

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

Southern California Edison Company) Docket No. ER07-1034-002

**REPLY BRIEF OF SOUTHERN CALIFORNIA EDISON COMPANY
(March 19, 2009)**

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March 19, 2009

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
ARGUMENT	2
I. Whether the telecommunication facilities at issue provide a benefit to the CAISO Controlled Grid?	4
II. Do the telecommunications facilities at issue constitute a discrete upgrade, or are they an integral part of the RAS?	4
III. Whether the location of the telecommunications facilities on the Green Borders side of the interconnection is relevant in determining their appropriate classification?	5
IV. Is it appropriate to compare the telecommunications facilities at issue in Green Borders to a radial transmission line for purposes of determining the appropriate facilities classification?	6
VI. Policy Considerations	7
CONCLUSION.....	7

TABLE OF AUTHORITIES

Page(s)

Federal Energy Regulatory Commission (FERC) Decisions

<i>Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003</i> , F.E.R.C. Stats. & Regs. ¶ 31,146 (2003).....	6
<i>Order on Rehearing, Order No. 2003-A</i> , F.E.R.C. Stats. & Regs. ¶ 31,160 (2004)	6
<i>Order on Rehearing, Order No. 2003-B</i> , F.E.R.C. Stats. & Regs. ¶ 31,171 (2005)	6
<i>Order on Rehearing, Order No. 2003-C</i> , 111 F.E.R.C. ¶ 61,401 (2005)	6

California ISO Document

California ISO Grid Planning Standards. ISO G4, pg. at http://www.caiso.com/1fe5/1fe5ba36527a0.pdf	3
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California Public Utility Code

Cal. Pub. Util. Code section 399.15(b)(1)	7
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California Public Utility Commission Decisions

<i>Order Initiating Implementation Of The Senate Bill 1078 Renewable Portfolio Standard Program</i> . D.03-06-071 at 51 (2003).	7
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**REPLY BRIEF OF SOUTHERN CALIFORNIA EDISON COMPANY
(February 26, 2009)**

**To: The Honorable David H. Coffman
 Presiding Administrative Law Judge**

Pursuant to the briefing schedule set by the Presiding Administrative Law Judge in the Order Establishing Procedural Schedule, issued September 12, 2008, in this docket, Southern California Edison Company (“SCE”) submits the following Reply Brief to the Initial Brief of Green Borders Geothermal, LLC (“Green Borders”).

INTRODUCTION

The telecommunications facilities at issue in this case are properly classified as Interconnection Facilities, and thus, the cost responsibility is properly allocated to the Green Borders Generating Project. Federal Energy Regulatory Commission (“FERC” or “Commission”) Staff’s Initial Brief, the California Independent System Operator’s (“CAISO”) Initial Brief, and Commission precedent all support treatment of these facilities as Interconnection Facilities, properly chargeable to Green Borders. Arguments to the contrary raised in Green Borders’ Initial Brief do not refute that the proper characterization of these facilities is that of Interconnection Facilities. Additionally, Green Borders’ attempt to point to the policy considerations regarding connecting “green energy” projects is inappropriate. This is not the proper forum to argue for changes or exceptions to Commission’s settled precedents

regarding cost allocation for generator interconnections. The appropriate forum for such changes would be a rulemaking proceeding.

ARGUMENT

The CAISO, Commission Staff, and SCE each classify the facilities at issue in this case as Interconnection Facilities. Green Borders, in its initial brief, fundamentally misinterprets the function of the telecommunications facilities at issue, equating them with the Remedial Action Schemes (“RAS or SPS”) that are in place on the entire CAISO Controlled Grid. However, as explained in the testimony of Songzhe Zhu, Green Borders has not distinguished between RAS Facilities and the telecommunications facilities at issue, which only serve to facilitate the ability of Green Borders to deliver power to the CAISO Controlled Grid and hold harmless the generating facility already connected to the radial line.¹

Green Borders claims in its Initial Brief that the three functions of the telecommunications facilities at issue serve a network purpose because they:

1. enable much needed renewable geothermal generation to be interconnected to the transmission system in the most efficient, timely, cost-effective, and environmentally-friendly manner;
2. enable more generation to interconnect to the CAISO Grid than would otherwise be able to be interconnected absent costly transmission system upgrades; and
3. provide an overall benefit to the transmission system (such as permitting only the minimum amount of generation to be tripped off of the CAISO Controlled Grid when emergency circumstances require such tripping).²

As discussed in SCE’s initial brief, however, these facilities do not benefit the

¹ ISO-2 at 3.

