UNITED STATES OF AMERICA

BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

Amendment to Wholesale Distribution Tariff: Generator Interconnection Procedures	Docket No. ER11-3004 (Filed March 2, 2011)

CLEAN COALITION REQUEST FOR REHEARING

Pursuant to Section 313 of the Federal Power Act and Rule 713 of the Federal Energy Regulatory Commission's (FERC or Commission) Rules of Practice and Procedure, the Clean Coalition respectfully submits this request for rehearing of ORDER CONDITIONALLY ACCEPTING TARIFF REVISIONS AND DENYING MOTIONS, 135 FERC ¶ 61,094 (the "Order"), on April 29, 2011, ruling in favor of PG&E's WDT amendment but requiring also that PG&E post information on a monthly basis about its interconnection applications.

I. BACKGROUND AND SUMMARY

In conditionally accepting PG&E's WDT amendment, the Commission approved a doubling in the length of interconnection procedures for smaller renewable energy projects, both on paper and probably in practice, as well as a significant increase in costs. The former WDT SGIP had a "paper" interconnection timeline of about 315 days. The new GIP has a paper study timeline that averages 690 days, which doesn't even include

time required to negotiate the interconnection agreement or construct any required upgrades, which will add about another year to the total interconnection process timeline, bringing the total to about three years. In practice, the former SGIP led to lengthy delays, though we have no data from PG&E demonstrating how long SGIP projects actually took to interconnect – indeed, we have almost no data from PG&E on any aspect of their interconnection procedures, resulting in a "black box" for both the Commission and stakeholders.

The Commission ostensibly applied a stringent standard of review in its Order, applicable to Participating Transmission Operators' (PTO) proposals to revise interconnection tariffs. The standard of review is stringent due to concerns about anti-competitive behaviors that are not present when evaluating interconnection procedures by ISOs or RTOs (the latter standard is known as the "independent entity" standard of review).

In practice, however, the Commission applied a very lenient standard of review that effectively abdicated its duty to regulate PTO interconnection procedures and made important factual errors along the way.

The Commission also dismissed comments and protests from three highly experienced intervenors, including the California Public Utilities Commission, the Interstate Renewable Energy Council and the Clean Coalition, all of whom expressed strong concerns about PG&E's proposal. The only request that was heeded, of dozens made by these intervenors, was to require that information be shared by PG&E with respect to the application of its new WDT. This is an important requirement, to be sure, but constitutes a tiny portion of the changes intervenors requested.

PG&E proposed two alternatives, Fast Track and the Independent Study Procedure, to the default cluster study process (which will take an average of 690 days for completion of studies alone) to mitigate this very lengthy cluster study timeline. The Clean

Coalition identified, however, a number of potentially fatal flaws in these alternatives, including:

- A "poison pill" inserted after the completion of the stakeholder process that exposes Fast Track applicants to uncapped, undefined and indefinite cost liability that may result from distribution grid and network upgrades at literally any point in the future. It is highly unlikely that banks will finance renewable energy projects subject to this uncapped liability. New facts have come to light since our Protest of PG&E's WDT amendment, including increased developer concern about the poison pill provisions. We have included in Attachment A a list of companies who believe this poison pill language will make Fast Track projects unfinanceable.
- An unworkable Screen 10 for the Fast Track expedited interconnection procedure due to the requirement that <u>any</u> distribution or network upgrades trigger an ISP or cluster study procedure for Fast Track applicants. The Commission makes important factual errors with respect to the viability of the Fast Track process, as described further below.
- Undefined criteria for the Independent Study Procedure (ISP) that prevent an applicant from having any idea of its potential for success before committing $50,000 plus $1,000 per megawatt for the application fee. If the ISP applicant fails, it must then wait for the next cluster window and pay an additional $50,000 plus $1,000 per megawatt fee and have literally nothing to show for its ISP application except a large hole in its bank account.
- A statement in the GIP itself that PG&E's entire distribution grid will "generally" be studied as one cluster, which will generally obviate the ISP entirely because if the entire grid is one cluster no proposed projects will be found to be electrically independent.

