



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

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Order Instituting Rulemaking on the)	
Commission's own motion to improve)	Rulemaking 11-09-011
distribution level interconnection rules and)	(Filed September 22, 2011)
regulations for certain classes of electric)	
generators and electric storage resources.)	
_____)	

**MOTION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), SAN DIEGO GAS &
ELECTRIC COMPANY (U 902-E), AND PACIFIC GAS AND ELECTRIC COMPANY (U 39-E)
PROPOSING RULE 21 TARIFF LANGUAGE IMPLEMENTING
JOINT COST CERTAINTY PROPOSAL**

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Dated: April 1, 2015

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Pursuant to 11.1 of the California Public Utilities Commission’s (Commission’s) Rules of Practice and Procedure and Administrative Law Judge (ALJ) Bushey’s January 7, 2015 email ruling, Southern California Edison Company (SCE), San Diego Gas and Electric (SDG&E) and Pacific Gas and Electric Company (PG&E), (together, IOUs), respectfully submit their joint proposal on cost certainty.

I. INTRODUCTION

The IOUs are pleased to submit their draft proposed Rule 21 tariff language, which implements the IOUs’ joint cost certainty proposal. In developing this proposal, the IOUs have carefully considered available interconnection data, stakeholder comments and concerns, and the underlying Rule 21 interconnection framework. This joint proposal represents a significant revision to Rule 21 that enhances predictability for a large number of interconnection customers.

The IOUs also recognize improving interconnection cost certainty for all projects is an important objective, and the IOUs are committed to that objective. As such, the IOUs recommend establishing a “Phase 2” for examining an expansion of cost certainty that can be informed by data acquired from implementation of the joint cost certainty proposal, as well as additional interconnection data. The IOUs look forward to engaging with the Commission and other stakeholders to continue to make

improvements to the Rule 21 processes.

II. PROCEDURAL HISTORY

On September 26, 2012, the Commission issued the *Assigned Commissioner's Amended Scoping Memo and Ruling Requesting Comments*, which established the scope of issues for the second phase of the OIR and requested comments on a set of questions directed towards the evaluation and analysis of Rule 21's interconnection cost responsibility framework. On October 25, 2012, parties filed comments on that set of questions. On November 30, 2012, ALJ DeAngelis issued an email ruling directing each investor-owned utility to file a proposal or proposals in this proceeding "to enhance cost certainty within the interconnection process [and address] the improvement of cost predictability prior to the start of the interconnection process and improvement of cost certainty during the interconnection process." That email ruling also directed the Energy Division to hold a workshop in response to the proposals. On January 13, 2013, the IOUs filed a Joint Cost Certainty proposal. On March 5, 2013, the Energy Division held the workshop on cost certainty.¹

On July 29, 2014, ALJ Bushey issued the ALJ Ruling, attaching two staff reports including the *Staff Report on Cost Certainty for the Interconnection Process* and directed parties to file comments on the staff reports by September 12, 2014. As part of their comments, the IOUs proposed an expansion of their 2013 Joint Cost Certainty Proposal. On December 4, 2014, the IOUs participated in a workshop facilitated by the Energy Division that addressed the Staff Report on Cost Certainty, as well as stakeholders' own presentations and proposals on cost certainty. On December 12, 2014, the IOUs submitted a request to the Commission that stated, in part:

Following a discussion at the end of the workshop regarding procedural "next steps," the IOUs agreed to submit their joint cost certainty proposal

¹ On April 16, 2014, the Commission issued the *Decision Adopting Revisions To Electric Tariff Rule 21 To Include A Distribution Group Study Process And Additional Tariff Forms*, D.14-04-003. This decision directed the IOUs to incorporate a new Distribution Group Study Process into their respective Rule 21 tariffs. On June 9, 2014, the IOUs file such revisions in Advice Letter 3050-E. These revisions became effective on July 9, 2014.

to the Commission for approval in the first quarter of 2015. This submission would maintain the framework of the proposal that was outlined in the IOUs' comments and at the workshop, but also provide greater detail and refinements. Parties would have an opportunity to submit comments on the proposal, including comments relating to outstanding concerns that they believe need to continue to be evaluated.

While the joint proposal does not resolve all concerns raised by parties, it is the IOUs' understanding that the majority of workshop participants view this proposal as a valuable and viable approach to addressing cost certainty concerns and represents an important step forward. Adoption of such a proposal would permit the collection of data relating to this proposal, which could be used for further refinements to cost certainty.

On January 7, 2015, ALJ Bushey issued an email ruling stating that “[n]o later than March 31, 2015, the utilities must file and serve a motion setting forth proposed revisions to Electric Tariff Rule 21 to address issues related to . . . cost certainty.”²

III. DISCUSSION

A. Joint Cost Certainty Proposal Rule 21 Tariff Language

Attachment A contains the IOUs' proposed tariff language, reflected as a redline to portions of SCE's existing Rule 21.³ The proposed “Fixed Price Option,” itself, is outlined in Section F.7.⁴

The IOUs believe the proposed Fixed Price Option provides a valuable new option to interconnection customers that balances the level of cost estimate certainty with interconnection process efficiency. While this proposal is designed to minimize any difference between the fixed price given to an Applicant and the actual cost to interconnect the customer, such differences may still occur. The IOUs propose that any difference, either due to overcollection or undercollection, would be trued-up in

² The IOUs' motion is timely filed on April 1, 2015 pursuant to Rule 1.15 of the CPUC Rules of Practice & Procedure (“When a [Commission ruling] sets a time limit for performance of an act . . . If the last day falls on a Saturday, Sunday, holiday or other day when Commission offices are closed, the time limit is extended to include the first day thereafter.”). The Commission offices were closed on March 31, 2015.

³ SCE notes that, in addition to tariff changes, Rule 21 standardized forms will need to be revised and approved by the Commission to permit SCE to implement the Fixed Price Option.

⁴ Limited changes were made to other sections of Rule 21 to harmonize those sections with the fixed cost option.

customer rates through the normal General Rate Case (GRC) capital work order process.⁵

Below, the IOUs briefly summarize Section F.7's fixed cost option.⁶

1. Fixed Cost Option Eligibility

The proposed fixed cost option will be available to a significant portion of the Interconnection Requests that pass the Fast Track Interconnection Review Process or qualify for the Independent Study Review Process. Specifically, this fixed cost option will be available for Interconnection Requests that:

(1) Pass the Fast Track Interconnection Review Process, do not require substation upgrades (with the exception of upgrades to metering), and whose total estimated cost of required upgrades to the Distribution Provider's electric system is less than \$500,000;⁷ or

(2) Complete a System Impact Study (SIS), are 5 MW or less, do not trigger Network Upgrades, do not require substation upgrades (with the exception of upgrades to metering), are not dependent on facilities triggered by earlier-queued projects and whose total estimated cost of required upgrades to the Distribution Provider's electric system is less than \$500,000.⁸

Projects outside this eligibility scope are high-impact projects that are likely to require significant distribution upgrades, network upgrades, and/or are dependent upon facilities triggered by earlier-queued projects. At this time, the IOUs lack sufficient data on such projects to believe it is appropriate or prudent to extend any fixed price option beyond the above-described eligibility.

2. Fixed Cost Option Selection

An Applicant whose Interconnection Request meets the eligibility requirements may select the Fixed Price Option as follows:⁹

⁵ The capital cost is trued-up to the actual cost in the next GRC (*i.e.*, the IOUs' use the recorded, or actual, rate base as the starting point for their GRC forecast revenue requirement).

