

135 FERC ¶ 61,094
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.

Pacific Gas and Electric Company

Docket No. ER11-3004-000

ORDER CONDITIONALLY ACCEPTING TARIFF REVISIONS AND DENYING
MOTIONS

(Issued April 29, 2011)

1. On March 2, 2011, Pacific Gas and Electric Company (PG&E) filed proposed revisions to its wholesale distribution tariff (WDT) to combine its small generator interconnection procedures (SGIP)¹ and large generator interconnection procedures (LGIP)² into a new set of generator interconnection procedures (GIP).³ In this order, we conditionally accept the proposed tariff revisions and direct PG&E to submit a compliance filing within 30 days of the issuance of this order.

I. Background

2. PG&E currently provides open access distribution level services, including generator interconnection service pursuant to Order No. 2006⁴ under its WDT. PG&E explains that WDT interconnection requests can and do have network impacts, affecting the California Independent System Operator Corporation (CAISO) controlled grid. PG&E claims that as a result, the study processes for interconnection requests to its

¹ Attachment E to PG&E's WDT.

² Attachment G to the WDT.

³ Attachment I to the WDT.

⁴ *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, FERC Stats. & Regs. ¶ 31,180, *order on reh'g*, Order No. 2006-A, FERC Stats & Regs. ¶ 31,196 (2005), *order granting clarification*, Order No. 2006-B, FERC Stats & Regs. ¶ 31, 221 (2006).

distribution system must be coordinated with requests to interconnect to the CAISO grid in order to achieve the greatest level of efficiency in interconnection to both systems.

3. On October 19, 2010, CAISO filed proposed tariff revisions to its generator interconnection process to combine its LGIP with its SGIP. According to CAISO, the new set of procedures was necessary to address inefficiencies in CAISO's previous process for interconnecting small generators to its transmission system due to an increasing volume of small generator interconnection requests, as well as the conflict between CAISO's study processes for small and large generators. CAISO's proposed tariff addressed these issues by adopting, in most cases, an integrated cluster study process for both small and large generators. In an order issued December 16, 2010, the Commission conditionally accepted CAISO's revised GIP.⁵

4. PG&E currently uses separate procedures to evaluate small and large generator interconnection requests; the SGIP continues to use a serial study process, but the LGIP uses a cluster study process.⁶ PG&E explains that under the serial study process, each project is studied one at a time, such that PG&E cannot begin to study a project until the studies for previous, electrically-related projects are complete. PG&E asserts, therefore, that as additional small generator interconnection requests enter the queue, a study backlog develops. PG&E states that the backlog is exacerbated by project withdrawals because the upgrades assumed to be put in place for a later project may not be installed if an earlier project is withdrawn, thereby triggering the need for revised, and higher, costs for projects studied after the withdrawal. PG&E states that, like CAISO, it has experienced an increase in the number of small generator interconnection requests in the past three years, leading to a current backlog of over 170 such requests.⁷ As a result, PG&E argues that without integration between the interconnection requests to its distribution system and those of the CAISO-controlled grid, the study process becomes unworkable.

II. PG&E Proposal

5. PG&E proposes to offer a combined cluster study process as the default study option for large and small generator interconnection requests. PG&E contends that its proposed clustering approach will provide interconnection customers with greater certainty regarding milestones and cost responsibility.⁸ PG&E states that it will perform

⁵ *Cal. Indep. Sys. Operator Corp.*, 133 FERC ¶ 61,223 (2010) (GIP Order).

⁶ See PG&E WDT, Attachments E and G, respectively.

⁷ PG&E Filing at 4.

⁸ *Id.* at 8-9.

one cluster study per year, but will provide two opportunities, or “cluster windows,” for customers to submit cluster study applications and hold scoping meetings.⁹ PG&E states that its cluster windows will be offered in conjunction with the CAISO interconnection cluster windows so that the PG&E and CAISO interconnection requests can be studied simultaneously. According to PG&E, both the timeline for the cluster study process and the associated study and security deposit requirements closely follow CAISO’s new GIP.¹⁰

6. As an alternative to the cluster study process, PG&E proposes to establish a new independent study process that will allow qualifying generators to be studied at any time during the year, outside of the cluster study process, using a modified and shortened version of the current SGIP serial study process. The independent study process will be available to all generators who pass a two-part electrical independence screen. The first part of the screen will be CAISO’s evaluation of electrical independence for the CAISO grid, pursuant to section 4.2 of Appendix Y to the CAISO tariff. The second part of the screen will be an evaluation by PG&E of the project’s known or suspected electrical relationships to yet-to-be completed interconnection studies of earlier-queued projects. If the project fails either electrical independence screen, PG&E states that the interconnection customer will have to wait until the next cluster study window to resubmit its interconnection request.¹¹

7. PG&E notes that it may need to perform system impact and facilities studies in order to process interconnection requests under the independent study process; however, PG&E proposes to omit the feasibility study described in the current SGIP for the independent study process and will instead provide distribution system information on its website to aid generators in choosing appropriate interconnection points. PG&E asserts that eliminating the feasibility study will yield significant savings in time.¹²

8. PG&E states that under the proposed independent study process, generators will be required to make financial security postings related to any network upgrades or

⁹ The first cluster application window will be open from October 15 to November 15 prior to the cluster study year. The second cluster application window will be open from March 1 to March 31 of the cluster study year. PG&E Proposed Tariff § 4.1.

¹⁰ See CAISO Tariff, Appendix Y, §§ 3.3 and 6 for more detail on CAISO’s cluster study process and § 9 for information about the associated financial security deposit requirements.

¹¹ PG&E Filing at 11-12.

¹² *Id.* at 12-13.

interconnection facilities identified in the system impact or facilities studies. PG&E states that amounts of these postings will be the same as those assessed by CAISO under its GIP.¹³ PG&E asserts that the financial security requirements will support identification of viable projects.¹⁴

9. PG&E also proposes to expand its existing fast track study process in order to make this option available for generators whose facilities are no larger than 5 MW (or up to 3 MW for a 21kV interconnection, and up to 2 MW on a 12kV connection).¹⁵ However, in response to stakeholders' requests, PG&E clarifies that the MW restrictions are advisory only.¹⁶ PG&E will rely primarily on ten review screens to evaluate interconnection requests, which are the same screens, taken directly from Order No. 2006, that PG&E uses under its current SGIP. Among these ten screens is the requirement that, for interconnection requests to a radial distribution circuit, the aggregated generation on the circuit (including the project under study) must not exceed 15 percent of the line section annual load peak (screen two). In addition, screen ten generally limits the fast track process to those generators that do not require PG&E-constructed interconnection facilities. However, PG&E asserts that in cases where a generator fails to meet all ten review screens, it may still be able to process such generators under the fast track process if doing so remains consistent with safety, reliability and power quality standards.¹⁷

10. PG&E states that if an interconnection request fails due to screen ten,¹⁸ but minimal distribution and/or no transmission upgrades are required, a generator will have the option to proceed under the fast track study process subject to a supplemental review.¹⁹ Further, because this scenario requires the construction of facilities, PG&E

¹³ CAISO Tariff, Appendix Y, § 9.

