

Clean Coalition comments on SCE WDAT GIP draft tariff

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I. Introduction

The Clean Coalition (formerly The FIT Coalition) is extremely disappointed to see so little change to SCE's proposed WDAT tariff revision ("draft tariff") after numerous party comments. As we've discussed previously, we agree that there is a need to improve the process to handle what is a severely backlogged WDAT/SGIP/Rule 21 queue. However, despite substantial efforts by the Clean Coalition and other stakeholders to recommend tariff improvements, we believe that SCE's proposed solutions remain highly flawed and, vitally, appear to violate FERC requirements that reforms result in a WDAT that is "consistent with or superior to" existing procedures for distribution line interconnection. We recognize and appreciate SCE's removal of any COD requirements for ISP projects, letting the test for electrical independence act as the gatekeeper for ISP projects. However, this change in itself is insufficient to make up for the downsides of the proposed reforms, particularly because absolutely no objective criteria are supplied for how electrical independence is to be determined. And the draft tariff contains no dispute resolution procedures to challenge SCE's determinations.

In short, the draft tariff gives us no confidence at all that the ISP will be a legitimate alternative to the cluster process. When combined with SCE's intransigence in raising the Fast Track limit from 2 MW (as PG&E and CAISO have done), as well as back-tracking on some of the previous improvements to the Fast Track language in this latest draft, **SCE's proposed tariff represents, on balance, a remarkable step backwards for**

Wholesale Distributed Generation interconnection procedures. This is the opposite from what California needs, in light of our ambitious renewable energy mandates and greenhouse gas mitigation efforts, in addition to the need to jumpstart our renewable energy industry for job creation and economic benefits for all Californians. SCE's proposed reforms will take us backwards from achieving all of these goals.

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

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.

It seems abundantly clear that SCE's proposed reform of the WDAT will not pass muster with FERC in its present form. In order to create a WDAT draft tariff that would be deemed acceptable by FERC, we believe that the following changes should be incorporated:

- Shorten the cluster study process considerably
- Improve Accelerated Options, such as Fast Track or the Independent Study Process (ISP), so they can be accessed by a substantial percentage of smaller developers

- Improve pre-application exchange of information, including improved grid transparency to provide more pre-application information to developers and a “for fee” feasibility study for projects 20 MW and below
- Improve queue transparency to provide more data and deadline tracking, ensuring that the process is transparent and deadlines are being met
- Agree to an independent process audit to review in detail SCE’s interconnection study procedures, staffing and software. It is our hope that such a process will eventually allow two full cluster studies to be completed each year, which would allow for all of the benefits of cluster studies to be realized, with none of the downsides.

As we have discussed repeatedly in prior filings, the Clean Coalition feels that the PTOs and ISO don’t sufficiently understand the development cycle for 20 megawatt-and-smaller energy projects.

The total waiting period and study time, plus time for a meeting to discuss the study results will, as we’ve demonstrated, require an average of 632 days – but up to about 800 days in the worst case scenario. Two years for interconnection studies to be completed – ignoring the substantial additional time it will take to negotiate the generator interconnection agreement (GIA) and then construct any required upgrades – is an unacceptable timeline for smaller developers and appears to violate FERC’s “consistent with or superior to” standard.

The Clean Coalition believes that SCE’s proposed cluster study process will only be acceptable to the FERC if the cluster study process is accelerated and/or the Fast Track and the ISP (Accelerated Options) can be accessed by a substantial percentage of smaller developers. Additionally, we believe SCE needs to substantially improve pre-application exchange of information, from improved grid transparency to a “for fee” feasibility study for projects 20 MW and below. As it currently stands, **SCE’s proposed**

tariff offers few improvements over the earlier versions, with some major steps backwards, and, importantly, is substantially less accommodating to smaller developers than the ISO GIP and the proposed PG&E WDAT. Below, we offer a comparison:

	SCE	PG&E	ISO
Fast Track	Up to 2MW	Up to 5 MW (up to 3 MW for a 21kV interconnection, and up to 2MW on a 12kV interconnection)	Up to 5 MW
Grid Transparency	No improvement	During WDAT reform process, PG&E committed to substantially increase the information provided to developers to include specific circuit information (voltage, capacity, loading information (including peak load) and amount of distributed generation already on that circuit)	No improvement
Queue Transparency	No improvement	No improvement	Now required by FERC to incorporate an informational update on Fast Track and ISP as a part of CAISO's existing LGIP quarterly reports

I. Feasible fixes within the current stakeholder process

- a. The final tariff should include a timeline diagram for the various deadlines and dates for the interconnection study process**

The interconnection study process is highly complex. It would be very useful for applicants if SCE could include a timeline diagram in the final tariff showing the key deadlines and relevant time periods for each phase of the process.

