tangible stake in the ISO's interconnection procedures. Instead, these two groups represent the interests of entities whose primary focus involves interconnection at the distribution level (*e.g.*, distributed generation projects interconnecting under the California investor owned utilities' Wholesale Distribution Access Tariffs ("WDATs") or other similar regimes).⁸ The primary

⁸ See, *e.g.*, Joint Solar Parties at 4-5 (stating that the basis for the intervention of Joint Solar Parties' members is that the Commission's rulings in this proceeding may impact state-

driver behind the opposition of FIT and Joint Solar Parties to the GIP Amendment appears to be a concern that if similar procedures were adopted by other entities, such as California's investor-owned utilities, small scale distribution-level projects would be disadvantaged.⁹ The ISO takes no position on the merits of such an argument. However, it is clear that the ISO's paramount responsibility must be the efficient and non-discriminatory functioning of its own interconnection process, and likewise, the merits of the ISO's filing must be evaluated in the same light. In this respect, the ISO has amply demonstrated that the GIP Amendment represents a just and reasonable solution to the challenges facing the ISO's small generation interconnection process, a conclusion that is reinforced by the support of parties with tangible interests in the outcome of this proceeding.

In this vein, it is not surprising that FIT and Joint Solar Parties advocate for more studies, more stakeholder processes, and more delay, because there will be no real-world consequences for these entities if the inefficiencies in the ISO's current small generator interconnection process remain unaddressed. In contrast, the consequences for stakeholders actively involved in the ISO's

jurisdictional rules, standards, and programs, including but not limited to the WDATs); FIT at 2 ("FIT is a California-based entity that advocates for feed-in tariffs, wholesale-distributed generation ('WDG') and other smart renewable energy policy solutions in California, Washington, D.C. and other jurisdictions around the United States.").

⁹ FIT at 3 ("Any changes in how California interconnects 20 megawatt and below energy projects . . . will very likely have a large impact on renewable energy development around the country as the 'wholesale distributed generation' and other types of small renewable energy project markets become more prominent due to permitting and transmission constraints for larger projects."); Joint Solar Parties at 5 ("FERC's decision in this proceeding may impact the ability of the CPUC and other state public utility commissions to establish consistent interconnection standards for all distribution system interconnections. . . . The FERC's decision on the CAISO's proposed tariff amendment will have direct impact on CalSEIA's efforts to increase the use of distributed renewable generation in California.").

interconnection process would be far-reaching and substantial. Without prompt adoption of the reforms proposed in the GIP Amendment, the backlogs in the ISO's interconnection process for small generators will continue to grow, to the detriment of developers, transmission providers, and ratepayers. Furthermore, the next few years represent a critical window in the effort to ensure that sufficient renewable generation will be available in order to meet California's 2020 RPS targets, in terms of both the overall amount of capacity interconnected and encouraging additional investment and development. Any delay in addressing the problems facing the ISO's interconnection process will likely deal a serious setback to this effort.

In sum, the balance of the parties in this proceeding – including parties that *do* take an active role in the ISO's interconnection process – want the reforms embodied in the GIP Amendment to go forward and have asked the Commission to accept the amendment. The Commission should not permit two parties with only a peripheral interest in this proceeding to block needed changes that the rest of the parties in this proceeding and the ISO recognize as necessary.

B. The GIP Amendment Satisfies the Requirements of Order Nos. 2003 and 2006.

The ISO adopted its existing interconnection procedures pursuant to the Commission's *pro forma* interconnection requirements established in Order Nos. 2003 and 2006.¹⁰ The FIT and Joint Solar Parties argue that the GIP

¹⁰ The Commission's *pro forma* interconnection requirements applicable to large generators are set forth in *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003) ("Order No. 2003"), and the subsequent orders

Amendment is inconsistent with and does not follow the requirements of those orders. These arguments are without merit.

FIT notes that the Commission's 2008 *Order on Technical Conference* regarding interconnection queuing practices states that, when considering tariff changes applicable to interconnection requests, Independent System Operators ("ISOs") and Regional Transmission Organizations ("RTOs") should first consider whether their current tariffs use all of the streamlining options described under Order No. 2003. FIT asserts that the ISO and the Participating TOs did not seriously consider two of those streamlining options – adding more staff and streamlining modeling software – before filing the GIP Amendment.¹¹

FIT's argument is flawed in several respects. First, the ISO has already adopted the streamlining options referred to in the *Order on Technical Conference*. In that order, the Commission mentioned the following options: (1) combining the feasibility and system impact studies; (2) performing system impact studies on a clustered basis; and (3) the use of third party consultants to conduct interconnection studies.¹² All three of these options are already features of the ISO's LGIP, and are retained in the GIP. The ISO's Phase I interconnection study acts as both a feasibility and system impact study. These studies, by default, are performed on a clustered basis. The ISO makes

issued in the Order No. 2003 proceeding. The Commission's *pro forma* interconnection requirements applicable to small generators are set forth in *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, FERC Stats. & Regs. ¶ 31,180 (2005) ("Order No. 2006"), and the subsequent orders issued in the Order No. 2006 proceeding.

¹¹ FIT at 14-16 (citing *Interconnection Queuing Practices*, 122 FERC ¶ 61,252 (2008)).

¹² *Interconnection Queuing Practices*, 122 FERC ¶ 61,252, at P 12.

extensive use of the Participating TOs to assist in performing the studies, and both the ISO and Participating TOs have the authority to employ subcontractors as necessary.

FIT is also incorrect in its contention that the ISO has failed to consider adding more staff. The ISO has, and will continue to, utilize additional personnel if doing so will increase efficiency.¹³ FIT confuses the willingness of the ISO to add additional staff with the efficacy of doing so, as evidenced by FIT's assertion that "it is an incontrovertible fact that cluster studies could be accelerated if software and staffing were not bottlenecks."¹⁴ FIT appears to be under the impression that there is a direct and proportional relationship between adding more staff and faster studies. Unfortunately, the reality is not so simple.

As the ISO explained in both the stakeholder process and the GIP Amendment, under the current process, the studies for a particular project cannot be undertaken until studies for previous electrically related projects are completed. Therefore, even if individual studies could be accelerated, the large volume of projects would still cause backlogs due to the interrelated nature of the study process under the current SGIP, as well as the fact that the SGIP provides interconnection customers with discrete periods in which they can make decisions regarding how and if they wish to proceed in the process.¹⁵ Moreover, each study is composed of a number of individual tasks, many of which cannot

¹³ For instance, the ISO added staff to assist with the completion of the cluster LGIP studies undertaken in the past year.

¹⁴ FIT at 15.

¹⁵ Transmittal Letter for GIP Amendment at 7; GIP Amendment, Attachment C, Exhibit No. ISO-1, Prepared Direct Testimony of Stephen Ruddy, at 6 ("Ruddy Testimony").

be completed in parallel. Also, there are only so many personnel that can work on any one task at a time. In short, increasing staffing levels only helps up to a point, beyond which adding more staff results in a “too many cooks in the kitchen” phenomenon, making the study process less efficient rather than more efficient. This is the reason that the ISO explained to stakeholders that it did not propose adding any further staff, because doing so would not speed up the process of completing the backlogged studies.

FIT’s argument that the ISO’s software constitutes a “bottleneck” is equally baseless. Without providing any supporting information, FIT asserts that “the length of time interconnection studies take in most jurisdictions around the country seems absurd” and that increases in computing power and software improvements that have taken place in recent years should “dramatically reduce” study times.¹⁶ The suggestion that FIT’s “gut feeling” as to what should constitute reasonable study timelines should trump the combined experience of transmission engineers across the nation is what is absurd. Absent some actual demonstration of fact, the Commission should ignore such uninformed speculation. The ISO already employs custom-made, state-of-the-art software in its interconnection process. This modeling software is of more than sufficient quality and does not need to be streamlined.

Joint Solar Parties argue that the GIP threatens to undermine the purpose of Order No. 2006 to prevent discrimination against small generators by requiring them to face the same up-front fees and/or timeframes to interconnect as large

¹⁶ FIT at 16-17.

generators.¹⁷ This argument is without merit. In the GIP Amendment, the ISO has addressed at length how the fees, timeframes, and other elements of the GIP are just and reasonable and consistent with Order No. 2006 because the tariff amendment includes modifications made to account for the special circumstances of small generators. For example, the ISO explained that it has revised the timelines for the Phase I and Phase II interconnection study processes so as to significantly decrease the number of days required for completion of each of those studies, such that the total study timeline is only slightly longer than the timeline set forth in the SGIP.¹⁸ With respect to study deposits, the ISO explained that it has modified the deposit requirements so that the deposit amount is based on project size, with the result that the interconnection study deposit formula under the GIP results in study deposits that are less than the average cost of studies performed under the SGIP.¹⁹

Joint Solar Parties do not provide any explanation as to how these provisions will disadvantage or discriminate against small generators. Instead, Joint Solar Parties make the unsupported statement that the up-front nature of the proposed deposit for the Independent Study Process and cluster study process under the GIP “could serve as a serious deterrent to small generators.”²⁰ However, Joint Solar Parties’ claim is not tied to any real-world projects because they do not represent interconnection customers in the ISO queue. Significantly,

¹⁷ Joint Solar Parties at 8-10.

