

# FIT Coalition comments on SCE WDAT reform

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## **I. Introduction**

The FIT Coalition appreciates this chance to provide comments on SCE's proposed WDAT reforms. We agree that there is a need to improve the process to handle what is a severely backlogged WDAT/SGIP/Rule 21 queue. However, we feel that SCE's proposed solutions - which mirror ISO's suggested SGIP reforms - are far less than optimal and we hope our comments here will have some impact in improving SCE's final proposal to FERC.

As we made clear in the ISO process that preceded SCE's WDAT process, we feel that the PTOs and ISO don't sufficiently understand the development cycle for 20 megawatt and under energy projects. Specifically, the ISO and PTO assumption throughout the ISO process and apparently this WDAT process that has just kicked off has been that smaller projects follow a similar development cycle as that for larger projects, in which interconnection costs are simply accepted as a significant part of project costs and the project itself is driven by concerns about location, not transmission. For smaller projects, this is, in actuality, reversed: interconnection costs are a major issue and interconnection analysis must be conducted at the beginning of the development cycle, not the end, to address economic viability early on. If interconnection costs are significant, the project will generally not be viable, so this must be known as early in the process as possible.

This misunderstanding of the development cycle for smaller renewable energy projects results in the untenable situation we are faced with under the proposed ISO tariff ("GIP Proposal"), in which developers will have to wait up to two years just for the interconnection studies to be completed, let alone any actual upgrades that must be constructed.

Now SCE is proposing to enact the same “improvement” to the WDAT process. Despite the fact that ISO and SCE continue to discuss the proposed cluster process as though it is a 420 day process, this is simply not the case. We cannot ignore the time that it will take, up to a year, to simply enter into the cluster study process.

Under SCE’s WDAT proposal (in its current sketchy form), developers would have to wait up to a year to begin the cluster study process if the first cluster window is missed. Another 30 days may elapse before a meeting is scheduled to discuss Phase II study results with SCE (if SCE’s final proposal mirrors the GIP Proposal in this regard). SCE also proposes a second cluster window, six months after the first window each year, which will allow applicants to have a scoping meeting only. This is helpful but doesn’t go nearly far enough. At the least, a fee-based feasibility study should be offered, as discussed below.

Tallying the numbers under the preliminary SCE WDAT proposal, we have a grand total of up to 815 days (365+420+30) just for studies to be completed, and this assumes that the planned schedule is actually met, which is definitely not the case today. Even if we average the 0 to 365 days between annual cluster windows to 182 days, we are still left with an average of 632 days (182+420+30) to complete the study process.

This is far too long for small or new developers to hang on to projects without knowing if the chosen site is economically viable because options must be paid to landowners and the biological study and permitting process is unlikely to start in earnest until the full costs of interconnection are learned in the cluster study process (due to the possibility that such activities would be mooted if the project could not be interconnected at a reasonable cost).

We offer below a number of constructive solutions that we feel would improve the current SCE WDAT proposal.

## **I. Discussion**

The FIT Coalition believes that any problem must be diagnosed clearly before solutions are proposed. As we highlighted in the ISO process, we believe much more information should be shared with parties so that we can accurately diagnose the problem. For example, will software and modeling improvements fix much of the delay? Will

additional staff? Could improved software, with more staff and a cluster process dramatically improve the process and allow studies to be completed in far less than 420 days (with over 800 days for the entire process)? At this point, we can't say because we have so little information.

**a. More data should be shared about the WDAT process**

Very limited data was shared with stakeholders in the ISO SGIP reform process. The FIT Coalition appreciates the additional information shared by SCE at the Oct. 18 workshop and we are waiting for the slides to be shared with parties. Specifically, SCE shared the aggregate active interconnection request data over the last few years, distinguishing Rule 21, WDAT, and LGIP applications. SCE also shared some information about the four transmission zones that generally determine study clusters for LGIP. This is good additional data but we need far more data to accurately diagnose the problems and suggest possible solutions.

Here is a list of the kinds of information we feel should be available to all stakeholders before major changes are made to WDAT:

- Number of WDAT applications in the SCE queue, with dates of entry
- Number successfully processed, time for processing and costs of studies
- Number of Rule 21 applications in the SCE queue, with dates of entry
- Number successfully processed, time for processing, and costs of studies
- Number of Fast Track applications in the SCE queue, with dates of entry
- Number successfully processed in Fast Track, time for processing and costs of studies. Information on rejected Fast Track applications, including specific screen that was failed (if relevant).
- Number of SCE staff working on interconnection issues, staff added in the last two years, planned staff additions over the next two years
- Actual cost to SCE of feasibility studies, system impact studies and facilities studies for all interconnection queues, with methodology for determining actual costs
- Cost of required upgrades for each project or cluster (PacifiCorp, for example, posts all of this information online as soon as it is completed)
- The online queue information needs to be expanded dramatically also and we request inclusion of the additional items for each project: date application deemed sufficient, date of scoping meeting, date of feasibility study, date of system impact study and date of facilities study.

A good model for data availability is the California Solar Initiative program, which shares comprehensive data about every facet of the program each quarter. ANY new process should provide substantially more data than has been offered thus far, similar to the above, so that the interconnection process is auditable in the future and not the black box we have today.

