

147 FERC ¶ 61,050
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;
Philip D. Moeller, John R. Norris,
and Tony Clark.

California Wind Energy Association

Docket No. EL14-14-000

and

First Solar, Inc.

v.

California Independent System Operator Corporation

and

Southern California Edison Company

ORDER ON COMPLAINT

(Issued April 17, 2014)

1. On December 17, 2013, the California Wind Energy Association (CalWEA) and First Solar, Inc. (First Solar) (collectively, Complainants) filed a complaint against the California Independent System Operator Corporation (CAISO) and Southern California Edison Company (SoCal Edison) (collectively, Respondents) under section 206 of the Federal Power Act.¹ Complainants allege that CAISO's plan to transfer operational control to SoCal Edison of certain transmission assets in the Antelope Valley portion of SoCal Edison's transmission network does not comply with CAISO's transmission control agreement, may adversely impact the reliability of the CAISO-controlled grid, and will have unjust and unreasonable rate consequences for generators affected by the transfer. Complainants request that the Commission issue an order prohibiting CAISO

¹ 16 U.S.C. §§ 824e (2012).

from transferring operational control over the Antelope Valley 66 kV facilities to SoCal Edison. This order denies Complainants' complaint, as discussed below.²

I. Background

2. In 2009, SoCal Edison completed its annual transmission reliability assessment, which it submitted for consideration in the development of CAISO's 2010 transmission plan. In its submission, SoCal Edison identified several reliability criteria violations on the Antelope and Bailey 66 kV system owned by SoCal Edison.³ To address these concerns, SoCal Edison proposed the East Kern Wind Reliability Area 66 kV Reconfiguration Project (EKWRA Project), which would result in the reconfiguration of the Antelope and Bailey 66 kV system from a looped system integrated with the CAISO-controlled grid to three separate radial systems.⁴ In April 2010, the CAISO Board approved the EKWRA Project as a reliability project, and SoCal Edison began moving forward with the EKWRA Project's development.

3. Approximately four months before implementation of the reconfiguration, SoCal Edison requested that CAISO relinquish operational control⁵ of the Antelope and Bailey

² On December 18, 2013, Complainants submitted an errata to the Complaint. The errata included the signature page and signed attestation to the Affidavit of Dariush Shirmohammadi (Attachment D to the Complaint) and a corrected page 36 to the Complaint.

³ Specifically, SoCal Edison identified the need to mitigate thermal overload problems, prevent a transient voltage dip, and avoid possible voltage collapse on the Antelope/Bailey 66 kV system. SoCal Edison Answer at 4; CAISO Answer, Attachment A at P 6.

⁴ The EKWRA Project separates the Antelope and Bailey 66 kV system into: (i) the northern system, which is a radial system and will be served from the Windhub 66 kV Substation, (ii) the southern system, which consists of two radial subsystems (one will be served from the Antelope 66 kV Substation and the other will be served from the Bailey 66 kV Substation), and (iii) the two 66 kV lines connecting the Neenach Substation to the Antelope and Bailey Substations (to remain under CAISO's operational control). The Antelope and Bailey substations, as connected through the Neenach Substation and appurtenant 66 kV lines, are not being released from CAISO control. SoCal Edison Answer at 4 and n.5.

⁵ The Antelope and Bailey 66 kV facilities were transferred to CAISO's operational control in 1998, based on a determination that the facilities were part of

(continued...)

66 kV facilities, in accordance with the terms of the Amended and Restated Transmission Control Agreement among CAISO and Transmission Owners (Transmission Control Agreement).⁶ SoCal Edison supported its request to CAISO by providing a white paper describing SoCal Edison's analysis of the Antelope and Bailey 66 kV facilities under the Commission's seven-factor test set forth in Order No. 888⁷ and the five factors described in *Mansfield Municipal Electric Dept. v. New England Power Co. (Mansfield)*.⁸ SoCal Edison's analysis concluded that, post-EKWRA, the Antelope and Bailey 66 kV facilities would operate radially and must be classified as non-integrated, local distribution facilities as they are no longer integrated with the transmission system.⁹

4. On September 13, 2013, as required by the terms of the Transmission Control Agreement, CAISO published a market notice stating its intent to release operational control of the Antelope and Bailey 66 kV facilities, and provided interested parties 45 days to submit objections to the proposed relinquishment.¹⁰ After consideration of objections submitted and discussions with interested parties, CAISO decided that it was appropriate to transfer operational control of the Antelope and Bailey 66 kV facilities to SoCal Edison because CAISO no longer required operational control over the Antelope

SoCal Edison's transmission network under the Commission's seven-factor test. SoCal Edison Answer at 4.

⁶ SoCal Edison Answer at 8.

⁷ The Commission's seven-factor test is used to determine whether facilities are local distribution. *See Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036, at 31,771 and 31,981 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

⁸ *Mansfield Municipal Electric Dept.*, Opinion No. 454, 97 FERC ¶ 61,134 (2001), *reh'g denied*, Opinion No. 454-A, 98 FERC ¶ 61,115 (2002) (*Mansfield*). The *Mansfield* test is used to evaluate whether facilities are integrated with the transmission network.

⁹ SoCal Edison Answer at 8-9.

