

**SOUTHERN CALIFORNIA EDISON COMPANY’S
BRIEF OPPOSING EXCEPTIONS**

TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page</u>
I.	STATEMENT OF THE CASE.....	1
II.	LIST OF EXCEPTIONS OPPOSED.....	2
III.	SUMMARY OF THE BRIEF.....	3
IV.	POLICY CONSIDERATIONS RAISED BY GREEN BORDERS.....	4
V.	OPPOSITION TO EXCEPTIONS RAISED BY GREEN BORDERS.....	4
A.	The Initial Decision Correctly Found That The Telecommunications Facilities Should Be Classified As Interconnection Customer’s Interconnection Facilities.....	4
B.	The Fact That Green Borders Could Have Interconnected Through Its Own Generation Tie-Line And That These Facilities Would Have Been Interconnection Facilities Is Dispositive.....	6
C.	The “At-or-Beyond” Test is the Appropriate Test to Apply in Determining the Classification of the Telecommunications Facilities	7
D.	The Telecommunications Facilities At Issue Do Not Provide a Benefit to the Transmission Network	7
E.	Because The Initial Decision Defines The Telecommunications Facilities At Issue As Interconnection Customer’s Interconnection Facilities, SCE Intends For Green Borders To Own And Maintain These Facilities.....	8
VI.	CONCLUSION.....	9

TABLE OF AUTHORITIES

Federal Statutes and Regulations

18 C.F.R. § 385.711 (2008)	1
----------------------------------	---

FERC Administrative Decisions

<i>Southern California Edison Company</i> , 128 FERC ¶ 63,003 (2009), hereinafter “Initial Decision” or “I.D.”	Passim
--	--------

Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003), <i>order on reh’g</i> , Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160, <i>order on reh’g</i> , Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), <i>order on reh’g</i> , Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), <i>aff’d sub nom.</i> Nat’l Ass’n of Regulatory Util. Comm’rs v. FERC, 475 F.3d 1277 (D.C. Cir. 2007).	2
---	---

<i>Southern California Edison Co.</i> , 97 FERC ¶ 61, 148 (2001) (“ <i>Wildflower</i> ”)	7
--	---

On June 14, 2007, SCE and the CAISO, filed an unexecuted Large Generator Interconnection Agreement (LGIA) among SCE, Green Borders, and the CAISO. Following extensive settlement negotiations, the parties reached a settlement which resolved all but one issue.

The issue reserved for decision in this case was whether certain telecommunication facilities necessary to interconnect the Green Borders Project to the CAISO Controlled Grid should be classified as Interconnection Facilities or Network Upgrades. These facilities consist of fiber optic cable and microwave equipment, and are located before the point of interconnection with the CAISO-controlled grid. Pursuant to Order No. 2003, the costs of Network Upgrades are treated as system-wide costs, whereas the costs of Interconnection Facilities are directly assigned to the interconnecting generator.² The estimated cost of the disputed telecommunications facilities is \$20,058,000.

SCE, the CAISO and FERC Staff argue that these telecommunications facilities must be deemed Interconnection Facilities, while Green Borders contends that telecommunications facilities should be classified as Network Upgrades.

The Initial Decision found that the telecommunications facilities at issue are Interconnection Facilities and that Green Borders is not entitled to reimbursement for their installation.³

II. LIST OF EXCEPTIONS OPPOSED

SCE opposes and requests that the Commission deny each of the following exceptions of Green Borders:

² 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, *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom.* Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC, 475 F.3d 1277 (D.C. Cir. 2007).

³ Initial Decision at PP 91,123.

Exception 1. The Presiding Judge erred by finding that the disputed telecommunications facilities should be classified as Interconnection Customer’s Interconnection Facilities and not Network Upgrades.

Exception 2. The Presiding Judge erred by finding that the disputed telecommunications facilities were built in lieu of a generation tie-line, and should therefore be classified as Interconnection Facilities.

Exception 3. The Presiding Judge erred by finding that Order 2003, et al. precluded parties from challenging the classification of all facilities, because the Commission only applies the “at or beyond” test in determining the classification of facilities.

Exception 4. The Presiding Judge erred by finding that the disputed facilities provided no benefit to network customers.