⁶ This summary is intended only to serve as an aid the Commission and stakeholders in their review of the proposed language in Attachment A. It is not a complete outline or description of all proposed tariff changes.

⁷ See Attachment A, Section F.7.a.i.

⁸ See *id.*, F.7.a.ii.

⁹ Failure of Applicant to select the Fixed Price Option and pay the Fixed Price Option fee as set forth in Section F.7.b will render the Interconnection Request ineligible for the Fixed Price Option and the Interconnection Request will be processed on an actual cost basis. See *id.*, F.7.b.

- For Interconnection Requests evaluated under the Fast Track Interconnection Review Process, Applicants must select the Fixed Price Option and pay the Fixed Price Option fee to the Distribution Provider within ten (10) Business Days after the Distribution Provider provides notice to Applicant that the Interconnection Request has passed the Fast Track Process evaluation and provides Applicant a non-binding cost estimate of required Distribution Provider’s Interconnection Facilities or Distribution Upgrades pursuant to Section F.2.¹⁰
- For Interconnection Requests evaluated under the Independent Study Process, Applicants must select the Fixed Price Option and pay the Fixed Price Option fee to the Distribution Provider by the later of 1) ten (10) Business Days from the date of the Interconnection System Impact Study results meeting if requested by Applicant pursuant to Section F.3.b.iii., 2) twenty-five (25) Business Days from the date of Distribution Provider’s issuance of the final Interconnection System Impact Study report to Applicant, or 3) ten (10) Business Days from the date the Applicant is notified by the Distribution Provider of the completion of a re-evaluation of the Interconnection System Impact Study performed by Distribution Provider in accordance with Section F.3.b.v.¹¹

The Fixed Price Option fee is \$10,000 (non-refundable).¹² This fee is necessary to pay for the additional resources required to prepare the fixed price estimate. In order to provide a fixed cost estimate, additional review is required and a site visit may be needed. Further, city permitting costs and costs associated with conducting detailed structure analysis may be incurred to develop the utility designs.¹³ The fee reflects the IOUs’ best estimate regarding the average cost that will be incurred to prepare the fixed price estimate. The IOUs recommend that this fee amount be revisited one year following implementation, which will allow the fee amount to be informed by actual experience.

3. Additional Information Required From Applicant

Within twenty (20) Business Days following Applicant’s timely selection of the Fixed Price Option and payment of the Fixed Price Option fee in accordance with Section F.7.b, an Applicant is required to provide the Distribution Provider with the following additional information and data

¹⁰ See *id.*, F.7.b.

¹¹ *Id.*

¹² *Id.*

¹³ For example, such detailed structure analysis may include (1) wind loading section poles to ensure compliance with safety standards and (2) sending a crew out to inventory vaults and duct systems to validate existing base drawings. These tasks and costs would not need to be repeated or duplicated should the project move forward with the Fixed Price Option.

(“Technical Scope Package”) in support of the Distribution Provider’s preparation of the Fixed Price Option Estimate:

- (1) Final location of the Point of Common Coupling (Point of Change of Ownership);
- (2) Final location of the Point of Interconnection;
- (3) Confirmation of service voltage;
- (4) Confirmation that technical data provided in the Interconnection Request is accurate, including equipment type, model and manufacturer;
- (5) A site drawing of a scale of 1:30 or less;¹⁴ and
- (6) Identification of any constraints or limitations related to the siting or routing of conductors and equipment between the Point of Common Coupling and the Point of Interconnection.¹⁵

Timelines associated with submission of such information are outlined in Section F.7.c. The impact of an Applicant’s modification to its submitted Technical Scope Package—and to other information provided by an Applicant—on its eligibility for the Fixed Price Option is detailed in Section F.7.f.

4. Preparation of Fixed Cost Option

A Distribution Provider will have sixty (60) Business Days to complete the Fixed Cost Option Estimate. This would allow the IOU to send field engineers, designers and other personnel (as necessary) to the site, meet with the Applicant as needed, and agree on the method of service including equipment to be utilized, routing, etc. The Fixed Price Option Estimate will include a description of the Distribution Provider’s Interconnection Facilities and Distribution Upgrades, and the related estimated cost, that will be offered to the Applicant on a fixed price basis.¹⁶

The Fixed Price Option Estimate shall also include a description of any cost elements not included in the fixed price estimates and not offered on a fixed price basis. Such excluded costs elements are costs of required environmental studies, environmental mitigation, permits, or easements related to the construction and installation of Distribution Provider’s Interconnection Facilities and

¹⁴ This site drawing shall show the final location of the Point of Common Coupling, Point of Interconnection, final location and routing of conductors and equipment between the Point of Common Coupling and the Point of Interconnection

¹⁵ See *id.*, at Section F.7.c.

¹⁶ See *id.*, at Section F.7.d.

Distribution Upgrades.¹⁷ These costs are excluded due to the unpredictability and potential magnitude of these costs. An Applicant will be responsible for the actual cost of any identified cost elements not offered on a fixed price basis.

5. Tender of the Generator Interconnection Agreement

Following Distribution Provider's preparation and submittal of the Fixed Price Option Estimate to Applicant, an Applicant will be required to (1) elect to proceed with Distribution Provider's preparation of a Generator Interconnection Agreement under the Fixed Price Option or (2) withdraw the Interconnection Request. Applicant is required to notify Distribution Provider in writing of its election within ten (10) Business Days of Distribution Provider's issuance of the Fixed Price Option Estimate to Applicant.¹⁸

For Interconnection Requests evaluated under the Fast Track Process, Distribution Provider shall tender to Applicant a draft Generator Interconnection Agreement, together with draft appendices within fifteen (15) Business Days following an Applicant's election to proceed. For Interconnection Requests evaluated under the Independent Study Process, Distribution Provider shall tender to Applicant a draft Generator Interconnection Agreement, together with draft appendices within thirty (30) Calendar Days following Applicant's election to proceed.¹⁹

Negotiation and execution of the Generator Interconnection Agreement shall be in accordance with Section F.2.e for Interconnection Requests evaluated under the Fast Track Process, and in accordance with Section F.3.e.(ii) for Interconnection Requests evaluated under the Independent Study Process.

¹⁷ See *id.*, at Section F.7.e.

¹⁸ See *id.*, at Section F.7.g. If Applicant's election is not received within this time frame, Applicant's Interconnection Request shall be deemed withdrawn.

¹⁹ *Id.*

B. Proposal for Cost Certainty “Phase 2”

The IOUs believe the joint proposal is a significant refinement to Rule 21 that enhances predictability for a large number of interconnection customers. The IOUs also recognize that some stakeholders have expressed the view that the IOU joint proposal does not address all of their concerns. Specifically, some parties remain concerned that the joint proposal does not address cost certainty issues for all projects, but only a subset. While the IOUs do not support expanding a cost certainty option for projects that trigger significant upgrades at this time, the IOUs believe continued discussion and analysis regarding cost certainty is warranted. Accordingly, the IOUs recommend establishing a “Phase 2” regarding cost certainty. The IOUs recommend that the Commission (1) adopt the proposed joint cost certainty proposal, and also (2) establish a formal procedural process for “Phase 2” consideration of cost certainty.