¹⁰ CAISO Answer, Attachment A at P 24.

and Bailey 66 kV facilities. Accordingly, on December 15, 2013, CAISO relinquished operational control over the Antelope and Bailey 66 kV facilities.¹¹

II. Complaint

5. Complainants claim that CAISO did not comply with the requirements of its Transmission Control Agreement in making its determination to transfer operational control over the Antelope and Bailey 66 kV facilities to SoCal Edison. According to Complainants, section 4.7.1 of the Transmission Control Agreement¹² “sets forth a two-step analysis that requires CAISO to determine (1) whether relinquishing control over transmission assets will adversely affect CAISO’s ability to perform its functions as

¹¹ CAISO states that, although additional work under the EKWRA Project will be performed through June 30, 2014, that work will not impact CAISO’s decision to relinquish operational control to SoCal Edison because it will not affect the radial configuration of the Antelope and Bailey system. *Id.*, Attachment A at P 28.

¹² The Transmission Control Agreement provides as follows at section 4.7.1:

4.7.1 Release from CAISO's Operational Control. Subject to Section 4.7.2, the CAISO may relinquish its Operational Control over any transmission lines and associated facilities constituting part of the CAISO Controlled Grid if, after consulting the Participating TOs owning or having Entitlements to them, the CAISO determines that it no longer requires to exercise Operational Control over them in order to meet its Balancing Authority Area responsibilities and they constitute:

i. directly assignable radial lines and associated facilities interconnecting Generation (other than lines and facilities interconnecting CAISO Controlled Grid Critical Protective Systems or Generators contracted to provide Black Start or Voltage Support);

ii. lines and associated facilities which, by reason of changes in the configuration of the CAISO Controlled Grid, should be classified as "local distribution" facilities in accordance with FERC's applicable technical and functional test, or should otherwise be excluded from the facilities subject to CAISO Operational Control consistent with FERC established criteria; or

iii. lines and associated facilities which are to be retired from service in accordance with Good Utility Practice.

a [balancing authority area]; and (2) whether the facilities in question are generation tie lines that may be directly assigned to individual generators, are “local distribution” facilities under the applicable [Commission] tests, or will be retired from service.”¹³

6. According to Complainants, CAISO has not undertaken any analysis to determine the impacts of transferring control of the Antelope and Bailey 66 kV facilities on CAISO’s balancing area authority functions established by the North American Electric Reliability Corporation (NERC). Specifically, Complainants allege that CAISO has not examined the impacts of transferring control on its ability to meet its resource adequacy requirements or examined the reliability impacts of a radial reconfiguration.¹⁴

7. Complainants further claim that SoCal Edison and CAISO follow different congestion management protocols, which could disrupt power flows from generators interconnected in the Antelope Valley if placed under SoCal Edison’s wholesale distribution access tariff (WDAT). Complainants also assert that CAISO uses a *pro rata* curtailment method to relieve a transmission overload if there are no economic bids to relieve the overload, while SoCal Edison does not use economic adjustment bids for curtailments and typically relies on *pro rata* curtailment based on transmission overloads that are calculated when the grid is most congested.¹⁵

8. Furthermore, Complainants contend that the transfer of operational control to SoCal Edison may impact CAISO’s ability to perform tariff functions intended to improve market efficiency. For instance, Complainants assert that improperly coordinated transmission outage scheduling between SoCal Edison and CAISO might harm the balancing authority area’s ability to meet its needs for regulating, operating, or contingency reserves.¹⁶

9. Next, Complainants claim that CAISO has failed to demonstrate, as required by the Transmission Control Agreement, that the Antelope and Bailey 66 kV facilities are either directly assignable radial generation interconnection facilities, or facilities which should be classified as local distribution facilities in accordance with the Commission’s

¹³ Complaint at 16.

¹⁴ *Id.* at 17.

¹⁵ *Id.* at 20.

¹⁶ Complainants argue that planned generation retirements, such as that of the 2,246 MW San Onofre Nuclear Generating Station located in southern California increase the potential for these adverse consequences. *Id.* at 19.

applicable technical and functional tests. Complainants argue that the Antelope and Bailey 66 kV facilities will remain functional wholesale facilities because all existing generators interconnected to the facilities, as well as planned generation, sell their electrical output for resale either bilaterally or in CAISO's markets.¹⁷

10. According to Complainants, SoCal Edison's use of the Commission's seven-factor test is inapplicable for purposes of determining whether the Antelope and Bailey 66 kV facilities are "local distribution." Complainants claim that the Antelope and Bailey 66 kV facilities will not be used solely to serve only local distribution needs.¹⁸ Complainants assert that after the reconfiguration, some facilities, such as those interconnected to the Windhub Substation will rarely experience net power inflows. Complainants claim that the facilities interconnecting the Antelope and Bailey Substation will experience net inflows more frequently, but note that it is probable that flows into the grid will increase as new generation is built. Complainants further assert that SoCal Edison's white paper analysis confuses the tariff concept of "distribution" with the jurisdictional term "local distribution" used in the Transmission Control Agreement.¹⁹

11. Complainants also argue that the *Mansfield* test is inapplicable to this situation, as the Transmission Control Agreement predates the *Mansfield* test and does not include an "integration" test.²⁰ Furthermore, Complainants state that the Commission has previously explained that the *Mansfield* test is applicable to the direct assignment question for interconnecting generators if the facilities involved form radial lines that are not operated in parallel with the transmission network, which Complainants argue renders the test inapplicable to this configuration.²¹ Complainants assert that, contrary to SoCal Edison and CAISO's analyses, even assuming the *Mansfield* test did apply to this configuration, the relevant facilities still qualify as integrated facilities when evaluated based on the *Mansfield* factors.

¹⁷ *Id.* at 21.

¹⁸ *Id.* at 23.