More generally, we request that SCE standardize its “days” as either Calendar days or Business days throughout the document – it’s confusing to have different types of days used in different places, with some “days” left unspecified as to whether they are Calendar or Business days.

b. SCE should offer a feasibility study to first cluster window applicants

SCE should offer a feasibility study for entities entering the first cluster window (as is available under today’s WDAT), to be completed by SCE within 60 days, with a choice upon the close of the second cluster window as to whether the applicant wishes to proceed or not with Phase I of the cluster study process. Costs for this feasibility study should be reasonable and paid for by the applicant.

c. Section 1

Section 1 refers to a Commercial Operation Date (COD) for the ISP process. As reference to a COD has been removed later in the tariff, this language should be removed.

d. Section 3.3

Section 3.3 refers to “in a timely manner”. This language is vague and should be reworded to be more specific.

e. Section 3.5

It is unclear why Section 3.5 removed reference to Solar Photovoltaic facilities. We recommend it be re-inserted to eliminate any doubt that solar is included under this tariff.

Additionally, the information SCE's proposes to provide in this section should be expanded in order to increase queue transparency. As the Clean Coalition has mentioned previously, SCE's reform process has been data-starved, which significantly impairs any stakeholder process and makes it difficult to accurately diagnose the problems and suggest optimal solutions. Additionally, we believe it is vital to understand whether or not the Accelerated Options are working appropriately and this can only be done by rigorously tracking each project and making this data public. Specifically, the online queue information should be expanded dramatically and we request inclusion of these additional items for each project:

- date application deemed sufficient,
- date of scoping meeting,
- date of system impact study and
- date of facilities study.
- Additionally, information should be provided on each project that fails to clear an Accelerated Option and the specific reason for that failure.
- This information should also be provided for all IOU-owned projects that participate in projects like the Solar Photovoltaic Programs (SPVP).

We note that the FERC provided similar commentary in its recent conditional approval of CAISO's GIP Proposal (133 FERC ¶ 61,223, Dec. 16, 2010, p. 31):

In particular, CAISO should include information about the number of projects requesting interconnection through the ISP, the outcome of those requests, the complete length of time for recently completed ISP

interconnection studies (from initial application through final approval), and the reason for any rejections of projects requesting ISP treatment. This information will improve the transparency of the ISP, which is in the best interest of all market participants.

FERC made similar comments in reference to queue transparency for Fast Track. We also encourage SCE to increase the flow of information by posting the results of scoping meetings and system impact and facility studies, with information redacted where necessary. We believe this would cut down on multiple interconnection applications in areas where expensive upgrades would be required. For an example of a utility providing such information, please visit PacifiCorp's interconnection queue: <http://www.oasis.pacificorp.com/oasis/ppw/lgia/pacificorplgiaq.htm>.

Pacificorp shares a substantial amount of more general interconnection data also, as part of its participation in FERC's OASIS program: <http://www.oasis.pacificorp.com/oasis/ppw/main.htmlx>.

f. Section 4.2.2.1

Section 4.2.2.1 provides for ten (10) Business Days to notify of receipt and validity of Interconnection Request. We believe requesting this much time for simple clerical work is an example of how the IOUs may be understaffed and believe this should be reduced to two (2) Business Days. Additionally, the date the developer is informed that the Interconnection Request is received and valid should be posted publicly on the interconnection queue. This will improve queue transparency and allow outside observers to determine how well the new WDAT tariff is working. These comments are also relevant to Section 5.3.1 and Section 6.2.

g. Section 4.3

Why was reference to “distribution data” removed from the description of the purpose of the Scoping Meeting? This seems to be a major mistake because the entire point of this Scoping Meeting is to discuss available information about the distribution grid, as well as any impacts to the transmission grid. It is thus imperative that distribution data be re-inserted into the tariff.