Taking into account discussions with IREC and other stakeholders, the IOUs propose that the Commission establish a concrete schedule for a “Phase 2” process that would allow for consideration of an expanded proposal that would extend cost certainty to all Rule 21 projects. The IOUs believe that within one to two years there will be additional data available—regarding the actual costs of interconnection upgrades that have been assessed on existing projects—to inform a broader approach. In addition, in one year following Commission approval of Rule 21 modifications that incorporates the joint cost certainty proposal, the IOUs will have experience implementing cost certainty. This can further inform the development of an expanded approach. Further, data developed over the course of the next year in the IOUs’ respective Distributed Resource Plans²⁰ may also be able to inform the approach to cost certainty. Thus, the IOUs recommend commencement of a “Phase 2” process one year from the date that the Commission approves Rule 21 revisions that implement the joint cost certainty proposal.

²⁰ See Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Plans Pursuant to Public Utilities Code Section 769, R.14-08-013.

To initiate this second phase, the IOUs propose that the Commission direct the IOUs to submit to the Commission a report that includes non-confidential data on all Rule 21 non-NEM²¹ exporting projects interconnected since January 1, 2013 to their distribution system. Such data would include: size, generator type, study process, and information on the original cost estimate broken down by cost categories,²² any updated estimates done during the process, and final project costs. In addition to this report, the IOUs will submit to the service list a white paper describing considerations for the expansion of cost certainty, beyond the current joint cost certainty proposal on a basis, that takes the above described data and experience into account. The IOUs recommend that the data and white paper should be due one year from the date that the Commission approves Rule 21 revisions incorporating the joint cost certainty proposal. Parties could then be permitted to submit comments on the IOU's white paper. Within one month after receipt of the comments, the IOUs propose that the Energy Division host a workshop that seeks to build consensus on the subject of expanded cost certainty. Thereafter, the Commission could establish such further procedures as it deems necessary for consideration of these issues on the white paper and comments submitted.²³

IV. CONCLUSION

The IOUs recommend that the Commission (1) adopt the proposed joint cost certainty proposal, and also (2) establish a formal procedural process for "Phase 2" consideration of cost certainty. The IOUs look forward to discussing its proposal with the Commission and parties.

²¹ The data will also not include RES-BCT exporting projects.

²² The cost categories would include Interconnection Facilities, Distribution Upgrades and Network Upgrades.

²³ For example, parties could then submit proposals in comments after the workshop for consideration by the Commission.

SCE is authorized to sign on behalf of the Joint Parties.

Respectfully submitted on behalf of the Joint Parties,

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On Behalf of the Joint Parties: Southern California Edison Company (U 338-E); San Diego Gas & Electric Company (U 902-E); and Pacific Gas and Electric Company (U 39-E).

Dated: April 1, 2015

ATTACHMENT A

Rule 21
GENERATING FACILITY INTERCONNECTIONS

Sheet 4

(Continued)

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Decision Cost Certainty

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Senior Vice President

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C. DEFINITIONS (Continued)

Fixed Price Option: The option described in Section F.7 applicable to Interconnection Requests for Exporting Generating Facilities evaluated under the Fast Track Process or Independent Study Process that meet the specified eligibility requirements.

Fixed Price Option Estimate: A report prepared by the Distribution Provider and delivered to Applicant pursuant to the Fixed Price Option which contains cost estimates of required Distribution Provider's Interconnection Facilities and Distribution Upgrades that will be offered to Applicant on a fixed price basis and those that will be offered on an actual cost basis pursuant to Section F.7.

Function: Some combination of hardware and software designed to provide specific features or capabilities. Its use, as in Protective Function, is intended to encompass a range of implementations from a single-purpose device to a section of software and specific pieces of hardware within a larger piece of equipment to a collection of devices and software.

Generating Facility: All Generators, electrical wires, equipment, and other facilities, excluding Interconnection Facilities, owned or provided by Producer for the purpose of producing electric power, including storage.

Generating Facility Capacity: The net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple Generators.

Generator: A device converting mechanical, chemical, or solar energy into electrical energy, including all of its protective and control functions and structural appurtenances. One or more Generators comprise a Generating Facility.

Generator Interconnection Agreement: An agreement between Distribution Provider and Producer providing for the Interconnection of a Generating Facility that gives certain rights and obligations to effect or end Interconnection. For the purpose of this Rule, Net Energy Metering or power purchase agreements authorized by the Commission are also defined as Generator Interconnection Agreements.

Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

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(Continued)

E. INTERCONNECTION REQUEST SUBMISSION PROCESS (Continued)

2. Interconnection Request Process (Continued)

c. Applicant Completes an Interconnection Request (Continued)

Table E.1 Summary of Interconnection Request Fees, Deposits and Exemptions

<u>Generating Facility Type</u>	<u>Interconnection Request Fee</u>	<u>Supplemental Review Fee</u>	<u>Detailed Study Deposit</u>	<u>Additional Commissioning Test Verification</u>	<u>Fixed Price Option Fee***</u>
Non-Net Energy Metering	\$800	\$2,500*	For a Generating Facility with a Gross Nameplate Rating of 5 MW or less and applying to the Independent Study Process, \$10,000 for a System Impact Study or the DGS Phase I Interconnection Study in the case of the Distribution Group Study Process and \$15,000 for an Interconnection Facilities Study or DGS Phase II Interconnection Study in the case of the Distribution Group Study Process. For a Generating Facility with a Gross Nameplate Rating above 5 MW, \$50,000 plus \$1,000 per MW of electrical output of the Generating Facility, or the increase in electrical output of the existing Generation Facility, as applicable, rounded up to the nearest whole MW, up to a maximum of \$250,000	\$150/Person Hour**	\$10,000
Net Energy Metering (per PUC sections 2827, 2827.8, or 2827.10 (per D.02-03-057))	\$0	\$0	\$0	N/A	N/A
Solar 1MW or less that does not sell power to Distribution Provider (per D.01-07-027)	First \$5,000 of study fees waived			\$150/Person Hour *	

* Optional \$1,000 additional fault current study fee pursuant to Section F.2.c.ii.

** Plus additional costs for travel, lodging and meals.

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(Continued)

*** Interconnection Requests that pass Fast Track evaluation or qualify for evaluation under the Independent Study Process may be eligible for the Fixed Price Option subject to the eligibility requirements of Section F.7. Applicants which qualify for and elect the Fixed Price Option shall pay a non-refundable Fixed Price Option fee of \$10,000.

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F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

1. Overview of the Interconnection Review Process (Continued)

b. Fast Track Review (Continued)

Fast Track review consists of an Initial Review and, if required, a Supplemental Review. The need for Supplemental Review will be determined based on the results of Initial Review Screens A through M in Section G. Applicants that successfully pass Initial Review Screens A through M will be allowed to interconnect without Supplemental Review.

If Supplemental Review is required, Distribution Provider will notify Applicant and Applicant must pay a nonrefundable Supplemental Review fee or withdraw its Interconnection Request. Supplemental Review shall consist of the application of Screens N through P in Section G.2. Applicants that pass Screens N through P will be allowed to interconnect without additional review.

If Supplemental Review reveals that a proposed Generating Facility cannot be interconnected to Distribution Provider's Distribution System by means of Fast Track evaluation, Distribution Provider will notify Applicant that Detailed Study will be required.

Failure to pass Fast Track evaluation means only that further review and/or study are required before the Generating Facility can be interconnected with Distribution Provider's Distribution System. It does not mean that the Generating Facility cannot be interconnected.

