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Decision PROPOSED DECISION OF ALJ DEANGELIS (Mailed 2/5/14)

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

Order Instituting Rulemaking on the Commission's Own Motion to improve distribution level interconnection rules and regulations for certain classes of electric generators and electric storage resources.

Rulemaking 11-09-011  
(Filed September 22, 2011)

**DECISION ADOPTING REVISIONS TO ELECTRIC TARIFF RULE 21 TO  
INCLUDE A DISTRIBUTION GROUP STUDY PROCESS AND ADDITIONAL  
TARIFF FORMS**

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**DECISION ADOPTING REVISIONS TO ELECTRIC TARIFF RULE 21 TO  
INCLUDE A DISTRIBUTION GROUP STUDY PROCESS AND ADDITIONAL  
TARIFF FORMS**

**1. Summary**

Today's decision directs Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) to incorporate a Distribution Group Study Process into Electric Tariff - Rule 21, the interconnection tariff under this ~~Commissions~~[Commission's](#) jurisdiction.

Rule 21 describes the interconnection requirements and cost allocation for generating facilities to be connected to the utilities' distribution-~~system~~ and transmission systems over which the Commission has jurisdiction. The Commission most recently revised Rule 21 in Decision 12-09-018. In adopting the additional revisions today, the Commission acknowledges the Legislative directive in Assembly Bill (AB) 327, effective January 1, 2014, directing ~~the~~ ~~Commission~~[electrical corporations](#) to, among other things, identify barriers to the deployment of distributed generation ~~under Rule 21.~~<sup>1</sup>

We further adopt several form agreements for use by the utilities under Rule 21, including a pre-application report request, an independent study process agreement, and an interconnection agreement for exporting generation.

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<sup>1</sup> AB 327 (Perea, Stats. 2013, ch. 611), ~~to be~~ effective January 1, 2014, adds § 769 to the Pub. Util. Code. Section 769(c) provides that "[T]he commission shall review each distribution resources plan proposal submitted by an electrical corporation [\[on or before July 1, 2015\]](#) and approve, or modify and approve, a distribution resources plan for the corporation. The commission may modify any plan as appropriate to minimize overall system costs and maximize ratepayer benefit from investments in distributed resources."

Finally, to incorporate these revisions into Rule 21, we direct PG&E, SCE, and SDG&E to file Tier ~~1~~<sup>2</sup> Advice Letters with these new forms and a Distribution Group Study Process.

This proceeding remains open.

## 2. Distribution Group Study Process

This decision adopts a Distribution Group Study Process for requests for interconnection under Electric Tariff - Rule 21 (Rule 21). The Commission envisions the group study process adopted today as providing a more equitable approach, in some circumstances, to the current options for interconnection under Rule 21.

Under the existing terms of Rule 21, ~~all~~<sup>many</sup> projects seeking interconnection to the distribution system must be studied serially, in a first-come, first-served process.<sup>2</sup> This process is referred to as the Independent Study Process.<sup>23</sup> The Independent Study Process can be time consuming and the costs are not ~~evenly~~-distributed among electrically interdependent applicants.<sup>34</sup>

For example, under the existing Rule 21 and the Independent Study Process, an applicant that is ~~electronically~~<sup>electrically</sup> interdependent with an

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<sup>2</sup> While many projects must be studied serially, some projects are eligible to be considered on a more expedited basis. These eligible projects are processed through the so called Fast Track option under Rule 21 and as adopted in Decision (D.) 12-09-018.

<sup>23</sup> See, e.g., Pacific Gas and Electric Company (PG&E) Tariff Rule 21 at sec. F.3.d. The terms and number of Rule 21 are identical for PG&E, Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E). References to Rule 21 will cite to PG&E's tariff but SCE's and SDG&E's tariff are equally applicable.

<sup>34</sup> ~~See, e.g., PG&E Electric Tariff Rule 21 at sec. E.4.e. Pursuant to Commission decisions, the terms and number of Rule 21 are identical for PG&E, Southern California Edison~~

*Footnote continued on next page*

earlier queued distribution interconnection project is required to wait to proceed until the prior queued project completes its Independent Study Process or, if available, the applicant has the option of joining a Transmission Cluster Study Process under the utilities' federal wholesale tariffs.<sup>45</sup> However, the availability of the Transmission Cluster Study Process is limited ~~because it only applies to projects that fall within federal jurisdiction.~~ The Transmission Cluster Study Process can also be very lengthy, often lasting at least two years.<sup>56</sup>

