

125 FERC ¶ 61,009
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.

Southern California Edison Company

Docket No. ER08-1355-000

Order on Petition for Waiver

(Issued October 3, 2008)

1. On August 4, 2008, Southern California Edison Company (SoCal Edison) filed a Petition for Waiver of Tariff Provisions under its Wholesale Distribution Access Tariff (WDAT). SoCal Edison requests waiver as part of a two-step process to conform its WDAT Large Generator Interconnection Procedures (LGIP) to the California Independent System Operator's (CAISO) reformed LGIP to ensure continued compatibility between the interconnection studies performed under the CAISO LGIP and the WDAT LGIP. In this order, the Commission finds good cause and approves the request for waiver by SoCal Edison.

Background

2. On March 20, 2008 the Commission issued an order in Docket No. AD08-2-000 following up on the December 11, 2007 technical conference on interconnection queuing practices.¹ In the order, the Commission expressed concern about delays in processing interconnection queues, particularly among Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs).² The Commission therefore encouraged ISOs and RTOs experiencing delays in their interconnection process to work with stakeholders to develop solutions to the delays.³

¹ *Interconnection Queuing Practices*, 122 FERC ¶ 61,252 (2008) (March 20 Order).

² *Id.* P 4.

³ *Id.* P 8.

3. In response to the March 20 Order, the CAISO filed a petition for waiver of certain tariff provisions on May 15, 2008, and a proposal to reform its large generator interconnection procedures on July 28, 2008. These filings formed a two-step process for the CAISO to clear its interconnection queue backlog and streamline its interconnection process. We approved the CAISO's petition for waiver on July 14, 2008,⁴ and its interconnection reform proposal on September 26, 2008.⁵

4. In the instant filing, SoCal Edison seeks a waiver of its tariff provisions as the first step of a similar two step process to reform its WDAT LGIP. SoCal Edison states that such reform is necessary to coordinate with the CAISO's recent changes to its interconnection process.⁶ SoCal Edison states that its experience with generation requests for interconnection under its WDAT LGIP is that, although interconnected to the distribution system, such requests can and do impact the CAISO transmission system. Therefore, interconnection studies require an evaluation of both the SoCal Edison distribution system and the CAISO Transmission System. SoCal Edison states that this will occur if the WDAT interconnection study processes are conformed to the new interconnection study processes in the CAISO's Generator Interconnection Process Reform (GIPR) LGIP.

5. SoCal Edison states that it is infeasible for it to continue with its current WDAT interconnection procedures because the WDAT process closely coordinates with the CAISO interconnection process to assign cost responsibility for network upgrades. SoCal Edison further states that the interconnection processes under its current WDAT LGIP and the CAISO's prior LGIP procedures both provided for a serial study approach to assess the implications of each interconnection request on the respective systems. However, pursuant to the Commission's queue reform initiative, the CAISO has modified its LGIP such that the implications of generator interconnections will be managed primarily through a clustering approach.

6. SoCal Edison states that it would therefore be neither efficient nor feasible to attempt to determine required system upgrades and cost responsibility for those upgrades for the WDAT LGIP on a serial basis if the CAISO's interconnection studies are grouped and performed on a cluster basis at prescribed intervals. Moreover, SoCal Edison argues that it must closely tailor its WDAT LGIP to the CAISO's interconnection procedures or

⁴ *California Independent System Operator Corp.*, 124 FERC ¶ 61,031 (2008) (July 14 Order).

⁵ *California Independent System Operator Corp.*, 124 FERC ¶ 61,292 (2008) (September 26 Order)

⁶ SoCal Edison Transmittal Letter at 3-4.

else risk incenting developers to rush to submit interconnection requests to SoCal Edison's WDAT LGIP to avoid the increased financial commitments imposed by the CAISO's LGIP.⁷

SoCal Edison's Request for Waiver

7. SoCal Edison seeks waiver of current WDAT tariff provisions and executed interconnection study agreements to obtain permission to:

(1) temporarily suspend interconnection study obligations and timelines with respect to certain interconnection requests, pending the adoption of the reformed WDAT LGIP; and

(2) extend beyond the currently allowed 180-day period the duration of the queue cluster window in SoCal Edison's current WDAT LGIP for certain interconnection requests.