- Moreover, no timelines for completion of studies is included for the Independent Study Procedure, which may well give rise to a backlog of requests like that which prompted the reform efforts to begin with.

In sum, the Commission failed to take into account the concerns expressed by expert stakeholders and approved a new interconnection tariff that represents a net worsening in many ways of the current interconnection problems facing PG&E. In doing so, the Clean Coalition believes that the Commission committed factual and legal errors that require a rehearing.

II. ALLEGATIONS OF ERROR

In accordance with 18 C.F.R. §§ 385.713 (c)(1) and (2), the Clean Coalition provides the following allegations of error in the Order.

A. The Order commits reversible error by improperly applying a more lenient standard of review to PG&E than is required by law, effectively abdicating its role as a regulator, and commits a number of factual errors with respect to PG&E's WDT.

B. In contravention of requirements for reasoned decision-making, the Order erroneously disregards intervenors' arguments and evidence.

III. REQUEST FOR REHEARING

An agency must show that it has engaged in reasoned decision-making by articulating a satisfactory explanation for its action that includes a rational connection between the facts found and the choices made.[1]

The Commission's standard of review for considering PTO interconnection tariff revisions is more stringent than that for ISOs like CAISO. The Commission re-confirmed this matter in its recent conditional approval of CAISO's GIP Proposal (133 FERC ¶ 61,223, Dec. 16, 2010, p. 25, emphasis added):

> Multiple parties raise concerns that CAISO's GIP proposal could have adverse consequences if adopted by the California IOUs in their WDATs. This order, however, narrowly addresses CAISO's proposal for interconnection procedures for its transmission system and, thus, the IOUs' WDATs are not before the Commission at this time. Therefore, any concerns with the California IOUs' WDATs are outside the scope of this proceeding. Our acceptance of the GIP proposal recognizes the special accommodations we afford independent entities under our interconnection policies, for the reasons summarized above. Any 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.

The Commission reaffirmed in the same order that Order No. 2003 requires any proposed changes to SGIP to be "consistent with or superior to" the WDAT SGIP.[2] Moreover, the Commission's determinations "must be supported by arguments explaining how each variation meets the standard [of review]."[3] The phrase "each variation" is very important because it is patently not the case that PG&E argued, and

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[1] *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983); *See also Associated Gas Distributors v. FERC*, 824 F.2d 981, 1016 (D.C. Cir. 1987), *cert. denied*, 485 U.S. 1006 (1988); *ANR Pipeline Co. v. FERC*, 771 F.2d 507, 516 (D.C. Cir. 1985); *Electricity Consumers Resource Council v. FERC*, 747 F.2d 1511, 1513 (D.C. Cir. 1984).

[2] 133 FERC ¶ 61,223, p. 24 (quoting Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at P 26, 827).

[3] *So. Cal. Edison, et al.*, 113 FERC ¶ 61,022 at P 5 (emphasis added).

nor did the Commission find, that each change in the new WDT is "consistent with or superior to" the former WDT.

The Clean Coalition requests that the Commission rehear its conditional acceptance of PG&E's WDT Amendment, in line with the abovementioned legal guidance and our discussion below.

A. Allegation: The Order commits reversible error in granting PG&E's requested amendment without properly applying the correct standard of review.

1. The new cluster process substantially lengthens the default interconnection procedure

We have described the appropriate standard of review above. Prior to discussing the Order's legal and factual errors in more detail, we would like to clarify the relevant interconnection study timelines being discussed in this proceeding. In written testimony PG&E provided to the Commission, PG&E cites a current SGIP timeline of 315 calendar days and compares this to a proposed GIP study process that they describe as 330 days – a dramatic further reduction from the previously claimed 420 days (which is also the number CAISO claims for its GIP cluster study timeline). Unfortunately, PG&E was disingenuous and did not make an "apples to apples" comparison, as the suggested 330 day timeline requires, in order to be accurate, that an interconnection request is made on the last day of the second cluster window in each year and does <u>not</u> take into account the waiting period for the Phase I study to begin, up to 14 months, which is a necessary consequence of switching from a serial process to a cluster process because only one cluster is conducted per year, or the waiting period between Phase I and Phase II. Waiting times are a necessary fact of a cluster study process because

cluster studies commence in defined windows each year, as opposed to any time during the year, as is the case with serial studies.

