

146 FERC ¶ 61,187
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Southern California Edison Company

Docket No. ER14-1095-000

ORDER CONDITIONALLY ACCEPTING GENERATOR INTERCONNECTION
AGREEMENT AND SERVICE AGREEMENT FOR WHOLESALE DISTRIBUTION
SERVICE AND HOLDING PROCEEDING IN ABEYANCE

(Issued March 18, 2014)

1. On January 17, 2014, Southern California Edison Company (SoCal Edison) filed a Generator Interconnection Agreement (GIA) and a Service Agreement for wholesale distribution service (Service Agreement) (collectively, Agreements) between itself and CalWind Resources, Inc. (CalWind), under SoCal Edison's Wholesale Distribution Access Tariff (WDAT). In this order, we conditionally accept and suspend the unexecuted Agreements for filing, effective December 15, 2013, as requested, subject to refund. Further, as discussed below, we establish hearing procedures, and hold any further proceeding in this docket in abeyance pending the outcome of the ongoing proceeding in Docket No. ER13-1216-000, *et al.*

I. Background

2. CalWind is the owner of the Pajuela Peak Wind Park (Project), a 19.955 MW wind generating facility.¹ Prior to March 2013, CalWind sold the entire electrical output of the Project to SoCal Edison under a Power Purchase Agreement (PPA) pursuant to the Public Utility Regulatory Policies Act of 1978. When the PPA expired in March 2013, CalWind sold its electrical output to a third party and secured interconnection service through a generator interconnection agreement under the California Independent System Operator Corporation (CAISO) Tariff and SoCal Edison's Transmission Owner Tariff (LGIA). However, a dispute arose during negotiations regarding the appropriate amount of interconnection service that should be provided to CalWind under the LGIA, absent the submission of a new interconnection request.

3. Unable to reach resolution on the disputed issue, on April 1, 2013, SoCal Edison submitted for filing with the Commission in Docket No. ER13-1216-000 the unexecuted

¹ SoCal Edison January 17, 2014 Tariff Filing at 2 (SoCal Edison Filing).

LGIA among CalWind, SoCal Edison, and CAISO. The Commission ultimately found that there were issues of material fact related to the amount of interconnection capacity that should be reflected in the LGIA, and that these issues could not be resolved based on the record in that proceeding, and it accepted the unexecuted LGIA for filing, effective March 29, 2013, subject to refund, and established hearing and settlement judge procedures.²

4. SoCal Edison states that it recently completed a significant portion of the East Kern Wind Resource Area Reliability Project (EKWRA Project), a transmission reconfiguration project approved by the California Independent System Operator Corporation (CAISO) and implemented to resolve reliability issues on SoCal Edison's Antelope/Bailey 66 kV system. SoCal Edison states that certain facilities in the Antelope/Bailey 66 kV system (EKWRA facilities) that were previously integrated network transmission facilities and under CAISO's operational control have been reconfigured into two separate systems: (1) the Windhub 66 kV system, and (2) the new Antelope/Bailey 66 kV system. Specifically, the EKWRA Project scope included constructing a 66 kV bus and two 220/66 kV transformer banks at SoCal Edison's Windhub Substation. As a result of the completion of the line rearrangements at the Windhub Substation, SoCal Edison states that the EKWRA facilities now function as radial, local distribution facilities.³

5. On December 15, 2013, CAISO relinquished operational control of the EKWRA facilities, pursuant to section 4.7 of the Transmission Control Agreement,⁴ thereby reclassifying the EKWRA facilities as part of SoCal Edison's distribution system.⁵

II. The Agreements

6. On January 17, 2014, SoCal Edison submitted an unexecuted GIA with CalWind under SoCal Edison's WDAT⁶ given that the EKWRA facilities now function as local

² See *Southern Cal. Edison Co.*, 143 FERC ¶ 61,180 (2013).

³ SoCal Edison Filing at 2.

⁴ The Transmission Control Agreement is an agreement among CAISO and transmission owners that establishes the terms and conditions under which transmission owners will become participating transmission owners and how the CAISO and each participating transmission owner will discharge their respective duties and responsibilities.

⁵ SoCal Edison Filing at 3.

