

124 FERC ¶ 61,031
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

California Independent System Operator

Docket No. ER08-960-000

ORDER ON PETITION FOR TARIFF WAIVER

(Issued July 14, 2008)

1. On May 15, 2008, the California Independent System Operator (CAISO) filed a Petition for Waiver of certain provisions in its tariff related to Large Generator Interconnection Procedures (LGIP) and Interconnection Study agreements. The CAISO requests waiver as the first step in its planned two-step process to reform the LGIP to allow it to more efficiently manage its interconnection queue and to be consistent with the development timelines of transmission assets needed to ensure reliability and compliance with California's renewable portfolio standard. The CAISO specifically asks for waiver of its LGIP to allow it to create three study groups; the serial study group; the transition cluster; and a Generator Interconnection Process Reform (GIPR) Cluster (initial GIPR cluster). The CAISO states that, as an aspect of full-scale reform of its LGIP, early and efficient steps must be taken to streamline the processing of pending Interconnection Requests (IRs). Thus, the CAISO has proposed waivers that would expedite interconnections for: (1) IRs that have signed Interconnection System Impact Study (ISIS) agreements with pre-May 1, 2008 due dates for original ISIS results; (2) IRs that have power purchase agreements (PPAs) approved or pending approval by the appropriate regulatory authority; and, (3) additional IRs, in queue order, seeking interconnection to new transmission projects that have received necessary land use approvals from local, state, or federal agencies, as applicable, consistent with the transmission project's studied capacity. In this order, we grant the requested waivers.

Background

Generator Interconnection Process Reform

2. The LGIP in Appendix U of the CAISO OATT was accepted by the Commission in July 2005.¹ Under the CAISO's current LGIP, the generator interconnection process begins with a valid IR being accepted, and then each IR generally follows its own individual schedule through a series of steps and studies according to a time schedule prescribed in the LGIP. The CAISO states that under this approach, delays in processing IRs are virtually inevitable, arising in large part from the data dependence inherent in a serial study approach in which the results of a later-queued project are dependent on the effects on the transmission grid of earlier-queued projects.

3. On March 20, 2008, the Commission issued its order following up on the December 11, 2007 Technical Conference on interconnection queuing practices.² The March 20 Order expressed concern about delays in processing interconnection queues and noted that all Transmission Providers should be evaluating whether changes are needed to their queue management practices to ensure the expediency called for by Order No. 2003.³ The March 20 Order specifically noted that the queuing backlog within the CAISO has been creating additional challenges in meeting the state's renewable portfolio standard.⁴ The March 20 Order also recognized the potential benefits of other reforms to queue management, some of which are proposed by the CAISO in this Petition for Waiver. The March 20 Order further noted that reforms affecting late-stage IRs require careful consideration due to the potential disruptive effects on customers who may have taken action in reliance on the existing process.⁵

¹ *California Independent System Operator Corp.*, 112 FERC ¶ 61,009 (2005).

² *Interconnection Queuing Practices*, 122 FERC ¶ 61,252 (2008) (March 20 Order).

³ *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).

⁴ March 20 Order, 122 FERC ¶ 61,252 at P 5.

⁵ March 20 Order, 122 FERC ¶ 61,252 at P 19 and n.13.

4. The CAISO has proposed a two-step process to reform its current LGIP in order to more efficiently manage its interconnection queue. The waivers requested in this filing, as described in more detail below, constitute the first step in the LGIP reform process. The CAISO states the second step in this process will involve a tariff amendment filing to incorporate the CAISO's anticipated GIPR, to be filed no later than the end of July 2008. According to the CAISO, the current filing will facilitate the processing of current IRs that are well along in the study process, by allowing the CAISO to focus its resources on clearing the current queue of later stage IRs, while accommodating the transition to the new GIPR procedures by temporarily suspending the time schedule in the LGIP for completing interconnection studies and other actions applicable to the processing of early stage IRs.

The CAISO's Petition for Waiver

5. The CAISO-requested waivers would create three categories of IRs, as follows:

(1) a grandfathered serial study group, which would subject eligible⁶ IRs to expedited treatment under the current LGIP;

(2) a transition cluster, comprising non-grandfathered IRs submitted on or before June 2, 2008 that generally would be processed under the GIPR revisions;⁷ and

(3) an initial GIPR cluster for IRs submitted between June 3, 2008 and a date to be specified later.

6. The CAISO requests waivers or suspension periods from the requirements of its current LGIP to be granted commencing as of the date it filed its waiver request and to remain in effect pending a Commission order on the GIPR filing.⁸ In order to protect interconnection customers or potential interconnection customers from an indefinite suspension of activities, the CAISO requests that the waivers or suspension periods be effective until: (1) a time to be specified in the Commission's order on the GIPR filing; or (2) July 31, 2008 if the GIPR filing has not been made by that date.

⁶ See *infra* P 12.

⁷ The CAISO states that it will generally apply the procedures to be proposed in the GIPR filing, although there may be certain transitional provisions applied only to the transition cluster to clear the large queue backlog.

⁸ The CAISO anticipates making the GIPR filing no later than the end of July 2008.

7. The CAISO states that the requested waivers are supported by good cause and will benefit customers. The CAISO notes that in the March 20 Order, the Commission specifically recognized that one-time tariff waivers may be necessary and appropriate as part of transmission providers' queue reform efforts.⁹ The CAISO further notes that the Commission previously granted waivers of the CAISO's LGIP procedures to allow a greater than 180-day Queue Cluster Window¹⁰ and to allow the retroactive clustering of IRs submitted prior to the establishment of the Queue Cluster Window, specifically finding a one-time waiver appropriate where good cause for a waiver of limited scope exists, there are no undesirable consequences, and the resultant benefits to customers are evident.¹¹

8. The CAISO states that its requested one-time waiver to permit the window for the initial GIPR cluster to exceed 180 days will serve the public interest by creating a framework for an orderly transition to a more efficient and beneficial generator interconnection process. The CAISO further states that the parameters for the initial GIPR cluster are reasonable and non-discriminatory, and that all IRs falling within the defined Queue Cluster Window will be treated comparably.

9. The CAISO states that the public interest in creating a framework for an orderly transition to a more efficient and beneficial generator interconnection process supports its requested waivers to temporarily suspend some of the processing timelines within the LGIP applicable to those IRs to be studied in the transition cluster and the initial GIPR cluster.¹² The CAISO further states that the procedures sanctioned by the requested waivers will be imposed uniformly and in a non-discriminatory manner to all IRs that meet the specified criteria.

