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California Energy Commission
Docket Office, MS-4
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RE: California Energy Commission Docket No. 12-IEP-1D Lead Commissioner Workshop on Interconnection of Renewable Development in California

To Whom It May Concern:

On May 14, 2012, the California Energy Commission ("Energy Commission") held a Lead Commissioner Workshop on Interconnection of Renewable Development in California ("the Workshop"). The Workshop was part of the Energy Commission's 2012 Integrated Energy Policy Report Update ("2012 IEPR Update") process. Southern California Edison Company ("SCE") participated in the Workshop and appreciates the opportunity to provide these written comments.

Integration of Transmission Planning and Generator Interconnection Processes

At the Workshop, the California Independent System Operator ("CAISO") presented its proposed Generator Interconnection and Deliverability Allocation Procedures ("GIDAP" or "TPP-GPP Integration"), which are an effort to integrate the generator interconnection process ("GIP") with the transmission planning process ("TPP"). In general, SCE supports CAISO's proposed framework and believes that such a process will help maximize the value of customer-funded upgrades initiated through the current GIP.

SCE recognizes that there is a need to develop processes that guide the TPP toward an outcome that results in transmission upgrades supporting the most cost-effective resources to meet a 33 percent Renewables Portfolio Standard ("RPS"). To meet this objective, the resource plans developed by the California Public Utilities Commission ("CPUC") and the Energy Commission must rely on transparent, stakeholder driven processes for identifying preferred development locations in order to guide transmission infrastructure investment in those regions where the least-cost renewable resources are located. As such, these plans should consider existing procurement activities, land-use and environmental concerns for transmission and generation development, and the need to support competitive processes for resource procurement.

Development of the Desert Renewable Energy Conservation Plan ("DRECP") is a model process for creating a long-term vision for transmission and generation development that primarily addresses land-use and environmental concerns. Once the DRECP is complete, the state energy agencies should initiate a stakeholder process to integrate other, non-geographic

needs, such as likelihood of project completion based on achievement of development milestones, into a state resource plan and to settle outstanding disputes that could not be resolved in the DRECP process. SCE believes that either the Long-Term Procurement Plan ("LTPP") or RPS proceeding may be the appropriate forum for this to be accomplished. A properly developed resource plan will enable the CAISO to develop a transmission plan that is aligned with the interests of the state's electricity customers by creating competitive areas that simultaneously minimize land-use disturbance and costs for interconnection and transmission upgrades.

SCE supports using the commercial interest scenario prepared by the CPUC and the Energy Commission in the upcoming 2012/2013 CAISO TPP. This scenario most closely approximates the state's current development trajectory. SCE is pleased that the CPUC and Energy Commission have quickly responded to stakeholder feedback by revising the scenarios to integrate DRECP and proposing to use the commercial interest scenario. SCE is also pleased with the commitment to engage in an open, transparent stakeholder process to develop scenarios for future TPPs.

At the Workshop, SCE noted that the scenarios developed for the 2010 LTPP did not result in substantial differences. For example, the system average rate in 2020 under the four CPUC required scenarios varied by only 2.8% between the highest and lowest cost scenarios (18.58 cents/kWh to 19.11 cents/kWh). Total greenhouse gas attributable to customers in 2020 varied by a similarly small margin (36.9 million metric tons to 37.62 million metric tons or 2.0%).[1] SCE believes that a more useful approach to scenario development would be to first develop a case that represents current policies, determine whether that case is acceptable, and then, study the impact of alternative policies that would guide the state's resource and infrastructure mix as necessary.

Improving the Interconnection Process

At the Workshop, SCE was asked during the second panel discussion on "Distribution Interconnection Updates" about the frequency of updating its on-line maps that show system data pertinent to renewable energy projects. SCE responded that maps illustrating such data are available on its website and are updated on a monthly basis. Additionally, SCE emphasizes the following four points regarding the second panel discussion:

1. Full transparency of interconnection study results is not achievable. Certain information is confidential.

2. The volume of new interconnection applications is a significant process challenge. The process is being revised to make improvements.

