

## DOCKETED

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# ELLISON, SCHNEIDER & HARRIS L.L.P.

ATTORNEYS AT LAW

2600 CAPITOL AVENUE, SUITE 400

SACRAMENTO, CALIFORNIA 95816

TELEPHONE: (916) 447-2166

<http://www.eslawfirm.com>

January 8, 2016

Robert Oglesby  
Executive Director  
California Energy Commission  
1516 Ninth Street, MS-29  
Sacramento, CA 95814-5512

RE: Mission Rock Energy Center Application for Certification

Dear Mr. Oglesby:

Mission Rock Energy Center, LLC (“the Applicant”) has filed an application for certification (“Application” or “AFC”) for a nominal 275 MW peaking facility in Ventura County, California (the “Proposed Project”). We understand that you are in the process of preparing a recommendation regarding the data adequacy of this Application. During our October 19, 2015, pre-filing meeting with the Commission Staff, the Staff raised questions concerning whether the Application will satisfy the data adequacy provisions of Appendix B, Subsection (b)(2)(E) (“Section (b)(2)(E)”), regarding Transmission System Design because the Proposed Project does not have a “completed System Impact Study or signed System Impact Study Agreement with the California Independent System Operator (“CAISO”) and proof of payment.”

This letter shares our thoughts with you regarding the applicability of this requirement, and asks you to recommend to the Commission either that (1) the requirements of Section (b)(2)(E) be waived because it is literally impossible to comply with this provision under the revised CAISO interconnection process; (2) the requirements of Section (b)(2)(E) be waived because the information is not needed for the Commission to make a decision on this AFC; or (3) the Applicant’s submission of the 2014 Cluster 7 Phase 1 study be found to substantially comply with the provisions Appendix B, Section (b)(2)(E). The reasons why any of these recommendations are appropriate in this case are discussed below.

## **Background**

Prior to 2007, the Commission’s data adequacy requirements regarding Transmission System Design were simple and straightforward. The regulations required submission of certain maps and photos, a detailed description of the design, a description of how the route and additional transmission facilities were selected, and a discussion of the consideration given to engineering

constraints, environmental impacts, resource conveyance constraints, and electric transmission constraints.

In 2007, the Commission added a new provision regarding Transmission System Design. For projects connecting to the CAISO controlled grid, Section (b)(2)(E) was revised to require that an AFC should contain a “completed System Impact Study or signed System Impact Study Agreement with the California Independent System Operator and proof of payment.” The new requirement was based upon the CAISO’s interconnection process that was in effect in 2007 where interconnection requests could be submitted at any time and an interconnection study identifying which, if any, transmission system improvements were required, was completed within 120 days of filing.

In April 2008, the CAISO changed its interconnection process from reviewing interconnection requests on a serial basis to a group or “cluster” based study process.<sup>1</sup> The first cluster was open for 180 days (from 06/02/08 to 11/20/08) and subsequently extended to more than a year. In 2010, further revisions to the CAISO tariff provided for two queue cluster windows that were open for 31 days in October and March.<sup>2</sup>

Thereafter, on July 25, 2012, the CAISO’s Generation Interconnection and Deliverability Allocation Procedures (“GIDAP”) took effect.<sup>3</sup> The GIDAP requires the submittal of an interconnection request during a single, annual Cluster Application Window in April each year.<sup>4</sup> Thus, as of July 25, 2012, new interconnection requests could only be submitted once per year during a one-month window.<sup>5</sup>

**1. Because of Major Changes In The CAISO Interconnection Study Process, Section (b)(2)(E) Should be Waived.**

The current CAISO interconnection process is fundamentally different from the process that was in effect when Section (b)(2)(E) was adopted in 2007. Because of these differences, applicants cannot strictly meet the requirements of Section (b)(2)(E). Therefore, Section (b)(2)(E) should be waived in the data adequacy review of this AFC.

First, if the language of Section (b)(2)(E) is strictly construed, no applicant for an AFC can meet this requirement, as the information requested no longer exists due to changes in the CAISO tariff. For example, Section (b)(2)(E) calls for the submission of a System Impact Study

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<sup>1</sup> Prior to 2008, the CAISO had the authority under its tariff to process interconnection requests in clusters, but had only done so in one instance (a group of wind projects in the Tehachapi wind resource area) (See CAISO Tariff Appendix U, Section 4.2, see also April 8, 2008 CAISO Market Notice).

<sup>2</sup> See CAISO GIP BPM, v.1, at Sec. 3 and CAISO Tariff App. Y at Sec. 3.3.

<sup>3</sup> See Order 140 FERC 61,070.

<sup>4</sup> See Appendix DD, Section 3.3.1.

<sup>5</sup> See GIDAP BPM at Sec. 4.1.1. The additional complexities and timeframe needed to complete the Phase 1 Study are captured in Appendix DD, Attachment A of the CAISO Tariff, and are summarized below.

Agreement or a completed System Impact Study (“SIS”). These documents no longer exist under the current CAISO process. Instead, the GIDAP Cluster Process is initiated by the filing of an Interconnection Request. Following a Scoping Meeting, the customer submits a Large Generator Interconnection Study Process Agreement (“LGISP Agreement”).<sup>6</sup> The CAISO then initiates a two-phase study process, with Phase 1 and Phase 2 Interconnection Studies. Therefore, the requirements of Section (b)(2)(E) should be waived because it is literally impossible to comply with this provision under the revised CAISO interconnection process.