¹⁴ PG&E Filing at 13.

¹⁵ The existing fast track process limits interconnection requests to generation facilities no larger than 2 MW.

¹⁶ PG&E Proposed Tariff § 2.1; PG&E Filing at 13.

¹⁷ PG&E Filing at 13-14.

¹⁸ Screen ten states that PG&E will not need to construct additional facilities on its distribution system in order to accommodate the interconnection request. PG&E Proposed Tariff § 2.2.1.10.

¹⁹ PG&E notes, however, that if distribution or network upgrades are required, then the interconnection customer will be required to move into either the independent study process or cluster study process.

states that it will offer an optional facilities study so that the interconnection customer can know the cost of the required interconnection facilities up front, adding an additional level of cost certainty. PG&E adds that the generator can forgo the facilities study if it agrees to be responsible for all actual costs of all required facilities.²⁰

11. PG&E asserts that its proposed tariff revisions expanding the fast track process are justified as consistent with or superior to the current Commission-approved SGIP because the revisions respond to requests from stakeholders. PG&E contends that in preparing its proposal, it balanced stakeholder requests against the requirements to maintain system reliability. PG&E claims that generators have not used the fast track process very frequently in its service territory because generators have been unable to pass the review screens. As a result, PG&E contends that the expansion of review screens will allow more generators to qualify under the fast track process. PG&E notes, however, that due to the potential need to conduct a supplemental review, the fast track process could take approximately ten days longer to complete than the current fast track process. Despite this change, PG&E argues that this slightly longer fast track timeline remains preferable to the independent study and cluster study processes.²¹

12. In order to transition into the new GIP structure, PG&E states that generators whose system impact studies are finished by March 31, 2011 may choose to enter the new cluster study process or remain in the SGIP serial study process. Those generators whose system impact studies are not complete by March 31, 2011 will enter the cluster study process for 2011. PG&E asserts that this transition will not greatly affect the timelines that generators would have otherwise faced under the SGIP, while still maintaining coordination with CAISO's cluster study process.²² Therefore, PG&E requests that its tariff revisions become effective March 3, 2011, so that PG&E can align its first cluster study process with CAISO's, which begins March 1, 2011. PG&E requests that the Commission grant any waivers of the Commission's rules and regulations necessary for a March 3, 2011 effective date.²³

III. Notice, Intervention, and Responsive Pleadings

13. Notice of the PG&E Filing was published in the *Federal Register*, 76 Fed. Reg. 13,176 (2011), with motions to intervene, comments, and protests due on or before March 23, 2011. Timely motions to intervene were filed by the Modesto Irrigation

²⁰ PG&E Filing at 13.

²¹ *Id.* at 13-14.

²² *Id.* at 14.

²³ *Id.* at 15.

District; the California Department of Water Resources State Water Project; the City of Santa Clara, California and the M-S-R Public Power Agency (jointly); Southern California Edison Company (SoCal Edison); Clean Coalition; CAISO; and the Interstate Renewable Energy Council (IREC). CAISO filed comments. Protests were filed by Clean Coalition and IREC. A motion to intervene out of time and comments were filed by the Public Utilities Commission of California (CPUC).

14. PG&E filed an answer responding to the protests as well as the motion to consolidate on April 7, 2011.

IV. Discussion

A. Procedural Matters

15. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,²⁴ the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure,²⁵ the Commission will grant the CPUC's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

16. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure,²⁶ prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept the answer filed by PG&E because it has provided information that assisted us in our decision-making process.

17. We note that this order addresses only the contested features of the PG&E Filing. With respect to the proposed tariff revisions that are not contested and not specifically discussed herein, the Commission finds that they are consistent with or superior to PG&E's current, Commission-approved generation interconnection procedures, and are otherwise just and reasonable, and are hereby accepted.

1. Motion to Consolidate

18. IREC requests that the Commission consolidate this proceeding with the tariff revisions filed by SoCal Edison in Docket No. ER11-2977-000.²⁷ IREC states that both

²⁴ 18 C.F.R. § 385.214 (2010).

²⁵ 18 C.F.R. § 385.214(d) (2010).

²⁶ 18 C.F.R. § 385.213(a)(2) (2010).

²⁷ SoCal Edison March 1, 2011 Filing, Docket No. ER11-2977-000 (SoCal Edison Filing).

dockets involve proposed revisions to the Commission-approved, *pro forma* SGIP, and argues that because both dockets seek to address “precisely the same issues,”²⁸ the interest of administrative economy is served by reviewing the proposals together. Further, IREC contends that consolidation of these dockets will serve the public interest by helping to ensure consistency in the interconnection processes for small generators in California. IREC claims that a lack of consistency in interconnection procedures may result in the type of tariff “forum shopping” that the Commission sought to address in Order No. 2006.²⁹

19. PG&E asserts that it is unnecessary to consolidate its filing with the SoCal Edison Filing, as IREC has requested, due to substantial differences between the utilities’ transmission and distribution systems, and because no party has requested a hearing in either proceeding.³⁰

20. We deny IREC’s motion to consolidate. While we agree that there may be common issues of fact and law in the two proceedings for which IREC seeks consolidation, we conclude that there is no basis for consolidating this proceeding with the SoCal Edison proceeding. The Commission has previously found formal consolidation to be inappropriate in cases where the dockets at issue are not being set for hearing.³¹ Here, we are able to resolve the issues on the basis of the record and find no need for a hearing. As a result, there would be no gains in administrative efficiency from consolidating the proceedings. Moreover, we note that Commission precedent establishes that the Commission retains control over the scope of its proceedings.³²

²⁸ IREC March 23, 2011 Motions and Protest, Docket No. ER11-3004-000 at 4 (IREC Protest).

²⁹ *Id.* at 4 (referring to Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 4).

³⁰ PG&E Answer at 2.

³¹ See *Cal. Pub. Utils. Comm’n*, 132 FERC ¶ 61,047 (2010) (finding formal consolidation unnecessary where two related petitions were addressed simultaneously via a single Commission order and no hearing was ordered); *Startrans IO, LLC*, 122 FERC ¶ 61,253 (2008) (finding formal consolidation inappropriate where a trial-type evidentiary hearing is not required to resolve common issues of law and fact and where consolidation will not ultimately result in greater administrative efficiency).

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

2. Motion to Request Official Notice

21. IREC claims that in order to support its protest to the PG&E Filing, it is necessary to reference the tariff revisions proposed in the SoCal Edison Filing. IREC cites rule 508 of the Commission's Rules of Practice and Procedure³³ and contends that the Commission has previously taken official notice of relevant documents submitted in separate dockets both inside and outside of Commission jurisdiction.³⁴

22. While we could take official notice in this proceeding of the SoCal Edison filing, we find that it is unnecessary. By virtue of IREC's inclusion of the entirety of the SoCal Edison Filing as attachments to the IREC Protest, the SoCal Edison Filing is part of the record of this proceeding. Accordingly, we deny IREC's motion.

