

SCE Interconnection Queue Experience

- June, 2001 – Generation interconnection requests exceed 21,000 MW
 - California facing supply shortages & very high energy prices
- June, 2002 – Approximately 9,000 MW of generation interconnection requests
 - Energy prices lower & generators face financing difficulties
- Interconnection application withdrawals included:
 - 7 in November, 2001 – 3,466 MW
 - 3 in December, 2001 – 934 MW
 - 5 in January, 2002 – 1,445 MW
 - 2 in February, 2002 – 2,401 MW
- Lessons learned:
 - Because of the cumulative impact of generation, restudies can become time consuming and costly for applicants
 - Allocation of interconnection costs can become particularly difficult and add to generator uncertainty. Roll-in of network upgrade costs provides some mitigation
 - Roll-in treatment of costs still requires up-front funding to mitigate project development risk and assurance of cost recovery

SCE Interconnection Queue Recommendations

- Projects should be queued after receipt of complete application and project definition, with limited ability to change project parameters to minimize impacts on subsequently queued projects
- Costs of network upgrades should be rolled-in, with generator up-front funding, credits, and independent oversight of needed upgrades (See SCE SMD comments – pp. 14, 15, 40-42) to minimize restudy requirements as queue positions change
- Queue requirements and cost implications must be clear to avoid cost uncertainty leading to disputes and delay
- Queue milestones are needed and compliance with them should be required to remain in the queue
- A single queue should be established within an RTO/ITP
 - Subsets of the queue may then be considered for certain purposes (e.g., distant small generation projects need not be included in studies for small projects in other areas; and in determining construction sequencing only projects with signed agreements need be considered)
 - Reciprocity provisions should be included in other forums to encourage non-jurisdictional entities to adopt compatible queuing practices
- Queuing principles should also facilitate generator interconnections in support of a competitive energy market, provide “comparable” treatment, not compromise system reliability, be manageable, and assure recovery of prudently incurred transmission system investment

SCE Interconnection Queue Experience

- Application received for interconnection of an additional 1000 MW at an existing plant and reconnection of existing plant at higher voltage
- Significant network upgrades were identified due to contribution to fault duty; changes likely would impact multiple subsequently queued generators
- Subsequent to completion of studies, execution of IFA & initiation of construction, applicant pursued the following while desiring to maintain queue position
 - Requested modification to leave existing plant connected at lower voltage
 - Requested 90 – 120 delay and suspension of work
 - Failed to make periodic payment for construction
 - Requested deferral of construction restart and an operating date deferral to an unspecified date
 - Specified new operating date, but was unwilling to meet funding schedule
 - Requested an additional 1year deferral
 - Decided to fund earlier operating date and construction was restarted
 - Payment again missed, construction again stopped ...
- Lessons learned:
 - Specific milestone requirements, limits on delay and limits on project changes needed to protect and provide certainty to later queued generation
 - Sufficient advanced funding needed to mitigate project development risk

SCE Interconnection Queue Experience

- **As of 1-1-2003, SCE had 16 incomplete generator interconnection applications on file**
 - Average age was over 13 months
- If these projects were placed in the queue, subsequently queued studies could not be performed due to the cumulative nature of impacts
- **Lessons learned:**
 - Projects should be queued after receipt of a complete application and project definition to avoid delaying subsequent applicants

- **Application received for generation being connected to a non-jurisdictional utility system connected to SCE**
 - Study agreement signed, studies performed
 - Studies identified SCE network upgrades triggered by project, as well as contributions to upgrades triggered by other queued generation
 - Generator unwilling to sign IFA and does not agree to unilateral filing at FERC
- **Lessons learned:**
 - Since projects may impact multiple systems, one geographically broad queue should be established
 - Reciprocity principles need to encourage compatible queuing and cost responsibility practices on non-jurisdictional systems