In addition, under the existing Rule 21 and the Independent Study Process, cost allocation and upgrade costs, if any, are not ~~evenly~~ spread among interdependent applicants.<sup>67</sup> Distribution upgrade costs are ~~carried by~~ typically allocated to the first project that triggers the need for an upgrade.<sup>78</sup> Moreover, under the existing Rule 21 options, when a ~~prior~~ project fails to complete an upgrade or drops out of the queue, subsequent projects may require costly restudies or be allocated additional ~~expenses for upgrade construction~~ costs for new or different upgrade construction. While costly restudies and added costs due to project failure and incompleting upgrades may still occur under the Distribution Group Study

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~~Company (SCE), and San Diego Gas & Electric Company (SDG&E). References to Rule 21 will cite to PG&E's tariff but SCE's and SDG&E's tariff are equally applicable.~~

<sup>45</sup> See, e.g., PG&E Electric Tariff Rule 21 at sec. F.3.c. The Transmission Cluster Study Process is set forth in the utilities' wholesale distribution tariff under the jurisdiction of the Federal Regulatory Energy Commission (FERC).

<sup>56</sup> Interstate Renewable Energy Council (IREC) March 8, 2012 comments at 4.

<sup>67</sup> See, e.g., PG&E Electric Tariff Rule 21 at sec. E.4.c.

<sup>78</sup> See, e.g., PG&E Electric Tariff Rule 21 at sec. E.4.e.

Process, related costs could be shared among the study group, rather than imposed on an individual applicant.

The Commission envisions the group study process adopted today and referred to as the Distribution Group Study Process as providing a more equitable, efficient, and timely approach to the current options for interconnection under Rule 21. This new process will, among other things, promote timeliness, the non-discriminatory processing of interconnection applications, improve cost-effectiveness, and increase transparency. As a result, the interconnection process for distributed generation will better accommodate increases in applications for interconnection by small distributed generation under California's Renewable Portfolio Standard (RPS) Program (Pub. Util. Code § 399.11 through § 399.32).<sup>89</sup>

The specifics of the adopted group study process are discussed below.

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<sup>89</sup> The RPS Program was established by Senate Bill (SB) 1078, effective January 1, 2003 (Sher, Stats. 2002, ch. 516). This legislation established, among other things, that the amount of electricity procured per year from eligible renewable energy resources, as defined therein, would be an amount equal to at least 20% of the total electricity sold to retail customers in the state by December 31, 2017. The Legislature accelerated this goal to 20% by 2010 in SB 107 (Simitian, Stats. 2006, ch. 464). In 2011, SB 2 of the 2011-2012 First Extraordinary Session (Simitian, Stats. 2011, ch. 1) (SB 2 1X) extended the RPS goals from 20% of retail sales of utilities, electric service providers, and community choice aggregators by the end of 2010 to 33% of retail sales by 2020. Most recently, Assembly Bill 327 (Perea, Stats. 2013, ch. 611), establishes that the 33% requirement is a floor (not a ceiling) and was signed by the Governor on October 7, 2013.

## 2.1. Procedural Background

In ~~Decision (D.)~~12-09-018,<sup>910</sup> the Commission adopted revisions to Rule 21 reflected in the March 2, 2012 Proposed Settlement submitted in Phase I of this proceeding. In advance of the Commission's issuance of D.12-09-018, Vote Solar Initiative filed a motion, also on March 2, 2012, requesting the Commission to initiate consideration of a group study process, the Distribution Group Study Process.<sup>4011</sup>

Vote Solar Initiative's motion was granted by the April 20, 2012 *Administrative Law Judge's Ruling Granting the Motion of Vote Solar* (April 20, 2012 ALJ Ruling). The April 20, 2012 ALJ Ruling served to initiate the Commission's consideration of the Distribution Group Study Process by setting a workshop on June 6, 2012 and establishing a schedule for comments on this process.

This workshop was held at the Commission on June 6, 2012, and, on July 10, 2012, PG&E and SCE filed separate outlines proposing a Distribution Group Study Process. SDG&E later indicated its support for and joined in PG&E's proposal.<sup>4412</sup>[https://mail.google.com/mail/u/0/?tab=wm\\_-\\_ftn2](https://mail.google.com/mail/u/0/?tab=wm_-_ftn2) Parties filed comments on the utilities' outlines for a Distribution Group Study Process on July 31, 2012.<sup>4213</sup> Reply comments were filed on August 21, 2012.<sup>4314</sup>

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<sup>910</sup> D.12-09-018, *Decision Adopting Settlement Agreement Revising Distribution Level Interconnection Rules and Regulations – Electric Tariff Rule 21 and Granting Motions to Adopt the Utilities' Rule 21 Transition Plans* (September 13, 2012).

<sup>4011</sup> *Motion of Vote Solar Initiative to Adopt an Interim Procedure* (March 2, 2012) at 3.