B. General GIP Issues

23. Clean Coalition and IREC contend that PG&E's proposed GIP does not meet the Commission's standard of review, which requires that modifications to the *pro forma* SGIP and LGIP be "consistent with or superior to" the Commission-approved *pro forma*,³⁵ and "must be supported by arguments explaining how each variation meets the standard."³⁶

24. IREC expresses concern regarding inconsistencies between the fast track and independent study processes approved for or proposed by CAISO, PG&E, and SoCal Edison. IREC contends that increased safety, efficiency, and cost-effectiveness result from the use of standardized interconnection procedures. IREC requests that the Commission require jurisdictional utilities in California to agree on consistent language, with stakeholder input, unless variations are justified by actual differences in system design. IREC contends that few of the inconsistencies between PG&E and SoCal

³³ 18 C.F.R. § 385.508 (2010). Rule 508 states that "[a] presiding officer may take official notice of any matter that may be judicially noticed by the courts of the United States, or any matter about which the Commission, by reason of its functions, is expert."

³⁴ IREC Protest at 5 (citing *Natural Gas Pipeline Co. of Am.*, 27 FERC ¶ 61,235 (1984); *Trunkline LNG Co. & Trunkline Gas Co.*, 22 FERC ¶ 61,245 (1983)).

³⁵ Clean Coalition March 23, 2011 Protest, Docket No. ER11-3004-000 at 8-9 (Clean Coalition Protest); IREC Protest at 8 (citing *e.g.*, Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 546; *Pac. Gas & Elec. Co.*, 113 FERC ¶ 61,021, at P 1 (2005); *So. Cal. Edison Co.*, 113 FERC ¶ 61,022, at P 5 (2005)).

³⁶ IREC Protest at 8 (citing *So. Cal. Edison Co.*, 113 FERC ¶ 61,022 at P 5).

Edison's tariff appear to be justified by system differences.³⁷ IREC claims that these inconsistencies may become significant if disputes are brought to the Commission and tariff language is interpreted in a way that results in significant divergence. To rectify this concern, IREC proposes that the Commission-jurisdictional utilities jointly submit a uniform set of interconnection procedures to the Commission by July 2011.³⁸

25. The CPUC, Clean Coalition, and IREC advocate increased transparency in the interconnection process. The CPUC suggests that PG&E post on a monthly basis on its website the status of each interconnection request submitted under the fast track and independent study processes, whether it passed or failed, and the reason why it failed.³⁹ Clean Coalition requests that PG&E provide additional data, such as the number of applications in the queue, the number of applications that PG&E has successfully processed under the current tariff provisions, the time for processing, and the costs of the studies, before major revisions are made to the WDT. Clean Coalition asserts that this additional data is necessary for stakeholders and the Commission to diagnose problems and/or determine whether the solutions proposed by PG&E are acceptable.⁴⁰ Clean Coalition also asks that the Commission direct PG&E to expand its online queue information and to provide information about each project that fails to qualify for the fast track or independent study processes, as well as post all study results online.⁴¹ IREC requests that the Commission direct PG&E to provide informational updates on the fast track and independent study processes, similar to those it required of CAISO in the GIP Order.⁴²

³⁷ In particular, IREC points to differences in section numbering and the approaches taken by PG&E and SoCal Edison to revising fast track screen ten. IREC acknowledges that the intent of the revisions in question appears to achieve the same goal.

³⁸ IREC Protest at 9-11.

³⁹ CPUC March 25, 2011 Comments, Docket No. ER11-3004-000 at 14 (CPUC Comments).

⁴⁰ Clean Coalition points to the California Solar Initiative Program's data availability as an acceptable model. Clean Coalition Protest at 10,

⁴¹ *Id.* at 25.

⁴² IREC Protest at 15-16 (citing GIP Order, 133 FERC ¶ 61,223 at P 27 (requiring CAISO to provide informational updates in its LGIP quarterly reports, including the "size and type of generator, the number of requests that did not pass the screens, and which of the screens the developer failed.")).

26. In its answer, PG&E notes that no party requested that the Commission reject PG&E's proposed tariff revisions.⁴³ PG&E contends that the proposed revisions, which seek to address its current backlog of electrically-interrelated interconnection requests, are consistent with or superior to the current SGIP and LGIP. Thus, in light of the strides made in the proposed revisions to improve the efficiency of PG&E's interconnection procedures, PG&E urges the Commission to accept its proposal. If the Commission is concerned about accepting the proposed revisions, based on issues raised in the comments and protests, PG&E suggests that the Commission conditionally accept the filing, subject to quarterly reports, similar to those required in the CAISO GIP Order. PG&E states that it is fully committed to additional stakeholder processes aimed at further refining and expediting the GIP if experience with the revised procedures indicates that further refinement is warranted.⁴⁴

Commission Determination

27. As discussed further below, we find that PG&E's revised GIP satisfies the "consistent with or superior to" standard, and accept the proposed tariff revisions. PG&E and the protestors correctly identify the applicable standard of review in this proceeding as requiring a finding that PG&E's proposed tariff revisions are consistent with or superior to the Commission approved *pro forma* tariff provisions. As the Commission explained in the GIP Order, "[a]ny utility proposing to utilize an approach that mirrors the GIP will have to justify its consistency with Order No. 2003 and Order No. 2006 and Commission precedent under the relevant standard, and it will not enjoy an independent entity variation accommodation."⁴⁵ We find that PG&E's proposal strikes an appropriate balance between preserving the interests of small and large generator interconnection customers while ensuring that other viable options are available to process interconnection requests as quickly as possible. Additionally, we find that PG&E's proposal will increase the efficiency of the interconnection process while maintaining grid reliability for both distribution and transmission. We also note that commenters and protestors generally agree that PG&E's proposal will introduce beneficial reforms and support PG&E's efforts to streamline the study process for small generators.

28. As noted by all the parties, there has been a significant increase in the number of small generators seeking interconnection under PG&E's WDT over the past three years. The inefficiencies inherent in the current SGIP's serial study process have resulted in a significant backlog of interconnection requests for small generators, suggesting the need for reform. CAISO's recent combination of its SGIP and LGIP into an integrated GIP

⁴³ PG&E Answer at 2.

⁴⁴ *Id.* at 3.

⁴⁵ GIP Order, 133 FERC ¶ 61,223 at P 78.

also prompted PG&E to adopt a similar GIP methodology. We find that coordinating PG&E and CAISO's interconnection procedures will improve efficiency by creating a framework through which PG&E and CAISO can simultaneously, and in a more coordinated manner, evaluate impacts to their respective systems. Furthermore, we find that PG&E's proposed GIP will expedite the process for small generator interconnection and help resolve the current backlog of small generator interconnection requests. For these reasons, as well as those discussed below, we find the proposed GIP to be consistent with or superior to PG&E's current SGIP and LGIP.

