

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Southern California Edison Company )

Docket No. EL10-81-000

**MOTION TO INTERVENE, COMMENTS AND  
REQUEST FOR CLARIFICATION OF  
THE LARGE-SCALE SOLAR ASSOCIATION**

Pursuant to Rules 212 and 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212 and 385.214 (2010), and the Commission’s Notice of Filing dated August 9, 2010, the Large-scale Solar Association (“LSA”) hereby moves to intervene and submit comments in support of Southern California Edison Company’s (“SCE”) request for abandoned plant recovery in connection with its proposed Lugo-Pisgah Transmission Project (“Lugo-Pisgah”) and Red Bluff Substation Project (“Red Bluff”) (collectively, the “Projects”) and the treatment of the Projects as network facilities. LSA also requests clarification that participating transmission owners (“PTOs”) of the California Independent System Operator Inc. (“CAISO”) may rely on CAISO approval of network upgrades through the Large Generator Interconnection Process (“LGIP”) in order to be afforded the rebuttable presumption that such projects qualify for transmission rate incentives.

In support hereof, LSA states as follows:

**I. COMMUNICATIONS**

In addition to the undersigned counsel for LSA, persons who should be placed on the Commission’s official service list in the captioned proceeding include the following:

Shannon Eddy, Executive Director  
Large-scale Solar Association

2501 Portola Way  
Sacramento, CA 95818  
(916)731-8371  
[shannon@consciousventuresgroup.com](mailto:shannon@consciousventuresgroup.com)

## II. BACKGROUND

On August 4, 2010, SCE filed a petition for declaratory order and requested the Commission to grant certain rate incentives, as described in the petition, in connection with SCE's proposed Projects. SCE further requests the Commission to declare that the Projects will be network facilities and, as such, eligible for rolled-in rate treatment. SCE explains that it is seeking narrowly-tailored incentive-based transmission rate treatments for its proposed Projects, which have been identified through the CAISO's generation interconnection process, a process that considers and evaluates projects for reliability and congestion relief.

SCE states that Lugo-Pisgah "has been identified as a key path for the transfer of renewable generation from resources located in the sparsely populated Mojave Desert to population centers in Southern California," and will support the interconnection of up to 1,400 MW of new renewable generation in the Mojave Desert.<sup>1</sup> Likewise, Red Bluff will be used to interconnect 1,050 MW of new renewable generation in the Mojave Desert.<sup>2</sup> The Projects will provide customers in California with access to the substantial renewable energy potential of the Mojave Desert region, and will facilitate meeting California's ambitious Renewables Portfolio Standard ("RPS") requirements. SCE has agreed to provide upfront financing for the Projects on the condition that it receives an order from the Commission accepting SCE's request for abandoned plant recovery.

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<sup>1</sup> Petition at 3.

<sup>2</sup> *Id.*

### **III. MOTION TO INTERVENE**

LSA represents eleven of the nation's largest developers and providers of utility-scale solar generating resources. Collectively, LSA's members, whose technologies and models span both photovoltaic and solar thermal applications, have contracted to provide over five GW of clean, sustainable solar power to utilities in the Western United States. In addition, LSA members are engaged in the development, construction and/or operation of renewable generation plants in the Mojave Desert region. As such, LSA and its members may be directly affected by the outcome of this proceeding, and the interests of LSA are not adequately represented by any other party. Hence, LSA's timely motion to intervene in this proceeding is in the public interest, and LSA requests that it be made a party to this proceeding with all the rights of a party thereto.

### **IV. COMMENTS AND REQUEST FOR CLARIFICATION**

LSA strongly supports SCE's petition for an order. SCE has committed to provide upfront financing for the Projects subject to the condition that it receives an order from the Commission accepting its request for abandoned plant recovery. SCE funding, particularly in this difficult economic environment, would be far more cost-effective for ratepayers, who ultimately bear the costs, than financing by an independent renewable energy generator with a new technology that promises to advance California's and the nation's renewable energy goals. SCE financing would also remove a difficult hurdle for financing network upgrades needed to integrate renewable resources into the CAISO-controlled grid, enabling California and the administration to better achieve their respective renewable energy goals.

