

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

California Independent System)	
Operator, Inc.,)	Docket No. ER16-693-000
)	

**COMMENTS OF
AMERICAN WIND ENERGY ASSOCIATION,
CALIFORNIA WIND ENERGY ASSOCIATION AND
LARGE-SCALE SOLAR ASSOCIATION**

Pursuant to Rule 211 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”)¹ and the Commission’s Combined Notice Of Filings #1, issued January 7, 2016, the American Wind Energy Association, California Wind Energy Association, and Large-Scale Solar Association (collectively “Generation Associations”) submit these comments to the Tariff amendments that the California Independent System Operator, Inc. (“CAISO”) submitted in this docket to revise its generation interconnection procedures (“GIP”).²

As explained below, CAISO’s amendment to deal with Affected Systems is a small improvement but does not get at the root of the problem. CAISO’s amendment would perpetuate the status quo of forcing the Interconnection Customer to take on CAISO’s Tariff responsibility of ensuring that Affected System impacts are studied and addressed. CAISO’s amendment would still allow an Affected System to wield unchecked influence very late in the interconnection process and even on the verge of a project commercial operation date. New generation cannot be built on this basis and not at the levels needed to meet California’s energy goal and upcoming Clean Power Plan needs. Accordingly, the Commission should find CAISO’s amendment to address Affected Systems insufficient to address the problem and

¹ 18 C.F.R. § 385.211 (2015).

² *California Indep. Sys. Operator, Inc.*, Tariff Amendment To Implement 2015 Interconnection Process Enhancements, Docket No. ER16-693-000, Jan. 7, 2016.

inconsistent with CAISO's existing responsibilities under the Tariff; thus, the Commission should order additional measures as well.

I. INTRODUCTION

The Generation Associations and their members actively participated in the stakeholder process that led to the GIP revisions that CAISO submits here. The Generation Associations support the revisions CAISO proposes.

The Generation Associations support, in concept, the revisions CAISO proposes to help ensure that Affected Systems are informed about new generation projects and have the opportunity to declare themselves as potentially impacted. However, CAISO's proposal falls short of what is needed and does not provide a meaningful solution to the problem.

More substance is needed to establish a queue study process that actually addresses the problems CAISO identifies, namely, to reduce "schedule and cost uncertainty for interconnection customers and CAISO transmission owners" and provide means to address "affected system disputes."³ More substance is also needed to carry out the goals CAISO identifies, namely, "identify ways to administer [CAISO's] generator interconnection queue more efficiently," to support "California's energy goals."⁴ Generation developers must have timely information about the reliability impacts a project may have on an Affected System, and the cost of system enhancements and network upgrades that may be required, to develop the new generation needed to support California's renewable portfolio standards and upcoming Clean Power Plan needs. The CAISO amendment, though a step in the right direction, does not ensure that this necessary information will be available in a timely manner and, further, leaves significant impediments related to Affected Systems in the interconnection process unresolved.

³ *Id.* at 6.

⁴ *Id.* at 3, 4.

The CAISO Tariff imposes requirements on CAISO to coordinate and address impacts on Affected Systems in order to provide interconnection service, and specifically provides that an Interconnection Customer must enter into an agreement with applicable Affected Systems to address any interconnection impacts; yet, the CAISO Tariff as it exists now, and as CAISO proposes to revise it in this docket, provides no ostensible pathway to fulfill these requirements. In addition, CAISO's Business Practice Manual requires the Interconnection Customer to provide documentation to CAISO no later than six months before the Initial Synchronization Date that system reliability impacts on Affected Systems have been addressed.⁵ It is unjust and unreasonable for CAISO to impose these requirements as a prerequisite to obtain interconnection service, without any CAISO-coordinated and -scheduled study means to satisfy them as its Tariff requires.