Second, a strict interpretation of Section (b)(2)(E), combined with the narrow filing window, could add up to a year of further delay to the already lengthy permitting process. Such delays can jeopardize approval of projects needed for reliability purposes. When Section (b)(2)(E) was adopted, the Commission assumed that an applicant could enter into a System Impact Study agreement at any time. Now, however, the CAISO has limited the window for submitting an interconnection request, to one month each year. Also, the current interconnection study process now takes much longer to complete. When Section (b)(2)(E) was adopted, the Commission presumed that the SIS would be completed within 120 days from the execution of the System Impact Study Agreement. Thus, if the System Impact Study Agreement was executed concurrent with filing of the AFC, the SIS would be available in time to be considered in the Preliminary Staff Assessment, under the typical 12-month AFC siting schedule. However, under current CAISO tariffs, the Phase 1 Study takes 170 to 200 days from the execution of the LGISP Agreement to be completed and the Phase 2 Study takes up to 550 days to be completed. Thus, even if a LGISP Agreement is executed concurrent with the filing of an AFC, the Phase 1 study will not be completed prior to timely publication of either the PSA or FSA under the 12-month AFC licensing process, let alone a timely data adequacy finding by the Commission. Therefore, the requirements of Section (b)(2)(E) should be waived.

**2. Waiver of Section (b)(2)(E) Is Appropriate Because the Information Provided by the CAISO Interconnection Process Is Not Needed for the Commission to Approve an AFC.**

Even if the Commission reconciles the strict requirements of Section (b)(2)(E) with the current CAISO interconnection process, the requirements of Section (b)(2)(E) should still be waived in the data adequacy review because the scope of the interconnection process has changed, rendering the Commission’s reliance on the Phase 1 study unnecessary. The two-phased CAISO cluster studies can provide interesting information regarding a proposed project but these studies are not necessary for the Commission to approve an AFC. Even if an AFC is delayed for receipt of a Phase 1 study, the results of the study are not project-specific, are still very speculative and any necessary permitting and CEQA review will be performed by the CPUC at the appropriate time and therefore are not needed by the CEC at this time.

In previous siting cases, the Commission has recognized the changing scope and nature of the interconnection study process. The SIS, which no longer exists, analyzed the transmission system impacts of a single project. The GIDAP Phase 1 and Phase 2 Studies, on the other hand, consider the cumulative contributions of a cluster of proposed facilities to the identified system

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<sup>6</sup> See Appendix DD, Section 6.1.1

improvements. Unlike the SIS, the Phase 1 Study does not assign direct causality between a specific project and a specific improvement.

As the Commission noted in the Final Decision for the Genesis Solar Energy Project (“GSEP”), the two-phase CAISO study:

. . . identifies upgrades needed for a cluster of projects. The study does not, however, identify any project-specific upgrades that are required only for the interconnection of the GSEP. Second, due to the “cluster” approach of the study, the impacts identified in the Phase II Study are still speculative, although more refined than those which appeared in the Phase I Study. It is not yet known if all of the projects analyzed in the Phase II Study will actually interconnect to the system, or whether some of them will fail to execute a Large Generator Interconnection Agreement (LGIA). Until all projects in the cluster complete their respective LGIAs, it is unclear what upgrades must be made.

Moreover, even if a project executes a Large Generator Interconnection Agreement, it may still terminate or delay the project resulting in projects studied that do not reach commercial operation. Therefore, waiver of the requirements of Section (b)(2)(E) is appropriate because the information is not needed for the Commission to make a decision on this AFC.

**3. If Section (b)(2)(E) Is Not Waived, the Applicant Has Submitted a Previous Cluster 7 Study That Satisfies These Requirements.**

In the alternative, if Section (b)(2)(E) is not waived, we request that you recommend a finding that the Applicant has complied with Section (b)(2)(E) through submission of the Cluster 7 Phase I Interconnection Study previously prepared on behalf of the MREC.

The Applicant filed an Interconnection Request (“IR”) with the CAISO on April 30, 2014, and CAISO subsequently prepared the Cluster 7 Phase I Interconnection Study on December 14, 2014.<sup>7</sup> The results of the 2014 study, as set forth in AFC Appendix 3A, describe the downstream transmission system impacts that are reasonably expected for the MREC project that is the subject of this application. The Cluster 7 Phase 1 study, assuming that MREC would be a net 305 MW, peaking facility, finds that all of the anticipated downstream transmission system improvements are expected to occur within the existing substation. MREC, as proposed in the AFC, will be a nominal 275 MW peaking facility with 25 MW of battery storage. As such, transmission impacts of the peaking facility are likely to be less than identified in the completed Cluster 7 study and the transmission improvements will likely be limited to work in the existing substation (as with the Cluster 7 Study).<sup>8</sup> The only circumstance under which the results of the

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<sup>7</sup> The Applicant subsequently withdrew the MREC from the CAISO transmission queue and will file a second IR with CAISO so that an updated Phase I Interconnection Study can be prepared.

<sup>8</sup> In addition, two other projects listed in Southern California Edison’s WDAT process for interconnections at 66kV or lower that originally had planned to interconnect at the Santa Clara

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next Cluster 7 Phase 1 Interconnection Study would differ materially from the results of the December 2014 study is that other new and previously unidentified large generators file interconnection requests in April 2016 for Cluster 7. We are not aware of any such projects. Therefore, the Commission has all of the information that is necessary to determine that no new downstream transmission facilities will be required for the interconnection and operation of the MREC that would have a potentially significant adverse environmental impact.

Thank you for your consideration of this matter. If you would like to discuss this further, please call me at 916 447-2166.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gregg Wheatland".

Gregg Wheatland  
Samantha Pottenger

Attorneys for Mission Rock Energy Center, LLC

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substation, the same substation as MREC, have also dropped out of the interconnection process further reducing the impacts at that substation.