3. More focus should be placed on the progress of generation projects after they receive study results.

[1] This information was submitted jointly by SCE, Pacific Gas and Electric Company, and San Diego Gas and Electric Company in CPUC Docket R.10-05-006 (Track I LTPP) on July 1, 2010

4. Lack of progression of projects with completed studies negates the study results for all the subsequent projects wasting needed resources.

These issues will be discussed in more detail below.

First, SCE notes that compliance with confidentiality rules must be maintained with regard to certain interconnection-related information that some stakeholders may wish to have publicly disclosed. For example, confidentiality rules prohibit the on-line posting of SCE interconnection study information. Although the Rule 21 settlement process and other interconnection reforms may increase public access to some information, certain information must remain inaccessible because of confidentiality and information security constraints.

Second, there are nearly 1,000 active generation interconnection applications in SCE's interconnection queue and the sheer volume is a significant challenge for processing. The existing application types include: 1) legacy or "serial" projects, 2) transition cluster projects, 3) Queue Cluster 1&2 projects, and 4) Queue Cluster 3&4 projects are each processed differently which further complicates processing. For the legacy or "serial" projects, there is no requirement that the developer execute an interconnection agreement by a certain date and there is no significant financial commitment required of the developer. In at least one case, there is a developer who has been in the queue for over 10 years despite recent attempts by SCE to drive the project to final disposition. By contrast, recent reforms in the tariffs include timeline and milestone requirements that lead a proposed interconnection project to execute an interconnection agreement or be withdrawn. Therefore, in making modifications to the interconnection process, stakeholders need to exercise caution so that overall queue management is not adversely affected and made even more complex. Specifically, it is necessary to determine how legacy or serial projects can either be required to move forward or withdraw.

Third, SCE suggests that greater focus be placed on preventing stagnant projects from remaining in the queue. SCE appreciates and has actively participated in the ongoing interconnection reforms that continue to improve the functioning of the queue. These include reforms to the CAISO tariff generator interconnection procedures and recently launched queue management efforts. Additionally, SCE is a party in the Rule 21 Settlement and associated interconnection reforms. SCE views these as positive steps toward facilitating an improved interconnection process. However, SCE observes that these reforms predominantly address the study portion of the interconnection process. To date, there has been inadequate focus on why generators, who have received study results, fail to move forward and execute an interconnection agreement. For example, there are numerous Rule 21 projects in the queue that have no requirement to develop or execute a contract. The Revised Rule 21 and SCE's Transition Plan now pending before the CPUC will address this issue.

Fourth, SCE notes that there are diminishing returns to the use of additional resources in the interconnection process. For example, study resources cannot be deployed on projects in queue until sufficient data and information are determined on preceding projects in queue because the engineering studies for each project or cluster must be done sequentially. Studies of later queued projects rely on the results of the studies of earlier queued projects. If the earlier queued projects do not proceed through interconnection, the assumptions used for the study of later queued projects are invalid, limiting the value of the study. Additional resources cannot

address this issue. This is especially important in light of the fact that the megawatt capacity in SCE's queue is significantly greater than the entire CAISO peak load, implying that many of the projects in the queue ultimately will not be needed. Unfortunately, these projects remain in the queue and therefore remain in the base case used for studies. Accordingly, as emphasized above, the interconnection process potentially breaks down when significant resources are deployed at the planning phase and little attention is paid to what happens after generators receive their study results.

In closing, it is important to understand that policymakers should refrain from continuing to change the current interconnection processes because it may actually be counterproductive. There will be a number of lessons to be learned from the new processes that have been developed to address the challenges that these policies have presented. It would be prudent to evaluate their effectiveness before expanding existing renewable development programs.

As always, SCE appreciates the Energy Commission's consideration of SCE's comments. Please do not hesitate to contact me at (916) 411-2369 regarding any questions or concerns you may have.

Very truly yours,

/s/ Manuel Alvarez

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