This issue was discussed during the stakeholder process, and in many other stakeholder forums in the past. The amendment CAISO submits here is wholly inadequate. CAISO does not propose to do anything more than send out notices to potential Affected Systems and then prepare a list of Affected Systems that respond and claim (without any supporting evidence) that they might be impacted by the proposed Interconnection Requests. The Interconnection Customer is then on its own to deal with these Identified Affected Systems, with no coordination provided by the CAISO. This falls woefully short of what is needed and what CAISO's Tariff requires.

Generation Associations propose herein specific means to rectify this deficiency and urge the Commission to order them. If the Commission does not do so, Interconnection Customers

⁵ See CAISO Business Practice Manual For Generator Interconnection Procedures (GIP BPM), Section 18.3.

will be left with the status quo of an uncertain and ineffective interconnection process. This is not in the best interest of CAISO or its ratepayers.

II. CAISO TARIFF AND PROPOSED AMENDMENT

A. Current Provisions And Responsibilities Regarding Affected Systems

An “Affected System” is defined in the CAISO GIP as an “electric system other than the CAISO Controlled Grid that may be affected by the proposed interconnection, including the Participating TOs’ electric systems that are not part of the CAISO Controlled Grid.” “Affected System Operator” is defined as the “entity that operates an Affected System.”

The CAISO Tariff includes numerous CAISO responsibilities to obtain impact and network upgrade cost information from an Affected System as part of its GIP and GIDAP processes. These responsibilities are patterned after the Commission’s *pro forma* Order No. 2003 Tariff and are included in CAISO’s Large GIP and Small GIP.

LGIP, Section 3.2, Roles And Responsibilities, provides:

Each Interconnection Request will be subject to the direction and oversight of the CAISO. The CAISO ***will conduct or cause to be performed*** the required Interconnection Studies The CAISO ***will coordinate*** with Affected System Operators in accordance with LGIP Section 3.7.

LGIP, Section 3.7, Coordination With Affected Systems, provides:

The CAISO ***will notify*** the Affected System Operators that are potentially affected by the project proposed by the Interconnection Customer. The CAISO ***will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators***, to the extent possible, and, if possible, the CAISO will include those results (if available) in its applicable Interconnection Study within the time frame specified in this LGIP. The CAISO will include such Affected System Operators in all meetings held with the Interconnection Customer as required by this LGIP. The Interconnection Customer will cooperate with the CAISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems, including signing separate study agreements with Affected System owners and paying for necessary studies. An entity which may be an

Affected System shall cooperate with the CAISO in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

CAISO's Tariff defines the specific studies CAISO will perform. The "Interconnection System Impact Study" is "an engineering study . . . that *evaluates the impact of the proposed interconnection on* the safety and reliability of the CAISO Controlled Grid and, if applicable, *an Affected System.*" See also Phase I Interconnection Study. Sections 7.4 and 8.3 of the LGIP provide that "CAISO *shall coordinate* the Interconnection System Impact Study [and Interconnection Facilities Study] with applicable Participating TO(s) and *any Affected System that is affected by the Interconnection Request* pursuant to LGIP Section 3.7."

CAISO's SGIP has similar provisions. Indeed, SGIP, Section 3.1.1.2, Centralized Study Process, provides "CAISO will be *the central point of coordination* to involve any Affected Systems."

The import of all these provisions is clear: CAISO has a distinct responsibility to ensure that, when applicable, Affected System information is timely included at every step in the study process and in all CAISO study results, and to coordinate the performance and schedule of such studies with Affected System entities.

Through these provisions, and others, the Tariff requires CAISO to lead the effort with regard to Affected System and obtain study results. Indeed, the Interconnection Customer executes the study agreement with CAISO with the expectation that CAISO will coordinate studies with Affected Systems. Section 7.0 of the Generator Interconnection Study Process Agreement For Queue Clusters provides:

Pursuant to Section 3.7 of the GIP, *the CAISO will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems.* The CAISO may provide a copy of the Interconnection Feasibility Study results to an Affected System Operator and the Western Electricity Coordinating Council. Requests for review and input from Affected

System Operators or the Western Electricity Coordinating Council may arrive at any time prior to interconnection.