⁶ The WDAT governs the rates, terms and conditions for the distribution of energy to and from the CAISO-controlled grid using SoCal Edison's distribution facilities.

distribution facilities. SoCal Edison states that while the GIA is a new service agreement under the WDAT, the service remains substantially unchanged from the service provided under a Large Generator Interconnection Agreement (LGIA), under Southern California Edison's Transmission Owner Tariff (TO Tariff).⁷ SoCal Edison also submitted an unexecuted Service Agreement with CalWind, which sets forth SoCal Edison's agreement to provide distribution service for the Project's generation to the CAISO grid at the 66 kV bus of SoCal Edison's Antelope Substation.⁸

7. Further, SoCal Edison explains that it unilaterally filed the unexecuted GIA and Service Agreement, because it understood that CalWind would continue to dispute the maximum size for a generator that could be interconnected under the GIA absent the submission of an interconnection request. In addition, SoCal Edison states that it recognized that CalWind, a member of the California Wind Energy Association (CalWEA), would likely be supportive of a complaint filed by CalWEA and First Solar, Inc. that disputes whether CAISO appropriately relinquished control over the EKWRA facilities.⁹

8. SoCal Edison requests, pursuant to section 35.11 of the Commission's regulations, waiver of the 60-day notice requirement to allow the Agreements to have an effective date of December 15, 2013, the date on which the EKWRA Project went into service and CAISO relinquished operational control of certain facilities in the Antelope/Bailey 66 kV system. SoCal Edison claims that good cause exists because the instant filing does not change rates and the Project is no longer directly connected to the CAISO grid, but rather to SoCal Edison's distribution system.¹⁰

⁷ CalWind is currently interconnected to the SoCal Edison system pursuant to an unexecuted LGIA under SoCal Edison's TO Tariff, which dictates the terms and conditions for, among other things, interconnection service to SoCal Edison transmission facilities that are under the operational control of CAISO. SoCal Edison states that it will file a notice of cancellation of the TO Tariff LGIA at a later date. SoCal Edison Filing at 3.

⁸ *Id.* at 3-4.

⁹ On December 17, 2013, CalWEA and First Solar, Inc. filed a complaint against SoCal Edison and CAISO in Docket No. EL14-14-000, which requests that the Commission prohibit CAISO from relinquishing control of certain facilities on the Antelope-Bailey 66 kV system.

¹⁰ SoCal Edison Filing at 5.

III. Notice of Filing and Responsive Pleadings

9. Notice of SoCal Edison's filing was published in the *Federal Register*, 79 Fed. Reg. 4681 (2014), with interventions, comments, and protests due on or before February 7, 2014. A timely motion to intervene and protest was filed by CalWind on February 7, 2014. A motion to answer CalWind's protest was filed by SoCal Edison on February 21, 2014. On the same day, CAISO filed a motion to intervene out-of-time and answer CalWind's protest.

10. In its protest, CalWind explains that its concerns with the GIA and Service Agreement filed by SoCal Edison are nearly identical to those it raised in Docket No. ER13-1216-000, except that the governing tariff in this case is SoCal Edison's WDAT as opposed to the CAISO Tariff. CalWind claims that it and its predecessor paid for interconnection facilities for up to 37.5 MW of interconnection service and continue to pay for that level of service for the Project. CalWind contends that it is inappropriate for SoCal Edison to deny CalWind its full interconnection rights in the instant filing, just as it was inappropriate to limit CalWind's service in this manner in the LGIA under the CAISO tariff in Docket No. ER13-1216-000.¹¹

11. CalWind also raises additional concerns related to CAISO's determination to relinquish control over the EKWRA facilities as a result of the EKWRA Project. CalWind states that the pending complaint in Docket No. EL14-14-000 demonstrates that the EKWRA facilities are still integrated with the CAISO grid, by challenging whether CAISO relinquished control of the EKWRA facilities in accordance with the Transmission Control Agreement.¹²

12. Next, CalWind claims that as CAISO has not proposed to cancel or amend its filed LGIA with the Commission, SoCal Edison's filing is a violation of the filed rate doctrine. CalWind states that it could be charged twice for the same service if the GIA takes effect while the LGIA is still on file with the Commission.¹³ Also, CalWind argues that the GIA and Service Agreement impose duplicative charges. In addition, CalWind contends that SoCal Edison proposes to charge CalWind for interconnection services using the

¹¹ CalWind claims that it has shown the flaws in SoCal Edison's argument that CalWind's interconnection capacity can be limited based on CAISO tariff section 25.1, and notes that as the WDAT has no analogous section to CAISO tariff section 25.1. Thus, according to CalWind, SoCal Edison cannot claim that there is a tariff mechanism requiring it to remove an unused portion of a converting customer's interconnection entitlement. CalWind Protest at 10-11.

¹² CalWind Protest at 12-13.

