144 FERC ¶ 61,189
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony Clark.

California Independent System Operator Corporation Docket Nos. ER12-2643-001
ER12-2643-002

ORDER CONDITIONALLY ACCEPTING COMPLIANCE FILING AND DISMISSING REHEARING

(Issued September 4, 2013)

1. On April 15, 2013, the California Independent System Operator Corporation (CAISO) submitted a compliance filing pursuant to the Commission's November 16, 2012 Order[1] accepting its proposed tariff sheets adopting a new deliverability study within CAISO's generator interconnection procedures. The Commission accepted CAISO's tariff sheets on the condition that CAISO revise them to assign distributed generation (DG) deliverability identified in the new deliverability study to load-serving entities rather than local regulatory authorities. The Commission also directed CAISO to reflect that Commission-jurisdictional load-serving entities must assign DG deliverability among projects based on a first-come, first-served process, subject only to interconnection clustering and operational considerations.

2. This order conditionally accepts CAISO's compliance filing, effective November 18, 2012, as discussed below. In addition, this order dismisses requests for rehearing of the November 2012 Order.

[1] *California Independent System Operator Corp.*, 141 FERC ¶ 61,132 (2012) (November 2012 Order).

I. Background

A. CAISO's September 18, 2012 Filing

3. On September 18, 2012, CAISO filed proposed tariff revisions to establish a streamlined process for providing resource adequacy deliverability status[2] to DG resources[3] from transmission capacity identified in CAISO's annual transmission plan. The streamlined process involves a new deliverability study and identifies transmission capable of supporting deliverability status for DG resources without requiring any additional delivery network upgrades to the CAISO-controlled grid and without adversely affecting the deliverability status of existing generation resources or proposed generation in CAISO's interconnection queue. CAISO proposed to apportion identified transmission deliverability capacity, which would be assigned to DG resources through a process and criteria to be developed by local regulatory authorities for their load-serving entities.

B. November 2012 Order

4. The November 2012 Order conditionally accepted CAISO's proposed tariff revisions to become effective November 18, 2012, subject to CAISO submitting a compliance filing, within 30 days,[4] modifying CAISO's proposal that assigns DG deliverability identified in the new deliverability study to load-serving entities rather than local regulatory authorities. The Commission found that using the load-serving entities' existing interconnection processes, through their wholesale distribution access tariffs, satisfies the requirements for nondiscriminatory interconnection of DG resources, reasoning that the Commission's interconnection rules and policies, as embodied in

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[2] CAISO's deliverability studies establish whether existing transmission capacity can support the deliverability of a resource, thus enabling that resource to qualify for payment as a resource adequacy resource. Resources without deliverability status are said to have energy-only deliverability and are not eligible for payment as resource adequacy resources. *Id.* P 2, n.3.

[3] For purposes of this proceeding, CAISO defines DG resources to include only generation resources connected to utility distribution systems, without regard to size or type of resource. *See id.* n.2.

[4] The Commission later extended this deadline to April 15, 2013.

Order Nos. 2003[5] and 2006,[6] are largely predicated on ensuring open access to transmission systems through a fair and open, first-come, first-served process for interconnection.[7] The Commission also directed that CAISO's compliance filing reflect that Commission-jurisdictional load-serving entities must assign DG deliverability among projects based on a first-come, first-served process, subject only to interconnection clustering and operational considerations.[8] Finally, the November 2012 Order found to be moot the requested tariff revisions of the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, Six Cities) since the assignment of available DG deliverability would be made to load-serving entities instead of local regulatory authorities.[9]

C. Six Cities' and Northern California Power Agency's Requests for Rehearing

5. On December 14, 2012, Six Cities filed a request for rehearing asserting that the Commission erred in finding Six Cities' proposed modifications to be moot. Six Cities argues that it requested a tariff modification to address the situation in which the load under the jurisdiction of an affected local regulatory authority is served at "few nodes."[10] Six Cities asserts that its proposed tariff modification involves "circumstances where a

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[5] *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160, *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. 1230 (2008).

[6] *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, FERC Stats. & Regs. ¶ 31,180, *order on reh'g*, Order No. 2006-A, FERC Stats. & Regs. ¶ 31,196 (2005), *order granting clarification*, Order No. 2006-B, FERC Stats. & Regs. ¶ 31,221 (2006).

[7] *Id.* P 47.

[8] *Id.* P 51.

[9] *Id.* P 52.