It is critical that CAISO fulfill its role. The SGIA and LGIA impose a contractual responsibility on the Interconnection Customer in regard to applicable Affected Systems in order to obtain interconnection service:

The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Participating TO and any Affected Systems. (SGIA, 1.5.4)

The Interconnection Customer shall enter into an agreement with the owner of the Affected System and/or other affected Participating TO(s), as applicable. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to the owner of the Affected System and/or other affected Participating TO(s) as well as the repayment by the owner of the Affected System and/or other affected Participating TO(s). . . . (LGIA, 3.4.4)

The Interconnection Customer cannot fulfill this obligation if the CAISO does not first “coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems.”

B. Stakeholder Process And CAISO Proposed Amendment

Generation developers identified the need for CAISO to change the way it implements the Affected System requirement. To date, other than performing basic notice functions, CAISO has put the responsibility on the Interconnection Customer to “coordinate” with applicable Affected Systems and obtain study information. Interconnection Customers do not have the means or ability to require Affected System participation and study coordination with CAISO. Interconnection Customers are not system planners; they develop generation. System planning is CAISO’s responsibility. Thus, in the stakeholder process, generation developers sought for CAISO to make Tariff revisions that will impose a more active and complete role on CAISO’s part. Although there was open discussion on the need, CAISO has come up short.

CAISO proposes the following in this docket:

- CAISO takes on the responsibility to notify Affected System Operators potentially affected by an interconnection request;
- CAISO will do so within 30 days after an Interconnection Customer provides its Interconnection Financial Security;
- The notified Affected System has 60 days to inform CAISO whether CAISO should consider the Affected System as impacted for the specific Interconnection Requests;
- An Affected System that so responds and says it is impacted is deemed an “Identified Affected System”;
- CAISO will “assume” that all notified Affected Systems that do not respond within 60 days, are not Affected Systems for the specific Interconnection Request;
- CAISO will not delay the synchronization or commercial operation of a Generating Facility if the Affected System responds after the 60-day period “unless the Affected System identifies, and the CAISO confirms, a legitimate reliability issue”;
- None of CAISO, the Participating Transmission(s) or the Interconnection Customer will be responsible for “mitigation of the electric system operator” of an Affected System that responds after the 60-day period;
- However, “An Affected System’s mitigation remedies that may be available outside the CAISO Tariff are unaffected by these provisions.”

III. COMMENTS

Generation Associations have no qualm with when CAISO will notify potentially impacted Affected Systems – thirty days after the Interconnection Customer provides Interconnection Financial Security seems appropriate. However, everything that follows thereafter is problematic and incomplete.

First, there is no requirement that an Affected System explain in its declaration why or how it might be impacted or provide even preliminary evidence or demonstration of potential impacts. CAISO has not proposed that the Affected System identifying itself as potentially impacted make any showing of the impact from the Interconnection Request(s), or that CAISO

will assure that an Affected System identification as potentially impacted is credible. With such a low threshold, there is no reason that an Affected System would not identify itself.

Second, CAISO does nothing to carry out its explicit Tariff responsibilities to coordinate and perform studies that include Affected System information. CAISO's sole solution is to require potentially Affected Systems to identify themselves. Then what? CAISO proposes no follow through except to place the entire burden from there on the Interconnection Customer. CAISO does not "coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems" or "coordinate the Interconnection System Impact Study [and Interconnection Facilities Study] with . . . any Affected System that is affected by the Interconnection Request," and it is not "the central point of coordination to involve any Affected Systems" – all as its Tariff requires.

As a result, there is no time by when the Affected System must complete studies of the impact on its system, or identify the cost of any network upgrades and timing to install them. There is no time by when CAISO must include such information in its studies as its Tariff requires. The Commission should not accept Tariff provisions that do not effectuate CAISO's Tariff obligations.