<sup>4412</sup> SDG&E expressed its support for and joined with PG&E's proposal in their *Joint Distribution Group Study Tariff Filing of PG&E and SDG&E* (February 19, 2013).

<sup>4213</sup> Parties filing comments include: Solar Energy Industries Association (SEIA), Sustainable Conservation, the Sierra Club and Vote Solar Initiative, Clean Coalition, and SDG&E.

The September 26, 2012 Assigned Commissioner's Ruling initiated Phase II of this proceeding and identified for consideration in Phase II, among other things, the topic of a Distribution Group Study Process for distribution interconnection under Rule 21.<sup>1415</sup>

On February 19, 2013, PG&E, SCE, and SDG&E filed proposed tariff language for revisions to Rule 21 that more fully developed their July 10, 2012 outlines for their Distribution Group Study Processes.<sup>1516</sup> Parties filed comments and reply comments on the proposed tariffs on March 8, 2013<sup>1617</sup> and March 22, 2013.<sup>1718</sup> [The March 22, 2014 comments by PG&E, SCE, and SDG&E include proposals to address concerns raised by parties.](#)

## 2.2. Goals

This rulemaking seeks to "ensure that the interconnection process is timely, non-discriminatory, cost-effective, and transparent."<sup>1819</sup> The Commission's goals in establishing a Distribution Group Study Process are consistent with the goals

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<sup>1314</sup> Parties filing reply comments include: SCE, PG&E, SDG&E, Sustainable Conservation, and Clean Coalition.

<sup>1415</sup> *Assigned Commissioner's Amended Scoping Memo and Ruling Requesting Comments* (September 26, 2012) at 3.

<sup>1516</sup> On February 19, 2013, PG&E and SDG&E submitted a single filing, *Joint Distribution Group Study Tariff Filing of Pacific Gas and Electric Company and San Diego Gas & Electric Company*. In this filing, PG&E and SDG&E explain that the two utilities have substantially the same tariffs for Electric Rule 21 and propose substantially the same revisions to incorporate a Distribution Group Study Process. SCE filed separately.

<sup>1617</sup> Comments were filed by Clean Coalition, Office of Ratepayer Advocates (ORA), IREC, SCE, PG&E, and SDG&E.

<sup>1718</sup> Reply comments were filed by PG&E, SCE, SDG&E and Clean Coalition.

<sup>1819</sup> Rulemaking 11-09-011 at 2.

of this rulemaking. Any Distribution Group Study Process incorporated into Rule 21 should promote these goals.

### **2.3. Utilities' Proposals**

#### **2.3.1. PG&E**

PG&E suggests that a Distribution Group Study Process for electrically interdependent projects will create efficiencies, reduce disparities in results, increase transparency in the interconnection process, prevent previously queued projects from adversely impacting subsequent projects, and enable cost sharing of construction and upgrade costs. PG&E's proposal for a Distribution Group Study Process includes the following main components:

Interconnection applications submitted under PG&E's proposed Rule 21 for projects found to be electrically interdependent on the distribution system would be studied together and grouped into one of the two annual study groups convened per calendar year.<sup>1920</sup>

Whether a project is electrically interdependent would be determined by PG&E.<sup>2021</sup> PG&E would make this determination by evaluating each Interconnection Request for "known or reasonably anticipated relationships between the Interconnection Request and any earlier-queued interconnection requests in the Distribution Group Study Process, the Independent Study Process, or interconnection requests studied under predecessor interconnection

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<sup>1920</sup> PG&E July 10, 2012 proposed DGSP outline at slide 3.

<sup>2021</sup> PG&E July 10, 2012 proposed DGSP outline at slide 10.

procedures that have yet to complete their respective interconnection system impact study or Phase I interconnection study.”<sup>2122</sup>

PG&E would form a study group when two or more generating projects seek interconnection in a similar electrical area or at the same point of interconnection as determined by PG&E’s engineering judgment.<sup>2223</sup> The electrical area in which applicants seek to interconnect along a particular circuit would demarcate the area which would constitute the group.

PG&E would form two study groups annually, spaced six months apart, with 30-day application windows.<sup>2324</sup> The study group timelines would be consistent with the timeline under Rule 21 for the Independent Study Process.<sup>2425</sup>

The Independent Study Process, set forth in Rule 21, seems to be available as an alternative option if the project qualifies, except during the application window periods when study groups will be formed for the Distribution Group Study Process.<sup>2526</sup>

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<sup>2122</sup> PG&E July 10, 2012 proposed DGSP outline at slide 13; PG&E’s and SDG&E’s February 19, 2013 *Joint Distribution Tariff Filing* at proposed tariff at sec. G.3.b.