Interconnection Requests that pass Fast Track evaluation may be eligible for the Fixed Price Option, subject to the eligibility requirements and limitations specified in Section F.7.

c. Detailed Studies

Detailed Study will be required for Interconnection Requests that either apply directly for Detailed Study, are not eligible for Fast Track evaluation, or do not pass Fast Track evaluation. Detailed Study shall consist of one of three study processes: (i) Independent Study Process; (ii) Distribution Group Study Process; or (iii) Transmission Cluster Study Process. The specific study process that is applied will depend on the results of Screens Q and R in Section G.3. Interconnection Requests that are found to be electrically interdependent with earlier-queued interconnection requests with impacts on the Transmission System, and thereby fail screen Q, will proceed to the Transmission Cluster Study Process. Interconnection Requests that are not electrically interdependent with earlier-queued interconnection requests with impacts on the Transmission System, and thereby pass screen Q, will be studied under either the Independent Study Process or the Distribution Group Study Process, depending on the results of Screen R. (N)

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Interconnection Requests that qualify for evaluation under the Independent Study Process may be eligible for the Fixed Price Option subject to the eligibility requirements and limitations specified in Section F.7.

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(Continued)

F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

2. Fast Track Interconnection Review Process (Continued) (T)

a. Initial Review (Continued) (T)

Upon receipt of a complete and valid Interconnection Request, Distribution Provider shall perform Initial Review using the process in Section G.1. The Initial Review determines if (i) the Generating Facility qualifies for Fast Track Interconnection through Initial Review, or (ii) the Generating Facility requires a Supplemental Review. Absent extraordinary circumstances, Distribution Provider shall notify Applicant in writing of the results of Initial Review within fifteen (15) Business Days following validation of an Interconnection Request.

For Interconnection Requests that pass Initial Review and do not require Interconnection Facilities or Distribution Upgrades, Distribution Provider shall provide Applicant with a Generator Interconnection Agreement within fifteen (15) Business Days of providing notice of Initial Review results. For Interconnection Requests that pass Initial Review but do require Interconnection Facilities or Distribution Upgrades, within fifteen (15) Business Days of providing notice of Initial Review results, Distribution Provider shall provide Applicant with a non-binding cost estimate of the Interconnection Facilities or Distribution Upgrades.

Interconnection Requests that pass Initial Review may be eligible for the Fixed Price Option, subject to the eligibility requirements and limitations specified in Section F.7.

For all Interconnection Requests that pass Initial Review, refer to Section F.2.e for cost responsibility and time frames for completing the Generator Interconnection Agreement.

For Interconnection Requests that fail Initial Review, Distribution Provider shall provide the technical reason, data and analysis supporting the Initial Review results in writing and provide Applicant the option to either attend an Initial Review results meeting or proceed directly to Supplemental Review. Net Energy Metering Applicants covered under Section D.13.a shall proceed directly to Supplemental Review without an Initial Review results meeting. Applicant shall notify Distribution Provider within ten (10) Business Days following such notification whether to (i) proceed to an Initial Review results meeting, (ii) proceed to Supplemental Review, or (iii) withdraw the Interconnection Request. Applicant may request one extension of no more than ten (10) Business Days to respond. If Applicant fails to notify Distribution Provider within ten (10) Business Days of such notification, or at the end of the extension, if one was requested, the Interconnection Request shall be deemed withdrawn.

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(Continued)

F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

2. Fast Track Interconnection Review Process (Continued)

a. Initial Review (Continued)

No changes may be made to the planned Point of Interconnection or Generating Facility size included in the Interconnection Request during the Fast Track Process, unless such changes are agreed to by Distribution Provider. Where agreement has not been reached, Applicants choosing to change the Point of Interconnection or Generating Facility size must reapply and submit a new Interconnection Request. (T)

Applicants that elect to proceed to Supplemental Review shall provide a nonrefundable Supplemental Review fee set forth in Section E.2.c with their response. The Supplemental Review fee shall be waived for Interconnection Requests requesting Interconnection pursuant to PUC Sections 2827, 2827.8, or 2827.10, per Commission Decision D.02-03-057 and for solar-powered Generating Facilities that do not sell power to Distribution Provider, per Commission Decision D.01-07-027. (T)

b. Optional Initial Review Results Meeting

Within five (5) Business Days of Applicant's request for an Initial Review results meeting, Distribution Provider shall contact Applicant and offer to convene a meeting at a mutually acceptable time to review the Initial Review screen analysis and related results to determine what modifications, if any, may permit the Generating Facility to be connected safely and reliably without Supplemental Review.

If modifications that obviate the need for Supplemental Review are identified, and Applicant and Distribution Provider agree to such modifications, Distribution Provider shall provide Applicant with a Generator Interconnection Agreement within fifteen (15) Business Days of the Initial Review results meeting if no Interconnection Facilities or Distribution Upgrades are required. If Interconnection Facilities or Distribution Upgrades are required, Distribution Provider shall provide Applicant with a non-binding cost estimate of any Interconnection Facilities or Distribution Upgrades within fifteen (15) Business Days of the Initial Review results meeting. For all Interconnection Requests that pass Initial Review, refer to Section F.2.e for cost responsibility and time frames for completing the Generator Interconnection Agreement.

Interconnection Requests that pass the Fast Track evaluation process as a result of modifications agreed to by Applicant and Distribution Provider in the Initial Review results meeting may be eligible for the Fixed Price Option, subject to the eligibility requirements and limitations specified in Section F.7.

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(Continued)

F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

2. Fast Track Interconnection Review Process (Continued)

c. Supplemental Review (Continued)

ii) (Continued)

XFMR Data:

- Winding configuration (delta-Wye grd or Wye grd-Delta)
- MVA Rating
- KV Rating
- Base MVA
- Base KV
- Z1 HV -LV
- Z0 HV-LV

Line Data:

- Impedance data for line from XFMR to POI (if applicable).
- Z1
- Z0

POI Location:

- iii) For Interconnection Requests that pass Supplemental Review and do not require Interconnection Facilities or Distribution Upgrades, Distribution Provider shall provide Applicant with a Generator Interconnection Agreement within fifteen (15) Business Days of providing notice of Supplemental Review results. For Interconnection Requests that pass Supplemental Review and do require Interconnection Facilities or Distribution Upgrades, within fifteen (15) Business Days of providing notice of Supplemental Review results, Distribution Provider shall provide Applicant with a non-binding cost estimate of any Interconnection Facilities or Distribution Upgrades. For all Interconnection Requests that pass Supplemental Review, refer to Section F.2.e for cost responsibility and time frames for completing the Generator Interconnection Agreement.

Interconnection Requests that pass Supplemental Review may be eligible for the Fixed Price Option, subject to the eligibility requirements and limitations specified in Section F.7.

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(Continued)

F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

2. Fast Track Interconnection Review Process (Continued)

d. Optional Supplemental Review Results Meeting (Continued)

If modifications that obviate the need for Detailed Study are identified and Applicant and Distribution Provider agree to such modifications, Distribution Provider shall provide Applicant with a Generator Interconnection Agreement within fifteen (15) Business Days of the Supplemental Review results meeting if no Interconnection Facilities or Distribution Upgrades are required. If Interconnection Facilities or Distribution Upgrades are required, Distribution Provider shall provide Applicant with a non-binding cost estimate of any Interconnection Facilities or Distribution Upgrades within fifteen (15) Business Days of the Supplemental Review results meeting. For all Interconnection Requests that pass Supplemental Review, refer to Section F.2.e for cost responsibility and time frames for completing the Generator Interconnection Agreement.

Interconnection Requests that pass the Fast Track evaluation process as a result of modifications agreed to by Applicant and Distribution Provider in the Supplemental Review results meeting may be eligible for the Fixed Price Option, subject to the eligibility requirements and limitations specified in Section F.7.