In order to make an "apples to apples" comparison with the current SGIP timelines, which are serial and can therefore be started any time, all of these additional days have to be accounted for. The waiting period to start the cluster study process will be from two to 14 months, for an average of eight months. We must also include up to 30 days for the scoping meeting after Phase II. We have, then, the 330 days described by PG&E plus 90 days of waiting between Phase I and Phase II, plus about 240 days (eight months), plus up to 30 days for a results meeting after Phase II equals 690 days as the average study timeline in the cluster process, which is more than double the 315 day SGIP timeline! Again, this timeline does not include time required to negotiate an interconnection agreement or to construct required grid upgrades, which will add an additional year. It also assumes that PG&E will meet these timelines, which given recent history seems unlikely.

This doubling of the SGIP timeline is the main reason why the Clean Coalition argues that PG&E's proposed tariff cannot be deemed "consistent with or superior to" the existing SGIP unless PG&E shows that Fast Track or ISP are viable alternatives to the cluster process – which it has not.

In sum, PG&E's new WDT GIP doubles the paper timeline for all applicants and will very likely lead to a lengthening of the actual timeline for interconnection because the alternatives to the cluster process are not viable. Thus it is very likely that all projects will have to go through the cluster study process, with an average 690 day timeline plus interconnection agreement negotiation and construction of any required upgrades. We do not know in actuality what the average interconnection study time has been for PG&E's historic SGIP queue because they have not shared this data with stakeholders. We can only assume, however, that it has been shorter than the average two year study

process now being required under the new cluster process. The net effect of the new GIP is to increase the costs for applicants and to lengthen the interconnection study timelines. This is not "consistent with or superior to" the previous SGIP and thus constitutes grounds for rehearing.

2. The new Fast Track procedure includes a "poison pill" that is a major hurdle to financeability of Fast Track projects

The Order highlights the accelerated options of Fast Track and Independent Study Procedure (ISP) as alternatives to the average 690-day cluster process. There are, however, a number of major problems with Fast Track, such that it is fatally flawed and not a viable alternative to the two-year cluster study process.

Perhaps the most serious problem with PG&E's proposed Fast Track is the newly-added Sections 2.2.2, 2.2.3, and 2.4.1.1, which impose on developers uncapped, undefined and indefinite financial liability associated with "subsequent engineering or study work" related to both distribution and network upgrades, with no temporal limit for this cost liability:

> Interconnection Customer retains financial responsibility for any Interconnection Facilities, Distribution Upgrades, or Network Upgrades determined by subsequent engineering or study work, such as final engineering and design work, or other future operational or other technical study, such as to identify and determine the cost of any Distribution Provider's Interconnection Facilities required by the Generating Facility, or of short circuit duty-related Reliability Network Upgrades as assigned to the Interconnection Request during the Cluster Study Process as set forth in Section 4, that are attributable to the Interconnection Request. If future engineering or other study work determines that the Interconnection Customer is financially responsible for Interconnection Facilities, Distribution Upgrades, or Network Upgrades identified in these future studies, the GIA will be amended to assign the Interconnection Customer financial responsibility for such facilities and upgrades.

Given the substantial potential costs of distribution and network upgrades, few developers, and even fewer capital providers, will be willing to accept the uncapped cost risk proposed by PG&E. In fact, several developers we have communicated with feel strongly that this provision is a "poison pill" that effectively renders the Fast Track useless because it is too risky. We have included a list of companies in Attachment A, all of whom fear that this poison pill language will make Fast Track projects unfinanceable. [4]

The broad cost liability language proposed by PG&E, with no temporal limit, is far too onerous to be reasonable. We therefore ask the Commission to compel PG&E to remove any reference to future costs other than those associated with the project itself that are identified at the time of interconnection through the Fast Track studies (initial review, supplemental review and optional facilities study) – which should be more than sufficient to account for interconnection costs.