<sup>2223</sup> On August 21, 2012, PG&E clarified its definition of “electrical independence” by citing to Rule 21, Screen R. Screen R enables the utility to conduct tests and reviews in order to determine whether a project is electrically independent of earlier-queued interconnection requests. The results of these tests inform a utility’s “engineering judgment” to determine whether a distribution group study is needed and feasible. PG&E August 21, 2012 reply comments.

<sup>2324</sup> PG&E July 10, 2012 proposed DGSP outline at slide 3.

<sup>2425</sup> See, e.g., PG&E Electric Tariff Rule 21 at sec. G.3.c.

<sup>2526</sup> PG&E July 10, 2012 proposed DGSP outline at slide 6.

PG&E's proposal includes lengthening the group study timeline if the volume of distribution group study applicants is unexpectedly high.<sup>2627</sup>

Network and distribution upgrade costs would be allocated among the group study participants, similar to the Transmission Cluster Study Process under federal wholesale tariffs.<sup>2728</sup> In the case of an applicant dropping out from a study group, costs would be reallocated to the remaining generator participants and any restudy costs would be conducted at the group's expense.<sup>2829</sup>

PG&E proposes to seek approval from FERC to harmonize its federal wholesale tariff process with any Rule 21 Distribution Group Study Process so that electrically dependent applicants under both Rule 21 and the federal wholesale tariffs may be studied together.<sup>2930</sup>

PG&E also proposes a transition plan under which it would group pending applicants now being processed under the Independent Study Process into any applicable study groups.<sup>3031</sup>

All costs would be allocated among the projects in the study group on a per megawatt (MW) basis.<sup>3132</sup>

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<sup>2627</sup> PG&E August 21, 2012 comments at 6; PG&E's and SDG&E's February 19, 2013 *Joint Distribution Tariff Filing* at proposed tariff at sec F.3.b.xiii (automatic timing extensions).

<sup>2728</sup> PG&E proposal DGSP outline at slide 17; PG&E's and SDG&E's February 19, 2013 *Joint Distribution Tariff Filing* at proposed tariff at sec. G.3.c.

<sup>2829</sup> PG&E proposal DGSP outline at slide 17; PG&E's and SDG&E's February 19, 2013 *Joint Distribution Tariff Filing* at proposed tariff at sec. F.3.B.xii.

<sup>2930</sup> PG&E July 10, 2012 proposed DGSP outline at slide 18; PG&E August 21, 2012 comments at 7.

<sup>3031</sup> PG&E July 10, 2012 proposed DGSP outline at slide 18; PG&E August 21, 2012 comments at 7.

More details regarding PG&E's proposal are found at Attachment A, the February 19, 2013, *Joint Distribution Group Study Tariff Filing of Pacific Gas and Electric Company and San Diego Gas & Electric Company*.

### **2.3.2. SDG&E**

SDG&E also proposes to implement a Distribution Group Study Process. SDG&E joins PG&E's proposal as described above.<sup>3233</sup> On February 19, 2013, PG&E and SDG&E submitted a single filing, *Joint Distribution Group Study Tariff Filing of Pacific Gas and Electric Company and San Diego Gas & Electric Company*. This document can be found at Attachment A.

### **2.3.3. SCE**

SCE also proposes to implement a Distribution Group Study Process. Its proposal is similar to PG&E's and SDG&E's proposal. Two noteworthy differences include: (1) SCE proposes not to rely on two annual fixed dates for establishing groups, as proposed by PG&E and SDG&E, but would determine the date to form a group when two or more projects apply to interconnect in the same electrical area, at a similar time, during the calendar year;<sup>3334</sup> and (2) SCE proposes

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<sup>3132</sup> This cost allocation is similar to the cluster study process used by the California Independent System Operator (CAISO): upgrade costs are allocated on a per MW basis to generators triggering each upgrade, short circuit upgrades are allocated based on short circuit duty contribution of each facility, and when a generator drops out, costs are re-allocated to remaining generators. SCE July 10, 2012 proposed DGSP outline at slide 6.

<sup>3233</sup> On February 19, 2013, PG&E and SDG&E submitted a single filing, *Joint Distribution Group Study Tariff Filing of Pacific Gas and Electric Company and San Diego Gas & Electric Company*. In this filing, SDG&E explains that it supports the same proposal as PG&E.

<sup>3334</sup> SCE July 10, 2012 proposed DGSP outline at slide 4; SCE February 19, 2013 *Proposed Rule 21 Tariff Language Implementing SCE's Distribution Group Study Process Proposal* at proposed tariff, sec. F.3.b.ii. (formation of distribution group and timing in application

*Footnote continued on next page*

to process electrically interdependent Rule 21 and FERC-jurisdictional interconnection applicants separately, even if these applicants are electrically interdependent, while PG&E proposes to process all these applicants in the same study group.<sup>3435</sup>

#### **2.4. Distribution Group Study Process Furthers Commission Goals**

The two proposals, the joint proposal by PG&E and SDG&E and the separate proposal by SCE, are similar in most respects. Overall, we find that the key components of both proposals, such as the group study option, the defined timelines which conform to the Independent Study Process, and the cost allocation method, all serve to promote our goal of a timely, non-discriminatory, cost-effective, and transparent interconnection process.

