

99 FERC - 61, 275  
 UNITED STATES OF AMERICA  
 FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
 William L. Massey, Linda Breathitt,  
 and Nora Mead Brownell.

San Diego Gas & Electric Company  Complainant,  v. Sellers of Energy and Ancillary Services EL00-95-025 Into Markets Operated by the California Independent System Operator Corporation and the California Power Exchange, Respondents.	Docket Nos. EL00-95-022 EL00-95-023 EL00-95-024
---	--

Investigation of Practices of the California Nos. EL00-98-021 Independent System Operator Corporation and the  California Power Exchange	Docket  EL00- 98-022 EL00-98-023 EL00-98-024
--	---

ORDER ACCEPTING AND SUSPENDING, SUBJECT TO REFUND  
 AND TO FURTHER COMMISSION ACTION, GENERATOR  
 INTERCONNECTION PROCEDURES

(Issued June 4, 2002)

In this order, we accept for filing and suspend for a nominal period, make subject to refund and to further Commission action, the proposed amendments filed by the California Independent System Operator Corporation (ISO), Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SoCal Edison) and San Diego Gas & Electric Company (SDG&E) to their respective Open Access Transmission Tariffs in compliance with an order the Commission issued on December 15, 2000

1

(December 15 Order). The proposed amendments each prescribe procedures for the interconnection of new generators and to increase the capacity of existing generators. We accept these proposed amendments for filing, subject to refund and subject to

1  
 See San Diego Gas & Electric Co., et al., 93 FERC - 61,294 at 62,015-16 (2000).

Docket No. EL00-95-022, et al.- 2 -

the Commission's Final Rule on interconnection policy in Docket  
<sup>2</sup>  
 No. RM02-1-000 (Final Rule).

This action will benefit the public interest by allowing the ISO, SDG&E, SoCal Edison and PG&E to process interconnection requests, subject to the outcome of the Final Rule, without requiring applicants, potential intervenors, or this Commission to expend resources duplicating efforts in the Final Rule proceeding.

#### Background

The December 15 Order directed the ISO to file standard interconnection procedures (IPs) with the Commission for the express purpose of facilitating the addition of new as well as the expansion of existing generation in the state, which, the order noted, would in turn enhance system reliability and reduce price volatility. Further, the December 15 Order placed the ISO on notice that the Commission expected the ISO's proposed IPs to

<sup>3</sup>  
 comport with established Commission policy and precedent. In so doing, the order found that the structural conditions in California are not unique in any significant respect and, thus, that there was no reason for the ISO's proposal to incorporate any terms or conditions that deviate from those in IPs we have accepted in the past. Further, the December 15 Order directed the three California investor-owned utilities (IOUs), PG&E, SDG&E, and SoCal Edison, to each file with the Commission IPs that are compatible with those the ISO developed and to do so within the same timeline we provided for the ISO.

The ISO and the three IOUs have submitted tariff provisions for interconnection that include payment for Reliability Upgrades if the necessary facilities are not included in the ISO's Grid Transmission Expansion Plan approved as of the date the interconnection application is completed. These parties define Reliability Upgrades to include transmission facilities beyond the first point of interconnection necessary to interconnect a facility to the ISO grid that would not have been necessary, but for the interconnection of the new facility, including network upgrades necessary to remedy short circuit or stability problems

<sup>2</sup>  
 Standardization of Generation Interconnection Agreements and Procedures, Notice of Proposed Rulemaking, 99 FERC - 61,086 (2002).

<sup>3</sup>  
 December 15 Order at 62,015, citing, e.g., Commonwealth Edison Co., 91 FERC - 61,083 (2000), order on compliance filing, 92 FERC - 61,018 (2000); Entergy Services, Inc., 91 FERC - 61,149

(2000); American Electric Power Service Corporation, 91 FERC - 61,308 (2000); and Southwest Power Pool, Inc., 92 FERC - 61,109 (2000).

Docket No. EL00-95-022, et al.- 3 -

resulting from the interconnection of the new facility to the grid.

#### Notice of Filings and Responsive Pleadings

Notice of the filings of SDG&E, the ISO, and PG&E, was published in the Federal Register, with comments, protests or interventions due on or before April 24, 2001. Notice of SoCal

Edison's filing was published in the Federal Register, with comments, protests or interventions due on or before April 25, 2001.