3. The Order makes unwarranted assumptions about the efficacy of Fast Track in the past and thus misjudges the efficacy of PG&E's proposed changes

The Commission assumes that PG&E's Fast Track has worked in the past, but this is not the case. The Clean Coalition learned recently from PG&E that literally only two Fast Track projects have been successfully interconnected in the entire history of PG&E's Fast Track program. Clearly, the Fast Track option has not been viable in the past and, as we have argued to the Commission, will not be viable in the future unless the

[4] The Commission raises the issue that no developers protested the WDT Amendment. The problem is that most developers do not have the resources to do so – and rely on entities like the Clean Coalition and IREC to do so on their behalf. As our Attachment A demonstrates, there is strong developer concern about aspects of the WDT Amendment. Additionally, we have heard privately from several developers who opposed the amendment but did not want to say so publicly and risking angering the PTOs. This, in itself, highlights the risks of an interconnection process fraught with subjective decision-making by the PTOs.

Commission exercises its oversight responsibility and requires PG&E to make a number of changes.

The Order states (para. 70, emphasis added): "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…" But the CPUC's point – and the Clean Coalition's point – in raising concerns about screen two is that the Fast Track process has not been viable to date and will not be viable in the future unless changes to screen two and other aspects of Fast Track are required by the Commission. This error warrants rehearing.

4. The Order commits a factual error in arguing that the Fast Track procedure is a viable alternative to the cluster process and commits other factual errors

a. The Order misreads PG&E's tariff with respect to Fast Track viability.

The Order commits a factual error in arguing that the Fast Track procedure is a viable alternative to the cluster process. Para. 10 of the Order (footnotes omitted) states:

> PG&E states that if an interconnection request fails due to screen ten, 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. Further, because this scenario requires the construction of facilities, PG&E 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.

This is incorrect. PG&E's GIP states that any distribution or network upgrades will require that a Fast Track applicant move into the ISP or cluster process (Section 2.3.4):

> If the proposed interconnection fails the screens due to Screen 2.2.1.10, and Distribution Upgrades or Network Upgrades are required, then the Interconnection Customer will be required to move into the Independent Study Process, or Cluster Study Process, as applicable to specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to interconnect the Generating Facility consistent with safety, reliability, and power quality standards.

The Tariff itself is, however, contradictory on this point, with Section 2.4.1.1 stating that "minor modifications" to the distribution grid will still allow an applicant to proceed with a supplemental review and optional facilities study under Fast Track. The Order reflects this confusion with its footnote in para. 10: "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."

The Order also contradicts itself by arguing that Fast Track is a viable option as an alternative to the very lengthy cluster process and then also acknowledging that the undefined financial liability imposed by the GIP on Fast Track applicants will lead to less certainty for applicants. The Order states (para. 67): "If a generator opts for an expedited study process [under Fast Track], 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." As the Clean Coalition argued in our Protest, the GIP language in sections 2.2.2, 2.2.3 and 2.4.1.1. is a "poison pill" because it imposes uncapped, indefinite and undefined financial liability on Fast Track applicants. As we explained above, many developers believe that this provision makes any Fast Track project unfinanceable (see Attachment A). Thus, the Commission cannot argue, on one hand,

that Fast Track is a viable option as an alternative to the cluster process and then argue, on the other hand, that Fast Track applicants must accept uncapped, undefined and indefinite financial liability in order to proceed with Fast Track.

In sum, both the tariff and the Order are contradictory on the issue of Fast Track and thus the Order commits factual and logical errors that warrant rehearing.

b. The Order makes other factual errors

The Order makes other factual errors. For example, para. 33 states: "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." This is incorrect because the Clean Coalition argued – and demonstrated – that the cluster process will take an <u>average</u> of 690 days, not a maximum of 690 days (which assumes that the required timelines are actually met, which recent history does not suggest will be the case). This is a significant difference in meaning and constitutes additional grounds for rehearing.