This lack of CAISO oversight and coordination puts the Interconnection Customer in the untenable position of knowing there is a potential Affected System (credible or not) but with no means to bring resolution. Thus, the Interconnection Customer is often forced to make significant financial and other commitments to move through the CAISO interconnection process (posting of financial security, GIA execution), and to contract, finance, design, permit and construct its generation project, often without any knowledge of the result of any Affected System impact and related (often significant) cost obligations.

Moreover, ultimately CAISO will not allow a generation project to synchronize with the grid until Affected System approval is obtained. Thus, if CAISO is not doing anything other than compiling a list of Affected Systems that responded to its notice and taking no other study coordination role, and if Affected System studies include unreasonable assumptions or results, the Interconnection Customer effectively has no choice but to accept such conditions to obtain such approval. This, in turn, allows an Affected System to control when and if and at what cost a project will get interconnection service under the CAISO Tariff, regardless of how unreasonable its financial requirements may be or how late in the process it issues those findings.

The Commission should not accept Tariff revisions that allow for the possibility of such conduct as CAISO's proposal here would do. Such provision neither removes "uncertainty" nor increases "efficiency." A definitive CAISO coordination role is needed.

Third, CAISO proposes to effectively allow late identification, which carries tremendous risk. Although, technically, an Affected System may not claim mitigation payments under the CAISO Tariff after the 60-day cutoff, synchronization of a generation project can still be prevented if "the Affected System identifies, and the CAISO confirms, a legitimate reliability issue," as CAISO's proposed amendment provides. Further, the Affected System may still be able to demand mitigation payments under "mitigation remedies that may be available outside the CAISO Tariff," also as CAISO proposes.

The Interconnection Customer cannot proceed with developing a Generating Facility knowing that, at any time, another Affected System may claim it is impacted by the project. Such an Affected System could claim an impact well after the Interconnection Customer has proceeded far into the development process, and even after commercial operation. Thus, the Interconnection Customer would never know when it has a complete list of network upgrade

costs. This adds significant risk to the generation development process and is precisely why generation developers urged CAISO to take a more firm and pro-active “coordinated” study position as its Tariff requires.

CAISO’s Tariff must provide means to ensure all Affected Systems are included in CAISO studies, or at least set a timeline for completion of such studies coordinated with its own interconnection study process, so that costs are known before a GIA is executed. CAISO’s proposal fails to deliver this.

Generation Associations appreciate CAISO’s intention to provide that synchronization or commercial operation will not be delayed should an Affected System identify itself after the 60-day cutoff. However, the amendment does not address the risk that an Affected System might find a “legitimate reliability issue” as late as a few months before the commercial operation date and claim impact.

Generation developers have seen this happen, and it is extremely disruptive. The generation developer may have a power purchase agreement start date that now is in jeopardy because an Affected System identifies impacts late in the process. This can put the Affected System in a position of leverage where it can identify various upgrades to its system, even gold-plated upgrades, and if the Interconnection Customer disagrees, the project is held hostage from being completed. (This deficiency is not limited to late-identified Affected Systems. The ability to exercise such leverage will exist even if an Affected Systems identifies itself within the 60-day period, because (as noted above) CAISO proposes no time by when study impacts and the cost of network upgrades on an Affected System must be completed and presented to the Interconnection Customer. CAISO proposes no requirement or timing for CAISO validation of Affected System results.)

Even if the CAISO will not delay commercial operation, there is nothing to prevent the Affected System from pursuing legal means (such as a Temporary Restraining Order) to prevent interconnection because of the impact to its system, or civil action after the interconnection. Indeed, CAISO admits as much when it proposes: “An Affected System’s mitigation remedies that may be available outside the CAISO Tariff are unaffected by these provisions.”