8. SoCal Edison states that its request for waiver will assist in the transition to the reformed WDAT LGIP. SoCal Edison further states that the reformed LGIP will benefit all interconnection requests through more efficient and timely processing of those requests. SoCal Edison adds that its reformed LGIP will benefit interconnection customers who are "serious about advancing their projects," as the increased study deposits in the reformed WDAT LGIP will reduce the number of projects in the queue which are not economically viable. SoCal Edison states that this increase in efficiency will help load serving entities meet renewable goals set by California's renewable portfolio standard requirements.

9. Specifically, SoCal Edison is proposing to develop three study groups for interconnection requests: (1) a grandfathered serial study group where interconnection requests would be studied serially; (2) a transition cluster group; and (3) a group of interconnection requests received on and after August 11, 2008,⁸ which would be the first processed under the full set of reformed interconnection procedures and called the Initial WDAT cluster study group.

10. The grandfathered serial study group will continue to be processed under the current WDAT LGIP procedures. The group will include interconnection requests currently in SoCal Edison's WDAT interconnection queue that satisfy specific criteria that evidence their advanced status in the current WDAT LGIP process. To qualify for

⁷ See September 26 Order, 124 FERC ¶ 61,292 at P 38.

⁸ SoCal Edison states that it established this date in a Market Notice dated July 11, 2008.

inclusion in the grandfathered serial study group, an interconnection request must either have an executed interconnection system impact study agreement that specifies an original results date prior to July 1, 2008 or a power purchase agreement with a load serving entity that has been approved or is pending approval by the appropriate regulatory authority as of July 1, 2008. SoCal Edison states that these criteria are appropriate as they provide a reasonable line of demarcation between interconnection requests in the more advanced stages of the interconnection process and those in the less advanced stages of the interconnection process. SoCal Edison states that this demarcation is consistent with statements in the March 20 Order regarding a possible “first ready, first served” approach.

11. SoCal Edison states that as of July 31, 2008, there are 9 interconnection requests comprising approximately 990 MW that would be included in this grandfathered serial study group. SoCal Edison adds that all of these interconnection requests are in the interconnection facilities study phase, or negotiating interconnection agreements. SoCal Edison further states that processing this number of interconnection requests under the current WDAT LGIP would represent a small number relative to the expedited study timelines of the CAISO’s serial study group of 85 interconnection requests representing 22,902 MW. SoCal Edison states that it expects to complete studies in this group simultaneously with the CAISO’s grandfathered serial study group.

12. SoCal Edison proposes to place into the transition study group those interconnection requests that entered its interconnection queue prior to August 11, 2008, but do not otherwise qualify for inclusion in the grandfathered serial study group. As of July 31, 2008, SoCal Edison reports that there are 28 interconnection requests in the WDAT transition study group, comprising approximately 2400 MW. Interconnection requests in the transition study group will be studied according to interconnection procedures to be outlined in a later filing which will reform WDAT interconnection procedures. SoCal Edison states that it intends to complete studies on the transition study group within the same time period as the transition group in the CAISO’s reformed interconnection procedures.

13. SoCal Edison states that all interconnection requests received on or after August 11, 2008 until a to-be-specified date will be placed in the initial WDAT study cluster, and be processed pursuant to a clustering approach to be detailed in SoCal Edison’s proposal for reformed WDAT interconnection procedures. SoCal Edison intends that the cluster window for the initial WDAT study cluster will close on the same date as the CAISO initial GIPR cluster⁹ to provide coordination between the interconnection studies.

⁹ The CAISO’s Initial GIPR Cluster is the group of interconnection requests that are to be the first fully processed under the CAISO’s reformed interconnection procedures.

Procedural Matters

14. Notice of SoCal Edison's filing was published in the *Federal Register*, 73 Fed. Reg. 30,913 (2008), with interventions, protests and comments due on August 25, 2008. The CAISO filed a motion to intervene and comments.

15. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the CAISO's timely, unopposed motion to intervene serves to make it a party to this proceeding.

CAISO's Comments

16. The CAISO states that it fully supports SoCal Edison's petition for waiver as necessary for consistency with the CAISO's interconnection reform process. The CAISO states that the petition appropriately assists in coordinating the SoCal Edison's WDAT LGIP with the CAISO's reformed interconnection procedures. The CAISO states that in order to most efficiently process studies, both the SoCal Edison WDAT process and the CAISO's proposed reformed interconnection procedures should be on the same timeline and have the same financial commitments.

Commission Determination

17. The Commission historically has granted certain waiver requests where an emergency situation or an unintentional error was involved.¹⁰ 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.¹¹

¹⁰ 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); *TransColorado Gas Transmission Co.*, 102 FERC ¶ 61,330, at P 5 (2003) (granting waiver for good cause shown to address calculation in variance adjustment).