5. The new Independent Study Procedure is also fatally flawed because there is no way to reduce uncertainty regarding whether a project qualifies for this procedure beforehand

PG&E proposed the ISP (emulating CAISO's new procedures) as a second alternative to the cluster process. Applicants must demonstrate that they have a Commercial Online Date (COD) that could not be met under the cluster process and, equally importantly, that the project is electrically independent from any other proposed projects. PG&E

offers no objective criteria whatsoever for how electrical independence will be determined.

Whereas CAISO made a conscious effort to use objective screens for its new GIP (approved by the Commission in December, 2010) rather than subjective judgment in order to determine electrical independence, PG&E opted to base its independence screens entirely on "engineering judgment":

> Distribution Provider will evaluate each Interconnection Request for known or reasonably anticipated, in the engineering judgment of the Distribution Provider, relationships between the Interconnection Request and any earlier-queued Interconnection Requests in the Cluster Study Process, the Independent Study Process, or Interconnection Requests studied under predecessor interconnection procedures that have yet to complete their respective Interconnection System Impact Study or Phase I Interconnection Study.

As written, this test constitutes a "black box" of engineering judgment with literally no objective criteria provided. This language provides, in other words, *carte blanche* to PG&E to deny ISP requests with no explanation other than "engineering judgment." The grid itself is not a subjective system. It is a physical and objective system and is modeled with software simulations. Accordingly, it seems that any judgments about electrical independence should be made using objective criteria instead of undefined and subjective engineering judgment. CAISO adopted objective criteria for the ISP in section 4.2 of their new tariff, so there is no reason why PG&E cannot do the same.

Without improvements or clarifications on this issue, we must assume that the ISP, like PG&E's Fast Track, constitutes simply a "false hope" for smaller developers. In fact, section 4.8.1 of PG&E's new GIP suggests that all distribution grid interconnection requests will "generally" be studied in one cluster due to electrical relatedness. If this is the case, how will any projects qualify for ISP or Fast Track as electrically independent?

The Order seems to confuse our point regarding the need for objective criteria (para. 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 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 have two responses to this statement: 1) the purpose of objective criteria is that they apply to all situations, so no foreknowledge of the actual projects in any particular area is required; 2) CAISO included objective criteria in their GIP, and we urged PG&E to do the same, so why is this feasible for CAISO's GIP but not for PG&E? These clear errors of judgment and reason by the Commission constitute grounds for rehearing.

In sum, if both Fast Track and the ISP are fatally flawed processes, then smaller developers will be forced into the standard cluster study process and be subjected to its 690-day average timeline, which is more than twice as long as the former SGIP paper process. This is, again, an apples to apples comparison. The old SGIP was backlogged in a serious manner but we have no data from PG&E demonstrating what the actual timelines were under SGIP. There is no guarantee, however, that the new GIP will not suffer from the same problems that assailed the SGIP. [5] Instead, it is quite likely that similar problems will occur and, indeed, delays in the cluster process are already being discussed as a real possibility by CAISO as part of their in-progress GIP 2 reform

[5] We also note that the Sacramento Municipal Utility District (SMUD) has demonstrated the speed with which interconnection requests can be processed. SMUD processed 30 interconnection applications for its feed-in tariff program in 2010 in three months, with only two full-time staffers working on these applications – which is a far larger amount of interconnection requests in relation to their size than SCE has been processing under their WDAT SGIP. The interconnection studies were completed in three months and interconnection agreements completed in another three months. (Personal communications from Sherri Ekloff at SMUD).

process (which will affect PG&E's GIP also as CAISO's changes are incorporated into PG&E's GIP).

The end result of PG&E's changes is that applicants seeking to avoid the default cluster process, which takes an average of two years just for studies to be completed, may opt for the ISP if the COD and independence criteria are met, but with literally no way to know if the independence criterion will be met before applying for the ISP. Thus, applicants will have to spend $50,000 plus $1,000 per megawatt with no way to find out beforehand if this is money thrown down the drain. If an applicant does not qualify for ISP, it must simply wait until the next cluster window and apply then, paying an additional $50,000 plus $1,000 per megawatt to enter into the cluster process.

