134 FERC ¶ 61,089
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Southern California Edison Company	Docket Nos. ER11-2322-000
California Independent System Operator Corporation	ER11-2386-000

ORDER ACCEPTING NON-CONFORMING LARGE GENERATOR INTERCONNECTION AGREEMENT AND DENYING MOTIONS TO CONSOLIDATE

(Issued February 7, 2011)

1. On December 9, 2010, Southern California Edison Company (SoCal Edison) filed under its transmission tariff, a non-conforming large generator interconnection agreement (LGIA) among itself, Coram California Development, L.P (Coram Wind) as interconnection customer, and the California Independent System Operator Corporation (CAISO) (Coram Wind LGIA). On December 16, 2010, CAISO filed the identical LGIA as a non-conforming service agreement under its tariff in Docket No. ER11-2386-000. In this order, we accept the LGIA under both SoCal Edison and CAISO's tariffs, effective December 10, 2010. We also deny motions to consolidate this proceeding with certain other proceedings, as discussed herein.

I. Background

2. Coram Wind, through its affiliate Coram Energy, LLC, proposes to interconnect a 102 MW wind generating facility, to be located in Kern County, California (Coram Brodie Wind Project), to SoCal Edison's transmission system at the Windhub substation via a customer-owned 66 kV generation tie-line, and to transmit energy and/or ancillary services to the CAISO-controlled grid.

3. SoCal Edison states that the Coram Wind LGIA is based on CAISO's *pro forma* LGIA. It specifies the terms and conditions pursuant to which SoCal Edison and CAISO will provide, and Coram Wind will pay for, interconnection service. SoCal Edison will design, procure, construct, install, own, operate, and maintain the interconnection facilities, reliability and delivery network upgrades, and East Kern Wind Resource Area

facilities (East Kern Resource Facilities) required to interconnect the Coram Brodie Wind Project to SoCal Edison's transmission system.

4. SoCal Edison states that Appendix A of the Coram Wind LGIA in sections 1(b), 2, and 4 identifies the interconnection facilities, network upgrades, and East Kern Resource Facilities of the LGIA, respectively. SoCal Edison states that it has committed to up-front finance the reliability and delivery network upgrades. SoCal Edison states that the network upgrades described in section 2 of Appendix A to the LGIA are part of SoCal Edison's Tehachapi Renewable Transmission Project and that the Commission has previously granted it 100 percent abandoned plant cost recovery approval (abandoned plant approval) for the Tehachapi Renewable Transmission Project.[1]

5. SoCal Edison states that the Coram Brodie Wind Project requires the installation of a 66 kV bus and 280 MVA 230/66 kV transformer bank at Windhub substation, which is also planned as part of SoCal Edison's existing East Kern Wind Resource Area (East Kern Project) transmission upgrade project.[2] However, SoCal Edison notes that it has not yet received a Certificate of Public Necessity or Permit to Construct from the Public Utilities Commission of California (CPUC) for the East Kern Project. Thus, SoCal Edison states that due to the uncertainty of its ability to construct the East Kern Project and because the scope of work for the Coram Brodie Wind Project involves installation of the same bus and transformer back at Windhub substation, Coram Wind will initially finance the cost of the East Kern Project. SoCal Edison states that the East Kern Resource Facilities payment is estimated to be $15,300,000, as set forth in Appendix A to the LGIA. SoCal Edison states that such payment may be refunded to Coram Wind upon meeting the conditions precedent set forth in Appendix A to the LGIA.[3]

6. Additionally, SoCal Edison states that, in accordance with Appendix A to the LGIA, Coram Wind will be responsible for an interconnection facilities payment of

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[1] *Southern Cal. Edison Co.*, 121 FERC ¶ 61,168, at P 71 (2007) (Tehachapi Incentives Order).

[2] SoCal Edison's proposed expansion plan project to address existing reliability issues on SoCal Edison's 66 kV system, which was approved by the CAISO board in March 2010.

[3] The Commission accepted SoCal Edison's letter agreement with Coram Wind related to the engineering, design and construction of the East Kern Resource Facilities by letter order issued September 27, 2010 in Docket No. ER10-2114-000. SoCal Edison states that the conditions precedent for refund are the same as those that the Commission previously accepted in that docket.