The Distribution Group Study Process will enable utilities to study multiple projects together as a group. As a result, the Distribution Group Study Process will likely promote timeliness by giving the utilities another tool to study the cumulative impacts of multiple requests for distribution interconnection that are located on the same distribution circuits in an efficient manner.

The Distribution Group Study Process will likely also promote a non-discriminatory process by applying the same standards of review to a group of projects rather than by evaluating each project serially, at a different point in time and under different circumstances.

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phase); SCE February 19, 2013 *Proposed Rule 21 Tariff Language Implementing SCE's Distribution Group Study Process Proposal* at proposed tariff, sec. F.3.B.ii.

<sup>3435</sup> As previously noted, for PG&E to include federal wholesale tariff applicants, PG&E first must obtain the approval from FERC. PG&E August 21, 2012 comments at 2.

In addition, the Distribution Group Study Process will likely be more cost-effective for applicants by creating a cost-sharing process for upgrade costs.

The goal of transparency will likely also be promoted by the Distribution Group Study Process by reducing the possibility of unanticipated costs being assigned to subsequent projects when, under the existing process, projects drop out of the queue or fail to complete upgrades.

Nevertheless, the Distribution Group Study Process will not serve to fully eliminate the possibility of re-studies or allocation of additional expenses because the risk that projects drop out of the group or queue, for reasons unrelated to interconnection costs or timing, i.e., environmental reasons or project financing, essentially remain unchanged by today's decision.<sup>36</sup>

~~In short~~ On balance, however, the inclusion of a Distribution Group Study Process in Rule 21 has the potential to increase the efficiency of the interconnection study process for applicants with electrically interdependent projects and offers a valuable opportunity for sharing upgrade costs across a greater number of projects.

Accordingly, PG&E, SCE, and SDG&E shall adopt a Distribution Group Study Process as part of Rule 21 as a reasonable means of promoting the goals of this rulemaking.

The details of the Distribution Group Study Process adopted today is further described below.

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<sup>36</sup> IREC February 25, 2014 Comments at 4.

## **2.5. Application Process and Open Windows**

PG&E and SDG&E suggest establishing two fixed-date, 30-day, open application windows per calendar year at six-month intervals for the submission of group study requests.<sup>3537</sup> The dates for these open windows would be March 1-31 and September 1-30 but would be subject to change, with notice to the market, by utilities.

In contrast, SCE's proposal suggests opening a window for the submission of requests for the group study process upon receipt of a sufficient number of interdependent interconnection requests.<sup>3638</sup> Under SCE's proposal, multiple windows could open each year but the number of open windows and the dates of these open windows would not be known in advance but would instead be dependent on the number of applications received and the location of the proposed projects.

Clean Coalition states that SCE's proposal offers the possibility of a shorter wait time before a study group is formed, perhaps even within 100 days.<sup>3739</sup> However, Clean Coalition also states that SCE's proposal essentially presents a rolling-basis for interconnection request windows and fails to provide sufficient information for planning project development because it lacks sufficiently defined timelines.<sup>3840</sup> In addition, Clean Coalition states that SCE's proposal provides the utility with excessive discretion on when to open a window for

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<sup>3537</sup> PG&E June 10, 2012 proposed DGSP outline at slide 2.

<sup>3638</sup> SCE June 10, 2012 proposed DGSP outline at slide 2.

<sup>3739</sup> Clean Coalition July 31, 2012 comments at 3.

<sup>3840</sup> Clean Coalition July 31, 2012 comments at 3.

requests to establish a group study process.<sup>3941</sup> Clean Coalition further suggests that the level of discretion provided to SCE and the resulting uncertainty of a potential study process could discourage the development of distributed generation.<sup>4042</sup>

In contrast, parties state that PG&E's and SDG&E's two open windows per calendar year for the formation of a study group increases certainty and transparency because applicants know that the group study process will be available twice a year.<sup>4143</sup> More specifically, ORA<sup>4244</sup> offers support for this aspect of PG&E's and SDG&E's proposal and notes that developers will benefit from the resulting certainty regarding the formation of distribution study groups to proceed with development.<sup>4345</sup> Similarly, Sustainable Conservation supports PG&E's and SDG&E's proposal but also notes that the benefits of the increased certainty provided by the two annual open window schedule might be diminished by the inflexibility of the two pre-set dates for the open windows.<sup>4446</sup>

Sustainable Conservation further states that SCE's proposal, while lacking fixed timelines, may be interpreted as an "as needed" approach to scheduling study groups and that the "as needed" approach might be more appropriate to a

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<sup>3941</sup> SEIA July 31, 2012 comments at 2-3.