¹⁸ Transmittal Letter for GIP Amendment at 24.

¹⁹ *Id.* at 27.

²⁰ Joint Solar Parties at 10.

none of the parties in this proceeding that have pending interconnection applications or interconnection requests in the ISO interconnection queue argue that requiring up-front deposits is discriminatory. The Commission should reject Joint Solar Parties' unsupported and singular argument.

Joint Solar Parties also argue that the GIP threatens to undermine the Commission's policy objective in Order Nos. 2003 and 2006 to standardize interconnection procedures. According to Joint Solar Parties, the GIP adds to "a dizzying array of different processes" in California consisting of ISO, investor owned utility, and CPUC interconnection processes.²¹ However, looking to the process to connect to the ISO controlled grid, the only new interconnection process included in the GIP is the Independent Study Process, which was added to the GIP at the request of stakeholders.²² Contrary to the assertions of Joint Solar Parties, the introduction of this one additional study process does not create any undue confusion. In any event, if an interconnection customer were to believe it faced too many choices in the ISO interconnection process, it could simply elect the default cluster process.²³ There is no merit to Joint Solar Parties' suggestion that providing more flexibility to customers so that the interconnection study process better meets their particular needs is somehow contrary to the Commission's interconnection standardization policy.

²¹ *Id.* at 10-12.

²² See Transmittal Letter for GIP Amendment at 15. The Fast Track Process, another interconnection process included in the GIP, is simply a modified version of the existing, Commission-approved Fast Track Process contained in Section 2 of the SGIP. See *id.* at 19-20.

²³ See GIP Section 1.1.

Applying Joint Solar Parties' argument to interconnection in general, they seem to want the ISO's interconnection procedures, which are subject to Commission jurisdiction, to be similar or identical to the interconnection procedures of the investor owned utilities and the CPUC.²⁴ At its core, this is an argument that it is our federal-state-local system of government that is the underlying barrier to developers who desire that streamlined generation interconnection take the form of one set of rules across all jurisdictions. This is an argument for policymakers that is far beyond the scope of this proceeding, which is to evaluate the GIP Amendment to determine whether it should be accepted as just and reasonable. The Commission should disregard Joint Solar Parties' argument that the GIP Amendment should be rejected because it does not promote a sweeping request for federal and state cross-jurisdictional standardization.

C. The Commission Should Not Require the ISO to Make Tariff Changes in this Proceeding that Are Appropriately Addressed in the Separate Proceeding on the ISO's Revised Transmission Planning Process.

CalWEA argues that the schedule under the ISO's proposed Revised Transmission Planning Process ("RTPP") should be coordinated with the GIP schedule, so that all GIP-related transmission upgrades are identified as part of a single, Order No. 890-compliant planning process. CalWEA also asserts that

²⁴ On this issue, Joint Solar Parties state: "Which of these various tracks a developer will face depends on (1) which IOU is providing service, (2) who buys or uses the output, and (3) whether a generator is certified as a QF [Qualifying Facility]. . . . The Joint Solar Parties believe the choice of which technical standards apply to generator interconnections should not depend on which IOU is interconnecting, the price paid for output, or the certification status of a generator with FERC. Instead, technical standards for interconnection should be consistent across utilities to better promote safety, efficiency and cost-effectiveness in interconnecting generators." Joint Solar Parties at 11.

upgrades identified through the RTPP should either be financed up-front by the relevant Participating TO or, if the Participating TO is unwilling to provide up-front financing, by an independent transmission company that would become a Participating TO.²⁵

These arguments are beyond the scope of the instant proceeding. The RTPP is being considered separately in Docket No. ER10-1401. In that proceeding, the Commission accepted and suspended the ISO's proposed revisions to its tariff to implement the RTPP, to become effective the earlier of January 3, 2011 or a date set in a further Commission order, subject to the outcome of a technical conference on the RTPP.²⁶ The RTPP technical conference was held on August 24, 2010, and subsequent Commission action is pending. The RTPP proceeding was and is the appropriate forum for CalWEA to make its arguments described above. Indeed, CalWEA made those very arguments, and in greater detail, in the initial comments and reply comments it filed in the RTPP proceeding following the August 24 technical conference.²⁷ Therefore, CalWEA's arguments should be considered solely in the RTPP proceeding, and not in this proceeding on the GIP Amendment.

²⁵ CalWEA at 6.

²⁶ *California Independent System Operator Corp.*, 132 FERC ¶ 61,067, at P 1 and Ordering Paragraphs (A) and (B) (2010).

²⁷ See Post-Technical Conference Comments of California Wind Energy Association, Docket No. ER10-1401-000, at 6-8 (Sept. 8, 2010); Post-Technical Conference Reply Comments of California Wind Energy Association, Docket No. ER10-1401-000, at 3-8 (Sept. 17, 2010).

D. The Commission Should Approve the Independent Study Process as Filed in the GIP Amendment.

Several parties raise issues regarding the criteria for Independent Study Process eligibility set forth in proposed Sections 4.1 and 4.2 of the GIP.²⁸ As explained below, the Commission should not require any revisions to the Independent Study Process as filed by the ISO.

The criteria for Independent Study Process eligibility require a proposed generating facility to be electrically independent as set forth in two tests, the flow impact test under Section 4.2.1 of the GIP and the short circuit test under Section 4.2.2 of the GIP. Parties that support the implementation of a flow impact test as part of the criteria for Independent Study Process eligibility have differing views of what the nature of the flow impact test should be. CalWEA argues that the flow impact test proposed in the GIP Amendment is insufficiently objective and should not be implemented until it has been revised to make it more objective.²⁹ SDG&E and WEC, on the other hand, argue that the flow impact test contained in the GIP Amendment is *too* objective and should be revised to give the ISO greater flexibility in determining the flow impacts of a particular generating project.³⁰

CalWEA's assertion that the flow impact test "fails to define specific criteria for determining electrical independence" is particularly puzzling.³¹ The

²⁸ Transmittal Letter for GIP Amendment at 15-18.

²⁹ CalWEA at 6.

³⁰ SDG&E at 3; WEC at 4-7.

³¹ CalWEA at 6.

flow impact test proposed in the GIP Amendment consists of a detailed set of tariff revisions keyed to specified percentage impacts based on power flows.³² CalWEA does not explain how this detailed test could be more objective. As to the assertions of SDG&E and WEC that the flow impact test should be more subjective, the ISO considered that approach in the stakeholder process but ultimately was unable to fashion a subjective standard that the ISO believed would be just and reasonable. The ISO was also concerned that, if an interconnection customer disagreed with the ISO's subjective determination and appealed the matter to the Commission, then the Commission would be put in the position of having to determine whether the subjective findings of the ISO's engineers were correct by making its own evaluation based on the technical merits.³³ Given the number of interconnection requests received by the ISO, this is not a feasible solution.

Despite the claims of each of these parties that its proposal regarding the flow impact test – not the ISO's – is the superior one, the proper legal standard is whether the ISO's proposal is just and reasonable under Section 205 of the FPA.³⁴ Specifically, as the Commission has explained, “the courts and this Commission have recognized that there is not a single just and reasonable rate.

³² See GIP Section 4.2.1.

³³ The situation that these commenters would put the Commission in is analogous to that of a federal court adjudicating issues of employment law. See, e.g., *Elrod v. Sears Roebuck and Company*, 939 F.2d 1466, 1470 (11th Cir. 1991) (“Federal courts do not sit as a super-personnel department that reexamines an entity’s business decisions. . . . Rather, our inquiry is limited to whether the employer gave an honest explanation of its behavior.”).

³⁴ Under Section 15 of the ISO tariff, the ISO is the entity authorized to submit filings for Commission approval pursuant to Section 205 of the FPA.

Instead, we evaluate [proposals under Section 205] to determine whether they fall into a zone of reasonableness. So long as the end result is just and reasonable, the [proposal] will satisfy the statutory standard.”³⁵ The ISO’s proposed flow impact test falls well within the zone of reasonableness, because it permits the ISO to determine in a reasonably objective manner whether the electrical consequences for nearby transmission facilities proximate to the proposed generating facility interconnection point are expected to be sufficiently small that the generating facility can accurately be described as electrically independent from other projects already being studied by the ISO.³⁶ Therefore, the Commission should accept the ISO’s proposal.

CalWEA and the LSA argue that the Commission should direct the ISO to modify Section 4.2.2 of the GIP to remove the short circuit test, on the grounds that it is unnecessary because any upgrade overlap as a result of this test “is likely to be trivial.”³⁷ Like the flow impact test, the short circuit test was developed through the ISO’s stakeholder process in an effort to establish a reasonable test for generator independence from other projects in the interconnection queue.³⁸ The ISO believes that the short circuit test is an

³⁵ *Calpine Corp. v. California Independent System Operator Corp.*, 128 FERC ¶ 61,271, at P 41 (2009) (citations omitted). See also *New England Power Co.*, 52 FERC ¶ 61,090, at 61,336 (1990), *aff’d*, *Town of Norwood v. FERC*, 962 F.2d 20 (D.C. Cir. 1992) (rate design proposed need not be perfect, it merely needs to be just and reasonable), citing *Cities of Bethany, et al. v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir.), *cert. denied*, 469 U.S. 917 (1984) (utility needs to establish that its proposed rate design is reasonable, not that it is superior to all alternatives).