LSA also requests that the Commission clarify that PTOs may rely on LGIP studies to support requests for transmission rate incentives, and that CAISO approval of

network upgrades through the LGIP are eligible for the rebuttable presumption that such projects qualify for transmission rate incentives. In Order No. 679, the Commission established a rebuttable presumption that transmission projects are eligible for transmission rate incentives if they result from a fair and open regional planning process that considers and evaluates projects for reliability and/or congestion.<sup>3</sup> To qualify for the rebuttable presumption, the reviewing authority must in fact consider whether a project will ensure reliability or reduce the cost of delivered power by reducing transmission congestion.<sup>4</sup> As demonstrated below, transmission projects identified and approved through the LGIP meet the requirements for the rebuttable presumption as set forth in Order Nos. 679-and 679-A.

Through the LGIP, the CAISO, an independent regional transmission system operator, identifies network upgrades needed to reliably interconnect new generation to the CAISO-controlled grid, and conducts interconnection studies to assess the broad regional impacts that such upgrades will have on the CAISO system. CAISO approval of such projects is evidenced by the CAISO's execution of a Large Generator Interconnection Agreement ("LGIA") at the culmination of the LGIP process. Network upgrades identified in the LGIA are considered by the CAISO to be needed to reliably interconnect affected generation, and are incorporated into the modeling assumptions (base case) for transmission planning studies for the next annual planning cycle.<sup>5</sup> The Commission has consistently found that projects assessed and approved by a fully

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<sup>3</sup> *Promoting Transmission Investment through Pricing Reform*, Order No. 679, FERC Stats. & Regs. ¶ 31,222 at P 58, *order on reh'g*, Order No. 679-A, FERC Stats. & Regs. ¶ 31,236 (2006), *order on reh'g*, 119 FERC ¶ 61,062 (2007).

<sup>4</sup> Order No. 679-A at P 49.

<sup>5</sup> CAISO Comments, Docket No. EL10-1-002, at p. 2 (filed Aug. 24, 2010).

independent transmission system operator and thereby included in the RTO/ISO's transmission plan are eligible for transmission rate incentives.<sup>6</sup> Affording the rebuttable presumption to network upgrades identified and approved by the CAISO through the LGIP is consistent with this precedent.

Such an approach is also consistent with FERC's policy behind establishing the rebuttable presumption. FERC created the rebuttable presumption because it recognized that "[r]egional planning processes can help determine whether a project is needed, whether it is the better solution, and whether it is the most cost-effective option in light of other alternatives,"<sup>7</sup> and it did not want to repeat the work of such regional planning processes.<sup>8</sup> Consistent with this precedent, the CAISO LGIP is a regional planning process that assesses whether network upgrades are needed to ensure reliability and reduce congestion on the CAISO system, and whether they are the best and most-cost effective option. Requiring any additional regional assessments for network upgrades identified through the LGIP to qualify for the rebuttable presumption would be a waste of time and resources for all parties involved.

Moreover, the Commission has previously accepted LGIP studies to support transmission rate incentives sought by SCE which demonstrated that a project was "necessary to reliably interconnect generation resources in the Tehachapi area and, at the

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<sup>6</sup> See, e.g., *Southern Indiana Gas & Elec. Co.*, 125 FERC ¶ 61,124 at P 28 (2008) (project identified in the Midwest ISO's transmission expansion plan entitled to the rebuttable presumption of eligibility for incentive rate treatment); *Virginia Elec. & Power Co.*, 124 FERC ¶ 61,207 at P 32 (2008) (projects included in PJM Interconnection LLC's regional transmission expansion plan, and which would ensure reliability and reduce congestion, satisfied requirements for the rebuttable presumption).

<sup>7</sup> Order No. 679 at P 58.

<sup>8</sup> Order No. 679-A at P 46; see *Southern Indiana Gas & Elec. Co.*, 125 FERC ¶ 61,124 at P 28 ("[T]he rebuttable presumption was created to avoid duplication in determining whether a project maintains reliability or reduces congestion.").

same time, to provide reliability and economic value for the CAISO grid.”<sup>9</sup> It has also conditionally accepted LGIP studies to support incentive rate treatment for SCE’s proposed Eldorado-Ivanpah Transmission Project, which was identified through the LGIP as “the transmission upgrade that most effectively and efficiently remedies the reliability and congestion problems posed by new generation” in the Ivanpah region.<sup>10</sup> The Commission should follow suit in this proceeding and accept the LGIP studies as support for the abandoned plant recovery that SCE seeks, and further clarify that PTOs may rely on such studies to support transmission rate incentives in the future.