$4,313,000.[4] Following the completion date of the interconnection facilities and the completion date of East Kern Resource Facilities, Coram Wind will also pay SoCal Edison a monthly interconnection facilities charge and a monthly East Kern Resource Facilities charge to recover the ongoing revenue requirement for SoCal Edison's interconnection facilities and East Kern Resource Facilities. The interconnection facilities monthly charge is calculated as the product of the customer-financed monthly rate and the interconnection facilities cost. The customer-financed monthly rate is 0.38 percent.[5] The monthly interconnection facilities charge will be $16,347 (0.38 percent x $4,302,000). The East Kern Resource Facilities monthly charge is calculated as the product of the customer-financed monthly rate and the East Kern Resource Facilities cost. The monthly East Kern Resource Facilities charge will be $58,140.00 per month (0.38 percent x $15,300,000).

7. Given the specific requirements of the Coram Brodie Wind Project, as discussed above, the Coram Wind LGIA includes terms and conditions that differ from the CAISO *pro forma* LGIA, including: (1) additional language in article 2.4 of the LGIA that specifies that Coram Wind will not face termination charges related to any network upgrades for which abandoned plant approval has been received; (2) definition of abandoned plant approval in section 8 of Appendix A to the LGIA; and (3) the parties' agreement regarding financial responsibility for the East Kern Resource Facilities. SoCal Edison states that the portions of the Coram Wind LGIA that differ from CAISO's *pro forma* LGIA are necessary due to the unique circumstances surrounding the interconnection of Coram Brodie Wind Project.

8. Separately, CAISO filed the same LGIA as SoCal Edison to have it accepted as a non-conforming service agreement under the CAISO tariff and to enter it into CAISO's eTariff system consistent with SoCal Edison's filing. CAISO requests that the Commission consolidate the review of its filing with the review of SoCal Edison's filing

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[4] SoCal Edison states that the interconnection facilities payment compensates SoCal Edison for the capitalized costs incurred by SoCal Edison associated with the engineering, design, procurement, construction and installation of the participating transmission owner's interconnection facilities, including any non-capitalized costs associated with such facilities.

[5] SoCal Edison states that this rate is the rate most recently adopted by the CPUC for application to SoCal Edison's retail electric customers for customer-financed added facilities. According to SoCal Edison, use of the CPUC rate is consistent with the SoCal Edison rate methodology accepted for filing by the Commission in prior large generator interconnection agreement dockets. SoCal Edison states that it provided cost justification for this rate in Docket No. ER10-1435-000.

of the same LGIA, designated by SoCal Edison as Service Agreement No. 95 under its Transmission Owner Tariff in Docket No. ER11-2322-000. CAISO requests that the LGIA be accepted as Non-Conforming ISO Service Agreement No. 1802 under its Open Access Transmission Tariff, effective December 10, 2010. CAISO states that the non-conforming provisions in the Coram Wind LGIA that differ from its *pro forma* LGIA are consistent with other non-conforming LGIAs filed by SoCal Edison and approved by the Commission involving abandoned plant recovery issues, in particular the Solar Partners I LGIA in Docket No. ER10-732-000.[6]

9. SoCal Edison and CAISO request waiver of the 60-day prior notice requirement[7] so that the Coram Wind LGIA can become effective December 10, 2010. SoCal Edison states that the waiver would be consistent with the Commission's policy set forth in *Central Hudson Gas & Electric Corporation*.[8] SoCal Edison claims that good cause exists because granting such waiver will enable SoCal Edison to commence engineering, design, and procurement of the facilities necessary to connect the project to the CAISO-controlled grid by Coram Wind's requested in-service date of December 2011.