³⁶ Transmittal Letter for GIP Amendment at 16-17; GIP Amendment, Attachment D, Exhibit No. ISO-2, Prepared Direct Testimony of Robert Sparks, at 4-5 (“Sparks Testimony”).

³⁷ CalWEA at Attachment A, p. 1; LSA at Attachment A, p. 8.

³⁸ Transmittal Letter for GIP Amendment at 16-17.

important component of establishing generator independence. However, even if the short circuit test turns out to have little or no impact on the overall independence assessment, there is no harm in retaining it in the ISO tariff, at least until the ISO and stakeholders have gained enough experience through implementation of the GIP Amendment to determine that it should be removed.

CalWEA and LSA also argue that, if the short circuit test is retained, it should be modified to recognize resolution limits on the short-circuit software employed by the Participating TOs.³⁹ Such a modification is unnecessary. If such resolution limitations arise, the ISO will round down the results of the short circuit test, such that interconnection customers seeking to utilize the Independent Study Process are not disadvantaged due to software limitations.

FIT argues that it is unclear what practical impact the two proposed tests for determining electrical independence under the Independent Study Process will have on interconnection applications. FIT concedes that the testimony provided by Robert Sparks in the GIP Amendment “sheds some additional light on the issue,” but contends that it is still unclear what the net impact from the Independent Study Process will be, because (1) Mr. Sparks does not explain how the ISO selected its sample of 32 small generator projects in the interconnection queue to determine the extent to which those projects would be considered independent under the two tests, and (2) the ISO presents no analysis of which lines on its system are likely to support particular amounts of MW at particular interconnection points. FIT argues that the Commission should require the ISO

³⁹ CalWEA at Attachment A, p. 1; LSA at Attachment A, p. 8.

to provide more information by creating a map that shows the likely interconnection capacity for all ISO-controlled lines under the Independent Study Process.⁴⁰

With respect to how the ISO selected its sample of 32 small generator projects to determine how many of those projects would be considered independent under the two tests, the answer is simple: the ISO's sample consisted of all 32 small generator projects that were in the interconnection queue at the time the sample was being compiled that planned to interconnect in the service territories of SCE and SDG&E.⁴¹ As Mr. Sparks explained, the ISO's sampling indicated that 8 of these projects (25 percent) would be eligible to be studied under the Independent Study Process, assuming they were able to meet the other eligibility criteria in addition to electrical independence.⁴²

Moreover, the Commission should not require the ISO to analyze which lines on its system are likely to support particular MW amounts at particular interconnection points, as argued by FIT. As far as the ISO is aware, the Commission has never required any other ISO or RTO to provide the type of analysis that FIT requests. Instead, like other ISOs and RTOs, the ISO publishes interconnection base case data consistent with the Commission's *pro forma*

⁴⁰ FIT at 11-12.

⁴¹ The sample did not include small generator projects that were in the interconnection process that were planned to be located in the PG&E service territory, because the ISO was unable to acquire the relevant information on those PG&E projects in time to include those projects in the sample. Nevertheless, the sample of 32 SCE and SDG&E projects that the ISO was able to analyze was sufficiently large to provide a useful estimate of the number of small generator projects that would pass the two independence tests.

⁴² Sparks Testimony at 11-12.

interconnection requirements.⁴³ The ISO will continue to publish that interconnection base case data pursuant to the GIP, and will also include in the base case data all generation reflected in the interconnection requests in the Independent Study Process that entered the ISO's interconnection queue prior to the creation of the base case, along with any associated transmission upgrades or additions.⁴⁴

The base case data provided by the ISO gives potential interconnection customers information that enables them to make an informed business decision as to whether to interconnect, and where to interconnect, to the ISO controlled grid. FIT, however, would have the ISO provide a level of data such that a developer's interconnection decision would essentially be made for the developer. In effect, then, FIT asks the Commission to require the ISO to act as a potential interconnection customer's business consultant. That is not the appropriate role for the ISO in the interconnection process. The ISO, as with all other transmission providers, is required to provide data sufficient to ensure open and non-discriminatory access to its transmission system. The ISO does so through the provision of base case data, as well as by working directly with customers in scoping meetings and, to the extent practical, fielding questions from developers on an informal basis. However, it is the responsibility of the generation project developer, not the ISO, to make its own business decisions based on these inputs. Requiring the ISO to perform the sort of analyses that

⁴³ LGIP Section 2.3.

⁴⁴ GIP Section 2.3.

FIT requests would mean diverting valuable time and resources from other important responsibilities, such as conducting interconnection studies.

Although the ISO should not be required to perform the expansive analysis that FIT requests, the ISO will monitor and evaluate the operation of the two independence tests under the Independent Study Process to determine if any improvements should be made to them. While the two tests are just and reasonable for the reasons explained in the GIP Amendment and this answer, the ISO recognizes that the tests might benefit from adjustments based on the actual experience of the ISO and interconnection customers. However, the need for any adjustments cannot be determined in advance of implementation of the GIP.

Further, there is no need for the Commission to direct the ISO to create a map as FIT proposes. The ISO, in its Generator Interconnection Procedures Draft Final Proposal (“Draft Final Proposal”), explained that it would address, in a future stakeholder process, a number of issues raised during the GIP stakeholder process that could not be addressed in the current stakeholder process without jeopardizing the ability of the ISO to implement the GIP within a reasonable timeframe. Among those issues was that “[s]ome stakeholders have indicated that there should be more access to current and/or updated queue or base case information. These have included requests that [the] ISO provide information such as additional data/maps/meeting minutes/study availability.”⁴⁵ Thus, the ISO plans to discuss with stakeholders the issue of providing more access to

⁴⁵ Generator Interconnection Procedures Draft Final Proposal at 43-44 (July 20, 2010), available on the ISO’s website at <http://www.caiso.com/27d9/27d91299c74670.pdf>.

interconnection information, which may include the ISO's provision of additional data and maps, in the next interconnection stakeholder process, which is scheduled to begin in early 2011.⁴⁶

FIT argues that the criteria for Independent Study Process eligibility are too stringent as applied to small generators. Thus, FIT contends that the Commission should require the ISO to reexamine and relax the criteria.⁴⁷ Similarly, Joint Solar Parties argue that the Commission should require the ISO to conduct a further stakeholder process to determine whether a separate set of criteria for Independent Study Process eligibility is appropriate for small generators.⁴⁸

This is another example of FIT and Joint Solar Parties making unsupported arguments about matters that no active participant in the ISO's interconnection process believes are a concern. No other party in this proceeding argues that the proposed eligibility criteria are too stringent to allow small generator projects to take part in the Independent Study Process. Notwithstanding the theoretical objections of FIT and Joint Solar Parties, the proposed eligibility criteria are just and reasonable for the reasons explained in the GIP Amendment.⁴⁹ Moreover, the ISO and stakeholders agreed that the

⁴⁶ See *id.* at 37. The 2011 interconnection stakeholder process is discussed further in Section I.K, below.

⁴⁷ FIT at 5-6, 22-23.

⁴⁸ Joint Solar Parties at 16-17.

⁴⁹ See Transmittal Letter for GIP Amendment at 15-18. Also, contrary to FIT's unsupported assertions, there is flexibility built into the criteria for Independent Study Process eligibility. Pursuant to the criteria, an interconnection customer must show that its desired commercial operation date is physically and commercially achievable by demonstrating only two of the

Independent Study Process will make the interconnection study process more efficient.⁵⁰ Requiring the ISO to engage in more stakeholder discussion regarding the Independent Study Process, on issues that are of no concern to active participants in the interconnection process, will result in needless delay in implementing necessary interconnection reforms.

Joint Solar Parties also argue that the requirement to show commercial need prior to entering the Independent Study Process could be untenable because of how certain of California's wholesale programs are designed. Joint Solar Parties state that, for instance, if a wholesale program required that a developer achieve an interconnection landmark before bidding, then the requirement that the developer show a commercial deadline in order to enter the Independent Study Process could create a "chicken or egg" type dilemma.⁵¹ Joint Solar Parties do not, however, identify any specific programs in California that would create a conflict with the commercial eligibility provisions proposed by the ISO for the Independent Study Process.⁵² Without such information, this concern is, at best, speculative. Moreover, the ISO's proposed commercial eligibility provisions allow developers a degree of flexibility insofar as they only require that interconnection customers provide sufficient evidence to satisfy two

following three items: (1) timely possession of, or the ability to obtain, all required regulatory approvals and permits; (2) timely possession of, or the ability to obtain, all generating equipment specific to the proposed generating facility; and (3) reasonable evidence of financial resources necessary to make the interconnection financial security postings required by GIP Sections 9.2 and 9.3. GIP Section 4.1.1.