¹⁹ *Id.* at 23-24.

²⁰ A description of the *Mansfield* test is provided *infra.* at n.55.

²¹ Complaint at 27 (citing *So. Cal. Edison Co.*, 117 FERC ¶ 61,103, at PP 71-72 (2006)).

12. Complainants assert that SoCal Edison has not shown that any of the Antelope and Bailey 66 kV facilities will be directly assignable radial generator tie lines after the EKWRA Project's implementation, thus failing to meet the conditions of the first *Mansfield* factor. Complainants further claim that SoCal Edison's white paper analysis confuses "gen ties" with "distribution" upgrades under the WDAT. Complainants contend that none of the relevant facilities that will be placed under the WDAT are radial lines needed to interconnect generators, nor were the facilities classified as such at the time that projects interconnected under the CAISO tariff. Moreover, Complainants argue that not only are the facilities not radial in nature, they are not directly assignable based on the Commission's prohibition of the direct assignment of facilities integrated with the network "to any degree" to specific customers.²² In addition, Complainants assert that the facilities at issue are not directly assignable to generators under the Commission's "at or beyond the point of interconnection" test.²³

13. With regard to the remaining four *Mansfield* factors, Complainants argue that the Antelope and Bailey 66 kV facilities will remain integrated, because: (1) energy flows will continue to flow both into and out of the area, (2) SoCal Edison will be able to provide transmission service to itself and third parties using the facilities, (3) the facilities will continue to provide benefits to the transmission grid in terms of capability or reliability, and (4) an outage of the facilities will affect the CAISO transmission network.²⁴

14. Next, Complainants argue that SoCal Edison cannot unilaterally reclassify facilities from network to distribution under its interconnection agreements.²⁵ Complainants state that, in addition to rejecting attempts by utilities to unilaterally reclassify facilities in interconnection agreements, the Commission has rejected attempts by CAISO and SoCal Edison to insert clauses related to potential EKWRA Project-related reclassification into new interconnection agreements as premature. Complainants state that the Commission directed SoCal Edison to remove such language from the proposed interconnection agreements and indicated that it expected that the reclassification issue would be addressed through CAISO procedures and a filing with the

²² *Id.* at 25 (citing *Northeast Texas Electric Cooperative, Inc.*, Opinion No. 474, 108 FERC ¶ 61,084, at PP 47-48 (2004), *order on reh'g*, 111 FERC ¶ 61,189, at P 34 (2005)).

²³ *Id.* at 26 (citing *So. Cal. Edison Co.*, 117 FERC ¶ 61,103, at PP 70, 73 (2006)).

²⁴ *Id.* at 28.

²⁵ *Id.* at 31.

Commission.²⁶ Thus, Complainants argue that SoCal Edison and CAISO have violated a Commission directive to file the plan to reclassify the Antelope and Bailey 66 kV facilities with the Commission, in addition to having violated the requirements of the Transmission Control Agreement.²⁷

15. Complainants also raise concerns related to generators' ability to receive reimbursements for the CAISO network upgrades that they financed and are entitled to under their interconnection agreements and the CAISO tariff.²⁸ Complainants explain that SoCal Edison and CAISO have unilaterally decided that CAISO will no longer be obligated to pay refunds to generators who have financed network upgrades, because these generators will be deemed to be located on local distribution facilities under the WDAT. Complainants argue that Commission policy requires transmission providers to adhere to the tariff rules that were in place at the time interconnection customers began the interconnection process, so that interconnection customers are not subjected to evolving ground rules that substantially affect the economics of projects. Thus, Complainants request that the Commission clarify that SoCal Edison and CAISO remain obligated to refund interconnecting generators' network upgrade costs.²⁹

16. For all of the aforementioned reasons, Complainants request that the Commission prohibit CAISO from transferring operational control of the Antelope and Bailey 66 kV facilities to SoCal Edison.³⁰

III. Notice of Filings and Responsive Pleadings

17. Notice of the complaint was published in the *Federal Register*, 78 Fed. Reg. 77447 (2013) with answers, interventions and protests due on or before January 6, 2014. On December 18, 2013, Respondents filed an unopposed motion for extension of time until January 17, 2014 to submit an answer. On December 26, 2013, the Commission issued a notice extending the time for all parties to submit answers to January 17, 2014.

²⁶ *Id.* at 31 (citing *So. Cal. Edison Co.*, 141 FERC ¶ 61,100 (2012) (*Silverado*)).

²⁷ *Id.* at 32.

²⁸ *Id.* at 32.

²⁹ *Id.* at 33-34.

³⁰ *Id.* at 36.

18. Timely motions to intervene were filed by the California Department of Water Resources State Water Project, NRG Companies and the Cities of Anaheim, Azusa, Banning, Colton, Pasadena and Riverside, California.

19. CAISO and SoCal Edison each filed answers to the Complaint on January 17, 2014. On January 31, 2014, SoCal Edison filed a motion for leave to answer and answer to CAISO's answer to the Complaint. On February 4, 2014, Complainants filed a reply to the answers submitted by CAISO and SoCal Edison.