Fourth, CAISO’s proposal shifts CAISO’s responsibilities to the Interconnection Customer. CAISO’s proposal here is only a marginal improvement to the insufficient process CAISO currently employs. CAISO will have facilitated gathering the identity of potential Affected Systems but (as explained in detail above), the Interconnection Customer must then attempt to effectuate Affected System studies and coordinate the results with CAISO studies, without the expertise, means or resources to do so. CAISO and the Participating Transmission Owners that are utilities carry planning responsibility. They bear this requirement under the CAISO Tariff. They bear this responsibility under NERC Standards. CAISO’s Tariff needs clear provisions addressing how CAISO will coordinate Affected System studies after such Affected Systems are identified. It is unjust and unreasonable to relegate this responsibility to the Interconnection Customer.

Further, the fact that CAISO’s Business Practice Manual imposes a specific responsibility on the Interconnection Customer to obtain Affected System approval to operate does not make that practice just and reasonable. CAISO’s GIP and GIDAP Business Practice Manuals (BPMs) provide:

No later than six months prior to its generating unit’s Initial Synchronization Date, an Interconnection Customer must provide documentation to the CAISO confirming that Identified Affected System operators have been contacted, that any system reliability impacts have been addressed (or that there are no system impacts), or that the Interconnection Customer has taken all reasonable steps to

address potential reliability system impacts with the Identified Affected System operator but has been unsuccessful.⁶

This is a significant requirement and (as discussed above) one that the CAISO should take an active role to address. Generation Associations submit that such BPM language is inconsistent with CAISO's Tariff responsibilities and thus cannot be just and reasonable. This BPM language is a further demonstration that CAISO has a system that is not workable.

Fifth, CAISO's proposal allows for inconsistent study results. CAISO's existing Tariff, and as CAISO proposes to amend it here, includes no requirement for an Affected System to use CAISO assumptions or methodologies in its studies. Indeed, an Affected System could group projects differently than CAISO did and thus undermine CAISO's queue sequencing.

Without any coordination and oversight from CAISO, study results can and will vary considerably. Not only is this inefficient, but it allows for potential unjust and unreasonable mitigation results. Coordination with CAISO as the Transmission Provider is essential to ensure that consistent and just and reasonable study results are provided.

Sixth, CAISO's proposal leaves no means to address disputes with Affected Systems. CAISO acknowledges Affected System disputes and controversies have occurred in the past. A protocol that simply "identifies" Affected Systems provides no relief for this problem. CAISO, as the Transmission Provider, should have a distinct process to ensure that disputes about impacts and mitigation on Affected Systems are addressed, and a responsibility to resolve any disputes so interconnection service can be provided under its Tariff.

⁶ CAISO Business Practice Manual For Generator Interconnection Procedures (GIP BPM), Section 18.3; *see also* CAISO Business Practice Manual For Generator Interconnection and Deliverability Allocation Procedures (GIDAP) BPM, Section 6.1.4.3.

IV. SOLUTION

The Commission should close the gap with regard to Affected Systems by ordering the following specific revisions to CAISO's Tariff.

First, the Commission should order CAISO to replace its regime of notifying potentially Affected Systems, and allowing responses by and after a 60-day period, with a clear standard that "CAISO shall ensure that the impact of a proposed Interconnection Request on all applicable Affected Systems is included in the studies that CAISO performs and the results that CAISO provides to the Interconnection Customer, including the timing and cost of mitigation and network upgrades." Until this requirement is imposed, treatment of Affected Systems will continue to languish, with the Interconnection Customer left to somehow carry out CAISO's responsibility to coordinate studies with Affected Systems. Affected Systems that refuse to coordinate with CAISO studies should not be entitled to mitigation payments or to prevent generation-project operation through late-identified "impacts."

Likewise, and at a minimum, the Commission should direct CAISO to remove BPM language that requires the Interconnection Customer to provide documentation to CAISO that Affected System reliability impacts have been addressed to the satisfaction of the Affected Systems six months before the generator is to synchronize with the CAISO controlled grid. Such a requirement, and its timing, are extremely burdensome to Interconnection Customers and could cause irreparable harm to their generation project and is inconsistent with the Tariff revision proposed above.