⁵⁰ Transmittal Letter for GIP Amendment at 15.

⁵¹ Joint Solar Parties at 16-17.

⁵² GIP Amendment, Appendix Y at Section 4.1.1.

of the three criteria: (1) obtaining or the ability to obtain necessary permits; (2) procurement or ability to procure generation equipment; and (3) financing or other resources sufficient to make the financial security posting requirements set forth in the GIP.⁵³ Finally, with respect to Joint Solar Parties' recommendation for a further stakeholder process to address this issue, as discussed above, the ISO has already committed to conducting a stakeholder process, beginning in early 2011, to evaluate various interconnection issues. Joint Solar Parties are encouraged to raise its concerns regarding the eligibility criteria for the Independent Study Process in that stakeholder process. However, there is nothing in Joint Solar Parties' comments to support an argument that those criteria are in any way unjust or unreasonable as filed.

E. The Commission Should Approve the Fast Track Process as Filed in the GIP Amendment, Subject to a Minor Modification.

In the GIP Amendment, the ISO proposed to include as Section 5 of the GIP the Fast Track Process, incorporated from the existing SGIP with two primary modifications: (1) the Fast Track Process under the GIP would be available to proposed small generating facilities that are 5 MW or less in size, as compared with a size limit of 2 MW under the SGIP Fast Track Process; and (2) the Fast Track Process under the GIP omits several of the eligibility screens that apply under the SGIP Fast Track Process to disqualify projects for fast track consideration.⁵⁴ Except for the minor clarification discussed below, the Commission should approve Fast Track Process as filed in the GIP Amendment.

⁵³ *Id.*

⁵⁴ Transmittal Letter for GIP Amendment at 19-22.

Joint Solar Parties argue that the Fast Track Process should be expanded to apply to all generating facilities that are 20 MW or less, or, alternatively, that the MW cap should be removed entirely. Joint Solar Parties assert that the GIP Amendment provides no definitive explanation for why 5 MW is a critical threshold at which more studies are needed.⁵⁵ The Commission should deny this request. Contrary to Joint Solar Parties' belief, the ISO is not required to provide a "definitive" explanation for this proposed tariff change or any other tariff change. Instead, as discussed in Section I.D, above, the ISO's proposal only needs to fall within the zone of reasonableness, which the ISO's proposed fast track size limit of 5 MW does.

In his testimony, Mr. Rutty explained that a 5 MW generating facility is still considered to be relatively small from a transmission engineering perspective and generally would cause no greater impact than a 2 MW generator, such that including facilities of up to 5 MW in the Fast Track Process would not jeopardize the safety and reliability of the ISO controlled grid. However, the ISO determined that it would not be feasible to allow generating facilities larger than 5 MW to participate in the Fast Track Process at this time. In order to consider small generating facilities larger than 5 MW in the Fast Track Process, additional screens would have to be developed to address the complexities involved with analyzing a networked transmission system. The ISO determined that, without such screens, there would be a substantial risk that projects could be interconnected under the Fast Track Process in a manner detrimental to the

⁵⁵ Joint Solar Parties at 18.

reliability of the transmission system. Taking these points into consideration, the ISO and stakeholders determined that it was appropriate to increase the size limit for the Fast Track Process under the GIP Amendment to 5 MW, which would make the Fast Track Process available to a larger pool of proposed small generating facilities. Moreover, the ISO will continue to examine the operation of the Fast Track Process. If it is determined that larger-sized facilities can safely be accommodated, the ISO will propose such modifications to the GIP at a future time.⁵⁶

Until such time as the ISO has gained experience with interconnection requests under the GIP, it would be premature to raise the size limit under the Fast Track Process above 5 MW, let alone raise the size limit to 20 MW or eliminate the size limit entirely, as Joint Solar Parties propose. Taking such action now would create the risk of having the exception swallow the rule, with a return to the problem of too many interconnection requests in a serial study process, the very problem that the GIP is designed to address. Fast Track Process requests must be evaluated individually, rather than in a cluster. If the ISO were to be flooded with interconnection requests under the Fast Track Process, due to an ill-considered increase of the size limit, then in addition to the reliability risks discussed above, a backlog may arise in the evaluation of interconnection requests under the Fast Track Process similar to the backlog in

⁵⁶ Ruddy Testimony at 22-23. See also Generator Interconnection Procedures Draft Final Proposal Addendum at 2 (Aug. 13, 2010) (“Addendum”), available on the ISO’s website at <http://www.caiso.com/27f1/27f1ba893af00.pdf> (stating that the ISO would increase the size limit under the Fast Track Process from 2 MW to 5 MW in response to stakeholder comments).

the small generator process that is driving the reforms contained in the GIP Amendment.⁵⁷

FIT argues that the ISO should modify the second screen in the Fast Track Process. As drafted in the GIP, this second screen requires that, for interconnections to a radial transmission circuit, the aggregated generation on the circuit, including the interconnection customer's facility, shall not exceed 15 percent of the line section annual peak load as most recently measured at the substation. FIT contends that this screen imposes too small a limit on the size of facilities, such that it would be unlikely that many projects would qualify for the fast track. FIT also argues in the alternative that, if the Commission does not require the ISO to modify the second screen, it should direct the ISO to present detailed data regarding what locations on the ISO controlled grid are likely to allow projects up to 5 MW to interconnect under the Fast Track Process.⁵⁸

The Commission should reject FIT's argument to modify the second screen in the Fast Track Process. This screen is directly derived from the Commission's *pro forma* SGIP, with the exception that the ISO has modified it to refer to *transmission lines*, rather than distribution lines, because the ISO's interconnection process is limited to interconnections to the ISO controlled grid, which is the transmission level. As such, FIT's argument constitutes an after-the-fact challenge to the Commission's underlying decision to adopt this screen in Order No. 2006 rather than the ISO's proposal. Moreover, FIT provides no

⁵⁷ See Transmittal Letter for GIP Amendment at 6-7.

⁵⁸ FIT at 6, 20-22.

evidence whatsoever to substantiate its claim that retaining this second screen would effectively disqualify most or all projects from utilizing the Fast Track Process. Nevertheless, if the ISO finds through real-world experience that the eligibility screens under the GIP Fast Track Process are overly stringent, the ISO will propose modifications to the screens as necessary to balance the ability of generators to make use of the Fast Track Process with the need to maintain system reliability and ensuring the efficient processing of interconnection requests. The ISO has never received a request for fast track processing under the current SGIP. Thus, the ISO recognizes that it will need to review and possibly refine the Fast Track Process going forward. Nevertheless, the ISO believes that the current SGIP Fast Track Process, with the modest changes discussed in the GIP Amendment, represents the most reasonable starting point.

Regarding FIT's request that the ISO provide more detailed data, as discussed in Section I.D, above, the ISO already provides base case data to allow potential customers to evaluate interconnection options, and should not be required to make customer's interconnection business decisions for them. Nevertheless, as indicated above, the ISO plans to address the issue of enhanced data availability with stakeholders in the interconnection stakeholder process scheduled to begin in early 2011. FIT is welcome to raise its issue regarding the ISO's provision of data in that stakeholder process.

In its comments, WEC states that it understands the Fast Track Process to be available only to energy only generating projects. WEC asserts that this

should be expressly stated in the GIP.⁵⁹ The ISO confirms that WEC's understanding is correct and proposes to clarify in a compliance filing in this proceeding that the Fast Track Process is available solely for energy only projects.

F. The Commission Should Approve the Queue Cluster Timeline Modifications Contained in the GIP Amendment.

The ISO, in the GIP Amendment, filed modifications to the cluster study timelines set forth in the LGIP that considerably shortened the timelines for the Phase I and Phase II interconnection studies. The Commission should accept those modifications as filed and should reject the alternative proposals regarding the timelines that parties have submitted.

In the Draft Final Proposal, the ISO explained that the entire cluster study process under the GIP will be completed within a total of approximately 420 days.⁶⁰ FIT argues that the 420-day cluster study process ignores the lag time to enter the study process, which will take up to a year if the first cluster window is missed. According to FIT, this lag time purportedly means that the actual study timeline under the GIP proposal will be up to 815 days (assuming the schedule does not slip), with an average timeline of 723 days, which assumes nine months' average lag in commencing the study process. FIT contends that this timeline is too long for smaller developers.⁶¹

⁵⁹ WEC at 7.

⁶⁰ Draft Final Proposal at 16.

⁶¹ FIT at 5-6, 19-20.

FIT's mathematical gymnastics are unconvincing because they ignore a number of relevant facts. First, FIT does not consider that an interconnection customer always has the option of filing its interconnection request prior to the close of the application window, which will eliminate much of the lag time that FIT claims to exist. The GIP also adds a second cluster application window, thus creating another means of shortening the interconnection timeline.⁶² Further, if an interconnection customer believes the timeline for the cluster study process is too long and it is eligible for the Independent Study Process or the Fast Track Process, it can apply to be studied under one of those processes instead of the cluster study process. Moreover, FIT does not account for the benefits that the GIP will provide to small generation developers over and above a shortened timeline, one of the most important of which is the provision of cost certainty at the end of the Phase I interconnection study. Finally, it bears repeating that none of FIT's constituents represent actual or likely participants in the ISO's interconnection process, and none of the commenters in this proceeding who do represent actual or likely participants in that interconnection process are suggesting that the timeline is unreasonable. For these reasons, FIT's arguments are unpersuasive.