29. We reject IREC's request to require uniform interconnection procedures for all Commission-jurisdictional utilities in California. The Commission has previously affirmed that "[w]here the Companies' WDT's differ, the differences are justified by the fundamentally local nature of WDT service."⁴⁶ When the California utilities reformed their wholesale distribution tariffs to implement interconnection procedures, each utility proposed and supported its own deviations from the Commission's *pro forma* SGIP and LGIP, and the Commission accepted those filings.⁴⁷ As the utilities' existing SGIPs are not identical, we see no reason to require uniformity in this proceeding. Further, despite IREC's claims that consistency between interconnection procedures is needed now to prevent confusion and inefficiency, we find that IREC provides no evidence that the existing differences have been a problem. In addition, we find that claims that inconsistencies will lead to future conflicts amount to little more than unsupported speculation. We note that differences between the current SoCal Edison and PG&E SGIP programs have existed for years and IREC has failed to provide any evidence that these differences have become an issue of concern for any interconnection requester. Therefore, we will not require jurisdictional utilities in California to engage in a process to develop consistent tariff provisions.

30. We reject Clean Coalition's argument that interconnection procedure reform at the distribution level should be further delayed, pending the collection of additional data on the current process. Clean Coalition has presented no evidence in this proceeding to persuade us that PG&E's proposed revisions, which largely mirror the Commission-approved CAISO GIP provisions, would have a detrimental impact on small generators. To the contrary, we find that further delay in implementing the relaxed fast track process and new independent study process as options for small generators may instead exacerbate the existing backlog of interconnection requests, which PG&E currently projects to be over 170 requests.

⁴⁶ *Pac. Gas & Elec. Co.*, 88 FERC ¶ 63,007, at 65,060 (1999), *aff'd*, 100 FERC ¶ 61,156 (2002).

⁴⁷ *San Diego Gas & Elec. Co.*, 113 FERC ¶ 61,027 (2005); *So. Cal. Edison Co.*, 113 FERC ¶ 61,022; *So. Cal. Edison Co.*, 114 FERC ¶ 61,197 (2006).

31. While we find that PG&E's revised GIP improves upon the current SGIP, we agree with parties' concerns regarding the need for a transparent interconnection process. Further, because the combined cluster study process, the independent study process, and fast track process are new, we find that increased transparency into PG&E's interconnection process will ensure customers' rights. Thus, we will require PG&E to post on its website, on a monthly basis for the 24 months immediately following issuance of this order, information detailing the results of the new interconnection procedures. Specifically, PG&E should include information about the number of projects requesting interconnection and whether the projects are being evaluated under the cluster study, independent study, or fast track process; the outcome of those requests; the complete length of time for recently completed interconnection studies (from initial application through final approval); and the reason for any rejections of projects requesting independent study process or fast track treatment. This information will improve the transparency of PG&E's interconnection process, which is in the best interest of all market participants.

32. Finally, we find that the current GIP proposal adequately balances the interests of small generators with the need to reform the SGIP serial process; nevertheless, the protesters' suggestions to add an additional cluster window or shorten the cluster study process for small generators could be helpful. PG&E states that it is "fully committed" to additional stakeholder processes if experience indicates that further refinement of the GIP is necessary.⁴⁸ Therefore, we encourage PG&E to continue working with stakeholders to address concerns and develop any further modifications as necessary.

C. Cluster Study Process

33. The CPUC, Clean Coalition, and IREC argue that PG&E's proposed cluster study process is too long, estimating that the process will take between 510 to 690 days to complete, and assert that PG&E should conduct more than one cluster study per year.⁴⁹ The CPUC contends that the timeline under the proposed cluster study process is far longer than the expectation under the current serial study process. The CPUC asserts that increasing the study timeline puts small generators at a disadvantage and possibly discriminates against small generators in favor of large generators. The CPUC also claims that although the proposed cluster study process will benefit small generators by providing more certainty around the timeline, it is still too long and undermines the goals and objectives of the CPUC's renewable distributed generation programs, most of which require an 18-month on-line date. The CPUC also expresses concern about the cost uncertainty associated with the study results. According to the CPUC, PG&E estimates

⁴⁸ PG&E Answer at 3.

⁴⁹ CPUC Comments at 5, 11-12; Clean Coalition Protest at 4-5, 11-13; IREC Protest at 13-15.

the cost accuracy as plus or minus 50 percent. The CPUC argues that such uncertainty will make it difficult for generators to select accurate bid prices, thereby potentially increasing the price paid by consumers.⁵⁰

34. Finally, the CPUC contends that because PG&E proposes only one cluster study per year, small generators that do not qualify for the alternative study processes may have to wait an additional year to enter the cluster study process. The CPUC asserts that this may result in a limited number of small generators that can participate in its renewable procurement programs. Therefore, the CPUC requests that the Commission require PG&E to work with CAISO and other stakeholders to further streamline the cluster study process and consider the possibility of two cluster studies per year.⁵¹

35. Clean Coalition argues that the cluster study process is too long for small or new developers to hold onto projects without knowing the interconnection costs. According to Clean Coalition, unless the Commission orders improvements to the process, this extended timeline may force smaller developers out of the marketplace because the viability of their projects often rests on keeping interconnection costs low. Clean Coalition urges the Commission to require PG&E to conduct an independent audit of the interconnection timeline and submit a report to the Commission detailing the findings. If the Commission does not direct PG&E to hold an independent audit, Clean Coalition requests that the Commission require PG&E to appoint an independent evaluator for all aspects of PG&E's interconnection procedures who will submit regular analysis and commentary to the Commission and stakeholders.⁵²

36. Clean Coalition also complains that the proposed GIP does not objectively describe how PG&E will determine cluster boundaries on its distribution grid. Clean Coalition asserts that establishing objective criteria for determining cluster boundaries is important because the boundaries of each cluster will affect how many projects are in a cluster, which projects will share interconnection costs, and whether a project can proceed in the independent study process as a "cluster of one." In particular, Clean Coalition expresses concern that the independent study process will not be an option because, according to proposed tariff section 4.8.1, "[g]enerally, all interconnection requests ... will be included in the same [s]tudy [g]roup." Thus, Clean Coalition urges the Commission to require PG&E to incorporate objective criteria for determining cluster

⁵⁰ CPUC Comments at 12.

⁵¹ *Id.* at 11-13.

⁵² Clean Coalition Protest at 11-13.

boundaries into the tariff that do not automatically result in a single cluster for all distribution grid interconnection requests.⁵³

37. IREC argues that although the timeline under the proposed cluster study process is likely faster than under the clogged serial queue, it is not as fast as it could be and is not sufficient to meet the demands of California's 33 percent renewables target. Thus, IREC requests that the Commission convene a technical conference within 60 days of issuing the order in this proceeding for the purpose of finding a way for Commission-jurisdictional utilities in California to shorten the cluster study process.⁵⁴

38. In response to the CPUC's suggestion that PG&E align the interconnection process for small to medium scale generators with the CPUC renewable resource procurement programs, PG&E argues that making a blanket decision based solely on an interconnection request's MW size would not be prudent. Instead, PG&E asserts that it is obligated to study a project's safety and reliability, and maintains that a generalized approach will not account for the multiple variables that affect a project's system impacts. PG&E contends that the projects that do not cause significant distribution or transmission system impacts should qualify for the fast track or independent study process. PG&E notes that the proposed qualifications for the independent study process are more liberal than the CPUC-supported CAISO GIP and that the proposed revisions for the fast track study process expand and liberalize its applicability. Thus, PG&E asserts that, from a timeline perspective, the proposed GIP is superior to the current serial process and will eliminate the current request backlog in 1.5 years, much sooner than the current serial process would be able to.⁵⁵

39. PG&E asserts that the cluster study process fills in much needed details that are left out of the current SGIP and LGIP, such as definition, timeline, and rules about cost allocation. PG&E rejects comparisons between the timeline for the proposed cluster study process and the length of the current serial study process. PG&E claims that such comparisons fail to take into account the backlog that occurs when multiple interconnection requests are electrically related to one another. PG&E maintains that the cluster study process is the most efficient method for studying and processing electrically related projects. PG&E also asserts that with more experience, it will be able to work with CAISO and other participating transmission owners to expedite the study process. In the meantime, PG&E states that the proposed process length is necessary to study a large number of independent projects as well as provide project developers with high quality information. PG&E also asserts that the proposed study length, which consists of

⁵³ *Id.* at 13-14.