[10] Six Cities December 14, 2012 Request for Rehearing at 3 (Six Cities Request for Rehearing).

small publicly owned utility may have a few nodes, or even just a single node, at which it has load to try and obtain its share of the total system MW of Available DG Deliverability." Six Cities states that CAISO supported this requested modification in its answer to the comments. Six Cities argues that the Commission misunderstands the relationship between the proposed tariff revision and the assignment of DG deliverability, contending that its proposed modification remains applicable even when DG deliverability is assigned to load-serving entities.

6. On December 17, 2012, Northern California Power Agency (NCPA) filed a request for rehearing concurring with Six Cities' request for rehearing. NCPA notes that CAISO's original proposal included an adjustment mechanism to increase the amount of nodal deliverability allocated to small local regulatory authorities at nodes where two or more load-serving entities are under the jurisdiction of different local regulatory authorities, in order to ensure that small load-serving entities could utilize their full share of deliverability. NCPA states that despite CAISO's intent that the adjustment apply to local regulatory authorities having jurisdiction over load-serving entities that serve load at just a few nodes, CAISO's filed tariff language would apply only to local regulatory authorities having jurisdiction over load at a single node. NCPA argues that Six Cities identified the inconsistency and CAISO offered to amend the relevant section on compliance. NCPA states that the requested change will continue to be necessary even when CAISO revises its filing as required by the November 2012 Order.[11]

II. CAISO's Compliance Filing

7. On April 15, 2013, CAISO submitted its compliance filing pursuant to the November 2012 Order. CAISO states that there are two main elements of its compliance proposal. First, consistent with the November 2012 Order, CAISO proposes to eliminate the role of local regulatory authorities and to specify instead that available DG deliverability identified in CAISO's annual DG deliverability assessment will be utilized by utility distribution companies and metered subsystems[12] to assign deliverability status to individual DG facilities that are either interconnected or in the process of interconnecting to their distribution systems. Second, CAISO proposes a set of eligibility

[11] NCPA December 17, 2012 Request for Rehearing at 2-3 (NCPA Request for Rehearing).

[12] CAISO explains that these are the entities that operate and manage generator interconnections to the distribution systems interconnected with the CAISO-controlled grid. CAISO April 15, 2013 Filing at 2 (CAISO Compliance Filing).

criteria and first-come, first-served assignment priority rules for the utility distribution companies and metered subsystems to use in assigning deliverability status to resources that are interconnected to, or in the interconnection queue of entities that are also Commission-jurisdictional public utilities.[13]

A. Assignment of Distributed Generation Deliverability by Utility Distribution Companies and Metered Subsystems

8. CAISO explains that, for the purposes of this proceeding, it interprets the Commission's directive to assign available DG deliverability to "load-serving entities" to refer to "utility distribution companies" [14] and "metered subsystems"[15] that have distribution facilities.[16] CAISO states that in order to comply with the November 2012 Order, it has removed from its DG deliverability tariff provisions all mention of apportioning available DG deliverability to local regulatory authorities. CAISO proposes to substitute the terms utility distribution company and metered subsystem in lieu of local regulatory authority. Consequently, CAISO proposes to remove the proposed three-stage nomination and allocation process.[17] CAISO states that the proposed compliance language specifies that utility distribution companies and metered subsystems will utilize available DG deliverability indicated in CAISO's annual DG deliverability assessment to assign deliverability status directly to qualifying DG resources.

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[13] *Id.*

[14] CAISO's tariff at Appendix A, Definitions, defines the term utility distribution company as "an entity that owns a Distribution System for delivery of Energy to and from the CAISO Controlled Grid, and that provides regulated retail service to Eligible Customers, as well as regulated procurement service to End-Use Customers who are not yet eligible for direct access, or who choose not to arrange services through another retailer."

[15] CAISO states that it proposes to refer to both utility distribution companies and metered subsystems in the tariff revisions explaining that the term "utility distribution company" is not limited to entities that enter into a "Utility Distribution Company Agreement" with the CAISO and, therefore, applies to metered subsystems also. CAISO Compliance Filing at n.17.

[16] *Id.* at 6.

[17] *Id.* at 7.