II. Notices of Filings and Responsive Pleadings

10. Notice of SoCal Edison's filing in Docket No. ER11-2322-000 was published in the *Federal Register*, 75 Fed. Reg. 79,365 (2010), with interventions due on or before December 30, 2010. Timely motions to intervene were filed by the following: (1) the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (Six Cities); (2) Sacramento Municipal Utility District (SMUD); (3) California Municipal Utility Association (CMUA); (4) Modesto Irrigation District (Modesto); (5) Northern California Power Agency; and (6) the Transmission Agency of Northern California (TANC). Coram Wind filed a timely motion to intervene and comments in support of SoCal Edison's request for waiver of the 60-day prior notice requirement. A timely motion to intervene, request for hearing, and protest was filed by the Cities of Redding and Santa Clara, California and the M-S-R Public Power Agency (collectively, the M-S-R Parties). SoCal Edison filed an answer on January 18, 2011.

11. Notice of CAISO's filing in Docket No. ER11-2386-000 was published in the *Federal Register*, 75 Fed. Reg. 81,597 (2010), with interventions due on or before January 6, 2011. Modesto, SMUD, and the M-S-R Parties filed timely motions to intervene.

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[6] *Southern Cal. Edison Co.*, 132 FERC ¶ 61,150 (2010) (Solar Partners I Order).

[7] 16 U.S.C. § 824d(d) (2006); 18 C.F.R. § 35.3 (2010).

[8] 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992).

12. In addition, CMUA and SMUD filed motions to consolidate in this and certain other proceedings on December 21, 2010 (collectively, Motions to Consolidate).[9] On December 23, 2010, Transmission Agency of Northern California (TANC) filed an answer in support of the Motions to Consolidate.

13. SoCal Edison, Coram Wind, and CAISO filed answers in opposition to the Motions to Consolidate on January 5, 2011.

A. Motions to Consolidate

14. The Motions to Consolidate explain that the Commission is presently considering a number of large generator interconnection agreements between SoCal Edison and generators, including the Coram Wind LGIA, that involve network upgrades to the SoCal Edison transmission system. The Motions to Consolidate state that each of the interconnection agreements relates to facilities proposed for rate incentive treatment by SoCal Edison in Docket No. EL11-10-000, and that the relief requested by SoCal Edison in that proceeding is mirrored in these non-conforming interconnection agreements. Therefore, the Motions to Consolidate argue, there is a direct and necessary link between the terms of the interconnection agreements and the relief requested by SoCal Edison in Docket No. EL11-10-000. Accordingly, they request that the Commission consolidate these proceedings to facilitate a complete evaluation of all relevant facts, and request that the Commission establish the comment date of January 10, 2011 as the date for all relevant dockets. The Motions to Consolidate argue that this will further administrative efficiency and would allow parties to fully assess the recent Commission order regarding CAISO's revised transmission planning process.

B. M-S-R Parties' Protest

15. The M-S-R Parties argue that the Coram Wind LGIA raises significant concerns regarding the imposition of unreasonable costs on transmission customers and cost causation issues regarding SoCal Edison's decision to fund what it deems to be network upgrade costs with an entity whose renewable generation is already committed to a single entity.

16. The M-S-R Parties object to the Coram Wind LGIA and question whether the costs being assumed are truly network facilities and whether the costs should be allocated

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[9] Specifically, the dockets which CMUA and SMUD seek to consolidate are: (1) Docket No. ER11-2204-000; (2) Docket No. ER11-2177-000; (3) Docket No. ER11-2316-000; (4) Docket No. ER11-2322-000; (5) Docket No. ER11-2411-000; (6) Docket No. EL11-10-000; (7) Docket No. ER11-2318-000; (8) Docket No. ER11-2368-000; and (9) Docket No. ER11-2369-000.

to transmission customers. The M-S-R Parties contend that providing access to the grid for Coram Wind's planned 102 MW of renewable generation will be of no perceivable benefit to transmission customers. Rather, the M-S-R Parties suggest that the interconnection will benefit only Coram Wind, which will benefit from access to the CAISO grid, and Pacific Gas & Electric Company (PG&E), the load-serving entity that will benefit from ease of compliance with the California Renewables Portfolio Standard program.[10] The M-S-R Parties complain that SoCal Edison's conclusion that the facilities should be treated as network upgrades has not been subjected to open review. The M-S-R Parties urge the Commission to ensure that generation interconnection costs are not unjustly characterized as network upgrades.[11]