<sup>4042</sup> SEIA July 31, 2012 comments at 2-3.

<sup>4143</sup> SEIA July 31, 2012 comments at 2-3; Clean Coalition July 31, 2012 comments at 3.

<sup>4244</sup> The Office of Ratepayer Advocates was formerly known as the Division of Ratepayer Advocates or DRA. The name of this division of the Commission was changed by legislation. Senate Bill 96 (Budget Act of 2013: public resources), Stats. 2013, ch. 356.

<sup>4345</sup> ORA March 8, 2013 comments at 2-3.

<sup>4446</sup> Sustainable Conservation August 21, 2012 comments at 1-2.

process where the formation of a study group is anticipated to be more the exception than the rule.<sup>4547</sup>

SEIA, while supporting PG&E's and SDG&E's proposal of two open windows, suggests that four open windows might be preferable.<sup>4648</sup>

SCE proposes that if the Commission prefers PG&E's and SDG&E's fixed-date bi-annual windows, that the time between application windows should be extended to eight months, instead of PG&E's and SDG&E's proposed six month intervals.<sup>4749</sup> SCE states that, due to the volume of interconnection requests it receives, it would be more efficient to align the interval between the formation of the study groups to the existing interval for completing an Independent Study Process, which is eight months.<sup>4850</sup>

Lastly, parties point out that uniformity across all three utilities in the area of Rule 21 will promote efficiencies in the industry.<sup>4951</sup>

We find PG&E's and SDG&E's proposal of two open windows at fixed-dates during the calendar year provides the level of certainty needed by developers to adequately plan project development. This proposal is generally consistent with the Independent Study Process timeline and will not interfere with ongoing use of the Independent Study Process. We also find that PG&E's and SDG&E's proposal promotes transparency by providing a fixed schedule that is known in advance to the market.

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<sup>4547</sup> Sustainable Conservation August 21, 2012 comments at 2.

<sup>4648</sup> SEIA July 31, 2012 comments at 3-4.

<sup>4749</sup> SCE August 21, 2012 comments at 4.

<sup>4850</sup> SCE August 21, 2012 comments at 4.

<sup>4951</sup> SEIA July 31, 2012 comments at 2-3.

While SCE's proposal provides the advantage of flexibility, it introduces uncertainty by not pre-establishing potential study group formation dates. We further find that advantages exist to the entire industry if all three utilities rely on the same fixed-date, open window proposal. Consistency in this aspect of the study process will further increase certainty and transparency. Regarding whether PG&E's reliance on six month intervals or SCE's alternative suggestion of relying on eight month intervals, is preferable, we find PG&E's suggested six-month interval adequately accommodates the other timelines, such as the Independent Study Process, but we will monitor this issue and revisit it if refinement to the intervals, as suggested by SCE, is warranted.

Accordingly, PG&E, SCE, and SDG&E shall file Tier ~~1~~2 Advice Letters within ~~30~~60 days of the effective date of today's decision with a Distribution Group Study Process that reflects PG&E's and SDG&E's February 19, 2013 draft tariff proposal (as revised by their March 22, 2013 comments) and include the two fixed-date open windows each calendar year for receipt of requests for the group study process. These dates shall also be published at least 60 days in advance and displayed in a prominent location on their websites. ~~The~~In all other respects, unless noted herein, the Tier ~~1~~2 Advice Letters of PG&E, SCE, and SDG&E must be substantially similar to PG&E's and SDG&E's draft tariff proposal dated February 19, ~~2013~~2013 (as revised by their March 22, 2013 comment), as modified by today's decision

## 2.6. Extensions to Study Timelines

IREC and Clean Coalition state that further clarification is needed regarding the timeline applicable to the Distribution Group Study Process to restrict the utilities' ability to unduly extend the timelines.<sup>5052</sup>

As proposed by the utilities, the timeline for processing a group study would be the same as the timeline in Rule 21 applicable to the Independent Study Process.<sup>5153</sup> Clean Coalition states that utilities should specifically identify in Rule 21 the circumstances within the context of a Distribution Group Study Process, as opposed to the Independent Study Process, that might trigger extensions to the timeline.<sup>5254</sup> For example, Clean Coalition states that, among other things, the volume of study requests might result in the utility needing additional study time and, if so, information on the expected delays should be incorporated into Rule 21 to provide greater transparency.<sup>5355</sup>

Sustainable Conservation agrees that any event allowing a utility to extend study timelines, in either the Independent Study Process or in the Distribution Group Study Process, should be clearly defined in advance in Rule 21. Sustainable Conservation adds that that the Commission should impose a "meaningful consequence" on utilities for study results delays and establish a forum for developers to seek timely remedy for delay.<sup>5456</sup>

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<sup>5052</sup> IREC March 8, 2013 comments at 4-5; Clean Coalition July 31, 2012 comments at 5-6.