¹³ *Id.* at 13.

original undepreciated cost of the interconnection facilities installed to provide the Project 37.5 MW of interconnection service times a Customer-Financed Monthly Rate of 0.61 percent taken from periodic rate change filings SoCal Edison makes with the California Public Utilities Commission (CPUC).¹⁴ CalWind makes three points regarding this charge: (1) it should be based on the original depreciated cost of the facilities, not gross costs; (2) it is inappropriate to charge CalWind the full cost of interconnection facilities that SoCal Edison states that it partially uses to provide service to third parties; and (3) the usage of SoCal Edison's CPUC-approved 0.61 percent monthly finance charge rate violates the Commission policy's that Commission-jurisdictional rates cannot be subject to changes made through filings with state regulators.¹⁵ CalWind emphasizes that SoCal Edison cannot use 25-year old cost data to calculate new rates without explanation.¹⁶

13. CalWind states that the Service Agreement would also oblige CalWind to participate in a special protection system that would inappropriately subject the Project to curtailment without compensation.¹⁷ Finally, CalWind requests that the Commission reject the proposal in the Service Agreement to require the Project to operate at a "unity" power factor at the point of receipt, when the GIA requires the Project to operate at a ± 0.95 leading/lagging factor.¹⁸

14. In its answer, CAISO argues that the Commission should deny CalWind's motion to consolidate this proceeding with Docket No. ER13-1216-000, et al.¹⁹ CAISO agrees that the dispute concerning how much capacity should be reflected in the interconnection agreement applies to both proceedings, but it contends that because the LGIA and GIA are governed under different tariffs, the dispute would be litigated differently depending on the tariff at issue. In addition, CAISO argues that consolidating the dockets would be administratively inefficient since direct and intervenor testimony have already been filed by the parties. Moreover, CAISO contends that the decision on the amount of capacity in the LGIA will only apply to one interconnection agreement. CAISO argues that if the complaint challenging the relinquishment of the EKWRA facilities is granted, the dispute

¹⁴ *Id.* at 13-14.

¹⁵ *Id.* at 14 (citing *Western Massachusetts Electric Co.*, 23 FERC ¶ 61,025, at 61,063-64, *reh'g denied*, 23 FERC ¶ 61,345 (1983)).

¹⁶ *Id.* at 15.

¹⁷ *Id.* at 15.

¹⁸ *Id.* at 16.

¹⁹ CAISO February 21, 2014 Answer at 3 (CAISO Answer).

over the amount of interconnection capacity provided to the Project in the WDAT GIA will be moot, and if the complaint is denied, the related dispute concerning the amount of interconnection capacity in the TO Tariff LGIA will be moot.²⁰

15. Like CAISO, SoCal Edison argues that the Commission should deny CalWind's motion to consolidate this proceeding with Docket No. ER13-1216-000, et al. Instead, SoCal Edison contends that the Commission should make the instant filing subject to the outcome of that proceeding. As an alternative, SoCal Edison contends that if the Commission grants CalWind's motion to consolidate, it should specify that additional testimony is not required.²¹

16. In addition, SoCal Edison disagrees with CalWind's assertion that because the WDAT does not have a section analogous to section 25.1 of CAISO's tariff, governing conversions, the Commission's decision in Docket No. ER13-1216-000, et al., concerning the appropriate amount of interconnection capacity, will not apply to the Agreements. SoCal Edison explains that since the instant filing will convert an LGIA under the TO Tariff to the GIA under its WDAT, the amount of interconnection capacity established in the LGIA will transfer to the GIA. Therefore, SoCal Edison argues, if the Commission finds that the amount of interconnection capacity in the LGIA is just and reasonable, the dispute concerning the interconnection capacity in the GIA will be resolved.

17. Similarly, SoCal Edison argues that the portions of CalWind's protest concerning reclassification of the EKWRA facilities should be subject to the complaint proceeding in Docket No. EL14-14-000.²² SoCal Edison explains that CalWind rehashes the same arguments that it made in the complaint proceeding.

18. SoCal Edison argues that the Commission should reject CalWind's remaining arguments. First, SoCal Edison disagrees with CalWind's assertion that since CAISO has not proposed to cancel the LGIA or alter it through a filing with the Commission, CalWind will be subject to duplicate charges under the GIA and LGIA. SoCal Edison explains that it will not send duplicate bills, one under the GIA and one under the LGIA. Second, SoCal Edison asserts that it plans to file a termination request with the Commission, effective on December 15, 2013, and that it is waiting until the GIA is accepted to ensure that at least one interconnection agreement is effective.²³ Similarly,

²⁰ *Id.* at 5.

²¹ SoCal Edison February 21, 2014 Answer at 2 (SoCal Edison Answer).

²² *Id.* at 9.

²³ *Id.* at 2-3.