Also, the tariff states that a Scoping Meeting shall occur within 60 days of the close of the cluster study window. We again request that SCE reduce this figure to 30 days.

h. Section 4.5.6

In the event that the Distribution Provider determines that it will not meet the required time frame for completing the Phase I Interconnection Study, this information should be posted publicly on the interconnection queue. This will improve queue transparency and allow outside observers to determine how well the new WDAT tariff is working. This comment is also relevant to Section 4.6.2, Section 5.8.1.2 and Section 5.8.2.3.

i. Section 5.3.2

Section 5.3.2 provides only two business days for applicants (Interconnection Requests) to dispute a notice of invalidity for the Independent Study Process (ISP). This is far too short and should be extended to 14 days. This will allow applicants sufficient time to confer with consultants or legal counsel and decide on a course of action.

j. Section 5.5

SCE must address the electrical independence test in a more objective manner and remove subjectivity from the interconnection procedures as much as is possible. As

written, this test is entirely a “black box” of engineering judgment with literally no objective criteria provided. This language provides, in other words, *carte blanche* to SCE to deny ISP requests with no explanation other than “engineering judgment.” This is unacceptable and we will certainly challenge this approach at FERC due to our belief that the very substantial downsides resulting from the extremely lengthy cluster study process requires legitimate alternatives such as the ISP.

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. This concern is particularly relevant given that the IOUs are increasingly competing with Independent Power Producers for interconnections in programs like the SPVP, giving rise to at least the appearance of a conflict of interest that needs to be mitigated. This potential for a conflict of interest is the explicit rationale for FERC’s heightened scrutiny of PTO interconnection tariffs versus ISO tariffs.

As written, the draft tariff gives us no confidence at all that the ISP will be a legitimate alternative to the cluster process. When combined with SCE’s intransigence in raising the Fast Track limit from 2 MW (as PG&E and CAISO have done), SCE’s proposed tariff represents a remarkable step backwards for interconnection procedures.

k. Section 5.5.3

In an effort to improve queue transparency and allow outside observers to determine how well the new WDAT tariff is working, we suggest that any Interconnection Request that fails the Electrical Independence Test should be provided with a detailed report explaining the failure and providing the analysis performed to determine the failure. This report should be posted publicly on the interconnection queue.

This request is particularly relevant given the proposed subjective methodology for determining Electrical Independence and the potential for conflicts of interest with regard to IOU projects that are increasingly competing with Independent Power Producers for interconnections in programs like the SPVP.

1. Section 6

SCE's proposed Fast Track is far more restrictive than the Fast Tracks proposed by PG&E and the ISO. We again recommend that SCE raise its Fast Track limit to 5 MW in order to provide a legitimate alternative to the cluster process for smaller projects – as PG&E and ISO have done.

SCE has given no evidence or analysis to justify having a limit lower than that proposed by PG&E and ISO, other than to state in a stakeholder communication on January 3, 2011 that “The difference in impacts between a 2 MW and a 5 MW generating facility at distribution voltages can be substantial and material, depending on the circuit loading, distance between the generating facility and the nearest substation, and the presence of any other generation resources on the same or nearby circuits.” While this is undoubtedly true, the Fast Track screens are designed to address these very issues, which is why PG&E and the ISO were comfortable expanding beyond the 2 MW limit. We also note that while SCE stated in the same communication to stakeholders that it had completed an internal engineering review of the 2 MW limit (and determined that it should remain as is), SCE refused to share this analysis with stakeholders when requested to do so and explained later that it hadn't completed any extensive review that could be shared. Thus it is entirely unclear what analysis SCE did engage in making this determination. The fact that PG&E and ISO have decided to increase this limit to 5 MW shifts the onus to SCE to explain why it can't follow suit.

m. Section 6.2

It is unclear whether it is SCE's intention that a Fast Track project should NEVER be able to seek full deliverability. In the ISP process, for example, a project is allowed to seek full deliverability after the fact. No rationale is offered as to why Fast Track projects shouldn't be offered the same right to seek deliverability *ex post* and we can think of none.

n. Section 6.4.2

Section 6.4.2 provides only two Business days to dispute SCE's determination that the Fast Track application is incomplete. This is FAR too short, providing almost no time for a developer to consider information provided, consult with internal staff and/or attorneys, and make a decision as to how to proceed. This period should be extended to 14 days.

o. Section 6.7

We believe Screen 10 should specifically state, as SCE did in its market notice:

"No construction by the Distribution Provider of Network Upgrades on the ISO Grid or Distribution Upgrades on the Distribution System, *other than those upgrades directly attributable to the Generating Facility*, shall be required to accommodate the Generating Facility."