⁹ March 20 Order 122 FERC ¶ 61,252 at P 19.

¹⁰ Section 4.2 of the CAISO Tariff gives the CAISO the option to study IRs serially or in a group or "cluster." The section defines Queue Cluster Window as the period during which the CAISO receives IRs to study in such a cluster. Under the tariff, the maximum duration of the Queue Cluster Window is 180 days.

¹¹ *California Independent System Operator Corp.*, 118 FERC ¶ 61,226, at P 24, *order on clarification*, 120 FERC ¶ 61,180 (2007) (Tehachapi).

¹² The CAISO specifically requests waiver of the time deadlines set forth in its current LGIP at sections 3, 5, 6, 7, 8, and 11 and as they may be incorporated into Interconnection Study Agreements for the IRs that do not satisfy the serial study group criteria. *See* CAISO Petition at 11.

10. The CAISO states that making these waiver requests in advance of the GIPR filing provides several advantages. These include providing all stakeholders with early notice of the basic framework for the transition, which according to the CAISO will allow as much business certainty as possible with respect to the intended processing of pending and future IRs. Additionally, the CAISO states that the requested waivers will provide a temporary and limited pause in the processing of early stage and future IRs, thereby: (1) expediting the transition to the GIPR by beginning transition activities in advance of the Commission's approval of the GIPR tariff revisions; (2) accommodating the Commission-recognized special circumstances of later-stage IRs;¹³ (3) preventing the inefficient allocation of resources that would result from continuing current serial study processes that are intended to be superseded and to become obsolete after implementation of the GIPR; and (4) allowing more efficient GIPR procedures to be applied to certain existing IRs, which will facilitate the goal of clearing the CAISO's current queue backlog.

11. The CAISO states that the serial study group is intended to include the IRs currently in the queue that are in the later stages of the current LGIP process and are most likely to be significantly disrupted if they were subjected to the new GIPR procedures. The serial study group IRs will continue to be studied under the existing LGIP and will be given highest priority for processing. The CAISO proposes that the serial study group generally be based on the IR's status in the interconnection process, which the CAISO states is consistent with the March 20 Order's discussions distinguishing between IRs in the early and late stages of the interconnection process, rather than queue position, as well as the March 20 Order's statements regarding possible merit in a "first-ready, first served" approach.¹⁴

12. The CAISO has laid out specific criteria for defining the demarcation between the serial study group and the transition cluster. The identified criteria require that IRs fall into one of three alternate categories to be identified as later stage. They have to either: (1) be the subject of an executed ISIS agreement specifying an original ISIS results due date prior to May 1, 2008; (2) have a PPA with a load-serving entity approved or pending approval by the California Public Utilities Commission (CPUC) or a local regulatory authority as of May 1, 2008; or (3) be the next IR in queue order to interconnect to a new transmission project that has received land use approvals from any local, state, or federal entity, as applicable, up to the capacity studied by the CAISO.¹⁵

¹³ CAISO cites March 20 Order 122 FERC ¶ 61,252 at P 19.

¹⁴ CAISO cites March 20 Order 122 FERC ¶ 61,252 at P 11, 18, and 19.

¹⁵ CAISO Petition at 12.

13. According to the CAISO, the ISIS due date represents an important milestone and, therefore a reasonable and logical demarcation between late-stage and early-stage IRs. The CAISO further states that acknowledging the existence of an approved PPA or a PPA pending approval is appropriate because those projects have been identified by a load-serving entity as needed to meet demand, reliability, or renewable portfolio standard requirements and that it is reasonable to assume that those projects have engaged in activities, such as procuring long lead time equipment, in reliance on the approved or pending PPA that demonstrates a greater ability to finance and move forward with the associated project. The CAISO further states that IRs seeking interconnection to transmission assets, which have been approved by the CAISO as well as other federal, state, or local land use siting entities will allow coordination between the commercial operation of the generating unit and the transmission projects.

14. The CAISO states that additional practical and policy considerations justify the serial study group criteria as an appropriate division between the serial study group and the transition cluster. The CAISO states that the application of the criteria result in the inclusion in the serial study group of a manageable number of IRs that the CAISO believes it can process efficiently under the existing LGIP.¹⁶ The CAISO further states that the serial study group, based on the proposed criteria also complements its transmission planning efforts by focusing the CAISO's resources on expediting the processing of specific IRs, a significant portion of which support California's renewable portfolio standard goal of supplying 20 percent of its energy deliveries from renewable resources.¹⁷

Notice of Filings, Interventions, Protests and Answers

15. Notice of the CAISO's filing was published in the *Federal Register*, 73 Fed. Reg. 30,913 (2008), with interventions, protests and comments due on May 29, 2008. The CPUC filed a Notice of Intervention. Modesto Irrigation District, Pacific Gas & Electric Company (PG&E), the City of Santa Clara, California and the M-S-R Public Power

¹⁶ The CAISO states that under the proposed criteria, the serial study group would comprise 85 of the 265 IRs in the queue or pending validation. The 85 IRs in the serial study group represent a total of 22,902 MW of capacity. The CAISO further notes that efficiency is supported by the distribution of these 85 IRs among the CAISO's three largest PTOs and the fact that 60 of the 85 IRs, representing 18,646 MW of capacity are in the interconnection facilities study phase or later. CAISO Petition at 14.

¹⁷ The CAISO states that, as proposed, the serial study group includes approximately 12,054 MW of renewable capacity, of which approximately 4,413 MW seeks interconnection to the Tehachapi Renewable Transmission Project and 1,760 MW seeks interconnection to the Sunrise Power Link. CAISO Petition at 15.

