

Access Tariff (WDAT). SCE carefully crafted these documents to be as consistent as possible with the California Independent System Operator Corporation's (CAISO) LGIP and the LGIA proposed by the CAISO and its Participating Transmission Owners (PTOs) (collectively, "CAISO Tariff LGIP and LGIA"), albeit with the recognition that SCE Wholesale Distribution and CAISO Transmission Services are different in nature. The WDAT LGIP and LGIA also took into account the fact that, unlike under the CAISO Tariff where the Transmission Provider and Transmission Owner are different entities, SCE is both the Distribution Owner and Distribution Provider under its WDAT. The CAISO and WDAT LGIPs and LGIAs originally filed with the Commission, which were quite similar, differed from the Commission's *pro forma* LGIP and LGIA because those procedures and agreements cannot be used in the FERC-approved California tariff regime without modification.

On July 30, 2004, the Commission rejected the CAISO Tariff LGIP and LGIA based solely on the Commission's determination that the CAISO is not independent. The Commission did not address the substance of the CAISO Tariff LGIP and LGIA filing, nor did it give the various entities any guidance about the subsequent filing that it ordered the parties to make. *California Indep. Sys. Operator Corp.*, 108 FERC ¶ 61,104 (2004) (July 30 Order). The Commission originally gave the CAISO and PTOs until September 28, 2004 to re-file these documents in accordance with the July 30 Order. *Id.* at ¶ 25. FERC ruled that until that compliance filing, "the existing interconnection procedures and agreements will continue to apply." *Id.* The "existing interconnection

procedures” are set forth in the CAISO and Transmission Owner (TO) Tariffs and existing interconnection agreements are entered into under the TO Tariff.

On September 28, 2004, per the CAISO’s request, the Commission agreed to delay the September 28, 2004 compliance date until January 5, 2005. *California Indep. Sys. Operator Corp.*, 108 FERC ¶ 61,315 (2004) (September 28 Order). The Commission again ruled that the “CAISO’s existing interconnection procedures and agreements [would] continue to apply” in the interim period.^{2/} Thus, the PTOs and CAISO will continue to process interconnection requests and enter into interconnection agreements in the same manner that they did prior to the adoption of Order 2003, until at least January 5, 2005.

On September 22, 2004, the Commission rejected the WDAT LGIP and LGIA. *Southern California Edison Co.*, 108 FERC ¶ 61,301 (2004) (September 22 Order). In the September 22 Order, the Commission did not address the merits of SCE’s filing; rather, the Commission rejected the filings on the basis that SCE had relied on the LGIA and LGIP filings – which the Commission also rejected – by the CAISO and the PTOs. As in the July 30 Order, the Commission ordered that SCE make a compliance filing within 60 days adopting the *pro forma* LGIA and LGIP and making only those changes that can be justified under the “consistent with or superior to” standard. But, rather than leave the status quo in effect during the interim, the Commission ruled that “until the Commission

^{2/} The CAISO has no existing interconnection agreements; SCE thus understood this order to mean that the status quo would remain in effect, as per the July 30 Order.

acts on SoCal Edison's compliance filing, the *pro forma* LGIA and LGIP will be in effect, and will be considered to have been in effect as of January 20, 2004."³

SCE seeks two forms of relief herein: 1) a delay in the compliance filing date until January 5, 2005; and 2) a stay of the Commission's order placing the Commission's *pro forma* LGIA and LGIP in effect for SCE's Wholesale Distribution Access Tariff customers.

II. REQUEST FOR DELAY OF THE COMPLIANCE FILING TO JANUARY 5, 2005, TO COMPORT WITH THE COMPLIANCE DATE FOR CAISO AND OTHER PARTICIPATING TOS' FILINGS.

As discussed in the original filing of the WDAT LGIA and LGIP, it is crucial that the WDAT LGIP and LGIA and CAISO Tariff LGIP and LGIA work together in a logical fashion, such that the transmission and distribution grid in California function as seamlessly as possible. In order to do this, the PTOs and the CAISO must have a similar set of procedures and agreements governing both transmission level and distribution level interconnections. SCE explained to FERC in its February 25, 2004 Transmittal Letter in this docket (at 3):

SCE has amended its WDAT to conform its WDAT LGIP to the proposed ISO Tariff LGIP and its WDAT LGIA to the ISO-TO LGIA that were filed by the ISO and the other California Utilities. Thus, SCE's present WDAT filing includes virtually all of the departures from the Order no. 2003 *pro forma* large generator interconnection procedures and large generator interconnection agreement that were contained in the ISO Tariff LGIP and the ISO-TO LGIA, which departures are explained in great detail in the ISO Filings. . . .