¹¹ See July 14 Order, 124 FERC ¶ 61,031 (2008) in which the Commission granted the CAISO a waiver to its existing LGIP in order to facilitate the implementation of interconnection queue management reforms. See also *California System Operator Corp.*, 118 FERC ¶ 61,226 (2007) in which the Commission granted a one-time waiver of the CAISO Open Access Transmission Tariff 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, finding that good cause existed based on the CAISO's

(continued...)

18. The July 14 Order approved a request for waiver by the CAISO as the initial step of a two-part process in reforming its interconnection procedures. Here, SoCal Edison has proposed a similar request for waiver that, we find, will similarly benefit interconnection customers by moving to streamlined interconnection procedures that can work in close coordination with those of the CAISO. Accordingly, we grant SoCal Edison's petition for waiver for good cause shown.

19. In addition, we provide guidance to SoCal Edison on several issues related to its planned tariff amendments. First, we note the standard of review that the Commission will apply to the planned second part of SoCal Edison's queue reform process: the WDAT LGIP proposal itself. When an RTO or an ISO is the filing entity, the Commission reviews any proposed variations to ensure that they do not provide an unwarranted opportunity for undue discrimination or produce an interconnection process that is unjust and unreasonable. Because RTOs and ISOs do not own generation and thus do not have an incentive to unduly discriminate, variations sought by an RTO or an ISO are reviewed under the "independent entity variation standard." This standard allows independent transmission providers flexibility in designing their interconnection procedures to accommodate regional needs. In the March 20 Order the Commission found that if an RTO or an ISO concludes that the options already identified in Order No. 2003 are inadequate to address its queue problems, it may consider proposing variations from Order No. 2003.¹²

20. We note, however, that SoCal Edison is not an independent entity and is not entitled to an "independent entity variation" standard of review in connection with proposed amendments to its WDAT LGIP. To the contrary, SoCal Edison must justify, with explanation, any proposed variations under the "consistent with or superior to" standard or the "regional reliability variations" standard set forth in Order No. 2003.¹³
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representations that the effect of granting the waiver would be to obviate the need for redundant incremental studies and to allow for greater efficiency in the design of necessary system upgrades.

¹² See the March 20 Order at P 13.

¹³ *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).

addition, consistent with Order No. 2003, we require that any proposed regional reliability variation cite a specific regional reliability requirement, and explain why the variation is necessary to comply with the reliability requirement.

21. We further note that, while we find good cause to grant SoCal Edison's Petition for Waiver in this order, its proposed tariff revisions will not be approved based solely on the assertion that they are made to coordinate with the interconnection procedures of the CAISO. We have previously rejected that assertion as insufficient to justify variations from the *pro forma* LGIP and LGIA in connection with SoCal Edison's initial compliance filing under Order No. 2003.¹⁴ Accordingly, SoCal Edison must provide specific justification for the proposed changes to its WDAT LGIP and LGIA including explanations as to why the variations from the *pro forma* LGIP and LGIA, or from its currently approved WDAT LGIP and LGIA, are consistent with or superior to those provisions.

22. Finally, we note that SoCal Edison has failed to provide details regarding the timing of its proposed filing of tariff revisions to implement interconnection queue reform. In the July 14 Order, we approved the CAISO's request that the waiver should continue in effect until a date to be established in a subsequent Commission order in connection with consideration of its proposed tariff revisions. We also ordered that the waiver would expire by a date certain in the event the CAISO failed to file its proposed tariff revisions by that date.¹⁵ We find that SoCal Edison must be subject to a similar condition. Accordingly, we will order that SoCal Edison file its proposed tariff revisions to implement reforms to its WDAT LGIP within 60 days of the date of issuance of this order. If SoCal Edison files its tariff revisions by that date, then these waivers will expire at a time to be specified in the Commission's order on the tariff revision filing. If SoCal Edison fails to file its proposed tariff revisions within 60 days of the issuance of this order, the waivers granted herein will expire, and SoCal Edison would be required to resume processing interconnection requests under its existing WDAT LGIP.

¹⁴ See *Southern California Edison Co.*, 110 FERC ¶ 61,176, at P 41 (2005).

¹⁵ See July 14 Order, 124 FERC ¶ 61,031 at P 21.

The Commission orders:

For good cause shown, the SoCal Edison Petition for Waiver is granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.