A. SoCal Edison's Answer

20. SoCal Edison states that the Commission-approved Transmission Control Agreement does not require CAISO to seek Commission approval to transfer control over the facilities at issue in the instant filing. SoCal Edison also states that the Transmission Control Agreement does contain language indicating that CAISO may seek Commission approval in the event of a dispute, but CAISO is not required to do so. SoCal Edison also indicates that the Transmission Control Agreement does not require a FPA section 205 filing.³¹ SoCal Edison asserts that it made all requisite filings to implement reclassification and that it and CAISO have made every effort to inform customers that the facilities could be reclassified as the uses of the facilities change.³² SoCal Edison states that complainant First Solar was informed of the potential reclassification of facilities as a result of the EKWRA Project on July 14, 2010.³³

21. SoCal Edison further contends that it applied the appropriate classification criteria to determine whether the facilities at issue should be classified as non-integrated and/or local distribution facilities. SoCal Edison states that the seven-factor test, set forth in Order No. 888, and the *Mansfield* test can be used to determine whether facilities are non-integrated.³⁴ SoCal Edison applied both tests and asserts that the fact that wholesale customers use these facilities has no bearing on whether the facilities belong under CAISO's operational control. Even though the Transmission Control Agreement predates the *Mansfield* test, SoCal Edison maintains that, because the Commission

³¹ SoCal Edison Answer at 11 (citing *Atlantic City Elec. Co. v. FERC*, 295 F.3d 1 (D.C. Cir. 2002)).

³² *Id.* at 35-36 (citing *So. Cal. Edison Co.*, 141 FERC ¶ 61,100, at P 30 (2012) as an example of these efforts.

³³ *Id.* at 5-6; *see also* Exhibit 4 at 14.

³⁴ *Id.* at 12.

established and has used this test to determine if a facility is integrated, it qualifies as “FERC established criteria” that is acceptable under the Transmission Control Agreement.

22. SoCal Edison also argues that the Complainants misapply classification precedent. SoCal Edison states that the facilities at issue do not fail *Mansfield’s* second factor, regarding whether energy flows in only one direction, because of bidirectional flow of certain EKWRA Project lines. According to SoCal Edison, this *Mansfield* factor evaluates more than the presence of bidirectional flow on a line. Rather, SoCal Edison contends that this factor tests whether the transmission provider relies on the bidirectional flow to serve its own load or the load of its customers. Further, SoCal Edison states that many distribution facilities experience bidirectional flow under certain operating conditions but this does not mean that these facilities are part of the integrated transmission network.³⁵

23. In response to the Complainants’ reliability concerns, SoCal Edison contends that the Complainants cannot explain how the release of operational control would impair CAISO’s ability to meet the balancing reliability standards.³⁶ SoCal Edison argues that the change in operational control has no effect on CAISO’s dispatch authority and that generators over 1 MW interconnected to the distribution system continue to be subject to CAISO control. SoCal Edison argues that Complainants also fail to explain their concern about how CAISO’s release of operational control of these facilities could affect a generator’s resource adequacy status. SoCal Edison also argues that CAISO and the investor-owned utilities have managed to coordinate outages of the distribution system for the past 15 years and notes that Complainants have not identified an instance where a WDAT outage ever impaired CAISO balancing authority area operations.³⁷

B. CAISO’s Answer

24. CAISO asserts that the facilities meet the requirements for the transfer of control and that CAISO does not require operational control of these facilities. CAISO also argues that the Complainants “fail to meet their burden of proof to show that the ISO’s

³⁵ *Id.* at 24.

³⁶ *Id.* at 27.

³⁷ *Id.* at 31.

decision to relinquish control was contrary to the ISO tariff, the Transmission Control Agreement or Commission precedent.”³⁸

25. CAISO notes that during the development of the 2010 transmission plan, “the ISO identified reliability problems associated with the Antelope - Bailey 66kV system.”³⁹ In response, SoCal Edison proposed, and CAISO accepted into the 2010 transmission plan, the EKWRA Project. CAISO also notes that the potential relinquishment of operational control of portions of the Antelope and Bailey 66 kV system was communicated during the public stakeholder process during the development and approval of the 2010 transmission plan.⁴⁰

26. CAISO rejects the position of Complainants that the relinquishment of control violated the Transmission Control Agreement. With respect to the first requirement of section 4.7.1 of the Transmission Control Agreement, CAISO states that it has properly determined that it no longer requires control of the facilities to meet its balancing authority area responsibilities. CAISO notes the supporting declaration of its Director of Real Time Operations that “explains that the primary resource for meeting applicable balancing authority area standards is the operating reserves that it obtains through various ancillary services products.”⁴¹ CAISO states that this relinquishment of control “will in no way undermine the ISO's ability to procure and maintain sufficient reserves . . . including ancillary services provided from certified resources interconnected to the non-ISO controlled grid.”⁴² CAISO also rejects Complainants’ assertions that the relinquishment of operational control over the Antelope and Bailey 66 kV facilities could disrupt power flows from generators in the Antelope Valley or could interfere with CAISO’s performance of tariff functions, and notes that the CAISO tariff would explicitly require CAISO to coordinate with SoCal Edison to develop procedures to avoid conflicting operational directives.⁴³

³⁸ CAISO Answer at 2.

³⁹ *Id.* at 6.

⁴⁰ *Id.*, Attachment A at P 11.

⁴¹ *Id.* at 11; *see also* Attachment B at P 5.

⁴² *Id.* P 6.

⁴³ *Id.* at n.32 (citing CAISO tariff section 4.6.3.1).

27. With respect to the second requirement of section 4.7.1 of the Transmission Control Agreement regarding non-integration with the CAISO-controlled grid, CAISO states that its determination was properly based on section 4.7.1(ii), that after the reconfiguration, the facilities should be excluded from CAISO control for reasons “consistent with FERC established criteria.” CAISO argues that the *Mansfield* five-factor test is the best way to determine consistency with Commission criteria, because the Commission applied this test in the *Cabazon* and *Whitewater* proceedings,⁴⁴ which CAISO argues are similar to this proceeding.