In sum, the ISP is no mitigation at all for the harm done by PG&E in eliminating its WDAT SGIP.

6. The Commission did not apply the correct standard of review by ensuring that "each variation" of PG&E's proposal is "consistent with or superior to" existing procedures

The Order states (para. 28): "[W]e 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."

The Order also states (para. 42, emphasis added): "we find that the <u>overall</u> 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."

However, as discussed above, Order 2003 requires that "each variation" of the utility proposed changes must be "consistent with or superior to" existing procedures – and the Commission did not conduct this analysis for each variation. As the previous quotes demonstrate, the Commission took a gestalt approach and concluded (wrongly, in our view) that the net change was positive. But this is not the correct review required – "each variation" must be assessed and found to be consistent with or superior to existing procedures. This oversight constitutes grounds for rehearing.

B. Allegation: In contravention of requirements for reasoned decision-making, the Order erroneously disregards intervenors' arguments and evidence.

The Order states (para. 27, emphasis added): "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." Similarly, the Order states (para. 30, emphasis added): "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."

The Clean Coalition demonstrated in its comments to the Commission that the "viable options" and "relaxed fast track process" that the Commission refers to are not in fact viable or relaxed. As discussed above, there are a number of fatal flaws in the new fast track process and it is unlikely that the ISP will be available to any more than a handful of developers, if any.

The Order disregards, almost in their entirety, the strong concerns stated by three entities that follow these issues assiduously and comprehensively: the California Public Utilities Commission; the Interstate Renewable Energy Council (funded by the DoE in order to track and improve interconnection procedures around the country); and the

Clean Coalition, a newer organization that is focused entirely on improving the market for distribution-interconnected renewable energy projects in California and around the country. The only concern that the Commission acknowledged as valid was the issue of data transparency – the Order requires that PG&E share data on its interconnection procedures on a monthly basis for 24 months. This in itself is very helpful because data transparency is the first key step to real reform. But we have enough data already on many issues to know that PG&E's WDT amendment will not improve the interconnection process as PG&E claims it will.

IV. CONCLUSION

For the foregoing reasons, the Clean Coalition urges the Commission to grant our request for rehearing and to reconsider PG&E's WDT Amendment under a proper application of the standard of review required by law.

Respectfully submitted,

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Dated: May 30, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Santa Barbara, California, this 30th day of May, 2011.

TAM HUNT

Attorney for:
Clean Coalition

Attachment A

The listed parties agree with the following statement with respect to the "poison pill" language inserted by SCE and PG&E into their interconnection tariff amendments:

We believe that the "poison pill" language (below) inserted by SCE and PG&E into their interconnection tariffs will make Fast Track renewable energy projects generally unfinanceable. This is the case because this language imposes uncapped, undefined and indefinite financial liability on Fast Track interconnection applicants. It is highly unlikely that any bank or other investor will make a loan or equity investment in renewable energy projects that have this kind of financial liability hanging over them.

PG&E's language (included in Sections 2.2.2, 2.2.3 and 2.4.1.1 of the new GIP) and SCE's identical language (Section 6.6 and 6.7 of the new GIP) is as follows:

> Interconnection Customer retains financial responsibility for any Interconnection Facilities, Distribution Upgrades, or Network Upgrades determined by subsequent engineering or study work, such as final engineering and design work, or other future operational or other technical study, such as to identify and determine the cost of any Distribution Provider's Interconnection Facilities required by the Generating Facility, or of short circuit duty-related Reliability Network Upgrades as assigned to the Interconnection Request during the Cluster Study Process as set forth in Section 4, that are attributable to the Interconnection Request. If future engineering or other study work determines that the Interconnection Customer is financially responsible for Interconnection Facilities, Distribution Upgrades, or Network Upgrades identified in these future studies, the GIA will be amended to assign the Interconnection Customer financial responsibility for such facilities and upgrades.

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