Agency, and Iberdrola Renewables, Inc. filed motions to intervene. Mirant Energy Trading LLC, Mirant California LLC, Mirant Delta LLC, and Mirant Potrero LLC (collectively, the Mirant Parties or Mirant), filed a motion to intervene and answer. NRG Power Marketing LLC, Cabrillo Power I LLC, Cabrillo Power II LLC, El Segundo Power LLC, Long Beach Generation LLC, and NRG Energy Center San Francisco LLC (collectively, the NRG Companies or NRG), Macquarie Energy North American Trading, Inc. (MENAT), Wellhead Electric Company, Inc. (Wellhead), and the Cogeneration Association of California and the Energy Producers and Users Coalition (CAC/EPUC) filed Motions to Intervene and Protests. EnXco Development Corp. (enXco) filed a Motion to Intervene and Protest and a Motion to Intervene Out of Time. Southern California Edison Company (SCE), Radback Energy, Inc. (Radback), Vulcan Power Company (Vulcan), Optisolar, Inc. (Optisolar), Imperial Irrigation District (IID), Cogentrix Energy LLC (Cogentrix), and the California Wind Energy Association and Large-Scale Solar Association (Wind and Solar Parties), filed Motions to Intervene and Comments. Tesoro Refining and Marketing Company (Tesoro) filed a Motion to Accept Late Comments and Comments. Optisolar filed a Motion for Leave to File Supplemental Comments and Supplemental Comments. San Diego Gas & Electric Company (SDG&E) filed a Motion to Intervene out of Time.

16. The CAISO filed an Answer to Motions to Intervene, Comments and Protests, and moved that the Commission allow it to answer issues that may have been stated as protests as part of some of the motions to intervene and comments. MENAT, Radback, and Cogentrix each filed a Motion for Leave to File Answer and Answer.

Procedural Matters

17. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the timely, unopposed motions to intervene serve to make those parties who filed them parties to this proceeding. We will grant enXco's and SDG&E's late motions to intervene given their interest in this proceeding, the early stage of this proceeding and the absence of any undue prejudice or delay. We will reject Tesoro's Motion to Accept Late Comments and Optisolar's Motion for Leave to File Supplemental Comments.

18. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2008), prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. Because they have provided information that assisted us in our decision-making process, we will accept the answers filed by the CAISO, MENAT, Radback and Cogentrix.

Discussion

19. The Commission historically has granted certain waiver requests where an emergency situation or an unintentional error was involved.¹⁸ Waiver, however, is not limited to those circumstances. Where good cause for a waiver of limited scope exists, there are no undesirable consequences, and the resultant benefits to customers are evident, the Commission has found that a one-time waiver is appropriate. For example, in *Tehachapi*, the Commission granted a one-time waiver of the CAISO Open Access Transmission Tariff (OATT) in order to change the established 180-day Queue Cluster Window to conduct a clustered interconnection system impact study of the Tehachapi wind resource area (Tehachapi), finding that good cause existed based on the CAISO's representations that the effect of granting the waiver would be to obviate the need to conduct duplicative and redundant incremental studies and to allow for greater efficiency in the design of necessary network upgrades.¹⁹

20. Applying these same standards, we approve the CAISO's Petition for Waiver. In order to facilitate the transition to a more efficient and timely interconnection queue management process, we find that the CAISO has identified criteria that appropriately identify later stage IRs. Having identified an appropriate category of IRs that can be processed efficiently under the existing LGIP process, the CAISO will subject the remaining IRs to prompt treatment under the CAISO's reformed queue management process under the GIPR filing, either as transition cluster IRs, or as part of the initial GIPR cluster.

21. We note that the CAISO states it anticipates filing its GIPR tariff proposal by the end of July 2008, and that the waivers granted by this order will expire at a date certain that the Commission will establish in connection with our consideration of the GIPR tariff proposal, or on July 31, 2008 if the CAISO does not file the GIPR tariff proposal by that date. If the CAISO files its GIPR tariff by July 31, 2008, then these waivers will expire at a time to be specified in the Commission's order on the GIPR filing. If the CAISO fails to file its GIPR tariff by July 31, 2008, the waivers granted herein will expire, and the CAISO would be required to resume processing IRs under the existing LGIP.

¹⁸ See, e.g., *ISO New England Inc.*, 117 FERC ¶ 61,171, at P 21 (2006) (using reasoning typically applied to waivers to allow limited and temporary change to tariff to correct an error); *Great Lakes Transmission LP.*, 102 FERC ¶ 61,331, at P 16 (2003) (granting emergency waiver involving *force majeure* event granted for good cause shown); and *TransColorado Gas Transmission Co.*, 102 FERC ¶ 61,330, at P 5 (2003) (granting waiver for good cause shown to address calculation in variance adjustment).

¹⁹ *Tehachapi*, 118 FERC ¶ 61,226, at P 24.

CAISO Process Issues

Comments

22. The CPUC and SCE support the CAISO Petition for Waiver. The CPUC states that the CAISO's proposal supports the state's renewable portfolio standard goal to supply 20 percent of the energy deliveries in the state by 2010, and concurs with the CAISO's approach to expedite the interconnection of renewable resources to planned and approved transmission projects. Vulcan Power supports the classification methodology used to determine the proposed study groups.

23. Radback has numerous concerns about the stakeholder process. It argues that the process for creating a straw-man document was flawed in that it was not a public process, and that once the straw-man was created alternatives were not considered. Radback also complains that participants were not sufficiently notified about the GIPR process, and that the Petition for Waiver was not approved by the CAISO Board of Governors, as it needed to be. Radback points out that work on projects that were not in the serial study group was stopped without approval by the Commission of the Petition for Waiver, and argues that this has damaged existing project value. Finally, Radback argues that the shortened comment period for the Petition for Waiver did not provide for an adequate response time for participants in the queue process.

24. Several commenters questioned the need for a suspension in the processing of some IRs. Mirant, for example, states that while it agrees that there is a problem with the size of the current interconnection queue and that action needs to be taken to resolve the backlog, there is "no justifiable excuse" for the CAISO to stop work on pending IRs in the transition cluster while it proposes new interconnection procedures. Mirant argues that this work stoppage will add "significant and costly delays" to projects in the transition cluster.

25. Radback also has numerous complaints about the CAISO's proposal. Radback argues that the proposed GIPR has only served to exacerbate the backlog by specifying a cutoff date, noting that 45 additional projects have entered the queue since March 12, 2008 when the CAISO issued a draft of the GIPR that first mentioned a cutoff date. Radback also is concerned that the proposed waiver request will cause significant delays for the majority of projects in the queue; Radback states that the delay will range from 7 to 31 months. Radback also contends that any money that has been spent on projects in the transition cluster will have been wasted. Finally, Radback argues that the proposal will create uncertainty with regard to project commercial operations dates, negating efforts projects had made to provide such information for the Investor-Owned Utility Long Term Request for Offers.