FIT also asserts that the length of the entire cluster study process could be reduced by well over 50 percent – from 420 days to about six months – through “a combination of software improvements, policy changes, and additional

⁶² See GIP Section 3.3.1.

staff.”⁶³ However, FIT provides no support for this assertion, and in fact the evidence suggests that FIT is incorrect. In the GIP stakeholder process, the engineering consensus was that the cluster study process could not reasonably be made any shorter than the length proposed in the GIP Amendment. Further, as discussed in Section I.B, above, the ISO already uses sophisticated, custom-made software that cannot be meaningfully improved. Therefore, the Commission should not give credence to FIT’s statement that the cluster study process can be shortened.

CalWEA and the LSA argue that the Commission should direct the ISO to modify the table in Attachment A of Appendix 4 of the GIP to (1) delete consideration of modifications to LGIP-identified upgrades in the annual ISO transmission planning process and (2) include the timelines for the Fast Track Process and the Independent Study Process.⁶⁴ The Commission should not direct the ISO to make these suggested changes. The only reference in the Attachment A table to the annual ISO transmission planning process is contained in Line 23.1, which states that “Large Network Upgrades will be further evaluated within the Phase 2 transmission study process as set forth in Section 24 of the CAISO Tariff.” If, in the proceeding in Docket No. ER10-1401 regarding the RTPP, the Commission requires any tariff modifications that affect the accuracy of the above-quoted language in Line 23.1, the ISO will modify Line 23.1 accordingly. However, until such time as the Commission makes any tariff

⁶³ FIT at 3-4.

⁶⁴ CalWEA at Attachment A, p. 4; LSA at Attachment A, p. 11.

modifications of that kind, it is unnecessary to make revisions to Line 23.1 as proposed in the GIP Amendment.

Further, it is not necessary for the ISO to include in the Attachment A table the timelines for the Fast Track Process and the Independent Study Process. Those timelines are already fully described in the body of the GIP. The ISO also notes that there is no table in the SGIP depicting the timeline for the SGIP Fast Track Process. To the extent the ISO finds it appropriate to create tables depicting the timelines for the Fast Track Process and the Independent Study Process, the ISO will include them in a Business Practice Manual or post them on the ISO website.

G. The Commission Should Approve the Interconnection Financial Security Modifications Contained in the GIP Amendment.

In the GIP Amendment, the ISO made a number of tariff modifications regarding interconnection financial security.⁶⁵ The only parties that comment on those modifications are CalWEA and the LSA, who argue that the Commission should clarify in its order on the GIP Amendment that the \$15 million cap on second interconnection financial security postings set forth in Section 9.3.1.2 of the GIP will apply to the LGIP Transition Cluster.⁶⁶

There is no need for the Commission to make the requested clarification, because it is clear from the proposed tariff language in the GIP Amendment that Section 9.3.1.2 will apply to the LGIP Transition Cluster. Section 9.3.1.2 states

⁶⁵ Transmittal Letter for GIP Amendment at 28-31.

⁶⁶ CalWEA at Attachment A, p. 3; LSA at Attachment A, p. 10. CalWEA and the LSA mistakenly state that the \$15 million cap is set forth in Section 9.2 of the GIP.

that it applies to “[e]ach Interconnection Customer for a Large Generating Facility assigned to a Queue Cluster.” The proposed term “Queue Cluster” is defined in Appendix A of the ISO tariff as “[a] set of Interconnection Requests processed pursuant to Appendix Y other than pursuant to the Fast Track Process or the Independent Study Process set forth in Appendix Y.” The LGIP Transition Cluster falls within the definition of the term Queue Cluster, because the LGIP Transition Cluster is a set of interconnection requests processed pursuant to Appendix Y other than pursuant to the Fast Track Process or the Independent Study Process. Therefore, pursuant to the above-quoted language in Section 9.3.1.2, that section applies to each interconnection customer for a large generating facility assigned to the LGIP Transition Cluster.

H. The Commission Should Approve the Annual Deliverability Assessment Option as Proposed in the GIP Amendment.

The ISO, in the GIP Amendment, proposed to include two additional deliverability assessment options in Section 8 of the GIP, a one-time deliverability option and an annual deliverability option.⁶⁷ CalWEA and the LSA propose the changes described below to the provisions of the annual option. The Commission should not accept their proposed changes.

CalWEA and the LSA argue that the Commission should direct the ISO to modify Section 8.2.4.3 of the GIP to include a statement from the Draft Final Proposal that, for generation assessed through the annual deliverability option that was denied full capacity status, conceptual transmission congestion mitigation plans will be identified and considered in the ISO’s transmission

⁶⁷ Transmittal Letter for GIP Amendment at 31-36.

planning process.⁶⁸ The Commission should not issue such a directive. This is a transmission planning issue, not an interconnection issue, and therefore it is beyond the scope of the instant proceeding. The issue should instead be addressed, if at all, in the proceeding on the ISO's RTPP (Docket No. ER10-1401).

In the GIP Amendment, the ISO proposed to add Section 8.3 of the GIP to state that, to the extent that a Participating TO's tariff provides the option for customers taking interconnection service under the Participating TO's tariff to obtain full capacity deliverability status, the ISO will, in coordination with the applicable Participating TO, perform any necessary deliverability studies. The purpose of this section is to ensure that, if a generator interconnecting under a Participating TO's WDAT wishes to obtain deliverability, and the WDAT provides such an option, that the ISO will be able to perform, as necessary, any studies on the ISO controlled grid associated with providing such deliverability.⁶⁹ CalWEA and the LSA, however, propose to make Section 8.3 read altogether differently. They argue that the Commission should direct the ISO to modify Section 8.3 to state that an interconnection customer seeking interconnection to a distribution system connected to the ISO controlled grid, where the Participating TO's tariff or other applicable interconnection rules *do not preclude* full capacity deliverability

⁶⁸ CalWEA at Attachment A, p. 3 (citing Draft Final Proposal at Section 4.4.2(5)); LSA at Attachment A, p. 10 (same).

⁶⁹ Transmittal Letter for GIP Amendment at 35 & n.105.

status on the ISO controlled grid, may elect a one-time option to be studied for full capacity deliverability status.⁷⁰

In effect, then, CalWEA and the LSA propose that the Commission use the ISO tariff as a “long-arm” mechanism, to reach the Participating TOs and mandate – through the mechanism of the ISO tariff – that each Participating TO convert energy only distribution-level generation facilities to full capacity deliverability generation-facilities on a one-time-only basis. As revised by CalWEA and LSA, Section 8.3 of the ISO’s GIP would, in effect, require each Participating TO to provide an interconnection customer that is seeking interconnection to a distribution system connected to the ISO controlled grid with a one-time option to be studied for full capacity deliverability status, unless specifically precluded by the Participating TO’s tariff. This language is not appropriate, because it would effectively result in the ISO dictating the type of interconnection service that a Participating TO must provide under its own tariff. The Commission should reject this invitation to use the ISO tariff as a back-door method to regulate the Participating TOs, and should direct that parties can propose amendments of Participating TO WDAT tariffs only in proceedings where the individual Participating TO WDAT tariffs are at issue. Accordingly, the Commission should reject the revision of Section 8.3 that CalWEA and the LSA propose.

The Commission should accept the version of Section 8.3 included in the GIP Amendment, because it takes into account any relevant WDAT provisions

⁷⁰ CalWEA at Attachment A, pp. 2-3; LSA at Attachment A, pp. 9-10.

that a Participating TO might have and provides for coordination between the ISO and Participating TO in that event, but does not dictate any service that the Participating TO is required to provide to an interconnection customer.

I. The Commission Should Approve the Proposed Language in the GIP Regarding the Transition of Existing SGIP Requests to GIP, Subject to Certain Modifications.

In the GIP Amendment, the ISO proposed to add Appendix 8 to the GIP to include provisions regarding the transition of existing interconnection requests under the SGIP to the new GIP regime.⁷¹ Acciona Solar argues that the Commission should direct the ISO to modify Section 2.2 of Appendix 8 to state that an interconnection customer electing the one-time option to be studied for full capacity deliverability status will be required to post a study deposit in the amount set forth in Section 3.5.1 of the GIP, less any study deposit amounts already paid and any study deposit reasonably anticipated to be paid. Acciona Solar asserts that the clarifying language is similar to the deposit language in Section 8.1.4 of the GIP.⁷² The ISO agrees that Acciona Solar's proposed revisions to Section 2.2 are appropriate and proposes to make those revisions in a compliance filing.

CalWEA and the LSA argue that the Commission should direct the ISO to modify Section 3.3 of Appendix 8 to remove the requirement that an interconnection customer must post a demonstration of site exclusivity if the interconnection customer has not done so already, because SGIP projects had to

⁷¹ Transmittal Letter for GIP Amendment at 36-39.