28. CAISO also rejects arguments by the Complainants that it did not follow the prescribed procedures for release from CAISO's operational control in section 4.7.2 of the Transmission Control Agreement. That section requires CAISO to inform the public of its intention to relinquish control and the basis for its determination, and then give interested parties 45 days to submit written objections. CAISO notes that it informed the public on September 13, 2013, and received written objections from four parties on October 29, 2013, 46 days later. On November 25, CAISO met with the interested parties but that “the meeting demonstrated that that it does not appear possible to resolve these identified concerns in a manner that would be agreeable to [SoCal Edison] and interested stakeholders.”⁴⁵

29. CAISO notes that section 4.7.2 also allows that “such [objecting] parties, Participating TOs, or the CAISO may refer any disputes for resolution pursuant to the CAISO ADR Procedures in Section 13 of the CAISO Tariff,” and that neither Complainant nor any other party chose to pursue the ADR option.⁴⁶

⁴⁴ *Cabazon Wind Partners, LLC, v. So. Cal. Edison Co.*, Opinion No. 490, 117 FERC ¶ 61,212 (2006) (*Cabazon*). See also *So. Cal. Edison Co.*, Opinion No. 487, 117 FERC ¶ 61,103 (2006) (*Whitewater*). In *Cabazon* the Commission affirmed an Initial Decision utilizing the *Mansfield* factors in finding that certain upgrades needed to interconnect Cabazon to SoCal Edison's system were properly treated as non-integrated facilities and their costs were properly assigned directly to Cabazon. Similarly, in *Whitewater* the Commission affirmed an Initial Decision utilizing the *Mansfield* factors to determine that some of the facility upgrades necessary to interconnect Whitewater to SoCal Edison's system were network upgrades, while others were not.

⁴⁵ Letter to SoCal Edison from Keith E. Casey, Ph.D., CAISO Vice President, Market and Infrastructure Development (Attachment B to Complaint).

⁴⁶ CAISO Answer at 5.

30. CAISO argues that the five-factor *Mansfield* test confirms that the reconfigured facilities are properly classified as not integrated with the CAISO-controlled grid.⁴⁷ CAISO analyzes each of the five factors of the *Mansfield* test as follows: (1) the reconfiguration changed the facilities to three radial lines that do not operate in parallel to the CAISO-controlled grid; (2) energy on the new radial facilities will flow predominantly inward to the load; (3) CAISO will not be able to provide service to other transmission customers, rather only to SoCal Edison's customers connected to the radial lines; (4) the radial configuration does not allow CAISO to provide reliability or capability or coordinated operations to the CAISO-controlled grid; and (5) transmission outages on one of the radial lines would not affect operations of the CAISO-controlled transmission grid.⁴⁸

31. Finally, CAISO argues that its relinquishment of control does not dictate the outcome of interconnection reimbursement issues. CAISO notes that it has not made any finding that the facilities should be reclassified as distribution, and argues that the Commission should decline to address the issue of reimbursement in this proceeding.

IV. Discussion

A. Procedural Matters

32. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,⁴⁹ the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

33. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure,⁵⁰ prohibits an answer to a protest or to an answer unless otherwise ordered by the decisional

⁴⁷ The 66 kV line between the Antelope and Bailey substations would continue to operate in parallel with the CAISO-controlled grid. That line and the two substations remain under CAISO operational control.

⁴⁸ CAISO maintains that it does not need to actually classify the facilities as "local distribution" and in fact that SoCal Edison had made that classification in its request to CAISO. CAISO's justification rests on the purported consistency "with FERC established criteria" that establishes the non-integration.

⁴⁹ 18 C.F.R. § 385.214 (2013).

⁵⁰ 18 C.F.R. § 385.213(a)(2) (2013).

authority. We will reject SoCal Edison's answer to CAISO's answer and Complainants' reply.

B. Substantive Matters

34. For the following reasons, we find that Complainants have not established that the transfer by CAISO to SoCal Edison of operational control over the facilities in question is unjust, unreasonable, unduly discriminatory or preferential, and we deny the requested relief.

1. Transmission Control Agreement

35. Complainants question whether CAISO followed the requirements of the Transmission Control Agreement regarding the relinquishment of operational control over the facilities in question and contend that CAISO must secure a Commission order before it can relinquish control. Respondents point to the language of the Transmission Control Agreement, explaining that seeking Commission approval is permissive and only one option for relinquishment.⁵¹ We agree with Respondents. The Transmission Control Agreement provides a mechanism for relinquishment. Consistent with our finding in *Silverado*, we agree with Respondents that the Transmission Control Agreement provides that CAISO issue a market notice for relinquishing control and requires that CAISO provide interested parties with an opportunity to submit written comments and submit unresolved issues to the CAISO alternative dispute resolution process. We note that CAISO provided the required notice and opportunity for Complainants to submit comments regarding the relinquishment of the facilities. CAISO attempted to resolve the

⁵¹ See CAISO Answer at 21 (citing section 4.7.2 of the Transmission Control Agreement). Section 4.7.2 of the Transmission Control Agreement provides as follows:

4.7.2 Procedures. Before relinquishing Operational Control over any transmission lines or associated facilities pursuant to section 4.7.1, the CAISO shall inform the public through the CAISO Website of its intention to do so and of the basis for its determination pursuant to Section 4.7.1. The CAISO shall give interested parties not less than 45 days within which to submit written objections to the proposed removal of such lines or facilities from the CAISO's Operational Control. If the CAISO cannot resolve any timely objections to the satisfaction of the objecting parties and the Participating TOs owning or having Entitlements to the lines and facilities, such parties, Participating TOs, or the CAISO may refer any disputes for resolution pursuant to the CAISO ADR Procedures in Section 13 of the CAISO Tariff. Alternatively, the CAISO *may* apply to FERC for its approval of the CAISO's proposal. (*emphasis added*).

matter, but was unsuccessful and the Complainants chose not to utilize CAISO's alternative dispute resolution process.⁵²

36. Complainants also argue that CAISO did not evaluate the impact of relinquishment on system reliability and efficiency or CAISO's ability to perform its balancing authority area functions, in violation of the Transmission Control Agreement. We find that CAISO's evaluation of the reconfigured facilities was consistent with the requirements of the Transmission Control Agreement. CAISO must determine (through a process which may or may not include a formal study) that it no longer requires operational control over the applicable facilities in order to meet its balancing authority functions. CAISO has explained that the primary means for meeting the applicable balancing authority standards is the operating reserves CAISO obtains through various ancillary services products, and that therefore relinquishing operational control over the Antelope and Bailey 66 kV facilities does not undermine CAISO's ability to procure sufficient reserves to meet applicable NERC standards.

37. Complainants have not shown that control of the Antelope and Bailey 66 kV facilities is necessary for CAISO to perform its functions within its balancing authority area. Complainants provide no evidence to support the argument that the Antelope and Bailey 66 kV facilities are essential to CAISO's ability to procure and maintain sufficient reserves or ancillary services from interconnected resources. CAISO's answer points out that relinquishment of control does not prevent generators from offering ancillary services products in the CAISO markets and being dispatched as needed by CAISO.⁵³

38. We also find that no facts have been presented that demonstrate that CAISO's relinquishment of control will negatively impact power flows from generators connected to the Antelope and Bailey 66 kV facilities, or impair CAISO's ability to perform tariff functions intended to improve market efficiency. CAISO emphasizes that after the relinquishment of control, eligible resources interconnected to the Antelope and Bailey 66 kV facilities will remain CAISO participating generators that are able to participate in CAISO's markets, consistent with their Participating Generator Agreements.⁵⁴

⁵² See *Silverado*, 141 FERC ¶ 61,100 at P 31.

⁵³ CAISO Answer at 4.

⁵⁴ *Id.* at 13, n.32 (citing CAISO tariff sections 4.6, 4.6.1 and 4.6.3.1).

2. The Mansfield Test

39. The Commission finds that the appropriate test to determine whether control over the facilities should remain with CAISO or be relinquished to SoCal Edison is the *Mansfield* test⁵⁵ because the issue to be determined is whether the Antelope and Bailey 66 kV facilities are integrated into the CAISO-controlled grid.⁵⁶ The *Mansfield* test has been applied by the Commission on a case-by case basis depending on the facts involved, generally used to determine whether specific facilities are integrated or non-integrated in situations where the Commission's "at or beyond the point of interconnection" test does not adequately address the issue of whether a facility is a network upgrade (subject to rolled-in pricing), interconnection facilities or otherwise subject to direct assignment.⁵⁷ As in *Whitewater* and *Cabazon*, we find that the issue in this case is not to determine whether the Antelope and Bailey 66 kV facilities are either interconnection facilities or network upgrades.⁵⁸ Rather, the issue to be decided is whether these facilities are integrated or non-integrated with the CAISO-controlled grid. If the facilities are integrated, they are subject to operational control by CAISO and subject to rolled-in pricing, but if they are non-integrated, they are subject to direct assignment.⁵⁹ We agree

⁵⁵ The *Mansfield* test consists of the five following factors: (1) whether the facilities are radial, or whether they loop back into the transmission system; (2) whether energy flows only in one direction, from the transmission system to the customer over the facilities, or in both directions, from the transmission system to the customer, and from the customer to the transmission system; (3) whether the transmission provider is able to provide transmission service to itself or other transmission customers over the facilities; (4) whether the facilities provide benefits to the transmission grid in terms of capability or reliability, and whether the facilities can be relied on for coordinated operation of the grid; and (5) whether an outage on the facilities would affect the transmission system.

⁵⁶ Unlike the *Mansfield* test, the seven-factor test was established in Order No. 888 to determine what facilities would be under the Commission's jurisdiction and what facilities would remain under the states' jurisdiction for purposes of retail stranded cost adders or other retail regulatory purposes. Those indicators are not specifically designed to determine whether facilities are integrated and are not relevant to making such a determination. See *Cabazon*, 117 FERC ¶ 61,212 at n.12, *Mansfield*, 97 FERC ¶ 61,134 at n. 7.

⁵⁷ See *Whitewater*, 117 FERC ¶ 61,103 at PP 69-73.

⁵⁸ *Id.* at P 12; see also *Cabazon*, 117 FERC ¶ 61,212 at P 13.

⁵⁹ *Id.*

with Respondents that the Antelope and Bailey 66 kV facilities are properly determined to be non-integrated and subject to relinquishment of control by CAISO. In so finding, we agree with CAISO that each of the five factors of the *Mansfield* test indicates non-integration.⁶⁰

a. **Factor 1: Whether the facilities are radial, or whether they loop back into the transmission system**

40. Complainants assert that SoCal Edison has not shown that any of the Antelope and Bailey 66 kV facilities will be directly assignable radial generator tie lines. Complainants also contend that none of the relevant facilities that will be placed under the WDAT are radial lines needed to interconnect generators, nor were the facilities classified as such at the time that the projects interconnected under the CAISO tariff.