Exception 5. The Presiding Judge erred by finding that the disputed telecommunication facilities were not an integral part of the overall Remedial Action Scheme (“RAS”),

Exception 7. The Presiding Judge erred in finding that the disputed telecommunications facilities could be owned by SCE, but classified as Interconnection Customer’s Interconnection Facilities.

III. SUMMARY OF THE BRIEF

On October 22, 2008, the parties to this proceeding filed a Joint Stipulation of Documents and Facts (“Stipulation”), which the parties agreed should be admitted into evidence in this proceeding. As stated in the Stipulation, the only remaining issue to be resolved in this proceeding is the classification of certain telecommunications facilities. The Presiding Administrative Law Judge in his Initial Decision classified the facilities in dispute as “Interconnection Customer’s Interconnection Facilities.” SCE does not dispute this classification and therefore opposes Green Borders’ BOE to the extent that Green Borders argues

that the Presiding Administrative Law Judge erred in this determination. SCE addresses the specific errors that are contained in Green Borders' BOE and asserts that the Initial Decision was correct in the classification of the facilities at issue as "Interconnection Customer's Interconnection Facilities." SCE further notes that because the Initial Decision classified the telecommunications facilities as "Interconnection Customer's Interconnection Facilities," these facilities should now be constructed, owned and maintained by Green Borders, which is appropriate given this classification.

IV. POLICY CONSIDERATIONS RAISED BY GREEN BORDERS

Green Borders stated in its BOE that this proceeding presents important issues relating to the Commission's interconnection policies, including issues related to the interconnection of renewable resources located in isolated areas far distances away from end-use customers. Additionally, Green Borders requested the Commission's full review and opinion with respect to the allocation of these costs. While SCE recognizes that there are policy issues implicated by the interconnection of renewable generation, this is not the proper forum for the Commission to revisit its longstanding rules regarding cost allocation. Any change in established Commission policy (which would also require changes to the CAISO's pro forma LGIA and LGIP) must be decided through a separate Commission rulemaking that necessarily involves a wider range of interested parties.

V. OPPOSITION TO EXCEPTIONS RAISED BY GREEN BORDERS

A. The Initial Decision Correctly Found That The Telecommunications Facilities Should Be Classified As Interconnection Customer's Interconnection Facilities

SCE opposes Green Borders' exception to the classification of the telecommunications facilities as Interconnection Customer's Interconnection Facilities, rather than Network Upgrades. Green Borders repeats its flawed argument that the record demonstrates that the disputed facilities serve a beneficial network purpose and are an integral part of the Remedial Action Scheme ("RAS"). The record in fact reflects that the telecommunications facilities at issue serve only one purpose--to disconnect the Green Borders facility when system conditions require without also disconnecting the Oxbow QF. This is not a network benefit.

As FERC Staff witness Gross explained, the only purpose for the building these telecommunications facilities is to hold harmless the Oxbow QF. If the need for discrete isolation between Green Borders and the Oxbow QF were not necessary, the SPS breaker operation could be performed as it is presently, at SCE's Control Substation. Ex. S-1 at 25:20 to 26:7; Ex. S-6 at 3. The telecommunications facilities at issue are therefore separate and distinct from the RAS and are only required due to the interconnection configuration that Green Borders has chosen. As such, the system could function without the inclusion of these facilities and in the event of emergency, SCE could merely open the breaker at Control Substation, which would provide the exact same system protection as the telecommunications facilities at issue.

Therefore, it is disingenuous for Green Borders to state that the facilities are part and parcel of the RAS. If these facilities were truly an integrated part of the transmission system, 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.

B. The Fact That Green Borders Could Have Interconnected Through Its Own Generation Tie-Line And That These Facilities Would Have Been Interconnection Facilities Is Dispositive

No party has suggested that Green Borders build its own generation tie-line in order to interconnect its generation to the CAISO controlled grid. Rather, the Initial Decision held that the Green Borders Project **could** have been interconnected via its own generation tie-line, and that the cost of those facilities would not have been born by users of the CAISO grid.⁴ If Green Borders were to build a generator-tie line as an alternative to the telecommunications facilities, that transmission line would be classified as an Interconnection Facility and the telecommunications facilities would not have been necessary. Therefore, it is entirely appropriate to analogize the generator-tie line to the telecommunications facilities at issue. The Initial Decision correctly held that these facilities do not benefit the grid in any way that would thus justify passing their costs onto CAISO's ratepayers.⁵

Green Borders argues that the telecommunications facilities being built are in lieu of Network Upgrades, the cost of which would be born by all users of the CAISO grid. It is true that TAS II determined that the telecommunications facilities at issue would serve as an alternative interconnection arrangement for the Green Borders Project. However, these telecommunications facilities do not benefit the transmission grid like the transmission upgrades initially proposed in the TAS I. The facilities proposed in the TAS I were upgrades to the CAISO controlled grid which would have benefited current and future users of the transmission system. The telecommunications facilities at issue here will not benefit any other current or future users of the transmission system. Thus, users of the CAISO grid should not bear the costs.