⁵⁴ IREC Protest at 15.

⁵⁵ PG&E Answer at 5-6.

multiple steps, is necessary to ensure safety, reliability, and non-discriminatory treatment of all interconnection requests.⁵⁶

40. PG&E contends that it is impractical to conduct more than one cluster study per year at this time. According to PG&E, protestors do not consider the multiple steps involved in ensuring that interconnection requests are handled consistently and reliably, nor the preparation necessary to perform quality studies that result in real cost estimates for actual facilities. PG&E contends that holding more than one cluster study each year could result in complicated, overlapping timelines, and could result in a need for the re-study of entire clusters. PG&E also asserts the importance of coordinating its cluster study process with CAISO's, which CAISO conducts once a year. PG&E states that more experience with the single annual cluster is necessary before considering multiple clusters per year.⁵⁷

Commission Determination

41. We accept PG&E's proposal to establish a cluster study process for small and large generators that do not qualify for the two alternative study processes as consistent with or superior to the current SGIP and LGIP. We find that coordinating the cluster study processes for interconnection requests to PG&E's distribution and the CAISO-controlled transmission system will achieve greater efficiency and effectively manage network impacts on both systems.

42. PG&E's current WDT provides for a serial study process for small generator interconnection requests, which does not consider the electrical relatedness of projects in the small generator interconnection queue. By grouping electrically-related projects into study clusters, instead of studying each project serially, PG&E will greatly reduce the aggregate amount of time necessary to evaluate each interconnection request. We find that the combined cluster study approach also eliminates the need for frequent re-study, improving overall efficiency of PG&E's GIP.⁵⁸ Finally, PG&E asserts that with the cluster study approach, it will be able to eliminate the interconnection request backlog in 1.5 years, much more quickly than possible under the current SGIP serial study process. Therefore, we find that the overall improvement in efficiently processing interconnection requests under a combined cluster study process results in a GIP that is consistent with or superior to the current process.

⁵⁶ *Id.* at 3-5.

⁵⁷ *Id.* at 6-8.

⁵⁸ The Commission has made previous findings regarding the efficiency of the cluster study approach. *See, e.g.*, GIP Order, 133 FERC ¶ 61,223 at P 70.

43. With respect to parties' objections to the length of the combined cluster study process, as compared to the current SGIP serial study process, we find that such comparisons are misplaced. We find that this comparison fails to take into account the backlog that occurs under the serial study process when multiple interconnection requests are electrically related to one another. When study results and timelines become interdependent, each project in the queue must wait for the results of projects ahead of it in the queue in order to establish an accurate base case for the studies. Due to the potential for repeated delays caused by the effects of withdrawals and re-studies, the Commission has previously determined that the cluster approach is a more efficient process.⁵⁹ Moreover, the parties' comparisons to the serial study process are flawed because such comparisons are based on how the serial study process operates on paper, without considering the impact of the current backlog on the actual time required to study projects under the serial study approach.

44. We acknowledge the CPUC's concerns regarding how PG&E's revised GIP will interact with its various renewable resource initiatives; however, the CPUC has not persuaded us that PG&E's proposal to implement a combined cluster study process discriminates against small generators and will, thus, undermine the goals of California's renewable programs and competitive procurement processes. Based on the circumstances presented by PG&E, we are convinced that all small generators in a cluster will benefit from being studied in a cluster, as opposed to being studied serially, as they will not have to wait for PG&E to evaluate all of the preceding projects in the queue.

45. We note that PG&E's proposal creates a new independent study process, which is tailored specifically to electrically-independent generators that PG&E does not need to study in a cluster, making the process more efficient. The revised GIP expands the applicability of the fast track study process so that more small generators will be able to successfully interconnect in a timely manner. We find that these proposed alternative study processes will help small generators interconnect to the PG&E system on a timeline that facilitates participation in the CPUC's procurement programs, to the extent that they do not warrant cluster study. Therefore, we disagree with the CPUC's contention that PG&E's GIP proposal will negatively impact California's ability to meet its renewable portfolio standard and renewable distributed generation goals on time. Instead, we find that the revised GIP offers opportunities for generators of all sizes to achieve interconnection faster than would be possible under the current serial process.

46. We also dismiss Clean Coalition's concern regarding the lack of objective criteria for determining cluster study boundaries. We believe that Clean Coalition's proposal to incorporate such criteria is not feasible because each cluster is formed based on the other

⁵⁹ See, e.g., GIP Order, 133 FERC ¶ 61,223 at P 69-70; see also *Standardization of* Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 181 citing Order No. 2003, FERC Stats. & Regs. ¶ 31,146, at P 155 (2003).

projects that are in the queue when PG&E commences the cluster study process. Thus, the manner in which PG&E clusters interconnection requests will vary each year on a case by case basis depending on how that year's projects are electrically-interrelated and is not susceptible to the incorporation of objective tariff criteria. We do, however, agree with protestors' concerns regarding the transparency of PG&E's cluster study process and therefore, as discussed above, we direct PG&E to post information online regarding the functioning of its revised interconnection procedures. Moreover, PG&E has stated that it will provide distribution system information on its website.⁶⁰ We find that posting this information online will provide interconnection customers with transparent access to how PG&E determines cluster boundaries and will help customers choose appropriate interconnection sites.

47. We also approve PG&E's proposal to hold two cluster study windows and conduct one cluster study each year, consistent with CAISO's GIP. We find that coordination with the CAISO cluster study process, which occurs once per year, is an improvement and promotes efficiency due to the network impacts that PG&E's interconnection requests may cause. PG&E has persuaded us that experience with the combined cluster study process, and collaboration with CAISO and other participating transmission owners is likely necessary to identify further potential refinements to the process. Therefore, we find that it is premature at this time to require PG&E to further revise its GIP, and reject protestors' requests for technical conference, independent evaluation, and independent audit of the cluster study process.