² Green Borders Initial Brief at 5.

transmission system.³ Green Borders is correct in its assertion that the telecommunications facilities do enable generation to be interconnected to the transmission system, but that purpose could be equally served if SCE were granted the ability to open the breaker at Control Substation (breaker bay #8).⁴ Green Borders' second and third claims as to why the facilities should be considered Network Facilities are simply wrong. Green Borders states that these facilities enable more generation to be interconnected to the CAISO Grid than would otherwise be able to be connected. However, these facilities do not enable any more generation to be connected than if SCE had the ability to open the circuit breaker at Control Substation breaker bay #8. If Green Borders were able to obtain consent from the Oxbow QF to open the breaker under emergency circumstances, there would be no need to construct the facilities at issue. Green Borders also states that the facilities provide an overall benefit to the transmission system (such as permitting only the minimum amount of generation to be tripped off of the CAISO Controlled Grid when emergency circumstances require such tripping).⁵ However, the CAISO has already established maximum generation tripping thresholds to ensure overall transmission reliability is maintained. These thresholds are defined in the CAISO SPS design criteria which allow for tripping up to 1150 MW under loss of one transmission facility and 1400 MW under loss of two transmission facilities. Opening the Control Substation position #8 circuit breaker would result in tripping up to 122 MW (combined output of Green Borders and the existing Oxbow QF), so this SPS does not provide any additional system benefit that is not already provided for by the CAISO.⁶

³ *SCE Initial Brief* at 4-6.

⁴ *Ex. SCE-1* at 6-7

⁵ *Green Borders Initial Brief* at 5.

⁶ *California ISO Grid Planning Standards. ISO G4*, pg. at <http://www.caiso.com/1fe5/1fe5ba36527a0.pdf>. *California ISO Grid Planning Standards G 4* The total net amount of generation tripped by a SPS for a single contingency cannot exceed the ISO's largest single generation contingency (currently one Diablo Canyon unit at 1150 MW). The total net amount of generation tripped by a SPS for a double contingency cannot exceed 1400 MW.

Therefore, it is clear that the purpose of these facilities is to hold harmless the generating facility already connected to the radial line. This is not a network benefit.

I. Whether the telecommunication facilities at issue provide a benefit to the CAISO Controlled Grid?

Green Borders cites to the Commission's rule that when facilities on the grid benefit all transmission customers, they should be treated as Network Upgrades.⁷ However, the telecommunications facilities at issue are not located on the CAISO Controlled Grid and do not meet this standard. They are located before the point of interconnection on a non-SCE owned line and near the proposed site of the Green Borders Generating Facility. Green Borders' mistakenly claims that the telecommunications facilities at issue here benefit the entire CAISO Controlled Grid. Testimony from CAISO Staff, FERC Staff and SCE reveals that the only need for these facilities is to isolate the Green Borders Generating Project from the CAISO Controlled Grid without affecting the Oxbow QF.⁸ There are no system benefits by the addition of these facilities.

II. Do the telecommunications facilities at issue constitute a discrete upgrade, or are they an integral part of the RAS?

Green Borders argues that the facilities are an integral part of the RAS. However, these facilities are a discrete upgrade because they are not part and parcel of the RAS for this area. The facilities are separate and distinct from the RAS. As such, the system could function without the inclusion of these facilities. Indeed, in the event of emergency, SCE could merely open the breaker at Control Substation, which would provide the same system protection.

Therefore, it is disingenuous for Green Borders to assert that the facilities are integral to the

This amount is related to the minimum amount of spinning reserves that the ISO has historically been required to carry. The quantities of generation specified in this standard represent the current upper limits for generation tripping.

⁷ *Green Borders Initial Brief at 4.*

⁸ *Exh SCE-1 at 6-7, Exh. ISO-2 at 7, Exh. S-1 at 25-26*

RAS. If these facilities were truly an integrated part of the transmission system and needed in lieu of transmission upgrades, then one would not be able to substitute the contractual ability to open the circuit breaker at Control Substation for the construction of these facilities. The need for fully redundant telecommunications facilities out to Green Borders' Aurora Substation is not for safety reasons, but rather is to enable the tripping of Green Borders without tripping the Oxbow QF.⁹

Green Borders claims that it could have built its own generation tie line to interconnect directly to the Control Substation, and that this interconnection would “only add to the need for the existing RAS – a RAS that already is considered a network facility.”¹⁰ This is completely inaccurate. If Green Borders were to build its own generation tie line to interconnect directly to Control Substation, these telecommunications facilities would not be needed. The network upgrades to the RAS that were included in Green Borders' Large Generator Interconnection Agreement would be sufficient to interconnect Green Borders and disconnect the project during emergencies by opening the corresponding circuit breaker supporting the new gen-tie at the Control Substation in a similar manner than is currently implemented on the Control Substation position #8 circuit breaker.