If Applicant and Distribution Provider are unable to identify or agree to modifications, Applicant shall notify Distribution Provider within twenty (20) Business Days of the Supplemental Review Results Meeting whether it would like to proceed with Detailed Study or withdraw its Interconnection Request. Applicant may request one extension of no more than twenty (20) Business Days to respond. If Applicant fails to notify Distribution Provider within twenty (20) Business Days of the Supplemental Review results meeting, or at the end of the extension, if one was requested, the Interconnection Request shall be deemed withdrawn. Applicants that elect to proceed to Detailed Study shall provide the applicable study deposit set forth in Section E.3.a.

e. Execution of the Generator Interconnection Agreement

With the exception of Applicants that qualify for and elect the Fixed Price Option pursuant to Section F.7, following the receipt of a cost estimate for any Distribution Upgrades and/or Interconnection Facilities that have been identified (Applicants that did not require a cost estimate may proceed directly to the paragraph below), Applicant shall notify Distribution Provider within fifteen (15) Business Days whether Applicant: (i) requests a Generator Interconnection Agreement, or (ii) withdraws its Interconnection Request. Applicant may request one extension of no more than fifteen (15) Business Days to respond. If Applicant fails to notify Distribution Provider within fifteen (15) Business Days, or at the end of the extension, if one was requested, the Interconnection Request shall be deemed withdrawn. If Applicant elects to proceed to a Generator Interconnection Agreement, Distribution Provider shall provide Applicant with a Generator Interconnection Agreement for Applicant's signature within fifteen (15)

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(Continued)

Business Days of Applicant's request.

For Applicants that qualify for and elect the Fixed Price Option pursuant to Section F.7, preparation and tendering of the Generator Interconnection Agreement shall be in accordance with Section F.7.g.

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(Continued)

F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

3. Detailed Study Interconnection Review Process (Continued)

b. Independent Study Process (Continued)

(T)

ii) Timing of the Interconnection System Impact Study Results.

Absent extraordinary circumstances, Distribution Provider shall complete and issue a final Interconnection System Impact Study report within sixty (60) Business Days after the execution of a Detailed Study Agreement. If the System Impact Study indicates a need for Network Upgrades, Distribution Provider will share applicable study results with the CAISO for review and comment and will incorporate comments into the final Interconnection System Impact Study report. (C) (T)

At any time Distribution Provider determines that it will not meet the required time frame for completing the Interconnection System Impact Study, Distribution Provider shall notify Applicant as to the status of the Interconnection System Impact Study and provide an estimated completion date with an explanation of the reasons why additional time is required.

Certain Interconnection Requests evaluated under the Independent Study Process may be eligible for the Fixed Price Option, subject to the eligibility requirements and limitations specified in Section F.7. Following the issuance of the final Interconnection System Impact Study report to Applicant, Applicant may be eligible to select the Fixed Price Option in accordance with Section F.7.b.

Upon request, Distribution Provider shall provide Applicant all relevant supporting documentation, workpapers and pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases, and currently planned Distribution Upgrades relevant to the Interconnection Request for the Interconnection System Impact Study. Applicant may be required to sign a non-disclosure agreement with terms consistent with Section D.7 regarding Confidentiality. (T) | (T)

iii) Interconnection System Impact Study Results Meeting.

Applicant shall request a results meeting within ten (10) Business Days of the issuance of the final Interconnection System Impact Study report. This results meeting, if requested shall be held among Distribution Provider, the CAISO, if applicable, and Applicant to discuss the results of the Interconnection Facilities Study, including assigned cost responsibility. Within five (5) Business Days of the request, Distribution Provider shall contact Applicant to establish a date agreeable to Applicant, Distribution Provider and the CAISO, if applicable, for the results meeting. (N) (N)

If Applicant does not request a results meeting within the specified time above, the

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F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

3. Detailed Study Interconnection Review Process (Continued)

b. Independent Study Process (Continued) (T)

v) Modifications (Continued)

Modifications permitted under this Section F.3.b.v shall include specifically: (a) a decrease in the electrical output (MW) of the proposed Generating Facility; (b) modifying the technical parameters associated with the Generating Facility technology or the Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. For any modifications other than those permitted above, Distribution Provider, in coordination with CAISO, if applicable, will evaluate whether the proposed modification to the interconnection request constitutes a Material Modification. Distribution Provider will inform Applicant in writing whether the modifications would constitute a Material Modification within ten (10) Business Days of receipt of the proposed request for modification. Any change to the Point of Interconnection, except for that specified by Distribution Provider in an Interconnection Study or otherwise allowed under this Section F.3.b.v, shall constitute a Material Modification. (T)

If the proposed modification is determined to be a Material Modification, Applicant may either withdraw the proposed modification or proceed with a new Interconnection Request for such modification. Applicant shall make such determination within ten (10) Business Days after being provided the Material Modification determination results. (T)

Proposed modifications determined not to be Material Modifications may still necessitate the need to re-evaluate the System Impact Study to determine modifications to the Interconnection Facilities and Distribution Upgrades. Distribution Provider will provide Applicant an estimate of time to complete the re-evaluation and the associated incremental cost required to complete the re-evaluation. Applicant may either accept the additional time and cost to complete the re-evaluation, withdraw the proposed modification request, or proceed with a new Interconnection Request for such modification. Applicant shall make such determination within ten (10) Business Days after being provided the Material Modification results. (T)

Notwithstanding any modifications allowed under this Section F.3.b.v., Applicants that select the Fixed Price Option pursuant to Section F.7 shall be permitted to make modifications to its Interconnection Request only in accordance with Section F.7.f.

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(Continued)

F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

3. Detailed Study Interconnection Review Process (Continued)

b. Independent Study Process (Continued)

vi) Scope and Purpose of the Interconnection Facilities Study and Study Deposit.

Within either (i) five (5) Business Days following the results meeting, or (ii) within twenty-five (25) Business Days of the issuance of the final Interconnection System Impact Study report if no Interconnection System Impact Study results meeting is held, Applicant shall submit to Distribution Provider the data required by Distribution Provider. Within either (i) ten (10) Business Days following the results meeting, or (ii) within twenty-five (25) Business Days of the issuance of the final Interconnection System Impact Study report, for Generating Facilities 5 MW or less, Applicant shall also submit the Interconnection Facilities Study deposit, as set out in Section E.3.a, unless the Interconnection Facilities Study will be waived in accordance with Section F.3.b.vii.

vii) Waiver of the Interconnection Facilities Study.

The Interconnection Facilities Study may be waived if Distribution Provider and Applicant mutually agree to such waiver within either (i) five (5) Business Days following the Interconnection System Impact Study results meeting, or (ii) within twenty-five (25) Business Days of the issuance of the final Interconnection System Impact Study report if no Interconnection System Impact Study results meeting is held.

With the exception of Applicants that qualify for and elect the Fixed Price Option pursuant to Section F.7, ~~W~~within thirty (30) Calendar Days after Distribution Provider and Applicant mutually agree to waive the Interconnection Facilities Study, Distribution Provider shall tender a draft Generator Interconnection Agreement, together with draft appendices, to Applicant. If Applicant chooses to forgo the Interconnection Facilities Study and move directly to a Generator Interconnection Agreement, Applicant must agree in writing to be responsible for all actual costs of all required facilities deemed necessary by Distribution Provider. Applicant is responsible for all costs associated with Parallel Operation to support the safe and reliable operation of the Distribution and Transmission System as set forth in Section E.4. Refer to Section F.3.e for cost responsibility and time frames for completing the Generator Interconnection Agreement.