D. Independent Study Process

48. Clean Coalition questions whether the proposed independent study process provides a viable alternative to the cluster study process due to the lack of objective criteria defined in the tariff. Specifically, Clean Coalition asserts that because the grid itself is a physical and objective system, developers should be able to refer to objective criteria rather than PG&E's undefined "engineering judgment." Clean Coalition argues that, as proposed, the GIP automatically results in a single cluster for all distribution grid interconnection requests, thereby eliminating the possibility of proceeding under the independent study process. Clean Coalition also contends that costs and timelines for the system impact study and timelines for the facilities study should be included in the GIP itself. Clean Coalition claims that instead of including these costs and timelines in the relevant tariff provision, PG&E merely refers to the attached system impact study agreement. According to Clean Coalition, the relevant attachment also fails to provide costs or timelines, but instead includes a loophole that allows PG&E discretion to delay completion of the studies. Accordingly, Clean Coalition recommends that PG&E remove

⁶⁰ PG&E Filing at 10.

the phrase “or in accordance with the [d]istribution [p]rovider’s queuing procedures” from section 9.0 of the system impact study agreement.⁶¹

49. CAISO requests that PG&E change proposed tariff section 3.1.1.1, which provides for CAISO’s input into the distribution provider’s electrical independence evaluation during the independent study process. CAISO suggests that PG&E revise this section to include an initial consultation between PG&E and CAISO to discuss whether or not the request will necessitate network upgrades to the CAISO grid. In coordination with this change, CAISO proposes that PG&E revise proposed tariff section 4.2 to clarify that PG&E, not CAISO, will conduct the short circuit duty test.⁶²

50. In its answer, PG&E states that it would be amenable to making CAISO’s proposed modifications in a compliance filing. However, PG&E deems Clean Coalition’s contention that the electrical independent test for the independent study process lacks objective criteria to be misplaced. PG&E asserts that the purpose of the electrical independence test is to avoid studying interconnection requests that rely on the evaluation of queued-ahead projects. Thus, PG&E states that adding an additional study requirement for the independent study process would defeat the purpose of offering the independent study process as an option.⁶³

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51. We accept PG&E’s proposal to establish an independent study process in the revised GIP. We find that this additional alternative study approach will allow PG&E further flexibility in expediting the GIP study process and eliminate the current interconnection request backlog by isolating projects that are independent from others in the interconnection queue. We disagree with protestors that the proposed tariff revisions lack sufficient detail regarding the evaluation of independent study process requests. Projects submitted to PG&E’s independent study process must pass two screens: (1) a determination of electrical independence, conducted by CAISO, pursuant to CAISO’s objective, Commission-approved criteria;⁶⁴ and (2) an evaluation of electrical independence, conducted by PG&E. We find that PG&E’s evaluation of electrical independence, which relies on engineering judgment, is just and reasonable, given the purpose of the independent study process. We agree with PG&E that incorporating

⁶¹ Clean Coalition Protest at 22-24.

⁶² CAISO March 23, 2011 Comments, Docket No. ER11-3004-000 at 5.

⁶³ PG&E Answer at 9.

⁶⁴ The Commission approved CAISO’s electrical independence criteria in the GIP Order, 133 FERC ¶ 61,223 at P 93-95.

additional, objective study criteria would defeat the purpose of the expedited independent study process, which is designed to obviate the need for additional study due to the project's demonstration of electrical independence. Therefore, we find that PG&E's proposed method of evaluating projects submitted to the independent study process is sufficient, rendering additional objective criteria unwarranted.⁶⁵

52. Further, we reject Clean Coalition's request to require PG&E to include the costs and timelines associated with the system impact study and facilities study in the tariff itself, rather than in the relevant agreements. We also reject Clean Coalition's request to require PG&E to delete the phrase "or in accordance with the [d]istribution [p]rovider's queuing procedures" from section 9.0 of the system impact study agreement. Contrary to Clean Coalition's assertions, we find that PG&E includes sufficient details regarding the timeline for completing the studies in the relevant tariff provisions. Regarding specific cost information, we find that including project-specific information in the agreements will provide interconnection customers with the necessary information prior to the customer agreeing to the study. Moreover, Clean Coalition has not presented any evidence to suggest that PG&E will unreasonably delay the study processes.

53. We note, however, that this is the first time that PG&E will implement the independent study process; therefore, as discussed above, we direct PG&E to post the results of the independent study process online on a monthly basis in order to increase GIP transparency. We find that the information included in the monthly postings should alleviate protestors' concerns about objectivity, costs, and timelines by providing all stakeholders with transparent access to the results of the independent study process. Accordingly, we accept PG&E's proposal as consistent with or superior to the current WDT, subject to PG&E's monthly online posting of relevant study process information for 24 months following the issuance of this order.

54. Finally, because PG&E has agreed to the revisions as requested by CAISO, and because we otherwise find the proposed revisions to be just and reasonable, we direct PG&E to submit a compliance filing incorporating CAISO's proposed tariff revisions to sections 3.1.1.1 and 4.2 within 30 days of the date of this order.

E. Fast Track Process

55. Clean Coalition and IREC argue that PG&E's proposed fast track process requires clarification and should include additional detail regarding costs and timelines. Clean Coalition asserts that the proposed GIP offers no guidance as to the timelines or costs of the supplemental review. Clean Coalition points out that while PG&E's transmittal letter

⁶⁵ We note that if a party believes that SoCal Edison has discriminated in conducting the electrical independence test, that party can bring a complaint under § 206 of the Federal Power Act.

suggests that the supplemental review will require only an additional ten days, the proposed tariff language sets no timeline for when PG&E must offer the supplemental review. Clean Coalition also observes that proposed section 2.4 of the GIP requires the interconnection customer to make a deposit for the supplemental review and assume responsibility for all study costs, but fails to provide any cost estimates. Clean Coalition argues that all fees and timelines for the fast track process should be included in the GIP itself for clarity, consistency, and simplicity purposes, not just in the attachments.⁶⁶ Similarly, IREC contends that PG&E needs to identify how the fast track facilities study will be initiated, how long it will take, and what the costs will be so that the process can move forward efficiently.⁶⁷

56. Clean Coalition argues that PG&E should emulate CAISO's approach and eliminate the optional fast track facilities study from the GIP and, instead, include the costs of the required upgrades in the interconnection agreement offered to the customer. Clean Coalition contends that by including interconnection cost estimates in the interconnection agreement itself, the problems regarding the lack of cost and timeline guidance in the proposed GIP would be solved because the proposed GIP establishes a timeline for PG&E to submit the interconnection agreement to the interconnection customer and the customer will not incur any charges in relation to PG&E preparing the cost estimate for the interconnection agreement.⁶⁸

57. The CPUC, Clean Coalition, and IREC argue that PG&E should modify its fast track review screens. Regarding screen ten, which limits the fast track process to those generators that do not require construction of PG&E interconnection facilities, the CPUC argues that PG&E should eliminate this screen, as CAISO has done. The CPUC states that it requires investor-owned utilities to use consistent rules and language for interconnection procedures, and believes the same principle should apply here.⁶⁹ Clean Coalition also contends that PG&E should remove screen ten, arguing that the fast track process should be available for projects that have minimal impact on the grid, instead of no impact, as screen ten requires.⁷⁰

58. Further, Clean Coalition asserts that the proposed fast track process is unclear as to whether any project that requires additional facilities, including interconnection facilities,

⁶⁶ Clean Coalition Protest at 17.

⁶⁷ IREC Protest at 11.