More importantly, Section 6.7 adds the possibility of future costs associated with Interconnection Facilities, Distribution Upgrades, or Network Upgrades. We believe this wholly violates the spirit of a Fast Track process and that this language, other than

references to Interconnection Facilities, should be removed. The point of the Fast Track process is to expedite interconnection for those projects that can interconnect with minimal or no upgrades to the grid, in order to efficiently build out the distribution grid in a way that benefits all ratepayers. **By adding at this very late stage of the reform process a huge “x factor” of unknown potential costs at any point in the future, SCE’s intent seems to be to further weaken the Fast Track such that it becomes unusable.** We strongly recommend removing this new language and limiting Fast Track projects to financial liability for only those costs identified in the Fast Track process itself.

p. Section 9/11.2/11.3

Various provisions in the tariff refer to “Dispute Resolution Procedures set forth in Section 9 of the Tariff” but Section 9 does not include dispute resolution procedures. The table of contents refers to section 11.3 for disputes, but 11.3 in the document itself is for bonds. 11.2 is entitled “disputes,” but refers to section 9. In short, the dispute resolution procedure in the draft tariff is a mess. This is a very important issue because current dispute resolution procedures are highly inadequate. Developers have communicated to the Clean Coalition on numerous occasions that SCE is simply ignoring deadlines in existing tariffs – with no recourse for developers. As such, the dispute resolution procedures in the draft tariff must be fleshed out and commented upon before SCE submits for FERC approval.

II. Mid-term improvements

a. Provide detailed circuit maps to developers

As previously mentioned, SDG&E’s new solar PV program includes an enhanced data-sharing component and PG&E’s comments during their WDAT reform process indicate a plan to substantially increase the data made available to developers. This level of

detailed information allows developers to perform their own feasibility studies in-house or through consultants and should be provided by SCE. If security concerns are presented by sharing this kind of information with developers, NDAs should be required.

b. Retain an Independent Evaluator

Additionally, SCE should retain an Independent Evaluator, similar to the one used in SCE's SPVP program. We believe that the presence of an Independent Evaluator could substantially ease the concerns of smaller developers and ensure that the new GIP process is constantly evaluated in terms of SCE's internal procedures, allowing for incremental improvements that are communicated clearly to all stakeholders.

c. Hire an outside consultant to conduct a detailed process audit of SCE's interconnection procedures

The Clean Coalition believes that the proposed WDAT cluster study process could be improved such that two full clusters are completed each year. With two full clusters per year, the proposed new process would present clear benefits compared to the present WDAT, largely mitigating the concerns we've enumerated above.

It seems that the 420 day timeline for the study process itself (ignoring for the moment the potential year-long waiting period before the study begins) is far longer than should be required. This conclusion is supported by many of the bullet items in the detailed list of the proposed 420 day timeline provided in the ISO GIP Proposal. Many of the items seem largely ministerial and yet a month or more is provided for completion in many cases. Surely the combination of additional staff and software and other process modifications could compress the full cluster study process, perhaps allowing two full

clusters could be completed each year, making the draft tariff an unequivocal improvement over the current WDAT process.

Importantly, we note that the FERC comments on the CAISO's GIP Proposal (133 FERC ¶ 61,223, Dec. 16, 2010) also seem to indicate the ISO (and presumably the IOUs) should be pushing for additional improvements and that the ISO intends to address this in a new stakeholder process in 2011:

The new combined cluster approach could open up the possibility for further benefits from additional measures and we encourage CAISO to consider how it may further improve the efficiency of its process in the future.

In sum, we again urge SCE to hire a third party consultant, as described above, to fully examine methods for streamlining the cluster study process to achieve two full cluster studies per year. With two full clusters per year, and up to a year waiting period for studies to begin, the timeline could be reduced from the 630-840 day timeline described above (SCE's proposed new procedure under the draft tariff) to 180-540 days, approximately.