Clarifying that PTOs may rely on LGIP studies in order to be afforded the rebuttable presumption for transmission rate incentives is particularly appropriate in the CAISO region because, currently, the CAISO conducts no transmission planning process that separately assesses the reliability or congestion benefits of network upgrades identified through the generator interconnection process. As the Commission has recognized and as the CAISO itself has explained, the CAISO’s current LGIP is part of a single seamless transmission planning process designed to assure the reliable and efficient expansion of the transmission grid to meet multiple system needs.<sup>11</sup> No further transmission planning studies can or will occur for projects that are approved through the LGIP, until such time as the CAISO’s proposed tariff amendments comprising its

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<sup>9</sup> *Southern California Edison Co.*, 123 FERC ¶ 61,293, at P 22 (2008).

<sup>10</sup> *Southern California Edison Co.*, 129 FERC ¶ 61,246, at P 20 (2009).

<sup>11</sup> *California Indep. Sys. Operator Corp.*, 124 FERC ¶ 61,292 at P 93 (2008) (“[C]oordination [between the LGIP studies and the transmission planning process] allows the CAISO to view the potential network upgrades in a broader context, and adjust the planned network upgrades accordingly.”), *order denying reh’g*, 127 FERC ¶ 61,177 (2009); CAISO Comments, Docket No. EL10-1-002, at p. 2 (filed Aug. 24, 2010).

Revised Transmission Planning Process may be approved by the Commission.<sup>12</sup> Accordingly, for purposes of eligibility for transmission incentive rates, the generator interconnection process is the appropriate, and indeed, the only possible planning process for such projects to be currently reviewed and approved by the CAISO.

Providing assurance that PTOs can rely on LGIP studies at this point in time is critical to encourage PTOs to up-front finance network upgrades needed to integrate renewable resources into the CAISO grid, and thereby further FERC's and California's renewable energy policies. Up-front financing costs can be a crippling burden for generation developers, who have a higher cost of capital than a franchised public utility like SCE, and ultimately make costs more expensive for ratepayers. Recognizing the commercial reality, and to further California's policy to encourage the development of renewable generation as well as ratepayers' interests in keeping costs reasonable, SCE has conditionally agreed to provide the up-front financing for the Projects, subject to, among other things, assurances from the Commission that SCE will be permitted to recover its costs if the Projects are cancelled through no fault of its own. The Commission should grant the abandoned plant recovery as requested by SCE in its petition and, consistent with prior precedent, clarify that all projects approved by the CAISO through the LGIP are eligible for the rebuttable presumption that such projects are needed to ensure reliability or reduce the cost of delivered power by reducing congestion.

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<sup>12</sup> See *California Indep. Sys. Operator Corp.*, Revised Transmission Planning Process Proposal, Docket No. ER10-1401, at pp. 5-6 (filed June 4, 2010).

**V. CONCLUSION**

WHEREFORE, for the foregoing reasons, LSA respectfully moves for leave to intervene in the above-captioned proceeding and encourages the Commission to approve expeditiously SCE's petition for abandoned plant recovery and further provide the clarification as requested herein.

Respectfully Submitted,

*/s/ Raymond B. Wuslich*

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Raymond B. Wuslich  
Chimera N. Bowen  
Winston & Strawn LLP  
1700 K Street, N.W.  
Washington, DC 20006  
202-282-5000  
rwuslich@winston.com  
cbowen@winston.com

Attorneys for  
The Large-scale Solar Association

September 3, 2010

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document by electronic mail or U.S. mail upon each person designated on the official service list compiled by the Secretary in these proceedings.

Dated at Washington, D.C. this 3<sup>rd</sup> day of September, 2010.

*/s/ Emily J. Duncan*

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Emily J. Duncan  
Winston & Strawn LLP  
1700 K Street, N.W.  
Washington, DC 20006