17. Further, the M-S-R Parties argue that absent SoCal Edison's characterization of the interconnection costs as network upgrades that will be paid by transmission customers, the interconnection would be financed by the generators, who would then pass those costs on to the purchaser of the generation. Thus, the M-S-R Parties allege that the Coram Wind LGIA attempts to treat "what appears to be little more than a generation interconnection" like a network upgrade, thereby inappropriately shifting a portion of the interconnection costs from generators to SoCal Edison's transmission customers.[12] The M-S-R Parties recognize that SoCal Edison's offer to pay the up-front costs of the interconnection facilities removes an obstacle for the renewable generators, but argue that SoCal Edison's "generosity should not extend to the pocketbooks of its wholesale transmission customers."[13] The M-S-R Parties contend that, if SoCal Edison wants to fund these costs, it should do so at the risk of its retail service function and not by shifting cost responsibility to its transmission customers, which they believe is an unjust and unreasonable cost allocation. The M-S-R Parties assert that the costs associated with the LGIA should be recorded into a generation interconnection account, which can then be recovered from the entities purchasing the output.[14]

18. In addition, the M-S-R Parties claim there is no indication that the costs of the project have been subject to any scrutiny or that lower cost alternatives were considered. The M-S-R Parties express concern that without a transparent review process, the

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[10] M-S-R Parties December 30, 2010 Protest, Docket No. ER10-2322-000 at 7-9 (M-S-R Parties Protest).

[11] *Id.* at 10.

[12] *Id.*

[13] *Id.* at 9.

[14] *Id.* at 11.

proposed project could far exceed the minimum facilities necessary to accommodate the interconnection. Thus, the M-S-R Parties urge the Commission to ensure that projects are thoroughly examined to ensure that lower cost alternatives are vetted.[15]

19. Finally, the M-S-R Parties note their objection to the characterization of the expansion of the Windhub substation, which is necessary to accommodate the Coram Brodie Wind Project, as part of the Tehachapi project that is eligible for incentives under the Commission's order granting incentives in Docket No. EL07-62-000.[16] However, the M-S-R Parties note that this issue is currently before the Commission in Docket No. EL11-10-000, and the M-S-R Parties will address the issue in that proceeding.[17]

III. Discussion

A. Procedural Matters

20. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2010), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

21. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2010), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We are not persuaded to accept SoCal Edison's answer and will, therefore, reject it.

B. Commission Determination

1. Coram Wind LGIA

22. As discussed below, we grant waiver of the 60-day notice requirement for good cause shown and accept the Coram Wind LGIA, effective as of December 10, 2010, as requested.[18] We agree with SoCal Edison that good cause exists because granting the

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[15] *Id.* at 10-11.

[16] Tehachapi Incentives Order, 121 FERC ¶ 61,168.

[17] M-S-R Parties Protest at 8-9.

[18] *See Central Hudson Gas & Electric Corp.*, 60 FERC at 61,338-39, *order on reh'g*, 61 FERC ¶ 61,089; *see also Prior Notice and Filing Requirements under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, at 61,984, *order on reh'g*, 65 FERC ¶ 61,081 (1993).

waiver will enable it to commence engineering, design, and procurement of the facilities necessary to connect the project to the CAISO-controlled grid by Coram Wind's requested in-service date of December 30, 2011.

23. We reject the M-S-R Parties' assertions that the upgrades, as specified in section 2 of Appendix A to the LGIA, are inappropriately classified as network upgrades. Our review of the Coram Wind LGIA indicates that the facilities in question are network upgrades.[19] We find that the M-S-R Parties have failed to provide any evidence that the facilities should not be classified as network upgrades. Thus, we find the M-S-R Parties' concerns about the inappropriate shifting of costs to be without merit.

24. In addition, we find that abandoned plant approval for the upgrades specified in the Coram Wind LGIA was addressed in the Tehachapi Incentives Order. Our review indicates that the network upgrades specified in section 2 of Appendix A of the Coram Wind LGIA are consistent with the upgrades contemplated as part of the Tehachapi Renewable Transmission Project.[20] In the Tehachapi Incentives Order, the Commission granted SoCal Edison's request for recovery of 100 percent of prudently-incurred costs associated with abandonment of the Tehachapi Renewable Transmission Project, provided that the abandonment is a result of factors beyond the control of SoCal Edison, which must be demonstrated in a subsequent section 205 filing for recovery of abandoned plant.[21] Thus, we find that the abandoned plant approval provisions of the Coram Wind LGIA are consistent with the Tehachapi Incentives Order and are otherwise just and reasonable.