⁶⁸ Clean Coalition Protest at 18-19.

⁶⁹ CPUC Comments at 14 (citing CPUC Rule 21).

⁷⁰ Clean Coalition Protest at 15-16.

will be subject to a supplemental review. Clean Coalition argues that, if so, all developers applying under the fast track process will be affected because every project will necessitate at least interconnection facilities. The only alternative to the supplemental review, according to Clean Coalition, is to be forced into either the independent study process or cluster process, thereby incurring additional expense and delay and leading to the type of backlog experienced under the current SGIP. Thus, Clean Coalition contends that PG&E's proposed revisions to the fast track process will impose onerous requirements that will make the fast track process virtually unusable.⁷¹

59. The CPUC, Clean Coalition, and IREC also assert that PG&E should work with stakeholders to revise screen two, which limits the amount of generation on a radial circuit to 15 percent of the peak load of the circuit. The CPUC claims that the 15 percent peak load screen is no longer a reliable indicator of which projects can safely interconnect to the system, citing a pilot study analyzed as part of SoCal Edison's system.⁷² Further, the CPUC argues that screen two acts as a barrier to small generators requesting interconnection through the fast track process, especially in rural areas. Finally, in addition to requesting that PG&E revise the 15 percent peak load screen through a stakeholder process, the CPUC requests that, if approved, PG&E use the cluster studies to study the effects of high penetration distributed generation on distribution circuits and use the findings to determine a better set of fast track screens.

60. Clean Coalition requests that the Commission direct PG&E to work with the CPUC and other California utilities to analyze possible changes to fast track screen two, asserting that solar photovoltaic facilities are peak resources that could be accommodated at higher percentages than the conservative 15 percent used by the screen. Similarly, IREC asserts that the 15 percent peak load screen may be more stringent than necessary to provide sufficient protection to the grid and requests that the Commission direct Commission-jurisdictional utilities in California to begin an expedited review process to determine whether the fast track screens can be updated.⁷³

61. Clean Coalition also claims that, as proposed, the fast track process includes a "poison pill" that exposes interconnection customers to potentially unlimited cost liabilities, with no temporal limit on the cost liability. Moreover, Clean Coalition asserts that the language at issue was added after conclusion of the stakeholder process. Specifically, Clean Coalition points to proposed sections 2.2.2, 2.2.3, and 2.2.4, which state that the interconnection customer retains financial responsibility for upgrades found

⁷¹ *Id.* at 15-19.

⁷² CPUC Comments at 15 (citing a study by New Power Technologies, *available at*: www.cpuc.ca.gov/ReDEC).

⁷³ IREC Protest at 12.

to be necessary by future engineering or study work that are attributable to the interconnection request. Clean Coalition complains that the large majority of fast track interconnection customers will be unwilling to accept uncapped cost liabilities in perpetuity and it is unreasonable for PG&E to expect them to. Clean Coalition urges the Commission to require PG&E to remove this language and to limit fast track interconnection cost liability to those costs described in the supplemental review and facilities study, or in the interconnection agreement, if the Commission accepts Clean Coalition's recommendation to require that PG&E include interconnection costs in the interconnection agreement.⁷⁴

62. In its answer, PG&E disputes Clean Coalition's assertion that the fast track study process contains "poison pill" provisions. Specifically, PG&E references the relaxed and advisory MW limits and the revised tenth screen as evidence that the proposed revisions open the fast track study process to more projects, contrary to Clean Coalition's argument. For the projects that cannot meet the relaxed screens, PG&E argues that such projects require examination through a study process for safety and reliability reasons.⁷⁵

63. PG&E disagrees with Clean Coalition's recommendation that PG&E eliminate screen ten and the associated optional facilities study from the fast track study process. PG&E asserts that Clean Coalition misunderstands the proposal. PG&E explains that for projects that pass all the other screens but fail screen ten, it will conduct a supplemental review to determine whether the project can be interconnected without study, and with potentially minimal distribution system upgrades. PG&E maintains that the supplemental review is a necessary element of the more relaxed process.⁷⁶

64. PG&E also explains that if the supplemental review demonstrates that the project meets the relaxed fast track screen ten (i.e., only interconnection facilities and minimal distribution upgrades are required), the interconnection customer can proceed directly to the interconnection agreement or choose to undergo a facilities study which will include a cost estimate for interconnection facilities and a study timeline. If the interconnection customer chooses to forgo the optional facilities study, PG&E states that it will include its best cost estimate in the interconnection agreement, much as Clean Coalition has requested. However, if the interconnection customer wants a more accurate estimate of costs, it can opt for the facilities study, the timeline for which is outlined in the facilities study agreement, an attachment to the GIP. PG&E notes that the timeline included in the facilities study agreement represents a maximum conservative estimate and expects that the study can be accomplished on a faster timeline. However, PG&E emphasizes that

⁷⁴ Clean Coalition Protest at 20-21.

⁷⁵ PG&E Answer at 8-9.

⁷⁶ *Id.* at 10.

whichever route an interconnection customer selects, the interconnection customer remains responsible for the cost of the facilities needed for its interconnection.⁷⁷

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65. We accept PG&E's proposed modifications to its fast track process as a reasonable approach to qualify a broader range of potential interconnection customers to use this process, while ensuring the safety and reliability of the proposed interconnection and the transmission grid at-large. We find these modifications to be a just and reasonable balance between allowing a faster process without studies for qualifying interconnection customers and keeping the cost responsibility for upgrades with the customer requiring the construction of facilities to interconnect. We reject arguments by Clean Coalition and IREC that further clarification of either the fast track process or the associated costs and timelines is necessary. We find that the supplemental review is a necessary corollary to the relaxed fast track screens in order to ensure safe and reliable interconnections. Without the supplemental review, PG&E would have no process for determining the magnitude of impact of projects that fail the tenth screen. Thus, although the supplemental review will add a step to the fast track study process, we find that the slightly increased project review time represents a practical alternative to the cluster study process for small generators with minimal impacts on the PG&E system. We also find that PG&E has included in its proposed GIP sufficient detail regarding the timeline and costs associated with the supplemental review. We note that the language proposed by PG&E establishes the same timeline for the supplemental review as the Commission approved in the CAISO GIP Order.⁷⁸ Moreover, the record in this proceeding does not persuade us to require PG&E to define its supplemental review process in greater detail than that required of CAISO.

66. In addition, we do not agree with protestors that PG&E should eliminate the optional facilities study from the fast track process. If a generator does not wish to undergo the facilities study, it can move directly to the interconnection agreement, which will include PG&E's best estimate of the costs of any required interconnection facilities or distribution system upgrades.⁷⁹ Clean Coalition fails to explain how the optional facilities study acts as a barrier to participation in the fast track process or detracts from the fast track process as a viable alternative to the cluster study process. Further, we find that including additional cost and timeline details for the optional facilities study in the

⁷⁷ *Id.* at 9-11. PG&E notes that if the Commission agrees that the provision of additional details, such as fees and timelines in the GIP itself are consistent with or superior changes, then PG&E is willing to make those changes in a compliance filing.