⁷² Acciona Solar at 5-7.

demonstrate site control (a more stringent demonstration than site exclusivity) in order to have had a valid SGIP interconnection request.⁷³ There is no need for the ISO to make this requested change. As CalWEA and the LSA correctly point out, SGIP projects had to demonstrate site control in order to have had a valid SGIP interconnection request, and site control is a stronger demonstration than site exclusivity. Therefore, by virtue of their demonstration of site control, SGIP projects have *a fortiori* demonstrated site exclusivity, which means that the SGIP projects have satisfied the “done so already” language of Section 3.3.

CalWEA and the LSA also argue that, in order to eliminate any confusion, the ISO should be required to modify the refund provisions in Section 3.3 of Appendix 8 to exclude third parties.⁷⁴ The ISO agrees with those parties on this issue and proposes to delete the provision in Section 3.3 regarding third parties in a compliance filing.

J. The Commission Should Not Require the ISO to Prepare Time-Consuming and Unnecessary Studies, Reports, or Other Information.

FIT states that the Commission, in a 2008 order addressing Midwest ISO tariff changes on queue reform, directed the Midwest ISO to include in annual informational filings the steps it would take to clear its study backlog and to make it more feasible for customers to conduct their own studies. FIT argues that the Commission should require the ISO to do the same.⁷⁵

⁷³ CalWEA at Attachment A, pp. 4-5; LSA at Attachment A, pp. 11-12.

⁷⁴ CalWEA at Attachment A, pp. 4-5; LSA at Attachment A, pp. 11-12.

⁷⁵ FIT at 18-19 (citing *Midwest Independent Transmission System Operator, Inc.*, 124 FERC ¶ 61,183 (2008)).

The Commission should not impose such requirements on the ISO. The ISO is already obligated to file comprehensive interconnection reports even more frequently than FIT proposes. Pursuant to Commission directives issued in 2008 regarding the ISO's Generator Interconnection Process Reform ("GIPR") initiative, the ISO is required to file quarterly reports describing the ISO's progress in processing interconnection requests under the queue cluster process set forth in the LGIP. Specifically, the Commission required the ISO's quarterly reports to include the following:

(1) the number of interconnection requests filed, accepted and rejected; (2) the number and type of studies conducted, i.e., accelerated, separately studied, or cluster, along with the number and types (size of project, nameplate capacity of facility if different than size of interconnection project, point of interconnection) of interconnection customers in each cluster; (3) any missed study deadline(s) at each stage of the process; and (4) any withdrawals (along with the reason for the withdrawal) from the queue by interconnection customers.⁷⁶

The Commission explained that "[t]hese reports are intended to give the Commission and other interested parties a regular status update on the progress of the proposed reforms."⁷⁷ Since 2009, the ISO has filed these quarterly reports thirty days following the close of each quarter, and the ISO posts them to the ISO website.⁷⁸

In that same 2008 order, the Commission also directed the ISO to submit two "comprehensive status updates," the first to be filed within 60 days of

⁷⁶ *California Independent System Operator Corp.* 124 FERC ¶ 61,292, at P 200 (2008).

⁷⁷ *Id.*

⁷⁸ See, e.g., the ISO's Q3 2010 Quarterly Report posted on the ISO's website at <http://www.caiso.com/283e/283ed0906b500.pdf>.

completion of the Phase II interconnection study for the transition cluster and the second to be filed within 60 days of the completion of the Phase II interconnection study in which the initial GIPR cluster is studied.⁷⁹ The Commission explained that these reporting requirements would make the interconnection procedures more transparent for interconnection customers, allow the Commission to more easily address the viability of interconnection procedures in the future, particularly if delays continue to be significant and frequent, and allow the Commission to monitor whether any entity is causing further delays to the interconnection process by missing deadlines.⁸⁰

Thus, pursuant to these obligations, the ISO is already required to submit comprehensive interconnection reports to the Commission. Moreover, to the extent that FIT is asking the Commission to require additional reporting in lieu of adoption of the GIP, any additional reporting requirement would do nothing to address the challenges the ISO faces in applying its current small generator interconnection process.⁸¹ Reporting is no substitute for taking action pursuant to the tariff changes contained in the GIP Amendment.

FIT also proposes that the ISO should provide enough information to allow developers to hire third-party consultants to conduct interconnection studies as a substitute for ISO studies, in what FIT vaguely calls “certain situations, if this becomes necessary.”⁸² The information requirements set forth in the ISO tariff

⁷⁹ *California Independent System Operator Corp.*, 124 FERC ¶ 61,292, at PP 201-202.

⁸⁰ *Id.* at P 203.

⁸¹ See Transmittal Letter for GIP Amendment at 5-9.

⁸² FIT at 19.

are similar to those requirements contained in the Commission's *pro forma* interconnection tariff provisions, pursuant to which the ISO already provides sufficient base case information and other information to interconnection customers. Moreover, no other party in this proceeding – including parties that, unlike FIT, have pending requests to interconnect to the ISO controlled grid – argues that the information the ISO provides is insufficient. For these reasons, the Commission should reject FIT's vague and overbroad proposal.

FIT also argues that the Commission should require the ISO to conduct a third-party audit as part of the next stage of its interconnection reform and to submit a report to the Commission detailing the ISO's findings.⁸³ The Commission should not require the ISO to take such extraordinary measures. As discussed above, the ISO already provides quarterly reports to the Commission and will provide comprehensive status updates regarding interconnection reform. Further, the GIP is the product of an effective and transparent stakeholder process, as noted by parties with direct interests in the ISO's interconnection process. Moreover, as the ISO has indicated numerous times in this pleading and in communications to stakeholders, it will undertake another stakeholder process on generator interconnection (its third in as many years) starting in January 2011. Accordingly, it is unnecessary and onerous for the ISO to conduct a third-party audit as FIT requests.

⁸³ *Id.* at 16-17.

K. The Commission Should Find that the GIP Stakeholder Process Was Sufficient and Should Not Require the ISO to Engage in Unnecessary Further Stakeholder Processes.

In developing the GIP Amendment, the ISO conducted a robust stakeholder process spanning over six months. During this period, the ISO held five meetings and conference calls with stakeholders, developed and circulated several written proposals, produced draft tariff language for stakeholder comment, and held a conference call to discuss the draft tariff language. A number of parties specifically comment on the thoroughness and effectiveness of this process.⁸⁴ Only FIT and Joint Solar Parties express overall dissatisfaction with the length and conduct of the GIP stakeholder process.⁸⁵ As explained below, however, the reasons offered by FIT and Joint Solar Parties for their position on this issue are baseless.

In the GIP stakeholder process, the ISO provided to FIT and the other stakeholders all available and relevant information regarding the GIP. Nevertheless, FIT argues that the ISO did not possess and failed to provide in the stakeholder process sufficient information to support the GIP Amendment.⁸⁶ On this issue FIT is clearly speaking only for itself, because no other party in this proceeding asserts that the information made available in the stakeholder process was insufficient. Moreover, FIT's allegation that the ISO failed to provide it with requested information is simply false. Indeed, within two pages of making

⁸⁴ See footnote 7, above, and accompanying text.

⁸⁵ Joint Solar Parties at 14; FIT at 9-14.

⁸⁶ FIT at 8-14.

this allegation, FIT admits that the ISO provided historical data of the sort requested by FIT at the July 27 stakeholder workshop.⁸⁷ The only data that the ISO refused to provide to FIT was access to transmission base case data, which the ISO could not make available to FIT without execution of a non-disclosure agreement, because the data includes confidential information including critical energy infrastructure information (commonly known as CEII). Counsel for the ISO communicated with FIT's representative in order to facilitate FIT's attempt to access the base case data. ISO counsel explained that FIT would need to identify a constituent member who could represent himself or herself as an actual or potential interconnection queue interconnection customer and that this individual could sign an ISO non-disclosure agreement and Western Electricity Coordinating Council ("WECC") non-disclosure agreement and have access to the data. FIT's representative acknowledged this, and indicated that he would get back to ISO counsel, but never did so. This lack of follow through reflects, again, that FIT does not represent any generators in the ISO's interconnection queue.

Nevertheless, FIT recites a veritable laundry list of information and computer tools that it believes the ISO should be required to make available "before major changes are made to the SGIP." It is telling that a number of the items that FIT requests are, on their face, obviously irrelevant to this proceeding, such as information relating to the Participating TO's WDAT processes. This confirms that FIT's purpose in requesting such information is indeed out of

⁸⁷ *Id.* at 12.

scope, that FIT's requests are directed at Participating TOs and the interconnection of distribution-level projects, and that delaying GIP approval for receipt of the information would only serve to unnecessarily delay the ISO's small generator reform process. Given this, and given the fact that the rest of the stakeholders – those with current and future interconnection requests in the queue – were perfectly able to evaluate the GIP proposal in the stakeholder process, as well as evaluate the GIP Amendment, without the multitude of data requested by FIT, the Commission should find that FIT's arguments on this issue are without merit.