Answers of the CAISO, Radback and Cogentrix

26. In response to Radback's claims about the stakeholder process, the CAISO states that the stakeholder process has been extensive, and has allowed stakeholders a fair opportunity to comment. The CAISO notes that it has posted numerous stakeholder comments on its web site and points to its many instances of stakeholder outreach since January 2008. In response to Radback's concern that the Petition for Waiver was not approved by the CAISO's Board of Governors, the CAISO points out that while tariff amendments must be approved by the Board of Governors, requests for waiver do not have to be so approved.

27. The CAISO explains that it is seeking the temporary suspension of study responsibilities for two reasons. First, the CAISO wants to concentrate its resources on specific IRs that are most advanced in the interconnection process so as to quickly clear the queue of the grandfathered IRs and shift attention to other IRs. Second, the CAISO is concerned that, if processed in order, earlier stage IRs will undergo study procedures that will become unnecessary once new reforms are in place. Thus, by temporarily suspending the studies of IRs in the transition and initial GIPR clusters, the CAISO and the interconnection customers can more readily avoid study procedures and associated study costs that are likely to become unnecessary once the new reforms are in place. The CAISO notes that, in its March 20 Order, the Commission recognized that it was more equitable and efficient to apply the new reforms to early stage IRs, which the CAISO is proposing here.

28. The CAISO concludes that, contrary to Mirant and Radback's assertions, the suspension of studying responsibilities on certain IRs will render the interconnection process less costly and more efficient than either continuing the serial study procedures for the transition cluster, or continuing the serial study procedures until the reforms render such work obsolete. The CAISO claims that the harms asserted by Mirant are speculative and unsubstantiated, the suspension will be relatively short, and that it will commence processing the transition cluster on a date certain as part of the GIPR filing.

29. The CAISO also notes, in response to Radback's concern about the Long Term Request for Offers, that it has received no concerns about this from Investor-Owned Utilities, and that it has no evidence that this is a problem with respect to the temporary suspensions in the Petition for Waiver.

30. Radback's answer reiterates its position that granting the CAISO's waiver application will be harmful to projects intending to bid into PG&E's Long-Term Request for Offers because PG&E has encouraged bidders to start the interconnection process and has stated that projects that are more advanced in development will be considered more valuable. Radback's answer again states that the CAISO's process for creating its straw-man document was flawed and provided inadequate public participation. Finally, Radback argues that there exists no fair and equitable means to reform the LGIP, and that

as a result the CAISO's waiver request should be denied and the CAISO should meet the requirements specified under the LGIP.

31. In its answer, Cogentrix argues that the Commission must evaluate the CAISO's waiver petition and the subsequent GIPR filing together. Cogentrix does not believe that it is logical to consider the CAISO's waiver petition without evaluating the substance of the subsequent GIPR at the same time because Cogentrix asserts that it is necessary to evaluate the ultimate effect on all IRs that would result from the creation of the three separate study groups. In addition, Cogentrix argues that the CAISO has not adequately supported the basis for its proposed Serial Study Group criteria.

Commission Determination

32. We find that the CAISO provided sufficient opportunity for stakeholder participation and input. The Technical Conference leading up to the Commission's March 20 Order took place on December 11, 2007.²⁰ By January 2008, the CAISO was engaged in a public process in anticipation of developing reforms to its interconnection queue management practices aimed at making them more efficient and timely in compliance with Order No. 2003.²¹

33. Furthermore, the Commission finds that the CAISO's process in submitting this Petition for Waiver and the shortened comment period provided sufficient opportunity for stakeholder participation and input. The requested waivers are one part of a two-step queue management reform process in which the CAISO is engaged. The purpose of this

²⁰ We note that California Wind Energy Association, Ausra, Inc, Abengoa Solar, Inc, and BrightSource Energy (collectively, the Wind Solar Parties) filed comments and a whitepaper on the issues raised at the Commission's Technical Conference. Also, the CPUC, PG&E, and San Diego Gas & Electric Company (collectively, the California Parties) filed comments requesting the Commission support the CAISO's reform proposal.

²¹ According to information posted on the CAISO's website, the CAISO held three stakeholder meetings and eight stakeholder conference calls regarding reforms to the interconnection process between January 18, 2008 and June 19, 2008. Numerous comments were submitted in response to these meetings and conference calls. With each of the three iterations of its GIPR stakeholder process, the CAISO posted on its website revised GIPR proposals and identified and attributed in each the change incorporated as a result of stakeholders' comments. The posted commenters include: Cogentrix, CPUC, California Wind Energy Association, enXco, MENAT, Mirant, Optisolar, PG&E, Radback, SCE, Wellhead, and many others. See the CAISO website at: <http://www.caiso.com/1f421f42c00d28c30.html>.

stage is to appropriately prioritize existing and future IRs to facilitate efficient and timely processing. The Commission finds that prompt commencement of the proceeding by the CAISO and a shortened time period for responses provided sufficient opportunity for stakeholder participation and input.

34. We find that the proposed suspension of studying responsibilities is reasonable given the alternatives of either continuing with the current interconnection procedures without reform, or simply reforming the procedures without any transitional period. If the CAISO committed to processing all pending IRs with the current interconnection procedures, it would delay needed reforms from being implemented and would allow the unacceptable delays that are occurring under the current interconnection process to continue. This would be contrary to the Commission's urgent call for reform in the March 20 Order.²² And if the CAISO were to simply implement the reforms without any transition period, much effort could be wasted, as the CAISO would conduct numerous studies that would become obsolete once the new reforms were implemented on unfinished IRs.

35. We find that the CAISO has proposed a reasonable solution that avoids those two undesirable scenarios. By concentrating its resources on clearing the queue of late stage IRs, on whom it could be wasteful and difficult to apply the new interconnection procedures, the CAISO assures that the new reforms will be implemented with as little wasted effort as possible. By committing to apply the reforms to the transition cluster, the CAISO ensures that the greatest number of IRs will be processed under reformed procedures. This will, on the whole, benefit interconnection customers by processing the queue backlog more quickly and more efficiently.

Timing Issues and Relation to GIPR Filing

36. In its Petition for Waiver the CAISO included a processing schedule for the cluster groups. It estimated that interconnection studies for the serial study group would be completed by the end of October 2008. With regard to the transition cluster, the CAISO estimates that the grouping and base cases would begin by November of 2008, and that the interconnection studies would be completed by July of 2009. With regard to the initial GIPR cluster, CAISO estimates that the IR validation, scoping meetings, and grouping/base cases will occur from August through October 2009.²³

37. The CAISO also requests that the waivers be granted without prejudice to Commission action on the GIPR filing, which it states will specify processing dates

²² March 20 Order, 122 FERC ¶ 61,252 at P 4-5.