25. We reject the M-S-R Parties' contention that the network upgrades necessary to interconnect the Coram Brodie Wind Project are not eligible for abandoned plant approval under the Tehachapi Incentives Order and find that the M-S-R Parties' reference to Docket No. EL11-10-000 is misplaced. The issue of whether the network upgrades necessary to interconnect the Coram Brodie Wind Project are part of the Tehachapi

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[19] We note that the Commission has previously determined that the Windhub substation, which was planned as part of segment 3 of the Tehachapi Renewable Transmission Project, is designed as a network facility. Tehachapi Incentives Order, 121 FERC ¶ 61,168 at P 74.

[20] SoCal Edison Petition for Declaratory Order for Incentive Rate Treatment, Docket No. EL07-62-000, at Attachment H, p. 20-23 (filed May 18, 2007). In the petition, SoCal Edison specified the upgrades that were planned at the time of its application and also stated that "equipment will be added as wind generation will be added as wind generation develops in the region."

[21] Tehachapi Incentives Order, 121 FERC ¶ 61,168 at P 71.

Renewable Transmission Project is not before the Commission in Docket No. EL11-10-000 and the M-S-R Parties have not provided any evidence in this proceeding that the network upgrades are not covered under the Tehachapi Incentives Order.

26. Finally, we conclude that our acceptance of the Coram Wind LGIA is consistent with similar orders in which we accepted interconnection agreements among SoCal Edison, CAISO, and interconnection customers, pursuant to which SoCal Edison agreed to provide up-front financing of network upgrades for which it had already received full abandoned plant approval.[22]

2. CAISO's Version of the Coram Wind LGIA

27. Consistent with the discussion in the prior section, we accept CAISO's version of the Coram Wind LGIA, which it filed to comply with the Commission's eTariff requirements, but is identical to SoCal Edison's filing in all material respects. We note that CAISO's filing in Docket No. ER11-2386-000 is unprotested.

3. Motions to Consolidate

28. We deny the Motions to Consolidate. Unlike the other proceedings included in the Motions to Consolidate, the outcome of Docket No. EL11-10-000 has no bearing on the Commission's acceptance of the Coram Wind LGIA. Additionally, while we agree that there may be common issues of fact and law in the various proceedings for which movants seek consolidation, we conclude that there is no basis for consolidating this proceeding with the others at issue. Moreover, the various proceedings which are sought to be consolidated were submitted at differing times and are subject to review and decision based upon the Commission's conduct of our business. As a result, we are concerned that consolidation could unreasonably truncate and complicate the Commission's review of the interconnection agreements in other proceedings, as well as SoCal Edison's petition for declaratory order in Docket No. EL11-10-000. In addition, we find that the approach taken here, where we accept the Coram Wind LGIA in light of the abandoned plant approval previously granted, is reasonable. Further, we note that our approach here is consistent with the approach taken in numerous other LGIA proceedings recently, where the Commission has denied requests to consolidate the proceedings.[23] Finally, we note that Commission precedent establishes that the Commission retains

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[22] *See Southern Cal. Edison Co.*, 131 FERC ¶ 61,016 (2010); Solar Partners I Order, 132 FERC ¶ 61,150.

[23] *E.g., Southern Cal. Edison Co.*, 134 FERC ¶ 61,032 (2010).

control over the scope of its proceedings.[24] For these reasons, we deny the Motions to Consolidate.

The Commission orders:

(A) SoCal Edison and CAISO's LGIA is hereby accepted, as discussed in the body of this order.

(B) The motions to consolidate are hereby denied, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

[24] *See, e.g.*, *State of Cal. ex rel. Lockyer v. British Columbia Power Exchange Corp., et al.*, 125 FERC ¶ 61,016, at P 32 (2008).