<sup>5153</sup> See, e.g., PG&E Electric Tariff Rule 21 at F.3.d.ii (timeline for Independent Study Process).

<sup>5254</sup> Clean Coalition July 31, 2012 comments at 5-6.

<sup>5355</sup> Clean Coalition July 31, 2012 comments at 5-6.

<sup>5456</sup> Sustainable Conservation August 21, 2012 comments at 2.

PG&E acknowledges that circumstances may arise resulting in the need to extend timelines and that additional information on how this information will be communicated to applicants should be incorporated into Rule 21.<sup>5557</sup>

We find that lengthy and unanticipated extensions to timelines for completing interconnection requests reduces overall certainty and transparency of the study process. We find that further clarification of potential extension triggers for the Distribution Group Study Process is needed to promote a reasonable level of certainty and transparency in the process.

Accordingly, PG&E, SCE, and SDG&E shall file Tier ~~1~~2 Advice Letters within ~~30~~60 days of the effective date of today's decision with a Distribution Group Study Process that reflects PG&E's and SDG&E's February 19, 2013 draft tariff proposal (as revised in their March 22, 2013 comments) and identifies some of the events that might trigger extensions to the Distribution Group Study Process timeline. This information shall include, but not necessarily be limited to: (1) the events resulting in extension; (2) the expected length of any extensions; and (3) the method to be relied upon to notify applicants of timeline extensions.

## **2.7. Electrical Interdependence**

Clean Coalition and Sustainable Conservation state that additional clarification is needed regarding how electrical interdependence is established by the utilities and how utilities propose to define a "group" for purposes of the Distribution Group Study Process.<sup>5658</sup> Specifically, Clean Coalition states that

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<sup>5557</sup> PG&E August 21, 2012 comments at 6. *See also*, PG&E July 10, 2012 proposed DGSP outline at slides 3 and 9.

<sup>5658</sup> Sustainable Conservation July 31, 2012 comments at 3 and Clean Coalition July 21, 2012 comments at 3-4, 7.

Rule 21 should include a more detailed explanation of the parameters of a geographic area for each study group.<sup>5759</sup> Vote Solar Initiative and Sierra Club make similar claims regarding the vagueness of the proposed terms.<sup>5860</sup>

In response to the above concerns, both PG&E and SCE clarify that the terms “electrical areas” and “engineering judgment” mean the process described in Rule 21, Screen R, to determine if a project is interdependent with another earlier-queued interconnection request.<sup>5961</sup> Specifically, with regard to the determination of electrical interdependence on the distribution system, Screen R provides as follows:

For Interconnection Requests that are electrically independent from the CAISO Controlled Grid, Distribution Provider will evaluate each Interconnection Request for known or reasonably anticipated relationships between the Interconnection Request and any earlier-queued interconnection requests in the DGSP, the Independent Study Process, or interconnection requests studied under predecessor interconnection procedures that have yet to complete their respective interconnection system impact study or Phase I interconnection study. Distribution Provider may conduct incremental power flow, aggregate power flow, and/or short-circuit duty tests using existing interconnection studies, Base Case data, overall system knowledge, and engineering judgment to determine whether an Interconnection Request can be studied independently of earlier-queued interconnection requests. If the Interconnection Request being evaluated for electrical independence on the Distribution System may be electrically related to

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<sup>5759</sup> Clean Coalition July 31, 2012 comments at 4; Clean Coalition August 21, 2012 comments at 4.

<sup>5860</sup> Sierra Club/Vote Solar Initiative July 31, 2012 comments at 3.

<sup>5961</sup> SCE August 21, 2012 comments at 2; PG&E August 21, 2012 comments at 7.

earlier-queued interconnection requests that have yet to complete either interconnection system impact study or Phase I interconnection study, then it fails the evaluation of electrical independence for the Distribution System.

If Yes (pass), continue to Independent Study Process If No (fail), continue to the Distribution Group Study Process.<sup>6062</sup>

PG&E and SCE propose to follow the above process without revision to determine whether the Distribution Group Study Process is needed for a particular project.<sup>6163</sup> PG&E further states that, in general, areas where there may be interdependence between projects include distribution circuits, substation banks or substations.<sup>6264</sup>

We find that no further revisions to Rule 21 are needed at this time to address the amount of information available to applicants regarding electrical interdependence on the distribution system. We find the terms “electrical area” and “engineering judgment” are sufficiently addressed in Rule 21 although every nuance of these terms is not explained. We also agree that, to a certain extent, the utilities’ subjective judgment is a necessary component of operating the distribution system.