For Applicants that qualify for and elect the Fixed Price Option pursuant to Section F.7, the Interconnection Facilities Study shall be deemed waived by Applicant and Distribution Provider, and a draft Generator Interconnection Agreement shall be tendered to Applicant in accordance with Section F.7.

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F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

3. Detailed Study Interconnection Review Process (Continued)

b. Independent Study Process (Continued)

ix) Interconnection Facilities Study Results Meeting.

If requested by Applicant, a results meeting shall be held among Distribution Provider, the CAISO, if applicable, and Applicant to discuss the results of the Interconnection Facilities Study, including assigned cost responsibility. Within five (5) Business Days of the request, Distribution Provider shall contact Applicant to establish a date agreeable to Applicant, Distribution Provider and the CAISO, if applicable, for the results meeting.

Within thirty (30) Calendar Days after the Interconnection Facilities Study results meeting, Distribution Provider shall tender a draft Generator Interconnection Agreement, together with draft appendices, to Applicant. (T)

x) Second and Third Postings of Interconnection Financial Security

With the exception of Applicant that qualifies for and elect the Fixed Price Option pursuant to Section F.7, Applicant will post its second and third postings of Interconnection Financial Security as set forth in Sections F.4.c and F.4.d based on the cost responsibility for Network Upgrades, Distribution Upgrades, and Distribution Provider's Interconnection Facilities set forth in the final Interconnection Facilities Study, or the final Interconnection System Impact Study if the Interconnection Facilities Study is waived in accordance with Section F.3.b.vii. (T)
(L)

For Applicants that qualify for and elect the Fixed Price Option pursuant to Section F.7, Applicant will post its second and third postings of Interconnection Financial Security as set forth in Sections F.4.c and F.4.d based on the cost responsibility for Distribution Upgrades, and Distribution Provider's Interconnection Facilities set forth in the Fixed Price Option Estimate.

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F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

3. Detailed Study Interconnection Review Process (Continued)

e. Generator Interconnection Agreement for Detailed Studies

i) Tender

The Distribution Provider shall tender a draft Generator Interconnection Agreement, together with draft appendices within thirty (30) Calendar ~~e~~Days of the following:

- 1) Agreement by the Distribution Provider and Applicant to waive the Interconnection Facilities Study in accordance with Section F.3.b.vii.
- 2) Issuance of the final Interconnection Facilities Study report (or results meeting, if held) to Applicant.
- 3) Issuance of the Fixed Price Option Estimate to Applicant and Applicant's election to proceed under the Fixed Price Option in accordance with Section F.7.g.
- ~~4~~3) Agreement by the Distribution Provider and all Applicants included in a DGS Phase I Interconnection Study to waive the DGS Phase II Interconnection Study in accordance with Section F.3.c.ix.
- 54) Issuance of the final DGS Phase II Interconnection Study report to each Applicant in the Distribution Study Group (or results meeting, if held).

Applicant(s) shall provide written comments, or notification of no comments, to the draft appendices within thirty (30) Calendar Days.

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F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

3. Detailed Study Interconnection Review Process (Continued)

e. Generator Interconnection Agreement for Detailed Study (Continue) (T)

ii) Negotiation

Notwithstanding Section F.3.e.i, at the request of Applicant, Distribution Provider shall begin negotiations with Applicant concerning the appendices to the Generator Interconnection Agreement at any time after Distribution Provider provides Applicant with the final Interconnection Facilities Study report (or final Interconnection System Impact Study report if the Interconnection Facilities Study is waived) or **Fixed Price Option Estimate, if applicable**, or final DGS Phase II Interconnection Study report (or the final DGS Phase I Interconnection Study report if the DGS Phase II Interconnection Study is waived) in the case of the Distribution Group Study Process. Distribution Provider and Applicant shall negotiate concerning any disputed provisions of the appendices to the draft Generator Interconnection Agreement for not more than ninety (90) Calendar Days after Distribution Provider provides Applicant with the final DGS Phase II Interconnection Study report (or the final DGS Phase I Interconnection Study report if the DGS Phase II Interconnection Study is waived) in the case of the Distribution Group Study Process or the final Interconnection Facilities Study report (or final Interconnection System Impact Study report if the Interconnection Facilities Study is waived) or **Fixed Price Option Estimate, if applicable**, in the case of the Independent Study Process. Producers whose Interconnection Requests were studied in a Distribution Group Study Process will be required to fund upgrades triggered by more than one Interconnection Request in accordance with a payment schedule that allows such upgrades to be completed in time for the earliest Commercial Operation Date of such Interconnection Requests. Producer is responsible for all costs associated with Parallel Operation to support the safe and reliable operation of the Distribution System and Transmission System as set forth in Section E.4.

If Applicant determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft Generator Interconnection Agreement pursuant to Section F.3.e.i and initiate Dispute Resolution procedures pursuant to Section K. Unless otherwise agreed by the Parties, if Applicant or Producer, where those are different entities, has not executed the Generator Interconnection Agreement, or initiated Dispute Resolution procedures pursuant to Section K, within ninety (90) Calendar Days after issuance of the final DGS Phase II Interconnection Study report (or the final DGS Phase I Interconnection Study report if the DGS Phase II Interconnection Study is waived) in the case of the Distribution group Study Process or Interconnection Facilities Study report (or final Interconnection System Impact Study report if the Interconnection Facilities Study is waived) or **Fixed Price Option Estimate, if applicable**, in the case of the Independent Study Process, it shall be deemed to have withdrawn its Interconnection Request.

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F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

4. Interconnection Financial Security (Continued)

c. Second Posting of Interconnection Financial Security

On or before one hundred twenty (120) Calendar Days after issuance of the final DGS Phase II Interconnection Study report (or final DGS Phase I Interconnection Study report if the DGS Phase II Interconnection Study is waived), ~~or~~ final Interconnection Facilities Study report (or final Interconnection System Impact Study report if the Interconnection Facilities Study is waived in the case of the Independent Study Process) **or Fixed Price Option Estimate, if applicable, in the case of the Independent Study Process**, Applicant shall post two separate Interconnection Financial Security instruments. (T)

First, Applicant proposing to interconnect a Large Generating Facility shall post an Interconnection Financial Security instrument such that the total Interconnection Financial Security posted by Applicant for Network Upgrades equals the lesser of (i) \$15 million, or (ii) thirty percent (30%) of the total cost responsibility assigned to Applicant for Network Upgrades in either the final Interconnection System Impact Study (final DGS Phase I Interconnection Study in the case of the Distribution Group Study Process) or final Interconnection Facilities Study (final DGS Phase II interconnection Study in the case of the Distribution Group Study Process), whichever is lower. (T)

Applicant proposing to interconnect a Small Generating Facility shall post an Interconnection Financial Security instrument such that the total Interconnection Financial Security posted by Applicant for Network Upgrades equals the lesser of (i) \$1 million, or (ii) thirty percent (30%) of the total cost responsibility assigned to Applicant for Network Upgrades in either the final Interconnection System Impact Study or final Interconnection Facilities Study (final DGS Phase I or final DGS Phase II Interconnection Studies, respectively, for the Distribution Group Study Process), whichever is lower. (T)

Second, **with the exception of Applicants that qualify for and elect the Fixed Price Option pursuant to Section F.7**, Applicant shall also post an Interconnection Financial Security instrument such that the total Interconnection Financial Security posted by Applicant for Distribution Provider's Interconnection Facilities and Distribution Upgrades equals thirty percent (30%) of the total cost responsibility assigned to Applicant in the final DGS Phase II Interconnection Study (or final DGS Phase I Interconnection Study if the DGS Phase II Interconnection study is waived) in the case of the Distribution Group Study Process, or final Interconnection Facilities Study (or final Interconnection System Impact Study if the Interconnection Facilities Study is waived) in the case of the Independent Study Process, for Distribution Provider's Interconnection Facilities and Distribution Upgrades. **Applicants that qualify for and elect the Fixed Price Option pursuant to Section F.7, shall post an Interconnection Financial Security instrument such that the total Interconnection Financial Security** (T)

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posted by Applicant for Distribution Provider's Interconnection Facilities and Distribution Upgrades equals thirty percent (30%) of the total cost responsibility assigned to Applicant in the Fixed Price Option Estimate for Distribution Provider's Interconnection Facilities and Distribution Upgrades.