41. CAISO argues that the reconfiguration changed the facilities to three radial subsystems that do not operate in parallel to the CAISO-controlled grid. CAISO notes that the new configuration does include breakers that can be closed in emergency situations but that these breakers normally remain open. We agree with CAISO that such an arrangement for occasional loop flow does not establish that facilities are integrated.⁶¹ CAISO also notes that whether portions of the Antelope and Bailey 66 kV facilities are sufficiently integrated with other radial SoCal Edison facilities is unrelated to the propriety of CAISO's relinquishment of operational control of the Antelope and Bailey 66 kV facilities.⁶²

42. Based on the record, we find that the reconfigured Antelope and Bailey 66kV facilities are radial in nature.⁶³ Contrary to Complainants' position, we find that radial facilities, as a category, include broader applications than just generator tie lines.⁶⁴

⁶⁰ *See infra*. P 31.

⁶¹ CAISO Answer at 17 (citing *Whitewater*, 117 FERC ¶ 61,103 at P 87).

⁶² *Id.* at 16.

⁶³ *Id.* at 17; *see also* Attachment D (illustrating the radial nature of the Antelope and Bailey 66 kV facilities after the reconfiguration); SoCal Edison Answer at 24-26; Exhibit 3 at PP 15-16.

⁶⁴ CAISO Answer at 17; SoCal Edison Answer at 19-23.

b. **Factor 2: Whether energy flows only in one direction, from the transmission system to the customer over the facilities, or in both directions, from the transmission system to the customer, and from the customer to the transmission system**

43. Complainants assert that the newly reconfigured facilities will continue to be integrated because energy flows will continue to flow into and out of the area that has been reconfigured to become radial according to CAISO and SoCal Edison.

44. CAISO argues that energy predominantly flows inward to load, except in unusual circumstances when generation exceeds load. According to CAISO, the relevant factor is whether the transmission provider relies on the line for serving other transmission customers.⁶⁵

45. We agree with CAISO that occasional energy outflows do not make the facilities integrated with the transmission network. We find that the relevant inquiry, in cases where bi-directional flow occurs, is whether the facilities permit CAISO to serve the load of other transmission customers.⁶⁶ In this case we find that post-EKWRA reconfiguration, the Antelope and Bailey 66 kV facilities are not integrated with the CAISO-controlled grid because the facilities will not permit CAISO to serve the load of the other transmission customers.⁶⁷

c. **Factor 3: Whether the transmission provider is able to provide service to itself or other transmission customers over the facilities in question**

46. Complainants do not directly address Factor 3 of the *Mansfield* test. They argue that the continued existence of switching capability will allow SoCal Edison to provide service to itself and others and that an outage of the facilities will affect the CAISO-controlled grid. According to Complainants, this condition renders the facilities integrated, and not radial.⁶⁸

⁶⁵ *Id.* at 18 (citing *Whitewater*, 117 FERC ¶ 61,103 at PP 91-92).

⁶⁶ *Id.*

⁶⁷ *Id.* at 18-19 (citing *Whitewater*, 117 FERC ¶ 61,103 at P 91); SoCal Edison Answer, Exhibit 3 at PP 17-25, 32.

⁶⁸ Complaint at 28.

47. CAISO, however, states in its answer that, based on the post-reconfiguration topology, CAISO will not be able to provide service to other customers on the CAISO-controlled grid over the Antelope and Bailey 66 kV facilities. According to CAISO, the Antelope and Bailey 66 kV facilities comprise three distinct radial subsystems that do not operate in parallel with the CAISO-controlled grid.⁶⁹

48. We find that CAISO is unable to provide service over the facilities in question because the post-reconfiguration topology as separate radial subsystems will not support service outside the SoCal Edison distribution system.⁷⁰ CAISO, but for emergency situations, that would require closing a breaker between the Antelope radial system and the Bailey radial system, will not rely on any bi-directional flow over the Antelope and Bailey 66 kV facilities to serve customers outside of the Antelope and Bailey 66 kV facilities.⁷¹

d. **Factor 4: Whether the facilities provide benefits to the transmission grid in terms of capability or reliability, and whether the facilities can be relied on for coordinated operation of the grid**

49. Complainants argue that the switching capability that, in an emergency situation, would allow SoCal Edison to roll load between the post-reconfiguration subsystems would also allow SoCal Edison to accept power flows from the CAISO-controlled grid. According to Complainants, this capability means that the Antelope and Bailey 66 kV facilities remain integrated with the CAISO-controlled grid and provide support for the grid.⁷²

50. CAISO argues that, because it is unable to provide non-emergency service to itself or its customers using the Antelope and Bailey 66 kV facilities, those facilities do not provide benefits to the grid in terms of capability or reliability and cannot be relied on for

⁶⁹ CAISO Answer at 17-19 (citing *Whitewater*, 117 FERC ¶ 61,103 at P 97). CAISO reiterates that the one subsystem that remains in parallel with the CAISO-controlled grid remains under CAISO's operational control.

⁷⁰ *Id.*

⁷¹ *Id.* at 18.