²³ CAISO Petition at 6.

associated with the three IR groupings. Consequently, the CAISO states the GIPR filing should be viewed as superseding any more general provisions of this waiver petition.

Comments

38. Wind and Solar Parties conditionally support the CAISO's Petition for Waiver but emphasize that the Commission should grant the waiver with the condition that the CAISO undertake an expeditious transition to new study procedures subject to firm deadlines.²⁴ EnXco agrees and advocates condensing the timelines such that the CAISO would commit to including the transition cluster in the 2009 transmission planning process and the GIPR cluster in the 2010 transmission planning process. Wind and Solar Parties and EnXco state that the Commission should direct the CAISO to hire the additional staff necessary to accomplish these goals.

39. Mirant argues that many projects in the transition cluster will be slowed down by the CAISO's proposal, not only because of the actual delay in the CAISO process, but also by the delay this will cause with the California Energy Commission (CEC) permitting process. Mirant states that a complete application with the CEC requires that the applicant have a completed system impact study or a signed system impact study agreement. These uncompleted applications could delay new projects from coming online for longer than the timeline for the transition cluster contemplates because of the compounded delays of the CEC and CAISO processes. Mirant suggests that as a solution to this problem, the CAISO should be required to offer system impact study agreements for all projects in the transition cluster. Mirant states that this will not be burdensome on the CAISO, since it is a simple administrative task, and will not require the CAISO to change its study timeline, as set out in the Petition for Waiver.

40. Although OptiSolar generally supports the CAISO's Petition for Waiver, it states it has concerns regarding the inclusion of current IR requests into the serial study group over other higher-queued projects and the timeframe with which the CAISO contemplates completion of the study process under the GIPR proposal. OptiSolar notes that under the GIPR, IR requests with a PPA would be expedited over IRs without a PPA even though they seek interconnection to the same location. OptiSolar is also concerned that projects in the transition cluster will face at least another two years of uncertainty and the future inequities that could result from an over-crowded transition cluster Group. OptiSolar also asks the Commission to clarify that approval of the waiver request will not compromise its ability to judge the proposed GIPR on the merits.

²⁴ Wind and Solar Parties at 5.

CAISO Answer

41. In its answer, the CAISO states that concerns regarding the processing schedule of the transition and initial GIPR clusters are premature and not within the scope of this proceeding. The CAISO states that it will propose timeframes for those clusters in the GIPR filing, and that the Commission will make a determination at that point whether the proposed timelines are reasonable.²⁵ The CAISO states that it seeks only a limited and temporary suspension of project deadlines in the instant filing and notes that the merits of the proposed GIPR filing are not before the Commission.

42. In response to enXco and Wind and Solar Parties' request that the CAISO be required to hire additional staff, the CAISO states that it has looked for areas where more staff would help expedite the process, but feels that, at this time, it is sufficiently staffed. The CAISO states that because of certain factors, including the fact that delays are often the result of the complexity of assessing interdependent data, additional staff may not be beneficial.²⁶

43. With regard to Mirant's request, the CAISO argues that the agreements requested by Mirant would be meaningless, since they would require no studies. The CAISO explains that the ISIS agreements are only useful if they are signed after a certain set of preliminary studies are completed. That is, if everyone received an agreement upfront, the agreement would have no value. The CAISO also states that CEC rules require the agency to use the best available information when processing filings, and that the CEC would have to decide what the best available information is in light of the CAISO's proposed GIPR reforms.²⁷

Commission Determination

44. We have no evidence to suggest that additional staff would be helpful in processing the CAISO's queue backlog. The CAISO has found that additional staff would not be particularly beneficial, and protestors have not suggested concrete ways in which a staff increase by the CAISO would expedite the interconnection process. Accordingly, we will not delay useful reforms with the hope that the CAISO will find a solution to the queue backlog through an increase in staff. The Commission approves this waiver request with the expectation that delays in the short term for processing the serial study group and transition cluster will be consistent with the estimates provided by

²⁵ CAISO Answer at 10.

²⁶ CAISO Answer at 13.

²⁷ CAISO Answer at 6.

the CAISO in its Petition for Waiver and will help clear the queue backlog in the long term and allow for more efficient processing of all subsequent IRs.

45. We also find that concerns about the processing timelines under the yet-to-be filed GIPR proposal are beyond the scope of this proceeding, although one aspect of our consideration of the GIPR tariff proposal will be the extent to which it offers an acceptable and permanent resolution to the longstanding queue backlog problems. We approve herein the CAISO's Petition for Waiver, and note that this approval is without prejudice to the anticipated GIPR tariff proposal. The Commission will judge the CAISO's GIPR proposal on its merits, when filed. Our approval of the instant waiver request is intended to facilitate the CAISO's processing of current IRs that are well along in the process, in order to allow the CAISO to focus its resources on clearing the current queue of later-stage IRs in an orderly fashion. We find this will accommodate a more efficient transition to the new GIPR procedures. Designation of the transition cluster and the initial GIPR cluster will ensure that IRs that are less advanced in the interconnection process will benefit from the efficiencies expected under the GIPR reforms. Finally, we reject Mirant's request that the CAISO tender ISIS agreements to all interconnection customers with IRs in the transition cluster; we concur with the CAISO that, in the absence of preliminary studies, such agreements would be largely meaningless.

Serial Study Group PPA Criterion

46. Under one of the three criteria proposed by the CAISO, an IR would be included in the serial study group if the project underlying the IR has a PPA with a load-serving entity which has been approved or is pending approval by the CPUC or other Local Regulatory Agency as of May 1, 2008.²⁸ In its Petition for Waiver, the CAISO argues that the PPA criterion is appropriate. The CAISO states that the criterion allows projects for which power or capacity has been identified by a load-serving entity as needed to meet demand, reliability or renewable portfolio standard requirements the opportunity to complete processing as part of the serial study group. The CAISO also contends that it is reasonable to assume that a project with an approved or pending PPA has engaged in activities such as procurement of long lead time equipment, in reliance on the approved or pending PPA that demonstrate a greater ability to finance and move forward with the associated project.²⁹

²⁸ CAISO Petition at 12.

²⁹ CAISO Petition at 13.