The following intervenors filed timely motions to intervene that raised no substantive issues: California Independent System Operator Corporation; the City of Vernon, California; and the Northern California Power Agency. The City of Oakland, California filed an untimely motion to intervene raising no issues. The California Public Utilities Commission filed a timely notice of intervention.

Timely motions to intervene and protests were filed by Calpine Corporation; the Cities of Redding and Santa Clara, California and the M-S-R Public Power Agency; Enron Power Marketing, Inc.; Transmission Agency of Northern California; and the Cogeneration Association of California and the Energy Producers and Users Coalition.

Timely motions to intervene with comments were filed by Energia Azteca X, S, de R.L. de C.V.; Mirant Companies; Reliant Energy Power Generation, Inc.; the California Electricity Oversight Board; Duke Energy North America, LLC; Southern California Edison Company; California Department of Water Resources; Energia de Baja, S. de R.L. de C.V.; the Sacramento Municipal Utility District; Williams Energy Marketing and Trading Company; the City of Vernon, California; the Metropolitan Water District of Southern California; Salt River Project Agricultural Improvement and Power District; and Tenaska, Inc.

PG&E, SoCal Edison, and the ISO filed answers to the pleadings.

#### Discussion

4  
66 Fed. Reg. 19,478 (2001).

5

66 Fed. Reg. 19,477 (2001).

6

The following Mirant companies filed a motion to intervene: Mirant Americas Energy Marketing, LP; Mirant California, LLC; Mirant Potrero, LLC; and Mirant Delta, LLC (collectively, Mirant Companies).

Docket No. EL00-95-022, et al.- 4 -

Pursuant to Rule 214 of the Commission's Rules of Practice

7

and Procedure, the timely, unopposed motions to intervene and notice of intervention serve to make the movants parties to this proceeding. Regarding the untimely motion to intervene from the City of Oakland, California, given its interest in this proceeding, the early stage of the proceeding, and the absence of any undue prejudice or delay from granting late intervention, we will grant this party's intervention. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure prohibits the filing of an answer to a protest unless otherwise permitted by the

8

decisional authority. We will accept the answers to the protests because they have assisted us in understanding the issues before us.

We note that the ISO is currently engaged in a stakeholder process concerning a prospective interconnecting party's possible payment for network upgrades and whether transmission credits

9

should be allowed for such a payment. This important issue is one that the ISO and the IOUs have raised in this proceeding. As stated above, the Commission will examine interconnection agreements and procedures in the Final Rule, including the issue of whether transmission rights or transmission credits are more appropriate in a market with locational pricing administered by an independent entity. At the conclusion of the stakeholder process and in preparation for issuance of the Final Rule, the Commission will evaluate any proposed tariff revisions that the ISO submits at that time concerning these issues. Accordingly, there is no need for the Commission to address this important

10

issue at this time.

Our preliminary analysis of the proposed IPs indicates that the proposed rates therein have not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential or otherwise unlawful. Accordingly, we will accept the proposed IPs for filing, suspend them for a nominal period to become effective on June 1, 2001, as requested, subject to refund and subject to the Final Rule. With these protections

7

18 C.F.R. 385.214 (2001).

8

18 C.F.R. 385.213(a)(2) (2001).

9

See PG&E's motion for leave to file a response to protest by Los Medanos Energy Center LLC, and response to protest in Docket No. ER02-1330-000 at 4 (May 8, 2002).

10

The Commission directed SoCal Edison and the ISO in a separate proceeding to provide a mechanism for transmission credits. See Southern California Edison Company, 97 FERC - 61,148 (2001).

Docket No. EL00-95-022, et al.- 5 -

in place, no purpose would be served by pursuing at this time the issues raised by the various intervenors herein.

The Commission orders:

(A) SDGE's, the ISO's, SoCal Edison's and PG&E's proposed Generator Interconnection Procedures are hereby accepted for filing and suspended for a nominal period, to become effective on June 1, 2001, subject to refund and subject to the outcome of the Final Rule.

(B) The motion to intervene out of time by the City of Oakland, California is hereby granted.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.