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F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

4. Interconnection Financial Security (Continued)

c. Second Posting of Interconnection Financial Security (Continued)

If the start date for Construction Activities of Network Upgrades, Distribution Provider's Interconnection Facilities and Distribution Upgrades on behalf of Applicant is prior to one hundred twenty (120) Calendar Days after issuance of the final DGS Phase II Interconnection Study report (or final DGS Phase I Interconnection Study report if the DGS Phase II Interconnection Study is waived) in the case of the Distribution Group Study Process, ~~or~~ final Interconnection Facilities Study report (or final Interconnection System Impact Study report if the Interconnection Facilities Study is waived) **or Fixed Price Option Estimate, if applicable**, in the case of the Independent Study Process, that start date must be set forth in Applicant's Generator Interconnection Agreement and Applicant shall make its second posting of Interconnection Financial Security pursuant to Section F.4.d rather than Section F.4.c. (T)

The failure by an Applicant to timely post the Interconnection Financial Security required by this Section F.4.c shall result in the Interconnection Request being deemed withdrawn and subject to Section F.6 or, if applicable, shall constitute grounds for termination of the Generator Interconnection Agreement.

d. Third Posting of Interconnection Financial Security.

On or before the start of Construction Activities for Network Upgrades or Distribution Provider's Interconnection Facilities or Distribution Upgrades on behalf of Applicant, whichever is earlier, Applicant shall modify the two separate Interconnection Financial Security instruments posted as follows.

With respect to the Interconnection Financial Security instrument for Network Upgrades, Applicant shall modify this instrument so that it equals one hundred percent (100%) of the total cost responsibility assigned to Applicant for Network Upgrades in the final DGS Phase II Interconnection Study (or the final DGS Phase I Interconnection Study if the DGS Phase II Interconnection Study is waived) in the case of the Distribution Group Study Process or final Interconnection Facilities Study (or the final Interconnection System Impact Study if the Interconnection Facilities Study is waived) in the case of the Independent Study Process. (T)

With respect to the Interconnection Financial Security instrument for Distribution Provider's Interconnection Facilities or Distribution Upgrades, Applicant shall modify this instrument so that it equals one hundred percent (100%) of the total cost responsibility assigned to Applicant for Distribution Provider's Interconnection Facilities and Distribution Upgrades in the DGS Phase II Interconnection Study (or the final DGS Phase I Interconnection Study if the DGS Phase II Interconnection Study is waived) in the case of the Distribution Group Study Process, ~~or~~ final Interconnection Facilities Study (or the final Interconnection System Impact Study if the Interconnection Facilities Study is waived) **or Fixed Price Option Estimate, if applicable**, in the case of the Independent Study Process. (T)

The failure by an Applicant to timely post the Interconnection Financial Security required by this Section F.4.d shall constitute grounds for termination of the Generator Interconnection Agreement.

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F. REVIEW PROCESS FOR INTERCONNECTION REQUESTS (Continued)

7. Fixed Price Option

Interconnection Requests for Exporting Generating Facilities evaluated under the Fast Track process and the Independent Study Process may qualify for the Fixed Price Option described in this Section F.7 provided the eligibility criteria described in Section 7.a are met. As described further below, under the Fixed Price Option, Distribution Provider will prepare a Fixed Price Option Estimate which includes an estimate of the costs to interconnect a Generating Facility in which certain elements of the estimated costs will be offered by the Distribution Provider on a fixed price basis. If Applicant selects the Fixed Price Option, such estimated costs offered by the Distribution Provider on a fixed price basis will be included in a Generator Interconnection Agreement and will not be subject to later true-up to actual cost, subject to the limitations described below.

a. Eligibility for Fixed Price Option

i) Eligibility of Interconnection Requests Evaluated Under the Fast Track Process

Interconnection Requests evaluated under the Fast Track Process are eligible for the Fixed Price Option if all of the following conditions, as determined by the Distribution Provider, are met:

- (1) The Interconnection Request passes the Fast Track Process evaluation pursuant to Section F.2.
- (2) There are no upgrades or modifications required to a Distribution Provider substation with the exception of upgrades to metering.
- (3) The total estimated cost of required upgrades to the Distribution Provider's electric system, including Interconnection Facilities and Distribution Upgrades, is less than \$500,000.

ii) Eligibility of Interconnection Requests Evaluated Under The Independent Study Process

Interconnection Requests evaluated under the Independent Study Process are eligible for the Fixed Price Option if following completion of an Interconnection System Impact Study performed in accordance with Sections F.3.b and G.3.c.i, including any revisions which result from re-evaluation of the Interconnection System Impact Study in accordance with Section F.3.b.v, all of the following conditions, as determined by the Distribution Provider, are met:

- (1) The Generating Facility has a Gross Nameplate Rating of 5 MW or less.
- (2) There are no Network Upgrades required and identified in the Interconnection

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System Impact Study for interconnection of the Generating Facility.

- (3) There are no upgrades or modifications required to a Distribution Provider substation with the exception of upgrades to metering.
- (4) Interconnection of the Generating Facility is not dependent on any upgrades to the Distribution Provider's electric system triggered by earlier queued projects.
- (5) The total estimated cost provided in the Interconnection System Impact Study of required upgrades to the Distribution Provider's electric system, including Interconnection Facilities and Distribution Upgrades, is less than \$500,000.

b. Timing of Applicant's Selection of Fixed Price Option and Payment of Fee

Applicants with Interconnection Requests which meet the eligibility requirements set forth in Section F.7.a may select the Fixed Price Option and be required to pay a non-refundable Fixed Price Option fee of \$10,000 as follows:

- i) For Interconnection Requests evaluated under the Fast Track Process, Applicants must select the Fixed Price Option and pay the Fixed Price Option fee to the Distribution Provider within ten (10) Business Days after the Distribution Provider provides notice to Applicant that the Interconnection Request has passed the Fast Track Process evaluation and provides Applicant a non-binding cost estimate of required Distribution Provider's Interconnection Facilities or Distribution Upgrades pursuant to Section F.2.
- ii) For Interconnection Requests evaluated under the Independent Study Process, Applicants must select the Fixed Price Option and pay the Fixed Price Option fee to the Distribution Provider by the later of 1) ten (10) Business Days from the date of the Interconnection System Impact Study results meeting if requested by Applicant pursuant to Section F.3.b.iii., 2) twenty-five (25) Business Days from the date of Distribution Provider's issuance of the final Interconnection System Impact Study report to Applicant, or 3) ten (10) Business Days from the date the Applicant is notified by the Distribution Provider of the completion of a re-evaluation of the Interconnection System Impact Study performed by Distribution Provider in accordance with Section F.3.b.v.