Comments

47. Several parties argue that the PPA criterion is unfair because it allows certain entities that are lower in the queue to move ahead of higher-queued entities into the serial study group. As a replacement for the PPA criterion, a date-based approach was favored by enXco, who suggested that all projects with valid IRs prior to June 29, 2007 should be included in the serial study group. EnXco also stated that, if the Commission would like to impose a readiness test on those who filed valid IRs prior to that date, it could allow the CAISO to impose a demonstration of readiness, such as a \$250,000 deposit, as a condition for entry into the serial study group.

48. Several parties also argued that the PPA criterion is not useful since the existence of an approved or pending PPA has little or no bearing as to whether a project is ready to come on line. Cogentrix cites the Renewable Energy Transmission Initiative Final Report, which states that many projects with PPAs are delayed or canceled due to technical problems, permit issues or changing economics.³⁰ Cogentrix also cites the CEC's contract database, which shows that of the new and existing renewable projects with which investor-owned utilities have signed PPAs, only 7 to 9 percent have commenced operations as of April 18, 2008. EnXco argues that certain PPAs were, in effect, "phantom" PPAs that contained overly favorable terms to the purchaser without unconditionally binding the seller to perform.³¹ This, enXco argued, would give higher queue position to certain projects for a worthless agreement that indicates nothing about the project's financial viability.

CAISO Answer

49. In its answer, the CAISO reaffirms the position it argued in the waiver request; the CAISO emphasizes that the criteria were selected as a reasonable and rational indicator of projects that have reached a level of advancement in the interconnection process sufficient to satisfy the Commission's permitted distinction between early stage and later stage IRs.³²

Commission Determination

50. We find that the existence of an approved or pending PPA with a load-serving entity is a reasonable criterion for a project's inclusion in the serial study group. The existence of such a PPA demonstrates that the project has been identified by a load-

³⁰ Cogentrix at 12.

³¹ EnXco at 7.

³² CAISO Answer at 5.

serving entity as needed to meet demand, reliability or renewable portfolio standard requirements and that it may be in a favorable position to secure financing.

51. We disagree with protestors who claim that higher-queued projects are being unjustly disadvantaged by the inclusion of a criterion that takes into account the existence of a PPA. In the March 20 Order, the Commission acknowledged the need to reconsider the “first-come, first-served” approach used by Order No. 2003, and stated that a “first-ready, first-served” approach may have merit.³³ We believe this PPA criterion demonstrates a proposed project has reached a significant developmental milestone and the criterion is a reasonable means to identify those projects that are likely to be among the projects first-ready to come on line. In addition, we find that this criterion strikes the right balance between customer expectations and the expeditious processing of the queue backlog consistent with the March 20 Order.

52. We find enXco’s arguments regarding the existence of “phantom” PPAs unpersuasive. EnXco provides no evidence to support its assertion.

53. We also find Congentrix’s evidence related to the PPA criterion to be selective and misleading. The CEC’s contract database shows that of the 91 new and existing projects with PPAs, approximately two-thirds are not expecting and have not experienced delays in coming on line.³⁴ Meanwhile, the Renewable Energy Transmission Initiative Final Report that Cogentrix cites actually uses the existence of PPAs as a factor in modeling future generation.³⁵ Accordingly, we approve the proposed PPA criterion.

Serial Study Group ISIS Criterion

54. Under the second of the three criteria proposed by CAISO in its Petition for Waiver, an IR would be clustered with the serial study group if its interconnection customer has executed an ISIS agreement that specifies an original ISIS results due date prior to May 1, 2008. The CAISO argues that this is a reasonable demarcation between late and early stage IRs. The CAISO asserts that interconnection customers who have executed ISIS agreements by the deadline are significantly advanced in the LGIP process,

³³ March 20 Order, 122 FERC ¶ 61,252 at P 15.

³⁴ CEC Database of Investor-Owned Utilities’ Contracts for Renewable Generation, Contracts Signed Towards Meeting the California Renewables Portfolio Standard Target, http://www.energy.ca.gov/portfolio/contracts_database.html.

³⁵ Renewable Energy Transmission Initiative, Phase 1A, Final Report (May 2008), at 3-7 and 3-8, <http://www.energy.ca.gov/2008publications/RETI-1000-2008-002/RETI-1000-2008-02-F.PDF>.

while interconnection customers that have not reached this milestone are not as far along in the process and can be more easily transferred to the GIPR process.³⁶

Comments

55. Cogentrix argues that the May 1, 2008 date is arbitrarily imposed without consideration for more important factors, such as whether the developer of a project has undertaken due diligence to assess whether a project will be viable. Cogentrix gives an example of a renewable project in a remote area that could be hampered by viability concerns because of technical and environmental factors despite meeting the ISIS agreement criteria.³⁷

56. MENAT and enXco argue that had the CAISO processed IRs in a timely manner, certain projects would have been able to execute an ISIS agreement that specifies an original ISIS results due date prior to May 1, 2008. Applying the criteria proposed by the CAISO, this would have placed them in the serial study group and made them eligible to be processed at a much earlier date than those in the transition cluster. MENAT and enXco claim it is unfair to punish projects by giving them a much later processing date, when delays by the CAISO are the reason they have not been able to execute an ISIS agreement.

CAISO Answer

57. In its Answer, the CAISO reaffirms its position from the Petition for Waiver. The CAISO also agrees that some IRs may have been delayed by events or processes outside of the control of the interconnection customer, and that some of those events and processes may have been more under the control of the CAISO and PTOs. The CAISO argues, though, that assessing fault would be a time consuming and largely subjective exercise and would not lead to a more equitable outcome.

Commission Determination

58. We find the CAISO's proposed ISIS criterion to be reasonable as a way to distinguish between projects in the early stage of development and projects in the late stage of development. Meeting the ISIS criterion shows that a project has completed more of the current process than one that has not met the ISIS criterion. We believe that it would be more difficult for a project that has completed this benchmark to transition to the new set of interconnection procedures than one that has not. The inclusion of projects in the transition cluster that have met this ISIS criterion could, therefore, hamper the

³⁶ CAISO Petition at 12-13.

³⁷ Cogentrix at 12 and 13.

transition to the reformed interconnection process and slow down the processing of the backlogged queue.