9. CAISO states that, under its compliance proposal, a utility distribution company or metered subsystem with a resource interconnected, or seeking to interconnect to its distribution facilities connected to or below one or more identified nodes will use the available DG deliverability. Once a DG resource has been assigned deliverability status, the DG resource will be eligible to provide resource adequacy capacity, which the DG resource can utilize to enter into contracts with entities that serve load without the need for additional rules or restrictions under the CAISO's tariff.[18] CAISO asserts that under these circumstances removing the nomination and allocation process further streamlines the DG deliverability assignment process and is consistent with the Commission's directives.[19]

10. CAISO states that it proposes to retain a modified version of the rules relating to the assignment of DG deliverability at shared nodes. CAISO explains that the vast majority of nodes on the CAISO controlled grid where there is available DG deliverability will involve a single utility distribution company or metered subsystem that will assign deliverability status to DG resources connecting to its distribution system.

11. CAISO states that a small number of nodes are shared by more than one utility distribution company or metered subsystem, usually an investor-owned utility (IOU) that is a participating transmission owner and a municipal utility, and in these cases, each entity will be able to utilize a share of the available DG deliverability at the node. CAISO asserts that providing the right to engage in bilateral transfers at shared nodes will help ensure that the maximum amount of available DG deliverability is utilized to assign deliverability status to DG resources.[20]

B. Assignment of DG Deliverability by Commission-jurisdictional Utility Distribution Companies

12. CAISO proposes to revise its tariff to include a two-step process for utility distribution companies that are Commission-jurisdictional, namely the IOU participating

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[18] *Id.* at 8.

[19] *Id.*

[20] *Id*. at 8-9.

transmission owners, to assign deliverability status to DG facilities that are interconnected, or seek to interconnect, to their distribution systems.[21]

13. In the first step of the two-step process, CAISO establishes the types of DG resources eligible to submit an application to both the applicable IOU participating transmission owner and CAISO indicating their requested deliverability status assignment. Specifically, CAISO proposes that the following types of DG facilities are eligible to be assigned deliverability status: (1) DG facilities that are already in commercial operation and interconnected to the distribution system of the IOU participating transmission owner without deliverability status and those that have partial capacity deliverability status who seek full capacity deliverability status, (2) DG facilities with an active interconnection request in the interconnection queue of an IOU participating transmission owner that have not requested deliverability status in the underlying interconnection process and have received their Phase I interconnection study results, and (3) DG facilities with an active interconnection request in the interconnection queue of an IOU participating transmission owner that have not received their Phase I interconnection study results, irrespective of whether they requested deliverability status in their interconnection request.[22]

14. CAISO proposes that DG facilities that are not in commercial operation must have expected commercial operation dates, as reflected in their current interconnection request or interconnection agreements, no more than three years from the due date for submissions of applications for deliverability status for the current cycle.[23]

15. CAISO proposes to issue a market notice to announce the application deadline, which will be at least 30 days after CAISO publishes the results of the DG deliverability assessment.[24]

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[21] *Id.* at 10. Examples of utility distribution companies that are public utilities that are investor-owned participating transmission owners are Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company. CAISO refers to these entities as in the tariff as the "IOU participating transmission owners."

[22] *Id.* at 11.

[23] *Id.* at 13.

[24] *Id.*

16. In the second step of the two-step process, CAISO will require each IOU participating transmission owner to assign deliverability status to eligible resources at each node of the CAISO-controlled grid where it has distribution lines and where there is available deliverability, based on a first-come, first-served process. CAISO proposes to provide deliverability status up to the maximum available DG deliverability at each node in the following priority: (1) DG resources that are already interconnected to the distribution system of an IOU participating transmission owner, and (2) DG resources seeking interconnection to the distribution system of an IOU participating transmission owner.[25]

17. CAISO states that, consistent with the November 2012 Order, each utility distribution company and metered subsystem that is not a participating transmission owner, and therefore not a Commission-jurisdictional public utility, will determine which resources are eligible to be assigned deliverability status in accordance with its own distribution interconnection procedures.[26]

18. In reference to non-jurisdictional utility distribution companies, CAISO states that there are instances when the total MW quantities associated with eligible DG facilities at a particular node could be less than the available DG deliverability for that node as indicated in the deliverability assessment for the current cycle. CAISO explains that in addition to this, a non-jurisdictional utility distribution company is not required to utilize all of its available DG deliverability at the nodes connected to the CAISO grid during each cycle. Therefore, CAISO proposes to retain the relevant provision of the existing tariff language to continue to ensure that any unassigned quantities of available DG deliverability can be utilized by the relevant utility distribution company in the next DG deliverability cycle.[27]

III. <u>Notice of Filing and Responsive Pleadings</u>

19. Notice of CAISO's filing was published in the *Federal Register*, 78 Fed. Reg. 24,191 (2013), with interventions, comments, and protests due on or before May 6, 2013.