SoCal Edison also disagrees with CalWind's claim that the GIA and Service Agreement will assign duplicate charges. SoCal Edison explains that rather than impose additional charges, the Service Agreement refers back to the charges assessed under the GIA.²⁴

19. SoCal Edison disagrees with CalWind's claim that rates that are subject to the exclusive jurisdiction of the Commission cannot be subject to change through filings with state regulators. SoCal Edison explains that the CPUC-set Customer-Financed Monthly Rate is a component of the Interconnection Facilities Charge, which SoCal Edison changes through filings with the Commission. Specifically, when the Customer-Financed Monthly Rate changes, SoCal Edison updates all FERC-jurisdictional GIAs through a supported filing with the Commission.²⁵

20. SoCal Edison also rejects CalWind's contention that the Service Agreement makes the Project operate under a "unity" power factor at the point of receipt, while the GIA requires the Project to operate at a ± 0.95 leading/lagging power factor. SoCal Edison explains that CalWind is misreading the power factor provision. SoCal Edison contends that while the Service Agreement provides that the Project may operate at a ± 0.95 leading/lagging power factor, it should try to achieve the unity power factor at the point of receipt, unless otherwise notified by SoCal Edison.²⁶

21. Lastly, SoCal Edison contends that it has shown good cause for waiver of the Commission's 60-day notice requirements to permit an effective date of December 15, 2013, because the rate in the GIA is unchanged from the LGIA, and CAISO relinquished control of the EKWRA facilities on December 15, 2013.²⁷

IV. Discussion

Procedural Matters

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

²⁴ *Id.* at 5.

²⁵ *Id.* at 4.

²⁶ Power Factor is a ratio of active power (MW) to complex power (MVA). At unity power factor, a generator neither supplies nor absorbs reactive power from the system. *Id.* at 6.

²⁷ *Id.* at 6.

23. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2013), the Commission will grant CAISO's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

24. 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 unless otherwise ordered by the decisional authority. We will accept SoCal Edison's answer and CAISO's answer because they provided information that assisted us in our decision-making process.

Substantive Issues

25. As discussed below, we conditionally accept and suspend the unexecuted Agreements, effective December 15, 2013, subject to refund, and set the Agreements for hearing, and hold the hearing in abeyance, pending the outcome of the ongoing proceeding in Docket No. ER13-1216-000, et al., as ordered below. In addition, we find that the Agreements are subject to the outcome of Docket No. EL14-14-000, as discussed below. In addition, we deny CalWind's motion for consolidation, and with the exception of the findings below, we set this matter for trial-type evidentiary hearing.

26. We note that SoCal Edison asserts that as of December 15, 2013, its Antelope/Bailey transmission system, the point of interconnection for the Project, was reclassified as a local distribution facility, requiring SoCal Edison to enter the Agreements with CalWind. With respect to CalWind's disputes focused on CAISO turning over operational control of the Antelope/Bailey system to SoCal Edison, we find that these issues are being litigated in Docket No. EL14-14-000.

27. As to the specific amount of interconnection capacity that CalWind is entitled to under the GIA and other related issues, we find that these disputes raise issues of material fact that cannot be resolved based upon the record before us, and that are more appropriately addressed in the hearing procedures ordered below. While the interconnection capacity issue raised in the instant filing is related to the interconnection capacity issue that is currently being litigated in Docket No. ER13-1216-000, we decline to consolidate this proceeding with Docket No. ER13-1216-000. The ER13-1216-000 hearing is already in progress, and the interconnection agreement in that proceeding is under SoCal Edison's TO Tariff, while the Agreements in the instant filing are under SoCal Edison's WDAT.

28. We summarily dispose of the following issues. First, we disagree with CalWind's assertion that SoCal Edison is not permitted to include in its Commission-jurisdictional rates a Customer-Financed Monthly Rate, which is established through CPUC filings. SoCal Edison is required to file all Commission-jurisdictional generator interconnection agreements to reflect any change to the CPUC-set Customer-Financed Monthly Rate, as it is a component of the Interconnection Facilities charge. Based on its review, the

Commission may accept or reject these filings, including the CPUC-set rate.²⁸ The Commission is not prohibited from accepting a rate that is established by a state commission, provided that the Commission finds the rate just and reasonable. We therefore disagree with CalWind's argument that accepting a rate set by a state commission is a violation of Commission policy.

29. We disagree with CalWind's assertion that SoCal Edison's interconnection facilities cost²⁹ should be rejected because it is based on cost data that is 25 years old. Specifically, CalWind argues that because the Commission's ratemaking policy uses original cost depreciated over time as the basis for jurisdictional rates, unless SoCal Edison justifies its decision to use 25 year old cost data, the rates should be rejected. CalWind does not demonstrate that the rate is unjust and unreasonable purely on this basis.³⁰ However, as we note above, we decline to address at this time CalWind's contention that it should not be charged the full cost of the facilities that it purports SoCal Edison has used to provide service to third parties, as that issue is directly tied to those reserved for the hearing in Docket No. ER13-1216-000, et al.