³ September 22 Order, at ¶ 15.

Large generator interconnection decisions should be made based on economics and locational factors, not on whether the ISO's LGIP/LGIA or SCE's WDAT LGIP/LGIA apply, thus it is crucial that the ISO's and Distribution Provider's LGIP and LGIA be as similar and consistent as possible.

These explanations hold equally true today.

As noted, the Commission should grant SCE additional time to coordinate with the CAISO compliance filing to further a Commission goal of dissuading Interconnection Customers from choosing where to site generators based merely on differences in the relevant LGIAs. Indeed, before Order 2003 was adopted, SCE strived to ensure that all interconnection service was provided under similar terms and conditions for all generators, regardless of whether they were interconnecting to the CAISO Controlled Grid or the SCE Distribution System. Thus, existing WDAT interconnection agreements and existing TO Tariff interconnection agreements are largely similar.^{4/} In contrast, the Commission's *pro forma* LGIA and SCE's typical interconnection agreement, which will continue to be used for CAISO grid interconnections under the orders cited above, are different in several respects. By delaying the WDAT compliance filing until January 5, 2005, the Commission will ensure that a more uniform approach to interconnection service is taken between now and January 5, 2005, and will assist California in making a much smoother transition to the new interconnection procedures.

^{4/} SCE never adopted a *pro forma* IA that it filed with the Commission before Order 2003 and, as typical with negotiated agreements, its IAs differed somewhat from customer to customer.

III. REQUEST FOR A STAY OF THE COMMISSION'S ORDER PLACING THE COMMISSION'S PRO FORMA LGIA AND LGIP IN EFFECT FOR WDAT CUSTOMERS.

The Commission's ruling -- that until it re-files its WDAT LGIA and LGIP with an explanation of why its proposed changes are "based on either the 'consistent with or superior to' standard or the regional reliability variations standard," SCE must make the Commission's *pro forma* LGIA and LGIP effective -- presents quite a serious dilemma for SCE, and SCE thus is requesting a stay. SCE simply cannot use the current *pro forma* LGIA and LGIP exactly as they are because numerous provisions do not work in the context of the FERC-approved tariff regime in California. Moreover, SCE is in negotiations with several customers using the current non-*pro forma* WDAT interconnection agreement, and it would cause great delay and customer confusion to re-negotiate these interconnection agreements using a *pro forma* LGIA that, as described below, does not even work in the context of the California market.

In order for the *pro forma* LGIA and LGIP to be used for WDAT interconnections immediately, SCE will be forced to negotiate necessary changes to each *pro forma* LGIA with each customer and file the result as a non-standard agreement. Moreover, without knowing what ultimately will be filed by the CAISO, SCE will have to hope that any such changes that it makes, under the "consistent to or superior with" standard, will not conflict with the CAISO filings. Thus, this approach will lead to needless additional work by SCE, and, more importantly, by the Interconnection Customer, and may lead to inconsistent and/or different terms and conditions for similarly situated WDAT customers. Moreover, approaching the interconnection process in this piecemeal fashion -- which would be

inevitable if SCE is required to attempt to implement the *pro forma* LGIA and LGIP right now – is contrary to the Commission’s stated policy of addressing interconnections in a generic manner where all potential interconnectors would have an opportunity to comment on proposed changes.

Instead, the Commission should allow SCE to continue to use its current WDAT interconnection procedures, which continue to function well, until the same date upon which the CAISO and the PTOs implement the *pro forma* transmission level LGIA and LGIP. Although SCE understands that the WDAT service and CAISO service are different, the *pro forma* LGIA and LGIP do not take into account that the WDAT procedures and agreements must also be coordinated with the CAISO procedures and regulations in order to function properly, and SCE cannot do that prior to knowing what provisions will be in place for transmission level interconnections.

In its February 25, 2004 Transmittal Letter in this docket (at 3-4), SCE explained:

Application of Order No. 2003’s *pro forma* large generator interconnection procedures and *pro forma* large generator interconnection agreement to a Distribution System located within the ISO Control Area would be utterly unworkable, as those documents do not reflect the division of responsibility between SCE and the ISO as regards to Distribution, Transmission and Interconnection Service, or the particularities of the ISO’s operations.