59. We also find that arguments concerning the CAISO's performance in processing certain IRs are not relevant to the development of criteria to separate late and early stage projects. Moreover, the commenters do not claim that the CAISO or the PTOs were unduly discriminating against certain generators or classes of generators in their failure to expeditiously execute ISIS agreements. To the extent there was delay and such delay was not caused by the IR, the delay may have been caused by the current interconnection process itself.³⁸ Without modifying the process to make it more effective (including the need to potentially delay some projects), the delay would not improve and could be exacerbated. Regardless of whether some IRs were delayed for reasons beyond the control of the interconnection customers, in the face of the current backlog in the interconnection queue, we find it reasonable to take a forward looking approach. Proposed solutions should focus on resolving the problems that now exist with the interconnection process. Attempting to accommodate all projects in the queue including those that may have been delayed under the current flawed process could result in further queue delay and would jeopardize the timely interconnection of projects overall. We find that the timely implementation of reform to the CAISO's queue management process benefits all stakeholders.

Serial Study Group Alternative Criteria Proposals

60. Several commenters argue for alternative criteria that would either replace or complement the ones currently proposed by the CAISO. As a solution to the flaws enXco identifies with CAISO's filing, it suggests a revision of the CAISO's proposal so that the serial study group will include interconnection customers who submitted valid IRs prior to June 29, 2007. According to enXco, this would have put the IRs on track to have an ISIS agreement with an original results date on or before May 1, 2008 if not for delays by the CAISO in processing the requests. EnXco states that if the CAISO wants to impose a readiness test on these entities, it could require some sort of demonstration of readiness (such as a \$250,000 deposit) as a condition to entering the serial study group.

61. IID asserts that the CAISO Waiver Proposal is arbitrary and capricious because it would expedite the processing of lower-queued IRs that are planned to interconnect with the Sunrise Power Link (Sunrise), a transmission line that has not received siting approval from the CPUC. IID argues that the inclusion of Sunrise-related IRs in the

³⁸ See *e.g.*, March 20 Order at P 15 (describing, *inter alia* the relatively small deposit amounts in combination with the first-come, first-served approach to allocating capacity as a factor that slows down the process by necessitating more study and restudy).

serial study group may result in the need for new studies and multiple layers of restudies by both the CAISO and affected systems depending on the specific outcome of the CPUC proceeding regarding the Sunrise project. IID argues that the fact that Sunrise-related IRs are in the later stages is irrelevant³⁹ and that inclusion of Sunrise-related IRs is not consistent with a first-ready, first-served approach since it generally takes longer for a transmission line to be placed in service than for a renewable generating plant to achieve commercial operation. IID therefore argues that the CAISO should include a new criterion that would exclude from the serial study group any IR connected with a transmission project that does not exist or has not received approval from the appropriate local, state, or federal agency.

62. MENAT argues for a separate criterion which states that any project designated as “data adequate” by the CEC must be included in the serial study group. MENAT states that the “data adequate” designation constitutes an “advanced development comparable to many of the ‘later stage’ projects CAISO proposes to include in the serial study group.”⁴⁰ MENAT points out that achieving this designation requires “voluminous and comprehensive data” with respect to various aspects of a project. MENAT also asserts that the CAISO included all projects with a “data adequate” designation except for one (MENAT’s Avenal Energy Project).

63. MENAT argues that adding the “data adequate” designation by the CEC as a criterion for entering the serial study group would create no undue burden for the CAISO, since it appears that only the Avenal Energy Project would be added to the serial study group as a result of this addition. MENAT further argues that the inclusion of this designation would eliminate the prejudicial harm that is now imposed on Avenal by being placed in the transition cluster despite being at a late stage of development.

64. CAC/EPUC points out that much of the accumulated queue backlog appears to be caused by a large number of proposed renewable projects. CAC/EPUC reasons that more conventional generation located within the existing transmission network would impose less incremental work on the CAISO. Therefore, CAC/EPUC proposes that combined heat and power projects of less than 100 MW be dealt with as they come in rather than being clustered in groups with projects that have radically different needs.

65. Wellhead is concerned that, through overly general clustering, the CAISO will prevent some megawatts of new generation that could come online in the next few years from coming on line until the summer of 2011. Wellhead states that many of these units are peaking units that are especially necessary given the rapid load growth in California.

³⁹ IID at 9.

⁴⁰ MENAT at 6.

Wellhead therefore proposes that, in addition to the criteria currently proposed, the CAISO should also consider additional factors before deciding on which projects to stop work.

66. Wellhead argues that the CAISO should not stop work on any fast track projects of less than 50 MW. Wellhead asserts that projects smaller than 50 MW have minimal impacts, can usually be permitted relatively rapidly, and can be constructed within as little as 60 to 90 days.⁴¹ Conversely, Radback claims that the proposed GIPR is discriminatory, as it favors generators with less than 20 MW by requiring a smaller deposit amount. Radback argues that since such parties require the same studies as larger generators, they should pay the same amount.

67. In addition to considering the size of the generator, Wellhead proposes that the CAISO use basic engineering judgment. They state that the CAISO should consider the commercial operations date for certain projects to ensure that short and intermediate term needs are met by queue procedures. Wellhead also argues that the CAISO should consider continuing to work on projects that are proposed modifications to existing projects, since it is less likely that these will face development problems compared with greenfield projects. Finally, Wellhead states that the CAISO should prioritize projects that are likely to obtain the necessary approvals to be developed for the summer of 2009 and 2010.

68. NRG argues that its project is critical to the San Francisco load pocket and that, the use of the CAISO's proposed clustering criteria would unacceptably delay a critical project. NRG therefore suggests an additional criterion that would move any project in the Transmission Cluster that satisfies the accelerated process criteria in the proposed GIPR into the serial study group. NRG argues that this acceleration is fair because certain projects will have a low collateral impact on other projects because of their location, making them easier to study, and necessary because certain projects have commercial operations dates that are incompatible with the timelines set out by the queue process because of urgent reliability concerns.

69. Radback contends that the queue congestion problem is concentrated in one geographic area, namely the desert area north and east of the Los Angeles Basin. Radback requests that the CAISO propose a solution directly targeted at the problem area.

⁴¹ Wellhead at 5.