**b. Feasible fixes within the current stakeholder process**

**i. Make the most recent GIP and WDAT base case data available to the public immediately upon completion**

One easy step towards increasing the flow of information is to make the most recent GIP/SGIP/LGIP base case data immediately available to the public, as well as relevant WDAT data along the lines of our list above.

Additionally, we believe that posting the results of scoping meetings and system impact and facility studies (with information redacted, where necessary) 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 at

<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>.

We appreciate SCE's sharing information about available circuit capacity as part of its new PV program. As we mentioned in the workshop, we urge SCE to extend this analysis up to 5 MVA, or even up to 20 MVA, even though such circuit capacity will be very rare, and share this information on Google Maps, as SCE did for the PV program. Even if 2-3 MVA is the general limit for Fast Track projects, per our comments below, we believe there could be significant potential to expand this figure up to 5 MVA. The more detailed interconnection data provided, the more efficient the process becomes for developers, SCE and the ISO.

**ii. Add a feasibility study option for 20 MW and below at any time of the year, for a reasonable fee**

Another improvement would be for SCE to offer a “for fee” feasibility study, available anytime to developers of projects of 20 MW and below. This would allow a developer to get an early read on a project and determine whether the project merits entering the proposed WDAT cluster process or seek a different option. The feasibility study would provide one more level of additional detail, above and beyond what is made publicly available per our previous suggestion.

Information provided in the feasibility study would not be definitive, by any means, because cost projections can change dramatically from the feasibility study through the end of the facilities study process. However, having relatively easy access to feasibility studies, combined with ready access to up-to-date online interconnection data, would help developers make decisions about potential projects without wasting a lot of money and time.

### **iii. Expand the Fast Track process to 5 MW and modify the screens**

Based on public information, it seems that very few projects have successfully navigated the Fast Track process. Indeed, with no comprehensive data made available by the ISO or SCE about how many projects pass the Fast Track criteria, we have nothing more than anecdotal information to rely on.

We appreciate and support SCE’s proposed elimination of the 10<sup>th</sup> Fast Track screen. Additionally, we believe that the 2<sup>nd</sup> screen, which states that the aggregated generation on the circuit “shall not exceed 15% of the line section annual peak load as most recently measured at the substation,” should be modified to reflect the positive attributes of solar generation and other peak renewable energy resources. We proposed to ISO and also propose to SCE increasing this limit to 30% for solar generation and refer SCE to the CPUC’s current Long Term Procurement Planning (LTPP) proceeding where Black & Veatch and E3 analyzed a modified Rule 21 limit that expanded the 15% of peak substation load limit under existing Rule 21 to 30% for WDG solar projects, due to the high coincidence of peak energy demand and solar energy generation in California. E3 and Black & Veatch consulted with the PTOs before making this assumption in their analysis, so we assume SCE performed some analysis of this issue before signing off on the E3/Black & Veatch approach in the LTPP.

Alternatively, we recommend that the 2<sup>nd</sup> screen be modified to use 15% of daytime peak loads for solar power projects, which will achieve generally the same outcome as increasing the limit from 15 to 30% on an annual basis.

Finally, we propose that SCE expand the WDAT Fast Track to projects up to 5 MW in size. If our suggested modification of the 2<sup>nd</sup> screen is implemented, the current 2 MW size limit will naturally rise to about 5 MW – at least for solar projects. With the modified screens for Fast Track still in place, grid stability would still be protected even with an expansion to 5 MW.

There is, in fact, a good argument for eliminating any size criterion in Fast Track because of the protection provided by the screens. However, because of the “false hope” phenomenon that would probably occur (and indeed is occurring already for many 2 MW and below projects) the FIT Coalition recommends at this time expanding Fast Track to 5 MW and modifying screen #2. With these changes, the Fast Track process could be transformed into a real option for smaller projects and not simply a false hope that wastes developer time, PTO time and ISO time.

**iv. Establish clear and transparent procedures for how WDAT clusters are to be determined**

At this point it is not clear what criteria SCE will use to determine GIP cluster boundaries. Some thoughts were offered at the workshop on how SCE will do this, but we were not offered any concrete objective criteria. The FIT Coalition urges SCE to offer objective criteria for this very important process.

**c. Mid-term improvements**

**i. Hire an outside consultant to conduct a detailed process audit of SCE’s interconnection procedures**

The FIT Coalition believes that the proposed WDAT cluster study process could be improved such that two full clusters are completed each year. If this is the case, the WDAT process would present clear benefits compared to the present system.

In the July 27 ISO workshop, PTOs informed stakeholders that additional staff would not help improve the current SGIP very much because of the software used for interconnection studies, which allows only one interconnection engineer at a time to work on a document. The obvious solution to this problem seems to be to modify the software – and then add more staff. Staff are rate-based, so there is not a cost issue because such costs are dwarfed by the total costs of new renewable energy contracts. Similarly, software costs and modification costs are rate-based, where these costs are not reimbursed by developer study fees.

Accordingly, we recommend that SCE retain a consultant to audit its interconnection operations and make detailed recommendations for streamlining the process.

We are not engineers, but it seems that the 420 day timeline for the WDAT study process 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 provide 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. Assuming that SCE's new WDAT process will be very similar to the proposed ISO GIP process (as it apparently will be), surely the full cluster study process could be compressed from 420 days to 180 days or so, particularly with a combination of additional staff and software and other process modifications? If this is the case, two full clusters could be completed each year, making the WDAT Proposal an unequivocal improvement over the current WDAT process.

In sum, we 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.