30. Similarly, we also find that CalWind's argument that the Agreements impose duplicate charges lacks merit. As SoCal Edison demonstrates, the Service Agreement, alone, does not impose charges, it refers back to the GIA. We are similarly unconvinced by CalWind's arguments that, under the GIA and Service Agreement, it would be subjected to: 1) an unfair curtailment scheme, and 2) unjustified performance standards under the GIA to operate at a ± 0.95 leading/lagging power factor, while the Service Agreement obligates the Project to operate at "unity" power factor at the point of receipt.

31. First, we disagree with CalWind that it would be exposed to arbitrary or unduly discriminatory curtailment under the special protection system³¹ described in its Service Agreement. The Service Agreement states the specific circumstances under which the Project's generation could be reduced or restricted for reliability reasons.³² Further, the Service Agreement provides that participation in the special protection system shall be in accordance to the Commission's regulations and CAISO tariff and protocols. Thus, we

²⁸ *Southern Cal. Edison Co.*, 143 FERC ¶ 61,121, at P 12 (2013).

²⁹ SoCal Edison's interconnection facilities cost is a component of the Facilities Charge that is assessed by SoCal Edison to interconnection customers on a monthly basis.

³⁰ CalWind Protest at 15.

³¹ A special protection system may be implemented in the event it is needed to prevent thermal overloads and unstable conditions resulting from outages.

³² Service Agreement at § 6.

find that CalWind has not demonstrated that the special protection system will unfairly apply to the Project. Second, we find that CalWind has provided no evidence in support of its claim that the power factor provisions under the Agreements hold CalWind to an “unjustified” performance standard. CalWind has not explained why it cannot operate within the range of ± 0.95 leading/lagging power factor and aim to operate at unity power factor at its point of receipt. Given that CalWind has not shown that the provisions are unjust, unreasonable or unduly discriminatory, we find these provisions acceptable for inclusion in the GIA and Service Agreement.

32. To the extent that the reclassification is consistent with the requirements in the Transmission Control Agreement, and because we note that the interconnection facilities charge in the proposed LGIA is unchanged from the original LGIA, these Agreements are eligible for waiver of the prior notice requirement.³³ Accordingly, SoCal Edison demonstrates good cause for receiving the waiver.

33. Finally, as noted above, SoCal Edison currently has an unexecuted LGIA, under its TO Tariff, on file with the Commission, which outlines the terms and conditions governing the interconnection of generation from the Project to the CAISO-controlled grid. While the LGIA under the TO Tariff references the interconnection facilities as they existed prior to the EKWRA Project, it shares the same objective as the GIA in the instant filing: to provide the Project with interconnection service. To avoid confusion and uncertainty among the parties, we condition our acceptance on SoCal Edison filing a notice of cancellation of its LGIA under the TO Tariff within 10 days of date of this order.³⁴ We also direct SoCal Edison to use an effective date of December 15, 2013.

The Commission orders:

(A) The GIA and Service Agreement are hereby conditionally accepted for filing, to be effective on December 15, 2013, subject to refund, and subject to the Commission decision in Docket No. EL14-14-000, as discussed in the body of this order.

(B) SoCal Edison is hereby directed to file a notice of cancellation of the LGIA under its TO Tariff, as discussed above, within ten (10) days of the date of this order.

(C) SoCal Edison’s request for waiver is hereby granted, as discussed in the body of this order.

³³ *Central Hudson Gas & Electric Corporation, et al.*, 60 FERC ¶ 61,106, *reh’g denied*, 61 FERC ¶ 61,089 (1992), and *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, *clarified*, 65 FERC ¶ 61,081 (1993).

³⁴ *Midwest Independent Transmission System Operator, Inc.* 132 FERC ¶ 61,241, at P 34 (2010), *reh’g denied*, 146 FERC ¶ 61,008 (2014).

(D) CalWind's motion to consolidate is hereby denied, as discussed in the body of this order.

(E) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and by the FPA, particularly sections 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the FPA (18 C.F.R., Chapter I), a public hearing shall be held concerning the Agreements filed by SoCal Edison in this proceeding, as discussed in the body of this order. However, the hearing shall be held in abeyance as discussed in Ordering Paragraph (F) below.

(F) Any further proceedings in this docket are held in abeyance pending the outcome of the ongoing hearing in Docket No. ER13-1216-000, *et al.*

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.