Joint Solar Parties argue that the Commission should order the ISO and Participating TOs to engage in further discussions with stakeholders to refine the GIP as it relates to small generators. Joint Solar Parties also argue that the Commission should conditionally approve the GIP subject to those further stakeholder efforts and a requirement that the ISO report back on whether additional changes to the ISO's interconnection process for small generators would better serve the objectives of reducing backlog and accommodating California's Renewable Portfolio Standards.⁸⁸ There is no need for the Commission to order a further stakeholder process or to so conditionally approve the GIP. The GIP Amendment and this answer provide all the information the Commission needs to approve the GIP. Further, as explained above, the ISO

⁸⁸ Joint Solar Parties at 7-8, 14-16.

has already committed to conduct a stakeholder process in early 2011 to address any additional revisions that should be made to the GIP.⁸⁹

Joint Solar Parties also argue that the Commission should direct the ISO to conduct a stakeholder process to further consider the use of an additional cluster window that would give small generators the option to shorten the cluster study process by moving directly to the Phase II interconnection study, as was originally described in the Draft Final Proposal.⁹⁰ There is no need for the Commission to require the ISO to conduct such a stakeholder process. In place of that option, the GIP already includes a second Cluster Application Window to facilitate the entry of interconnection customers into the interconnection process.⁹¹ Moreover, in the Addendum to the Draft Final Proposal that the ISO posted for stakeholder review on August 13, 2010, the ISO noted that the option of moving directly to the Phase II interconnection study was being omitted from the GIP proposal because “[s]takeholders pointed out a number of complications that will be introduced with this option and this concept will be deferred to the 2011 stakeholder process if still desired.”⁹² Thus, if stakeholders still wish to

⁸⁹ To take just one example, CalWEA states that it stands ready to work with the ISO in the 2011 stakeholder process to revise the GIP study processes. CalWEA at 5. The ISO looks forward to discussing this issue with CalWEA and the other stakeholders in 2011.

⁹⁰ Joint Solar Parties at 17-18.

⁹¹ GIP Section 3.3.1.

⁹² Addendum at 2. The Addendum can be accessed on the ISO’s website at <http://www.caiso.com/27f1/27f1ba893af00.pdf> along with other documents on the ISO’s “Small and Large Generator Interconnection Procedures” webpage at <http://www.caiso.com/275e/275ed48c685e0.html>.

pursue this option in the 2011 interconnection stakeholder process, they can and should raise the matter at that time.

L. The ISO Offers No Comments on the Distributed Generation Issues Raised by Parties.

The CPUC Staff states that it “supports the CAISO’s proposal for transmission-level interconnections and applauds the CAISO for working quickly and diligently to resolve the backlog.”⁹³ Beyond that statement of support, the CPUC Staff also raises issues related to CPUC renewable distributed generation programs and the scope of the CPUC’s jurisdiction.⁹⁴ The ISO does not provide any comments on those issues, because they are beyond the scope of this filing. Similarly, the ISO does not provide any comments on issues regarding wholesale distributed generation raised by FIT and Joint Solar Parties.⁹⁵

M. Other Issues

FIT argues that the Commission should require the ISO to impose, on a retroactive basis, “anti-splitting” rules to prevent developers from continuing to engage in their apparent practice of splitting up larger projects into 20 MW increments in order to qualify for interconnection under the SGIP.⁹⁶ Given the nature of the GIP, there is no need for the Commission to impose such a requirement. The GIP will apply to both small and large generator projects, and

⁹³ CPUC Staff at 3. This CPUC statement of support for the ISO’s proposal refutes the assertion of FIT that the CPUC has “strong misgivings about the direction CAISO is trying to go with the GIP Proposal.” FIT at 8.

⁹⁴ CPUC Staff at 3-7.

⁹⁵ FIT at 7, 23-25; Joint Solar Parties at 12-14.

⁹⁶ FIT at 17-18.

pursuant to the GIP Amendment, existing SGIP interconnection requests will be transitioned to the GIP.⁹⁷ Therefore, Commission acceptance of the GIP will mean that developers will have no incentive to split up larger projects in order to qualify for the SGIP. In addition, the application of anti-splitting rules on a retroactive basis may constitute retroactive ratemaking in violation of the FPA, and may violate the terms of existing interconnection agreements between the ISO and project developers.

CalWEA and the LSA argue that the Commission should direct the ISO to modify Section 3.5.1.4 of the GIP to allow the commercial operation date to be the later of 7 years from the submission of an interconnection request or 3 years after expected network upgrade completion in the area where the generating plant will be located, in order to accommodate reasons other than the time needed to construct the plant.⁹⁸ There is no need for the Commission to direct the ISO to make the requested modification at this time. The ISO did not propose in the GIP to make any substantive revisions to Section 3.5.1.4, and therefore, this issue is beyond the scope of the GIP Amendment. The ISO plans to discuss this issue with stakeholders in the 2011 interconnection stakeholder process.

CalWEA and the LSA also argue that the ISO, in the GIP Amendment, proposes to change the meaning of the provisions in Section 6.2 of the GIP regarding the minutes from the scoping meeting. They assert that the

⁹⁷ Transmittal Letter for GIP Amendment at 36-39.

⁹⁸ CalWEA at Attachment A, p. 1; LSA at Attachment A, p. 8. CalWEA and the LSA erroneously state that the relevant section is Section 3.5.1.5 of the GIP.

Commission should direct the ISO to modify Section 6.2 to, at a minimum, state that the minutes of the scoping meeting will reflect any disagreement by the interconnection customer with the ISO's account of the meeting. Further, CalWEA and the LSA argue that the ISO should be bound to distribute the minutes within a reasonable timeframe.⁹⁹

The Commission should not require the ISO to make the tariff changes suggested by CalWEA and the LSA. The only revisions made to Section 6.2 in the GIP Amendment were to change the phrase "The CAISO shall prepare minutes from the meeting, verified by the Interconnection Customer and the other attendees" to "The CAISO shall prepare minutes from the meeting, and provide the Interconnection Customer and the other attendees with an opportunity to confirm the accuracy thereof." There is no meaningful difference between verification of the meeting minutes and confirmation of the accuracy of the meeting minutes. Thus, these ISO tariff changes do not alter the meaning of Section 6.2.

Moreover, it is unnecessary to make the further tariff revisions that CalWEA and the LSA suggest. Section 6.2, as revised in the GIP Amendment, gives the interconnection customer and the other attendees an opportunity to confirm the accuracy of the minutes. As a result, if there is any disagreement regarding the ISO's account of the meeting, the disagreement will be documented in the minutes. Further, the ISO's practice has always been to distribute the minutes within a reasonable timeframe. The ISO will continue that

⁹⁹ CalWEA at Attachment A, p. 2; LSA at Attachment A, pp. 8-9.

practice under the GIP. There is no need for the Commission to mandate that the ISO specifically state these common-sense interpretations in the tariff language of the GIP. The request for added detail seeks to drill down to a level of specificity that is not necessary or appropriate in a tariff instrument. In the ISO's experience, many customers have individual preferences as to particular business practices that they would prefer to see embedded in the tariff. But doing so on a consistent basis and to suit every stakeholder would lead to a dramatic and unnecessary bloating of the ISO's tariff.

CalWEA and the LSA make two additional arguments. First, they argue that there is a structural problem with how Section 10a of Attachment A of Appendix 1 of the GIP is drafted. Section 10a asks interconnection customers to provide "collector System Equivalence Impedance Data" and "values for each equivalence collector circuit at all voltage levels." CalWEA and LSA argue that the section is internally inconsistent to provide such information and that this inconsistency should be resolved by adopting what they assert are certain WECC standards.¹⁰⁰ CalWEA and the LSA are incorrect on both counts. There is no internal inconsistency in seeking collector system equivalence impedance data and values for each equivalence collector circuit at all voltage levels. This is because, in virtually all cases, the modeling of wind or photovoltaic plants at collector circuits represents the aggregate output from multiple wind or photovoltaic plants connecting to the point that is included in the modeling.

¹⁰⁰ CalWEA at Attachment A, p. 4; LSA at Attachment A, pp. 10-11. CalWEA and the LSA erroneously cite to Section 11a of Attachment A of Appendix 1 of the GIP, which is not a section included in the GIP Amendment. Based on their comments, it is clear that CalWEA and the LSA intend to cite to Section 10a, and not to Section 11a.

Moreover, contrary to the conclusion of CalWEA and the LSA, there is no definitive WECC standard that should be incorporated in the ISO tariff. One of the WECC guides cited by CalWEA and the LSA, titled “WECC Guide for Representation of Photovoltaic Systems in Large-Scale Load Flow Simulations,” is still in draft form and is subject to further review and comment at WECC.¹⁰¹ The other guide cited by CalWEA and the LSA, titled “WECC Wind Power Plant Power Flow Modeling Guidelines,” was completed in 2008 but, to the best of the ISO’s knowledge, has not been approved as a WECC standard.¹⁰² At such time as these guides are approved at WECC, the ISO will comply with their provisions to the extent they are applicable. However, for the time being, it would be premature for the ISO to implement the provisions set forth in the guides.