⁷⁸ CAISO Tariff § 5.5.1; GIP Order, 133 FERC ¶ 61,223 at P 40.

⁷⁹ PG&E Answer at 10.

tariff is not necessary because all of the required information will be included in either the interconnection agreement or facilities study agreement. The Commission finds no advantage, either in terms of consistency or effectiveness, to requiring such details in the GIP itself.

67. We dismiss Clean Coalition's concerns regarding the alleged "poison pill" language in proposed tariff sections 2.2.2, 2.2.3, and 2.4.1.1. Rather, we find that Clean Coalition's arguments are contrary to well established Commission policy that interconnection facilities and/or distribution upgrades are the financial responsibility of interconnection customers, because these upgrades generally do not benefit all users.⁸⁰ The language at issue merely provides notice to interconnection customers that such facilities might be identified later and, if so, will be reflected in an updated generator interconnection agreement. We find that this language represents a reasonable trade off between speed and accuracy. If a generator opts for an expedited study process, it does so with the knowledge that the associated cost estimates may be less accurate than if it participated in the full cluster study process. If, on the other hand, cost certainty is more important to the generator, it can apply under one of the other study processes, which include additional studies. For example, a generating facility that is electrically independent from other generators in the study process would have the ability to have its interconnection study performed on an individual and more expedited basis for cost certainty.

68. We reject requests to require PG&E to commit to future modification of the fast track screens. In Order No. 2006, the Commission approved screens in its *pro forma* fast track process so as to minimize the chance that a proposed interconnection that passed the screens would impact the safety and reliability of the transmission provider's electric system.⁸¹ The thresholds ultimately approved in Order No. 2006 were vetted by transmission providers, small generator developers, and representatives of state regulators across the United States.⁸² The ten screens that PG&E has used for years under its current SGIP were taken directly from Order No. 2006.⁸³ In this proceeding, PG&E proposes no substantive change to the Commission-approved *pro forma* screens.⁸⁴

⁸⁰ Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 407-408.

⁸¹ *Id.* P 171.

⁸² *Id.*

⁸³ See PG&E August 12, 2005 Filing, Docket No. ER05-1319-000 at 27-28; *Pac. Gas & Elec. Co.*, 113 FERC ¶ 61,021.

⁸⁴ PG&E proposes only to remove the word "small" from the screens to reflect the fact that the revised GIP combines the SGIP and LGIP.

Therefore, the Commission finds no basis for rejecting the screens or directing modifications.

69. Even when considered as a modification, in the sense that PG&E's proposal to combine the SGIP and LGIP represents a deviation from the Commission-approved *pro forma* interconnection procedures, we still find that the fast track screens, as currently proposed by PG&E, are consistent with or superior to PG&E's current SGIP. In the instant filing, PG&E proposes to relax the standards for participating in the fast track process by adding a supplemental review that enables generators with minimal system impact to be reviewed under the expedited procedures. By adding the supplemental review option, we find that PG&E has effectively revised the tenth screen in a way that enhances access to the fast track process. We find this revision to be superior to the current fast track process, which requires generators applying under the fast track process to have no system impact. In the CAISO GIP proceeding, CAISO itself proposed to eliminate the tenth screen as a way to make the fast track process more accessible. The Commission did not require the modification. We find that the Commission's approval of CAISO's proposal in a separate proceeding does not, in itself, constitute a valid basis for requiring PG&E to eliminate screen ten, particularly when the approach chosen by PG&E achieves the same goal of increasing the flexibility of the fast track process.

70. Regarding screen two, the 15 percent peak load screen, we again emphasize that PG&E has proposed no change to the Commission-approved *pro forma* language for this screen. Therefore, we find that PG&E's proposed fast track screen two is consistent with the Commission-approved *pro forma*. Parties to this proceeding have not presented any evidence that the *pro forma* screens have become unjust or unreasonable, nor that specific characteristics of the PG&E distribution system necessitate a modification to the *pro forma* screen. The CPUC has not convinced us that screen two may now act as a barrier to small generators seeking interconnection through the fast track process because this screen has not been altered from the screen currently used by PG&E under its SGIP. Further, we disagree that the studies cited by Clean Coalition and the CPUC demonstrate a need to revise the screen at this time. Rather, we find that these studies suggest the potential for further enhancements to the fast track process, once PG&E gains experience with the revised GIP, and encourage PG&E to continue to work with its stakeholders to consider future improvements to its interconnection procedures.

F. Miscellaneous Minor Corrections

71. Clean Coalition notes that typographical errors exist in proposed tariff sections 2.4.1.1 and 3.5.8.⁸⁵ Clean Coalition also contends that PG&E should eliminate

⁸⁵ Clean Coalition Protest at 26.

proposed tariff section 3.7 that refers to the commercial operation date requirement because PG&E has otherwise eliminated this requirement from the proposed GIP.⁸⁶

72. PG&E states that it would be amenable to correcting, through a compliance filing, the typos identified by Clean Coalition in sections 2.4.1.1 and 3.5.8.⁸⁷

73. We direct PG&E to correct the typographical errors in proposed tariff sections 2.4.1.1 and 3.5.8, as specified by Clean Coalition, in a compliance filing to be submitted within 30 days of the date of this order. Further, we find that PG&E appears to have erroneously included tariff section 3.7, referring to the commercial operation date requirement. PG&E has otherwise eliminated this requirement, so we find that section 3.7 should also be removed. PG&E is directed to make this correction, or explain why such correction is inappropriate, in a compliance filing to be submitted within 30 days of the date of this order.

G. Effective Date

74. PG&E requests that the Commission grant a waiver of the 60-day notice requirement set forth in section 35.3 of the Commission's rules and regulations, 18 C.F.R. § 35.3 (2010), to allow the revisions to become effective on March 3, 2011. PG&E states that a March 3, 2011 effective date will benefit PG&E and its customers by enabling PG&E to initiate its first cluster study process on March 3, 2011, shortly after CAISO's March 1, 2011 cluster study process begins. PG&E states that if the proposed revisions are not accepted for 60 days, its next opportunity to process a cluster study simultaneous with CAISO will be a full year later, on March 1, 2012. PG&E notes that stakeholders suggested that PG&E seek the March 2011 effective date so that they can more quickly avail themselves of the new interconnection procedures.

75. Because the proposed effective date was suggested by stakeholders and has not been protested, and because the proposed March 3, 2011 effective date will permit PG&E to offer the new interconnection procedures simultaneously with CAISO's GIP, we find good cause to grant a waiver of the 60 day prior notice requirement, as requested.⁸⁸

⁸⁶ *Id.* at 24.

⁸⁷ PG&E Answer at 11.

⁸⁸ See *Central Hudson Gas & Electric Corp.*, 60 FERC ¶ 61,106, at 61,338, *reh'g denied*, 61 FERC ¶ 61,089 (1992).

The Commission orders:

(A) PG&E's GIP proposal is hereby accepted, subject to modification, as described in the body of this order, effective March 3, 2011, as requested.

(B) PG&E is hereby directed to submit a compliance filing, within 30 days of the date of this order, as discussed in the body of this order.

(C) PG&E is required to post monthly information on its website regarding the functioning of the new GIP processes, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.