⁴ Initial Decision at P 97

⁵ Id.

C. The “At-or-Beyond” Test is the Appropriate Test to Apply in Determining the Classification of the Telecommunications Facilities

The Initial Decision correctly identified that the “at or beyond the point where the customer or generator connects to the grid”⁶ is the appropriate test for whether facilities are Network. Green Borders argues that this test is not appropriate under these circumstances and instead, that the function of the facilities needs to be considered in determining whether to classify them as Network or Interconnection Facilities. However, Green Borders offers no explanation for why this test is not appropriate for the classification of the telecommunications facilities at issue. Additionally, Green Borders argues that one must look to the function of the facilities in order to determine its proper classification, but again offers no argument for its position. Even assuming, however that a function test would be appropriate in this situation, as correctly stated in the Initial Decision, the function of the telecommunications facilities is to trip the Green Borders Project in lieu of a contractual agreement with the Oxbow QF, in order for the CAISO to open breaker position #8 under n-1 system conditions. As such, this does not benefit other users of the CAISO Controlled Grid.

D. The Telecommunications Facilities At Issue Do Not Provide a Benefit to the Transmission Network

Green Borders cites to the Commission’s decision in *Wildflower* in an attempt to demonstrate that the telecommunication facilities at issue should be classified as Network Upgrades.⁷ However, the *Wildflower* decision is not relevant to this issue because, contrary to Green Borders’ contention, SCE and the CAISO properly classified the RAS upgrades that

⁶ Initial Decision at P45

⁷ See *Southern California Edison Co.*, 97 FERC ¶ 61, 148 (2001) (“*Wildflower*”).

benefit the entire Network in the Green Borders LGIA.⁸ The Green Borders LGIA shows that the RAS upgrades that are on the CAISO controlled grid and benefit the entire network, are appropriately classified as Network Upgrades. The telecommunications facilities at issue are separate and distinct from the system RAS because they serve only to disconnect the Green Borders Project without also disconnecting Oxbow.

E. Because The Initial Decision Defines The Telecommunications Facilities At Issue As Interconnection Customer’s Interconnection Facilities, SCE Intends For Green Borders To Own And Maintain These Facilities.

As the Initial Decision holds that disputed telecommunications facilities should be classified as “Interconnection Customer’s Interconnection Facilities,” Green Borders correctly notes that this definition requires the Interconnection Customer to design, procure, construct, own and/or control these facilities. SCE does not challenge that these facilities should be classified according to the Initial Decision’s finding.

Green Borders argues that since the telecommunications facilities at issue must be owned by SCE and that the Initial Decision holds that the facilities are not Participating TO’s Interconnection Facilities, that they must be deemed to be Network Upgrades. However, Green Borders mistakenly argues that SCE would still be insistent on owning and operating these telecommunications facilities. That is incorrect.

In the case of the Green Borders Project, SCE finds Green Borders’ ownership of the telecommunications facilities acceptable, provided the telecommunications facilities are maintained according to Western Electricity Coordinating Council standards for the facilities and

⁸ Exhibit JST-8

Good Utility Practice. As such, the argument that the facilities must be Network because they will be owned by SCE is incorrect and irrelevant.

VI. CONCLUSION

For all of the foregoing reasons, SCE respectfully requests that the Commission deny the exceptions set forth above and adopt the relief sought herein.

Respectfully submitted,

/s/ Rebecca A. Furman

By: [Rebecca Austin Furman](#)

Attorney for
SOUTHERN CALIFORNIA EDISON COMPANY

Dated: [September 14, 2009](#)

CERTIFICATE OF SERVICE

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

Dated at Rosemead, California, this 14th day of September, 2009.

/s/ Lorena Hipolito
Lorena Hipolito

SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-6352