CalWEA and the LSA argue that Section 12 of Attachment A of Appendix 1 of the GIP should be revised to permit an interconnection customer to provide the electrical data needed to populate the General Electric Positive Sequence Load Flow (“PSLF”) models, instead of being required to provide the electrical data in the “*.epc” format referenced by Section 12, because not all generators have access to the PSLF software and cannot provide the data in the “*.epc”

¹⁰¹ The latest draft of this guide can be accessed on WECC’s website at <http://www.wecc.biz/committees/StandingCommittees/PCC/TSS/MVWG/REMTF/Solar%20Documents/WECC%20PV%20Plant%20Power%20Flow%20Modeling%20Guidelines%20-%20August%202010.pdf>. Most recently, this guide was discussed at a November 16, 2010 meeting of the WECC Renewable Energy Modeling Task Force. See the agenda for the November 16 meeting on WECC’s website at http://www.wecc.biz/committees/StandingCommittees/PCC/TSS/MVWG/REMTF/111810/Lists/Agendas/1/REMTF%20AGENDA%2011_16_2010.doc.

¹⁰² The ISO is in the process of confirming with WECC that this guide has not been adopted as a WECC standard, and will inform parties and the Commission if the ISO’s understanding is incorrect.

format.¹⁰³ The Commission should accept Section 12 as filed in the GIP Amendment. The *.epc format is a simple fixed format text file, and an interconnection customer does not need the PSLF software in order to create the *.epc format. The ISO has already posted on its website the necessary PSLF dynamic data formats.¹⁰⁴ The ISO will be updating these dynamic data formats and also posting the required power flow format on its website. Further, an interconnection customer can contact General Electric if it has any questions regarding the PSLF formats. For these reasons, no changes to Section 12 are needed to account for the fact that certain developers may not have the PSLF software.

Joint Solar Parties contend that the Commission should issue directives in this proceeding on the GIP Amendment to modify or clarify the Commission's policy on the interconnection of Qualifying Facilities ("QFs").¹⁰⁵ The Commission should disregard those arguments. Any issues regarding the Commission general policy on QFs are clearly outside the scope of the instant proceeding.

Lastly, in reviewing the GIP Amendment, the ISO discovered that several minor modifications should be made to the tariff revisions contained in the tariff amendment. Those clarifications are contained in a table which is attached to this filing as Appendix A. The ISO proposes to include these clarifications in a compliance filing. In addition, the ISO proposes to include the changes that it

¹⁰³ CalWEA at Attachment A, p. 4; LSA at Attachment A, p. 12.

¹⁰⁴ See <http://www.caiso.com/docs/2002/06/11/2002061110300427214.html>, at link titled "Generator Dynamic Models."

¹⁰⁵ Joint Solar Parties at 20-22.

proposed to the Large Generator Interconnection Agreement (“LGIA”) in the most recent version of that agreement. In the GIP filing, the ISO proposed several modifications to the LGIA in Appendix Z of the ISO tariff to reflect the changes to the interconnection procedures. However, the ISO neglected to reflect these modifications in the most recent version of the LGIA, contained in Appendix CC of the ISO tariff, which it included in its filing to include new technical requirements relating to asynchronous generators. On compliance, the ISO proposes to reflect the changes made to Appendix Z in Appendix CC.

II. Conclusion

For the reasons explained in the GIP Amendment and in this answer, the Commission should accept the GIP Amendment without modification or condition except for the clarifications discussed herein.

Respectfully submitted,

/s/ Michael Kunselman

Nancy Saracino
General Counsel
Sidney M. Davies
Assistant General Counsel
Baldassaro "Bill" Di Capo
Senior Counsel
The California Independent
System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 608-7296

Michael Kunselman
Bradley R. Miliauskas
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004
Tel: (202) 756-3300
Fax: (202) 654-4875

Attorneys for the California Independent System Operator Corporation

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APPENDIX A

Minor Corrections to GIP Amendment Tariff Language Proposed for Compliance Filing

Tariff Section	Revision
Appendix A (Master Definitions Supplement), at the definition of “Generator Interconnection Agreement (GIA)”	<p>Make the following change to reflect the fact that Appendix CC is the current version of the ISO’s LGIA:</p> <p>“For a Large Generating Facility, a pro forma version of the Interconnection Agreement is set forth in Appendix <u>ZCC</u>. For a Small Generating Facility, a pro forma version of the Interconnection Agreement is set forth in Appendix T.”</p>
Appendix T (Small Generator Interconnection Agreement), at Section 1.5.1	<p>Make the following change to reflect the fact that Appendix CC is the current version of the ISO’s LGIA:</p> <p>“The Parties shall use the Generator Interconnection Agreement (CAISO Tariff Appendix V or Appendix <u>ZCC</u>, as applicable) to interpret the responsibilities of the Parties under this Agreement.”</p>
Appendix Y (Generator Interconnection Procedures (GIP)), at Section 9.3.1.5	<p>Make the following change to reflect that this provision applies to both large generator and small generator interconnection customers:</p> <p>“The failure by an Interconnection Customer to timely post the Interconnection Financial Security required by this GIP Section 9.3.1 shall constitute grounds for termination of the GIA pursuant to <u>L</u>GIA Article 2.3 <u>or</u> <u>SGIA</u> Article 3.3, whichever is <u>applicable</u>.”</p>

<p>Appendix Y at Section 9.3.2</p>	<p>Make the following change to reflect that this provision applies to both large generator and small generator interconnection customers:</p> <p>“The failure by an Interconnection Customer to timely post the Interconnection Financial Security required by this GIP Section 9.3.2 shall constitute grounds for termination of the GIA pursuant to <u>LGIA Article 2.3 or SGIA Article 3.3, whichever is applicable.</u>”</p>
<p>Appendix Y at Section 11.1.1</p>	<p>Make the following change to reflect the fact that current version of the ISO’s LGIA is set forth in Appendix CC:</p> <p>“The draft GIA shall be in the form of the FERC-approved form of <u>LGIA</u> set forth in CAISO Tariff Appendix T, Appendix Z, or Appendix CC, as applicable.”</p>
<p>Appendix Y at Section 12.3.1(a)</p>	<p>Make the following change to reflect that this provision applies to both large generator and small generator interconnection customers:</p> <p>“Where the funding responsibility for any Reliability Network Upgrade or Delivery network Upgrade has been assigned to a single Interconnection Customer in accordance with this GIP, and the applicable Participating TO(s) has elected not to fund the full capital of the Reliability Network Upgrade or Delivery Network Upgrade, the applicable Participating TO(s) shall invoice the Interconnection Customer under <u>LGIA Article 12.1 or SGIA Article 6.1, whichever is applicable,</u> up to a maximum amount no greater than that established by the cost responsibility assigned to each Interconnection Customer(s) under GIP Sections 7.3</p>

	<p>and 7.4 for the Reliability Network Upgrade or Delivery Network Upgrade, respectively.”</p>
<p>Appendix Y at Section 12.3.1(b)</p>	<p>Make the following change to reflect that this provision applies to both large generator and small generator interconnection customers:</p> <p>Where the funding responsibility for a Reliability Network Upgrade has been assigned to more than one Interconnection Customer in accordance with this GIP, and the applicable Participating TO(s) has elected not to fund the full capital of the Reliability Network Upgrade, the applicable Participating TO(s) shall invoice each Interconnection Customer under <u>LGIA Article 12.1 or SGIA Article 6.1, whichever is applicable,</u> for such Reliability Network Upgrade based on the ratio of the maximum megawatt electrical output of each new Generating Facility or the amount of megawatt increase in the generating capacity of each existing Generating Facility as listed the Generating Facility’s Interconnection Request to the aggregate maximum megawatt electrical output of all such new Generating Facilities and increases in the generating capacity of existing Generating Facilities assigned responsibility for such Reliability Network Upgrade.”</p>
<p>Appendix Y at Section 12.3.1(c)</p>	<p>Make the following change to reflect that this provision applies to both large generator and small generator interconnection customers:</p> <p>“Where the funding responsibility for a Delivery Network Upgrade has been assigned to more than one Interconnection Customer in</p>

	<p>accordance with this GIP, and the applicable Participating TO(s) has elected not to fund the full capital of the Delivery Network Upgrade, the applicable Participating TO(s) shall invoice each Interconnection Customer under <u>LGIA Article 12.1 or SGIA Article 6.1, whichever is applicable</u>, for such Delivery Network Upgrade based on the percentage flow impact of each assigned Generating Facility on each Delivery Network Upgrade as determined by the Generation distribution factor methodology used in the On-Peak and Off-Peak Deliverability Assessments performed in the Phase II Interconnection Study.”</p>
<p>Appendix Y, Appendix 2 (Large Generator Interconnection Procedures (LGIP) Relating to the Transition Cluster)</p>	<p>All references to “LGIP” changed to “GIP” to reflect the fact that the integrated interconnection procedures set forth in Appendix Y are now titled “GIP.”</p>

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 24th day of November, 2010.

/s/ Bradley R. Miliauskas
Bradley R. Miliauskas