

169 FERC ¶ 61,100
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Richard Glick and Bernard L. McNamee.

Pacific Gas and Electric Company

Docket No. ER20-104-000

ORDER GRANTING REQUEST FOR WAIVER

(Issued November 7, 2019)

1. On October 11, 2019, Pacific Gas and Electric Company (PG&E) filed a request for a limited, one-time waiver of Section 6.9 of Attachment I – Generation Interconnection Procedures (GIP) of its Wholesale Distribution Tariff.¹ Section 6.9 of the GIP addresses the posting of financial security by interconnection customers. PG&E is requesting this waiver for the Southern Oaks Storage Project (Southern Oaks), Mission Ranch Energy Storage Project (Mission Ranch), and Coyote Valley Energy Storage 2 Project (Coyote Valley 2) for which PG&E is both the interconnection customer and the distribution provider. PG&E states that this waiver would allow it to continue the interconnection study process without having to post financial security to itself. For the reasons discussed below, we grant PG&E’s request for waiver.

I. Background

2. PG&E states that it has completed the system impact study for each of the projects, which are battery energy storage systems for which PG&E is exploring interconnection to its distribution system as a wholesale power producer through the GIP process. PG&E states that Southern Oaks will interconnect to PG&E’s distribution system in Bakersfield, California and consists of PG&E’s new gen-tie 21 kV distribution circuit connected to a battery energy storage system with a total output of 20 MW. PG&E states that Mission Ranch will interconnect to PG&E’s distribution system in Merced, California and consists of two 115 kV transmission buses connected to a battery energy storage system with a total output of 20 MW. PG&E states that Coyote Valley 2 will interconnect to PG&E’s distribution system in Morgan Hill, California and consists of a distribution circuit connected to a battery energy storage system with a total output of 20 MW.²

¹ PG&E’s Wholesale Distribution Tariff, FERC Electric Tariff Volume No. 4.

² PG&E Transmittal at 2-3.

3. PG&E explains that Section 6.9 of the GIP requires interconnection customers to post financial security in order to remain in the interconnection study process. Specifically, Section 6.9.3.1 of the GIP requires the interconnection customer to provide an initial financial security posting within 60 calendar days after the distribution provider provides the system impact study to the interconnection customer. According to PG&E, the system impact studies for Southern Oaks and Mission Ranch were completed on September 12, 2019, triggering the requirement for PG&E to post financial security for these projects by November 11, 2019. PG&E states that the system impact study for Coyote Valley 2 was completed on September 30, 2019, triggering the requirement for PG&E to post financial security by November 29, 2019.³

II. Waiver Request

4. PG&E is requesting a one-time waiver of the requirements of Section 6.9 of the GIP in order to avoid posting payments to itself. PG&E explains that, because it is the interconnection customer that owns each project and the distribution provider, pursuant to the requirements of Section 6.9 of the GIP, it would be required to post financial security to itself.⁴

5. PG&E asserts that its request for waiver meets the Commission's criteria for granting a waiver request: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences, such as harming third parties.⁵

6. PG&E argues that it has acted in good faith, asserting that waiver of the requirements of Section 6.9 of the GIP would not conflict with the non-discriminatory access required by its Wholesale Distribution Tariff. PG&E also asserts that the requested waiver is limited in scope, i.e., it only applies to the projects listed above, which are all PG&E-owned and may be connected to PG&E's distribution system. Further, PG&E asserts that the waiver addresses a concrete problem by easing the burden on PG&E, where, as the interconnection customer, PG&E is required to post financial security to itself, as the distribution provider. PG&E explains that without the waiver, it would effectively issue payment to itself, with accounting entries merely moving money between PG&E's intracompany accounts. PG&E argues that this process serves no useful purpose. Finally, PG&E comments that granting the waiver will have no undesirable consequences because the waiver will neither adversely affect third parties,

³ *Id.* at 3.

⁴ *Id.* at 4.

⁵ *Id.* at 3-4.

nor cause undue harm to other customers because no other customer is involved in the transaction.⁶

III. Notice and Responsive Pleadings

7. Notice of PG&E's October 11, 2019 filing was published in the *Federal Register*, 84 Fed. Reg. 56,188 (2019), with interventions and protests due on or before November 1, 2019. On October 16, 2019, the Commission's Secretary issued an errata notice correcting and shortening the comment due date to October 25, 2019. None was filed.

IV. Commission Determination

8. The Commission has granted waiver of tariff provisions where: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences, such as harming third parties.⁷ We find that PG&E's unopposed waiver request satisfies these criteria.

9. First, we find that PG&E acted in good faith in requesting the waiver of Section 6.9 of the GIP, which requires interconnection customers to post financial security to the distribution provider. While PG&E, as the interconnection customer, would otherwise need to comply with this provision, we find that the posting of financial security for each of these projects would not serve any practical purpose under these circumstances, as discussed below. Second, we find that the waiver request is of limited scope because it is a one-time waiver that applies to each of the applicable projects, for which PG&E is both the distribution provider and an interconnection customer.

10. Third, we find that the waiver addresses a clearly-defined, concrete problem by waiving the financial security requirements in Section 6.9 of the GIP that obligate PG&E, as both the distribution provider and the interconnection customer for these projects, to move money among intracompany accounts. The requirement to post financial security under Section 6.9 of the GIP permits interconnection customers to remain in the distribution provider's interconnection study process and supports the distribution provider's identification of viable generation projects.⁸ In this instance, we agree with

⁶ *Id.*

⁷ See, e.g., *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 13 (2016).

⁸ See *Pac. Gas and Elec. Co.*, 135 FERC ¶ 61,094, at P 8 (2011).

PG&E that the requirement to post financial security serves no useful purpose and is unnecessary.

11. Finally, we find that granting the waiver would have no undesirable consequences or otherwise affect third parties. PG&E is the only entity involved, and granting the waiver of Section 6.9 of the GIP would allow PG&E to avoid making a payment to itself as the distribution provider, a transaction that would ultimately have no practical effect. For these reasons, we grant PG&E's request for waiver.⁹

The Commission orders:

PG&E's request for a one-time waiver of Section 6.9 of the GIP is hereby granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

⁹ We also note that the Commission has recently granted PG&E a similar waiver request with respect to the financial posting requirements of Section 6.9 of the GIP. *See Pac. Gas and Elec. Co.*, 166 FERC ¶ 61,018, at P 11 (2019). The Commission has also granted similar waiver requests with respect to the financial posting requirements of the California Independent System Operator Corporation's generator interconnection procedures. *See San Diego Gas & Elec. Co.*, 163 FERC ¶ 61,205, at P 9 (2018); *Pac. Gas and Elec. Co.*, 163 FERC ¶ 61,025, at P 13 (2018).