III. Whether the location of the telecommunications facilities on the Green Borders side of the interconnection is relevant in determining their appropriate classification?

Green Borders ignores Commission precedent and the role of the point of interconnection when it claims that the telecommunications facilities at issue have the same purpose and function as the RAS facilities that have been classified as network.¹¹ In Order 2003, the Commission clearly stated that the generator is responsible for the costs of bringing generation to the

⁹ *Id.*

¹⁰ *Green Borders Initial Brief at 11*

¹¹ *Green Border initial brief at 13*

transmission system.¹² This ensures that generators site projects at locations which are economically feasible. Although SCE acknowledges that the siting of renewable resources is dependent upon the location of the renewable resource, this proceeding is simply not an appropriate forum to advocate a fundamental and far-reaching change to FERC's longstanding rules for generator interconnections. The only appropriate forum for changing these longstanding rules would be through the Commission's Rulemaking process.

IV. Is it appropriate to compare the telecommunications facilities at issue in Green Borders to a radial transmission line for purposes of determining the appropriate facilities classification?

If Green Borders were to build a radial transmission line as an alternative to the telecommunications facilities, the transmission line would be classified as Interconnection Facilities. Therefore it is appropriate to analogize the radial transmission line to the telecommunications facilities. Green Borders argues that the function of a radial transmission line is to deliver a facilities output to the transmission system, whereas a telecommunication system serves to disconnect facilities under emergency circumstances.¹³ Despite this assertion, the Commission cannot ignore the specific function of these telecommunications facilities, which is solely to protect the owner of the Oxbow QF from being tripped under certain emergency situations.

V. Policy Considerations

SCE is well aware of the need to interconnect renewable generation. Pursuant to California's Renewables Portfolio Standard (RPS), SCE is complying with the established goal

¹² *Standardization of Generator Interconnection Agreements, and Procedures, Order No. 2003, FERC Stats. & Regs. 31,146 (2003), order on reh'g, Order No. 2003-A, FERC Stats. & Regs. 31,160 (2004), order on reh'g, Order No. 2003-B, FERC Stats. & Regs. 31,171 (2004), order on reh'g, Order No. 2003-C, 111 FERC 61,401 (2005) ("Order 2003") at 7.*

¹³ *Green Borders Initial Brief at 16.*

of increasing its total procurement of eligible renewable resources by 1 percent of its retail sales per year, so that 20 percent of its retail sales are met by the procurement of renewable energy resources by 2010.¹⁴ Additionally, the CPUC has adopted an interim decision noting that potential penalties of 5 cents/kWh up to a maximum \$25 million annually can be assessed for shortfalls in meeting the RPS goals that are not explained after the application of flexible compliance rules.¹⁵ Therefore, SCE certainly understands and is adapting to the renewable generation standards and considerations. However, Green Borders' arguments for a waiver or exception of existing Commission precedents are based solely on policy considerations. The suggestion that because of policy considerations, FERC should waive established Commission precedent for this one generator interconnection, is improper. If there are policy reasons to change the allocation of cost responsibility for a "green energy" project, that should be decided through Commission rulemaking involving a wider range of interested parties to modify the current Commission policy, which allocates the cost to the generator to bring its electricity to the transmission system. Changes to the Commission's settled precedents regarding cost allocation for generator interconnections must be taken up in a different, more appropriate, forum.

CONCLUSION

For the reasons set forth above, SCE respectfully requests that the Commission find that the telecommunications facilities at issue are properly classified as Interconnection Facilities and allocate the costs of such facilities directly to Green Borders.

Respectfully submitted,

¹⁴ *Cal. Pub. Util. Code section 399.15(b)(1)*.

¹⁵ *Order Initiating Implementation Of The Senate Bill 1078 Renewable Portfolio Standard Program*. D.03-06-071 at 51.

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Dated: March 19, 2009

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing **INITIAL BRIEF OF SOUTHERN CALIFORNIA EDISON COMPANY** upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Rosemead, California, this 19th day of March, 2009.

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