20. Energy Producers & Users Coalition and the Alliance for Retail Energy Markets filed timely motions to intervene. The California Department of Water Resources State

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[25] *Id.* at 14.

[26] *Id.* at 16.

[27] *Id.* at 17.

Water Project (SWP), California Public Utilities Commission (CPUC), Six Cities, Pacific Gas and Electric Company (PG&E), and Southern California Edison Company (SoCal Edison) filed timely comments. CAISO filed an answer to the motions to intervene and comments. SWP filed an answer to CAISO's answer, and CAISO filed a further answer.

IV. Discussion

A. Procedural Matters

21. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

22. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2013), prohibits an answer to a protest or an answer unless otherwise ordered by the decisional authority. CAISO's and SWP's answers have assisted us in our decision making process and we will, therefore, accept them.

B. Compliance Filing

1. Parties' Comments

23. PG&E and SoCal Edison generally support the compliance filing, but PG&E notes that CAISO will need to work closely with utility distribution companies to implement and administer the new processes.[28] According to PG&E, both CAISO and PG&E agree that they need to work expeditiously to develop a common application form, and common application process timelines and milestones. PG&E also suggests that the DG deliverability program could be implemented by assigning responsibility for the application process to a single entity rather than CAISO and the utility distribution company. PG&E believes that requiring the DG applicants to submit duplicate applications to CAISO and the utility distribution company will lead to complicated coordination and confusion for the applicants and the entities processing the requests.[29]

24. PG&E also notes that it will need to amend its wholesale distribution tariff to reference and incorporate the deliverability process and the service PG&E will provide. PG&E further states that it will explore whether it will be appropriate to charge an

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[28] PG&E May 6, 2013 Comments at 3 (PG&E Comments).

[29] *Id.* at 4.

application fee to recover the costs to administer the program.[30] Because PG&E anticipates that it will not be able to obtain Commission approval of a revised wholesale distribution tariff in advance of its need to implement the program, PG&E requests acknowledgement or affirmation by the Commission that PG&E has authority to process applications and assign deliverability in the absence of an approved tariff authorizing PG&E to provide such services.[31]

25. PG&E and SoCal Edison propose corrections to CAISO's proposed revised tariff section 40.4.6.3.1.1 to explicitly refer to distributed generation facilities that have previously requested full capacity deliverability status or partial capacity deliverability status because this section currently omits any reference to such facilities that have previously requested deliverability status.[32] PG&E and SoCal Edison additionally point out that corrections are needed to CAISO's proposed revised tariff section 40.4.6.3.2.2.1, regarding the eligibility of distributed generators to apply for deliverability through the new process.

26. CPUC supports the CAISO Compliance Filing. CPUC agrees that the relationship between the megawatt amount of available DG deliverability identified at a grid location and the corresponding megawatt amount of resource adequacy credit that can ultimately be awarded is appropriately defined through a business practice manual. CPUC asserts that in order to make CAISO's proposed tariff revision more clear, it proposes expanding CAISO's proposed revised section 40.4.6.3.2.1 to include the text and a footnote in bold and underlined as follows:

> [A]ssociation of a MW quantity of Available DGD at a specific Node with the Deliverability Status[33] of a specific Distributed Generation Facility shall be commensurate with the MW energy production level appropriate to the type of generating resource … and shall be consistent with the CAISO's methodology for modeling resources in its deliverability studies **<u>as clearly described in a</u>**

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[30] *Id*. at 5.

[31] *Id.* at 6.

[32] PG&E Comments at 7. SoCal Edison May 6, 2013 Comments at 4.

[33] We note that a resource's Deliverability Status effectively determines the MW amount of resource adequacy credit that can be attributed to that resource for planning and contracting purposes.

Business Practice Manual and/or technical document referenced within a Business Practice Manual.[34]

27. Six Cities support the CAISO Compliance Filing, noting that the revised process for allocating available DG deliverability fully complies with the November 2012 Order. In addition, Six Cities comment that Commission approval of the tariff revisions in the compliance filing will resolve the issue that they raised in their request for rehearing of the November 2012 Order. Specifically, the revised process resolves their concerns regarding allocation of DG deliverability to small LSEs that serve load at only a few nodes.[35]