As shown below, it cannot be in the public interest for SCE to be subject to an utterly unworkable set of documents.

In determining whether to issue a stay the Commission typically examines:

(1) whether the moving party will suffer irreparable injury without a stay; (2) whether

issuing the stay will substantially harm other parties; and (3) whether the stay is in the public interest. *See, e.g., New York Power Authority Mass. Municipal Wholesale Elec. Co. v. New York Power Authority*, 108 FERC ¶ 61,270, at ¶ 8 (2004). Here, a stay is justified by the fact that if SCE were compelled to file and adopt word-for-word the Commission *pro forma* LGIP and LGIA, the result would be the filing of documents that are unworkable given the California market structure. As mentioned above, interconnection agreement negotiations for several WDAT generators are in progress currently, thus this problem is not hypothetical. SCE fears that the generator, SCE, the CAISO, and FERC would be engaged in endless disputes if SCE ever filed a Commission *pro forma* LGIA for a WDAT customer. Such an approach is therefore not in the public interest. SCE describes below a few such problems that might emerge if it filed a Commission *pro forma* LGIA for a WDAT customer.

Under the Commission's *pro forma* LGIA, SCE would be required to "conduct the necessary studies and construct the Network Upgrades needed to integrate the Large Generating Facility . . . (2) in an ISO or RTO with market based congestion management, in the same manner as all Network Resources." LGIA § 4.1.2.1. Given that the concept of Network Resource does not even exist in California, this task will be rather difficult for SCE. SCE also would have to allow any "Network Customer under the Tariff [to] utilize its network service under the Tariff to obtain delivery of energy from the interconnected Interconnection Customer's Large Generating Facility in the same manner as it accesses other Network Resources." LGIA § 4.1.2.2. The WDAT, however, does not contain a network service of any sort; thus, obviously there also are not any Network

Customers under the WDAT. Given these facts, SCE cannot possibly implement this provision, and it is arbitrary and capricious for the Commission to order SCE to do so.

Under LGIA Section 4.1.1.1, “Energy Resource Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Transmission System and be eligible to deliver the Large Generating Facility’s output using the existing firm or non-firm capacity of the Transmission System on an ‘as available’ basis.” Given that the “Transmission System” under the WDAT is actually the SCE Distribution System, and the concept of non-firm service does not even exist on the Distribution System, this provision likewise could engender disputes. Section 4.1.1.2 erroneously assumes that the SCE Distribution System is a Transmission System over which point-to-point transmission service may be obtained. SCE’s WDAT in fact is specifically limited to delivery between the generator and the CAISO Grid, and no traditional “point-to-point” service is available under it.

Under LGIA Section 7, there is no requirement in the Commission *pro forma* LGIA that the generator abide by the CAISO’s metering requirements, which also could lead to disputes, as large generators need to comply with such requirements.

LGIA Section 9.6 would require that “[SCE’s] voltage schedules shall treat all sources of reactive power in the Control Area in an equitable and not unduly discriminatory manner,” but SCE is not the control area operator, thus there is no way for it to implement this aspect of the *pro forma* LGIA.

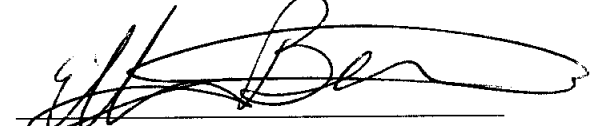
These are but a few examples of why the Commission’s *pro forma* LGIP and LGIA simply should not be made effective for WDAT interconnections. Rather, just as

the Commission will allow the status quo to remain in place for CAISO Grid interconnections, the Commission should retain the status quo for WDAT interconnections until January 5, 2005.

IV. CONCLUSION

For the reasons described above, SCE requests that the Commission act as soon as possible in granting both a modification of the compliance order and a stay for the compliance filing. As explained above, the Commission should not require SCE to submit a WDAT compliance filing prior to the CAISO and PTO compliance filing, because it simply will cause customer confusion and result in an undue burden on both SCE and the Commission.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on those parties on the official service list compiled by the Secretary in these proceedings.

Dated at Rosemead, CA, this 6th day of October, 2004.