CAISO and MENAT Answers

70. In response to enXco, the CAISO states that enXco's proposal is simply an alternative proposal that would also have winners and losers. The CAISO states that its proposal bears a closer relationship to the degree of advancement in the interconnection process and is therefore consistent with the guidance given by the Commission in the March 20 Order.
71. In response to IID, the CAISO states that no IR has been placed in the serial study group solely as a result of a proposed interconnection with the Sunrise line. The CAISO points out that the only project placed into the serial study group solely as a result of the third criterion was attached to Tehachapi.
72. In response to MENAT's request for the inclusion of a "data adequate" provision, the CAISO states that it considered taking into account a project's status in the CEC process but concluded that it could not do so without being discriminatory. The CAISO points out that not all projects fall under CEC jurisdiction; the CEC's jurisdiction does not extend to some renewable technologies and projects under 50 MW. The CAISO states that it would be impractical to determine the universe of other projects with a status similar to CEC's "data adequate" designation.
73. The CAISO contends that Wellhead's premise that small projects can be more readily interconnected more quickly than larger ones is flawed. The CAISO argues that it has no way of determining how quickly projects can be interconnected based on their relative size. The CAISO states that the impact of each project is unique and based on a number of factors, and that small projects can equally be subject to permitting delays. The CAISO also states that Wellhead did not specify what, if any, reliability threats existed from suspending studies on small and "fast track" projects.
74. The CAISO argues that NRG's request would inject significant complexity into the process that could jeopardize the prompt processing of the serial study group. The CAISO argues that including the accelerated process criteria would require the consideration of special reliability needs and, therefore, significant analysis that would defeat the purpose of setting up the serial study group, namely, isolating a group of IRs ripe for immediate study. The CAISO offers that if NRG's project will qualify for the accelerated process, it will be able to use that process to move quickly through the transition cluster.
75. In response to Radback's argument that the queue congestion problem is limited to one geographic area, the CAISO states that it cannot resolve the queue backlog without addressing the whole queue. The CAISO also contends that determining which IRs are responsible for the backlog is not an analysis that can be done quickly, if at all.

76. MENAT's answer reiterates its position that the criteria for inclusion in the serial study group should be expanded to include all projects with "data adequate" applications pending before the CEC. MENAT asserts that the CAISO considers its Avenal project to be a late stage project because the CAISO considered including CEC status as a criterion in developing its proposal for the creation of the serial study group. MENAT contends that, contrary to the characterization of MENAT's view in the CAISO answer, a project's CEC status is an objective, verifiable standard and the fact that other projects in the queue do not require CEC approval does not necessarily mean that it would be discriminatory to include such a criterion. Finally, MENAT notes that no other projects in the CAISO interconnection queue have complained that they would be discriminated against by inclusion of MENAT's proposed criterion in the creation of the serial study group.

Commission Determination

77. As discussed above, we find the CAISO's proposed criteria to be a reasonable approach to distinguishing between projects in the early stage of development and projects in the late stage of development. While there may be other reasonable approaches to dealing with this problem, the CAISO's prioritization for processing IRs will allow the CAISO to expedite the completion of many IRs in the queue, and enable the CAISO to focus on the permanent resolution of issues relating to processing large numbers of IRs. In general, we find that while protestors have provided alternatives to the CAISO's criteria that would potentially change how existing IRs are grouped or studied, each have their own limitations or imperfections. However, we find the overall benefit to the process of adopting any of these proposals to be speculative or nonexistent, and will decline to adopt them. Proposals that simply add or delete certain projects to the serial study group, or allow them to bypass clustering altogether, either fail to make meaningful improvements to the CAISO proposal, or may make processing the interconnection queue more burdensome. In either case, the result will further delay the full implementation of GIPR. We find the CAISO has chosen criteria that reasonably target those projects that are in the later-stages of advancement in the current process, and that would be most disrupted by transitioning to the proposed GIPR. We also find that the CAISO's proposal reasonably balances the need to focus on those projects that are in the later stages of advancement in the current process with the need to keep the number of projects being studied to a manageable number that will not result in further delay.

78. Contrary to IID's argument, the late-stage nature of the Sunrise-related IRs is directly relevant to our review of the CAISO's proposal. We find that the CAISO's proposed criteria for inclusion into the serial study group appropriately acknowledges the special circumstances created by IRs that are in the later stages of the current process. As the Commission noted in its March 20 Order, reforms are likely to have significantly more disruptive effects on existing IRs that are in later stages of the process than on

future and early stage existing IRs.⁴² We wish to avoid, where possible, significant disruption to the activities of later stage customers who may have taken action in reliance upon the existing process. We find that the CAISO's proposal will help in the processing of the interconnection backlog, will assist in the more rapid transition to reforms in the interconnection process, and will be beneficial to interconnection customers as a whole.

79. We find that enXco's proposal does not ensure that those processed first are ready for interconnection or that those processed later can be easily transitioned into new reforms. Sorting IRs solely by date of submittal, as enXco's proposal does, is more likely to result in some early stage IRs being placed into the serial study group. Such action might lengthen the processing of the serial study group, and, therefore, all of the interconnection clusters. We note that enXco's proposed "readiness test" of a \$250,000 deposit does little to distinguish early stage from late stage IRs, relies on the unsupported assumption that developers willing to pay the deposit fee are more "ready" to interconnect, and does not assuage the concerns we have with enXco's proposal.

80. With regard to MENAT's proposal, we agree with the CAISO that such a criterion is impractical. As the CAISO points out, because not all generators are subject to the data-adequacy review by the CEC, such a criterion cannot be applied uniformly.

81. With regard to CAC/EPUC and Wellhead's proposals to create exceptions for smaller generators and certain categories of generation, we find that such proposals should be rejected. Whether generators of a certain size or fuel type are more likely to be ready for interconnection is not relevant here, since the CAISO has developed meaningful, concrete indicators of actual readiness with its proposed criteria. With regard to Radback's concern that the proposed GIPR will unfairly benefit smaller generators, we note again that in this order we are deciding only whether to grant the CAISO's Petition for Waiver. The GIPR is not before us and issues related to the fairness of the GIPR are beyond the scope of this proceeding.

82. The Commission agrees with the CAISO that NRG's proposal is overly complex. To the extent that a great deal of analysis is required to simply identify those who would qualify for the serial study group, the processing of all cluster groups would be unreasonably delayed. NRG's proposal and other proposals that would require in-depth investigation would, therefore, undermine the expeditious processing of the backlog in the interconnection queue, even if they were to more accurately target those who are the most ready.

⁴² March 20 Order at P 19.

83. We reject Radback's argument regarding the geographic nature of the queue congestion problem. It is not clear from the record that a local solution exists or would be desirable given the overall efficiency problems in the current interconnection process.

The Commission orders:

For good cause shown, the CAISO's Petition for Waiver is granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.