28. SWP argues that CAISO construed the November 2012 Order too narrowly to assign available DG deliverability to load-serving entities rather than local regulatory authorities. According to SWP, CAISO's proposal applies only to utility distribution companies and metered subsystems, but excludes other types of load-serving entities such as SWP, which is neither.[36] SWP states that it does not have distribution projects connected to its distribution level system, but may develop or receive requests in the future and should not be barred from receiving deliverability assignments. SWP argues that CAISO should allow assignment of DG deliverability to load-serving entities that are governed by their own local regulatory authority.[37]

2. CAISO's Answer

29. CAISO states that the Commission should accept its proposed tariff revisions as filed, except for requiring certain minor revisions as proposed by PG&E and SoCal Edison.[38] CAISO asserts, however, that the tariff revisions suggested by CPUC are unnecessary. CAISO states that it is unnecessary to revise proposed tariff section 40.4.6.3.2.1 as suggested by CPUC because the tariff section already states that the relationship between the MW amount of available DG deliverability and the

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[34] CPUC May 6, 2013 Comments at 2.

[35] Six Cities May 6, 2013 Comments at 4-5 (Six Cities Comments).

[36] SWP May 6, 2013 Comments at 1.

[37] *Id.* at 2.

[38] CAISO May 13, 2013 Answer at 1.

corresponding MW of eligibility for resource adequacy that can be awarded is "described further in a Business Practice Manual."[39]

30. CAISO disagrees with SWP's request to expand the definition of entities entitled to assign deliverability to include SWP. CAISO argues that the Commission's intent in the November 2012 Order was to provide for assignment of deliverability to load-serving entities because using the load-serving entities' existing distribution-level interconnection processes would provide a nondiscriminatory means of allocating the deliverability.[40] As a result, CAISO contends that allocating deliverability to just utility distribution companies and metered subsystems is reasonable.

31. CAISO notes that SWP does not have a distribution system or an interconnection process. Furthermore, insofar as CAISO is aware, SWP has not received any requests for interconnection of DG resources to a distribution system. CAISO indicates that if SWP were to develop a distribution system and interconnection process, or receive an interconnection request by a DG resource, CAISO would consult with SWP how best to accommodate SWP's participation with other utility distribution companies in the allocation of deliverability status to DG resources interconnecting to SWP's system.[41]

32. CAISO does not oppose PG&E's request that the Commission specifically acknowledge or affirm authority in PG&E to process applications for, and assign deliverability to DG resources in the absence of revisions to PG&E's wholesale distribution tariff. In fact, CAISO argues that such authority is already provided by the terms of tariff revisions included in CAISO's proposed tariff revisions in this proceeding.[42]

33. Finally, CAISO states that it agrees with PG&E and SoCal Edison's proposal to revise the application process for DG resources. According to CAISO, it agrees that DG resources should be required to apply for deliverability assignments to either the participating transmission owner or CAISO, rather than to both. Because the participating transmission owner is the administrator of its interconnection process and has direct contact with the DG resource as an interconnection customer, CAISO proposes

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[39] *Id.* at 4.

[40] *Id.* at 2 (citing November 2012 Order, 141 FERC ¶ 61,132 at PP 46-51).

[41] *Id.* at 3.

[42] *Id.*

that the application process be conducted by the participating transmission owner. To ensure that CAISO receives a copy of the application, CAISO asserts that the tariff section should be further revised to add a requirement that the participating transmission owner is obligated to forward a copy of the completed application to CAISO. CAISO proposes to submit a further compliance filing containing tariff revisions implementing its proposed changes, as well as certain minor technical revisions proposed by PG&E and SoCal Edison to proposed tariff sections 40.4.6.3.1.1 and 40.4.6.3.2.2.1.

3. SWP's Answer

34. SWP argues that CAISO should be required to revise the proposed tariff to include SWP in the definition of a load-serving entity. SWP states that, while its system would not generally be characterized as a distribution system, it does own facilities with which DG resources could interconnect. SWP further contends that there is nothing to prevent DG developers from seeking to interconnect with its system, and notes that it is possible that SWP could develop its own DG resources.[43]

35. SWP argues that there is no reason to wait until a future time to implement a solution that SWP claims would be simple enough to implement now and is consistent with the Commission's directive. Finally, SWP states that it has long been concerned that many of the issues it raises are assigned to a category of items to be fixed later and that there is no reason to wait in this instance.[44]

4. CAISO's Answer to SWP

36. CAISO argues that requiring it to structure its DG deliverability assignment process based on speculation as to what entities might interconnect DG resources in the future would result in allocating quantities of potential DG deliverability that would be effectively "idle."[45] CAISO explains that this would reduce the efficiency of the process because it would be unavailable to provide deliverability status to DG resources that can utilize it in the current cycle of the process.[46] Additionally, CAISO responds to SWP's concern about unresolved issues by arguing that the issues raised by SWP are unrelated to

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[43] SWP May 29, 2013 Answer at 2.