Failure of Applicant to select the Fixed Price Option and pay the Fixed Price Option fee as set forth above, will render the Interconnection Request ineligible for the Fixed Price Option, and the Interconnection Request will be processed on an actual cost basis in accordance with Section F.2 or Section F.3, as applicable.

c. Additional Interconnection Information Requirements

Within twenty (20) Business Days following Applicant's selection of the Fixed Price Option and payment of the Fixed Price Option fee in accordance with Section F.7.b,

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Applicant shall provide the Distribution Provider with the following additional information and data (“Technical Scope Package”) in support of the Distribution Provider’s preparation of the Fixed Price Option Estimate:

- i) Final location of the Point of Common Coupling (Point of Change of Ownership).
- ii) Final location of the Point of Interconnection.
- iii) Confirmation of service voltage.
- iv) Confirmation that technical data provided in the Interconnection Request is accurate, including equipment type, model and manufacturer.
- v) Site drawing of a scale of 1:30 or less showing the final location of the Point of Common Coupling, Point of Interconnection, final location and routing of conductors and equipment between the Point of Common Coupling and the Point of Interconnection.
- vi) Identification of any constraints or limitations related to the siting or routing of conductors and equipment between the Point of Common Coupling and the Point of Interconnection.

Distribution Provider shall review the Technical Scope Package provided by Applicant and notify the Applicant in writing within ten (10) Business Days of receipt whether the Technical Scope Package is complete and will allow the Distribution Provider to commence preparation of the Fixed Price Option Estimate, or whether deficiencies exist in the Technical Scope Package that will require additional information from the Applicant. Should deficiencies in the Technical Scope Package be identified by the Distribution Provider, Applicant shall correct such deficiencies through a written submittal to the Distribution Provider within ten (10) Business Days of the date Distribution Provider provided written notice to Applicant of such deficiencies. Distribution Provider shall review the Applicant’s submittal of additional information provided in response to the Distribution Provider’s notice of deficiency and notify Applicant in writing within ten (10) Business Days of Distribution Provider’s receipt of such additional information whether the Technical Scope Package is complete.

If Applicant fails to submit a complete Technical Scope Package within the time frame specified in this Section F.7.c, Applicant’s Interconnection Request shall be ineligible for the Fixed Price Option, and the Interconnection Request will continue to be processed on an actual cost basis in accordance with Section F.2 or Section F.3, as applicable.

d. Distribution Provider’s Preparation of the Fixed Price Option Estimate

Distribution Provider shall use Reasonable Efforts to complete and issue to Applicant the Fixed Price Option Estimate within sixty (60) Business Days following Distribution Provider’s notice to Applicant that the Technical Scope Package is complete.

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The Fixed Price Option Estimate shall include a description of the Distribution Provider's Interconnection Facilities and Distribution Upgrades, and the related estimated cost, that will be offered the Applicant on a fixed price basis not subject to subsequent true-up to actual costs. The Fixed Price Option Estimate shall also include a description of any cost elements of the Distribution Provider's Interconnection Facilities and Distribution Upgrades, and their related estimated costs, not included in the fixed price estimates, in accordance with the fixed price exclusions described in Section 7.e., and not offered on a fixed price basis. Applicant shall be responsible for the actual cost of any identified cost elements not offered on a fixed price basis.

The estimated costs provided in the Fixed Price Option Estimate shall be subject to re-evaluation and adjustment by the Distribution Provider if full payment for the required Interconnection Facilities and Distribution Upgrades identified in the Fixed Price Option Estimate has not been paid by Applicant to the Distribution Provider, pursuant to a Generator Interconnection Agreement entered into by Applicant and Distribution Provider in accordance with Section F.7.g, within two hundred ten (210) Calendar Days from the date Distribution Provider provides the Fixed Price Option Estimate to Applicant.

e. Cost Elements Not Subject to Fixed Price Offer

Any costs of required environmental studies, environmental mitigation, permits, or easements related to the construction and installation of Distribution Provider's Interconnection Facilities and Distribution Upgrades not otherwise provided by Applicant shall not be subject to the Distribution Provider's fixed price offering. Such costs shall be the responsibility of Applicant based on the actual cost incurred by the Distribution Provider.

f. Modifications

Modifications by Applicant to a Generating Facility, related equipment, Point of Common Coupling, Point of Interconnection, or any of the data or information provided by Applicant in its Interconnection Request and relied upon by the Distribution Provider in the Fast Track Process evaluation or preparation of the final Interconnection System Impact Study, as applicable, shall not be permitted following Applicant's selection of the Fixed Price Option and payment of the non-refundable Fixed Price Option fee in accordance with Section 7.b. If Applicant proposes such modifications, Applicant's Interconnection Request shall be ineligible for the Fixed Price Option, and the Interconnection Request will continue to be processed on an actual cost basis in accordance with Section F.2 or Section F.3, as applicable, with such proposed modifications subject to evaluation in accordance with the provisions therein.

Modifications by Applicant to the location of the Point of Common Coupling, location of the Point of Interconnection, or any of the data or information provided in the Technical Scope Package, shall not be permitted following Distribution Provider's notice to

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Applicant that the Technical Scope Package is complete in accordance with Section 7.c. If Applicant proposes such modifications prior to execution of a Generator Interconnection Agreement, Applicant's Interconnection Request shall be ineligible for the Fixed Price Option, and the Interconnection Request will continue to be processed on an actual cost basis in accordance with Section F.2 or Section F.3, as applicable, with such proposed modifications subject to evaluation in accordance with the provisions therein.

If following execution of a Generator Interconnection Agreement, Applicant proposes any modifications to the Generating Facility, related equipment, location of the Point of Common Coupling, location of the Point of Interconnection, or any of the data or information provided in the Technical Scope Package, Applicant's Interconnection Request shall be ineligible for the Fixed Price Option, and the Generator Interconnection Agreement shall be amended accordingly, unless Applicant withdraws its Interconnection Request following evaluation of the proposed modifications in accordance with the applicable provisions of the Fast Track Process or Independent Study Process, as applicable.

g. Tender of the Generator Interconnection Agreement Under the Fixed Price Option

Following Distribution Provider's preparation and submittal of the Fixed Price Option Estimate to Applicant, Applicant shall take one of the following actions: 1) elect to proceed with Distribution Provider's preparation of a Generator Interconnection Agreement under the Fixed Price Option; or 2) withdraw the Interconnection Request. Applicant shall notify Distribution Provider in writing of its election within ten (10) Business Days of Distribution Provider's issuance of the Fixed Price Option Estimate to Applicant. If Applicant's election is not received within this time frame, Applicant's Interconnection Request shall be deemed withdrawn.

For Interconnection Requests evaluated under the Fast Track Process, Distribution Provider shall tender to Applicant a draft Generator Interconnection Agreement, together with draft appendices within fifteen (15) Business Days following both (1) Distribution Provider's submittal of the Fixed Price Option Estimate to Applicant and (2) Applicant's election to proceed.

For Interconnection Requests evaluated under the Independent Study Process, Distribution Provider shall tender to Applicant a draft Generator Interconnection Agreement, together with draft appendices within thirty (30) Calendar Days following both (1) Distribution Provider's submittal of the Fixed Price Option Estimate to Applicant and (2) Applicant's election to proceed.

Negotiation and execution of the Generator Interconnection Agreement shall be in accordance with Section F.2.e for Interconnection Requests evaluated under the Fast Track Process, and in accordance with Section F.3.e.(ii) for Interconnection Requests evaluated under the Independent Study Process.

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