Second, the Commission should order CAISO to amend its Tariff to ensure Affected System information is included in CAISO study results, or at least that the timing of Affected System studies is such that Interconnection Customers are fully informed about potential impacts and costs by the time that significant commitments must be made in the CAISO interconnection

process (e.g., the earlier of the Second Financial Security Posting (6 months after the Phase II Study) or GIA execution. CAISO proposes no schedule or timing here except for original notification to potentially Affected Systems. Thus, there is no standard for compliance, and there is no planning expectation on which the Interconnection Customer can rely. Scheduling and timing requirements will foster the development of new generation to meet “California’s energy goals.”

Third, the Commission should require CAISO to amend its Tariff to require joint studies with Affected Systems. The WECC Path Rating Process may provide a model to do so. Indeed, CAISO’s Business Practice Manual For Generator Interconnection and Deliverability Allocation Procedures (Section 6.1.4.1)⁷ and CAISO’s Business Practice Manual For Generator Interconnection Procedures (Section 18)⁸ direct the use of this WECC process for projects 200 MW or greater.

There is no reason not to apply this WECC process for all projects regardless of MW size, and there are benefits to doing so. CAISO already participates in that process, as do Affected Systems, and the WECC process has specific timelines when affected parties must comply.

Expanding use of this process will eliminate potential duplicative reviews by CAISO, Affected Systems and WECC. It will ensure consistent assumptions are used, and that there is no delay. At a minimum, the WECC process provides a foundation from which a protocol can be established.

⁷ See <https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Generator%20Interconnection%20and%20Deliverability%20Allocation%20Procedures>

⁸ See <https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Generator%20Interconnection%20Procedures>

Fourth, Generation Associations are mindful that some may question the extent of FERC jurisdiction to order Affected System coordination.⁹ In response, we ask the Commission to keep in mind the reciprocity requirement in its open access policies.

Some Affected Systems may already have a non-jurisdictional (“NJ”) open access tariff accepted by the Commission, which would require them to coordinate with CAISO. Others may not have such a tariff. The lack of an NJ tariff does not preclude the relief that is needed here.

Reciprocity applies to every Affected System. If an Affected System wants to take service from CAISO or any Participating Transmission Owner, whether that is transmission, interconnection or interchange service, the requirement to do so depends on reciprocal open access treatment. Open access, here, requires joint coordination with CAISO to complete studies that pertain to interconnection service on the CAISO system.

Thus, Generation Associations urge the Commission to consider adding a provision to the CAISO Tariff that provides, “Should an Affected System not comply with CAISO’s timing and requirements for joint studies to address Interconnection Requests, such Affected System may be denied mitigation payments under the CAISO Tariff and cannot prevent operation of a new generation project pursuant to the FERC’s reciprocity principle.” Generation Associations hope that provision is never invoked. Yet, its existence may be crucial if there is going to be a protocol that actually addresses Affected Systems in the CAISO GIP.

⁹ CAISO has claimed that it has no authority to compel Affected System entities to adhere to its study schedule. A provision such as Generation Associations propose below will facilitate that coordination. At a minimum, the CAISO can at least attempt to reach voluntary agreements with those entities; it could also set study-completion deadlines after which compensation cannot be required under the CAISO Tariff, similar to the initial self-identification deadline it proposes in this docket. Yet, CAISO has not offered to pursue even these items.

V. CONCLUSION

WHEREFORE, for the reasons provided above, Generation Associations respectfully request that the Commission (i) find that CAISO's proposed Tariff amendments for Affected Systems have not been shown to be just and reasonable and thus reject that portion of CAISO's submission and (ii) order CAISO to submit Tariff revisions as discussed in Section IV above, whether submitted in this docket or another docket established through the exercise of the Commission's jurisdiction under Federal Power Act Section 206, if needed.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that I served the foregoing document upon each person designated on the official service list compiled by the Secretary in this docket.

Dated at Washington, D.C. this 28th day of January, 2016.

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