⁷² Complaint at 29-30 (citing *Allegheny Power*, 122 FERC ¶ 61,160 (2008)).

coordinated operation of the grid. CAISO states that this is true because the facilities are radial to the CAISO-controlled grid.⁷³

51. We agree with CAISO. The fact that, in an emergency situation, SoCal Edison may be able to roll load between the radial facilities and accept power flows from the CAISO-controlled grid does not mean that those facilities can be relied upon for coordinated operation of the CAISO-controlled grid.⁷⁴

e. **Factor 5: Whether an outage on the facilities would affect the transmission system**

52. Complainants make no specific arguments in connection with Factor 5, relying on a general assertion that an outage of the Antelope and Bailey 66 kV facilities will affect the CAISO transmission network.⁷⁵

53. CAISO argues that an outage on the Antelope and Bailey 66 kV facilities would not impact the CAISO-controlled grid. In support of this argument, CAISO points out that the reconfigured portions of the Antelope and Bailey 66 kV system will each be connected with the CAISO-controlled grid in a radial manner, at a single point. CAISO states that, in the event of an outage on the Antelope and Bailey 66 kV facilities, the CAISO-controlled grid would continue to operate across the facilities that remain parallel to it and that SoCal Edison would communicate with affected generators so that those generators could make informed decisions with respect to bidding into the CAISO markets.⁷⁶

54. We find that CAISO has explained how such an outage would not affect the transmission system it operates.⁷⁷

⁷³ CAISO Answer at 18.

⁷⁴ CAISO Answer at 18-19; SoCal Edison Answer, Exhibit 3 at P 33.

⁷⁵ Complaint at 28.

⁷⁶ CAISO Answer at 19.

⁷⁷ CAISO Answer at 19 (citing *Whitewater*, 117 FERC ¶ 61,103 at P 105); CAISO Answer, Attachment B at P 10. *See also* SoCal Edison Answer, Exhibit 3 at P 34.

3. Contract Claims

55. Complainants argue that SoCal Edison cannot unilaterally modify existing interconnection agreements to reflect the reclassification of network facilities. In this case, the Commission finds that the reclassification of facilities is appropriate, as the Antelope and Bailey 66 kV facilities have been appropriately relinquished under the Transmission Control Agreement.⁷⁸ When Complainants entered into three-party interconnection agreements the facilities in question were deemed integrated with the CAISO-controlled grid. The EKWRA Project reconfiguration is the event that changed their character and made the WDAT the appropriate tariff to govern interconnection. We find that the pre-existing CAISO interconnection agreements do not bar SoCal Edison from making the appropriate filings under section 205 of the Federal Power Act to ensure that facilities are interconnected under the appropriate tariff as a result of a system reconfiguration.⁷⁹ The Commission has consistently upheld the distinction between network facilities and distribution facilities.⁸⁰ In this instance, we find that the reconfiguration supports designation of these facilities as distribution, or non-integrated facilities.⁸¹

⁷⁸ In *Silverado*, we rejected the reclassification provisions in a *pro forma* interconnection agreement as premature. However, we also expressly rejected Silverado's request to be exempted from the potential reclassification of network upgrades. We found that Silverado, despite being informed of the possibility of reclassification, made a business decision to proceed with interconnection. First Solar was informed of the potential reclassification of facilities on July 14, 2010. Accordingly, the same analysis applies to Complainants. *See supra*, P 20 (citing SoCal Edison answer at 5-6), *See also Silverado*, 141 FERC ¶ 61,100 at PP 25 – 30.

⁷⁹ *See* SoCal Edison Answer at 32 (citing an individual large generator interconnection agreement and noting that §30.11 is included in all *pro forma*-based generator interconnection agreements and provides section 205 rights for the transmission provider or transmission owner to propose unilateral changes to their generator interconnection agreements). In this instance, the existing interconnection agreement contains § 30.11 and SoCal Edison is authorized, both as a matter of tariff and contract, to make the appropriate section 205 filing of a WDAT interconnection agreement. Similarly, the relinquishment of operational control by CAISO is consistent with the Transmission Control Agreement and consistent with CAISO's tariff.

⁸⁰ *See Whitewater*, 117 FERC ¶ 61,103 at n.5.

⁸¹ We note that CAISO distinguishes between its decision to relinquish control over the Antelope and Bailey 66 kV facilities and SoCal Edison's decision to reclassify

(continued...)

56. Complainants further argue that the reclassification will deprive generators of what is characterized as the right to reimbursement for CAISO network upgrades. However, as discussed above, once the reclassification occurred and CAISO relinquished control over the assets, they are no longer correctly characterized as CAISO network upgrades. Furthermore, given the nature of the facilities after the reconfiguration, the CAISO tariff no longer controls. Rather, interconnection appropriately occurs under SoCal Edison's WDAT. We agree with SoCal Edison that the WDAT is a Commission-jurisdictional tariff, regulating interconnection of distribution or non-integrated facilities that are engaged in wholesale sales. As such, it is the appropriate tariff under which Complainants' generators should be interconnected. The *pro forma* WDAT has been found to be just and reasonable and not preferential or unduly discriminatory, and, consistent with Commission policy, directly assigns costs for distribution or non-integrated assets and does not provide for reimbursement.

57. Complainants have not met the burden of demonstrating that the transfer of operational control by CAISO to SoCal Edison over the Antelope and Bailey 66 kV facilities is unjust, unreasonable, unduly discriminatory or preferential and we will deny the Complaint.

The Commission orders:

The Complaint is hereby denied, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

them as distribution assets. While we agree with CAISO's distinction, it is not relevant to the outcome of this proceeding since relinquishment of control by CAISO results necessarily in those assets being subject to SoCal Edison's WDAT.