[44] *Id.* at 3.

[45] CAISO June 6, 2013 Answer at 3.

[46] *Id.*

this proceeding.[47] Finally, CAISO states that it will include SWP among entities eligible to participate in the assignment of deliverability status to DG resources if and when SWP begins to develop or allows others to develop DG resources.[48]

5. Commission Determination

37. The Commission accepts CAISO's tariff revisions, subject to a further compliance filing, as discussed below. We find that CAISO's revised tariff provisions comply with the directives in the November 2012 Order and provide nondiscriminatory open access to CAISO's transmission system. We further find that assigning the identified DG deliverability to utility distribution companies and metered subsystems that have existing interconnection processes satisfies our directive that the allocations of DG deliverability should be assigned to load-serving entities. In addition, we find that, under CAISO's proposed allocation system, Commission-jurisdictional entities must assign generation deliverability among projects on a first-come, first-served process, subject only to interconnection clustering and operational considerations.

38. We agree with PG&E, SoCal Edison and CAISO that it is preferable to have projects submit applications to only one entity, rather than requiring separate applications to CAISO and a transmission provider. Accordingly, we direct CAISO to submit in a compliance filing further tariff revisions providing that applications for DG deliverability under the tariff revisions approved in this order be made directly to the applicable transmission provider, and that the transmission provider provide a copy of each such application to CAISO.

39. CAISO suggests that it should provide in its further compliance filing technical corrections to tariff sections 40.4.6.3.1.1 and 40.4.6.3.2.2.1 as suggested by PG&E and SoCal Edison. We agree with the proposed clarifications and direct that CAISO include them in its further compliance filing ordered herein. We do not find it necessary, however, to address changes that PG&E may make to its wholesale distribution tariff as a result of the implementation of CAISO's new DG deliverability process at this time. The tariff revisions that we accept in this proceeding include provisions that would permit PG&E to process applications to assign DG deliverability. In any event, should PG&E find it necessary to revise its wholesale distribution tariff, the Commission will consider any such proposed tariff revisions when they are submitted.

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[47] *Id.* at 4.

[48] *Id.*

40. We reject SWP's request to extend the definition of load-serving entity beyond that proposed by CAISO for the purposes of this proceeding. SWP concedes that its system would not ordinarily be considered to constitute a distribution system. While it may be true that DG resources could interconnect to SWP's facilities, it does not appear that any DG resource has requested interconnection to this date. As CAISO noted, SWP would be eligible to participate in the assignment of deliverability should a DG resource seek interconnection to SWP's facilities. As such, we would expect SWP and CAISO to address the situation in a manner that would facilitate an open access nondiscriminatory interconnection. At present, SWP has not implemented an independent interconnection process. In the absence of any interconnection requests, as well as the absence of an interconnection process, we are not persuaded that it is necessary to expand the definition of load-serving entity to include SWP.

C. Requests for Rehearing

41. We dismiss as moot the requests for rehearing of the November 2012 Order pending in Docket No. ER12-2643-001. CAISO's Compliance Filing eliminates the apportionment of available DG deliverability to load-serving entities based on load-ratio shares, which CAISO contends renders moot the issue raised by Six Cities Request for Rehearing.[49] Moreover, Six Cities' comments indicate that approval of CAISO's tariff revisions submitted in this docket will resolve the issues raised by Six Cities' December 14, 2012 request for rehearing in this matter.[50] Additionally, NCPA's request for rehearing of the November 2012 Order was predicated on the same issue raised by Six Cities.[51] Accordingly, because this order accepts tariff revisions that resolve the issues pending on rehearing, the requests for rehearing are dismissed as moot.

The Commission orders:

(A) The Commission hereby accepts CAISO's proposed revised tariff sheets, subject to the further compliance filing as directed herein, effective November 18, 2012.

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[49] *See* CAISO Compliance Filing at 3-4, n.8 and at 9, n.20.

[50] Six Cities Comments at 1-2.

[51] *See* NCPA December 17, 2012 Request for Rehearing in Docket No. ER12-2643-001 at 1.

(B) Six Cities' and NCPA's requests for rehearing pending in Docket No. ER12-2643-001 are hereby dismissed as moot, and Docket No. ER12-2643-001 is terminated.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.