Moreover, as applicants move through the stages in the interconnection process, applicants obtain more information. At these points, applicants can opt out of the Distribution Group Study Process with minimal negative consequences should unanticipated concerns arise. For example, the proposed Distribution Group Study Process permits applicants to withdraw from the group process at

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<sup>6062</sup> See, e.g., PG&E Electric Tariff Rule 21 at sec. G.3.b.

<sup>6163</sup> SCE August 21, 2012 comments at 2; PG&E August 21, 2012 comments at 7-8.

<sup>6264</sup> PG&E August 21, 2012 comments at 8.

any point without responsibility for costs not incurred with the group,<sup>6365</sup> provides applicants with the choice, in some situations, of whether to rely on the group study process or proceed individually,<sup>6466</sup> and establishes a process for applicants to obtain all documents from the utility relevant to its interconnection process.<sup>6567</sup>

We do find, however, as we gain experience with the Distribution Group Study Process, information sharing will likely facilitate a better understanding of the potential of the group study process.

Accordingly, PG&E, SCE, and SDG&E shall submit a quarterly report to the Commission, referred to as the Interconnection Data Quarterly Report, in January (October - December data), April (January - March data), July (April - June data), and October (July-September data). These reports shall include, among other things, information to support the utilities' rationale for reliance on a group study process. Other components of these reports are

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<sup>6365</sup> See, e.g., Attachment A PG&E's and SDG&E's February 19, 2013 *Joint Distribution Tariff Filing* at proposed tariff at sec. F.3.b.xi: Certain funds would, however, be forfeited.

<sup>6466</sup> See, e.g., Attachment A PG&E's and SDG&E's February 19, 2013 *Joint Distribution Tariff Filing* at proposed tariff at sec. F.3.b.iii: "At the Distribution Provider's option, an Interconnection Request received during a particular Distribution Group Study Application window may be studied individually (Independent Study Process) or in a Distribution Group Study for the purpose of conducting one or more of the analyses forming the Interconnection Studies."

<sup>6567</sup> See, e.g., Attachment A PG&E's and SDG&E's February 19, 2013 *Joint Distribution Tariff Filing* at proposed tariff at sec. F.3.b.iv: "Upon request, Distribution Provider shall provide any Applicant in the Distribution Study Group all relevant supporting documentation...relevant to the Interconnection Request for the DGS Phase 1 Interconnection Study."

addresses below. These reports shall be submitted to the Director of the Commission's Energy Division.

## 2.8. Cost ~~Sharing~~Allocation, Deposits, and Restudy Timeline

IREC requests further clarification on: (1) the utilities' proposed cost allocation within the context of a group study; (2) the cost impact of an applicant withdrawing from the group study process; and (3) any resulting processing delays and modifications to existing timelines in the event of a restudy.<sup>668</sup> With respect to cost allocation to applicants within the same study group, IREC points out that the utilities use different terminology to describe cost allocation on the basis of each group member's contribution to the upgrade or on a pro rata per-megawatt basis.

Within the context of the study group, we find that ~~all~~ costs for required interconnection upgrades will be ~~proportionally~~ allocated among all group applicants ~~on a per kilowatt basis.~~based on nameplate kilovolt amperes (kVA) and, in some circumstances, also based on an applicant's specific contributions to the upgrade costs. Costs for upgrades will ~~not only~~ be also allocated based upon ~~each an~~ applicant's specific contributions to a particular upgrade ~~because this if the utility determines that; based on overall fairness to the group, the individual applicant, rather than the group, should be responsible for the costs. This "specific contribution"~~ allocation method includes a degree of subjectivity ~~that may not be conducive to the advancement of a Distribution Group Study Process. Although cost.~~ Cost allocation within the group will not always align with cost contribution under a per ~~kilowatt~~kVA plus "specific contribution" allocation

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<sup>668</sup> IREC March 8, 2013 comments at 6-8.

~~methodology, method.~~ However the method is ~~objective and easy~~ relatively straight forward to administer which will contribute to a transparent program and predictable outcomes. ~~These shared costs will include any triggered distribution upgrades<sup>67</sup> and network upgrades.<sup>68</sup>~~ The Examples of the possible types of shared costs must be described or referenced in Rule 21 and should be found in a single location in the tariff. In addition, utilities shall indicate how cost allocation is determined in the Phase 1 and Phase 2 study reports.<sup>69</sup> This information will promote transparency.

In addition, in an effort to minimize the financial unknowns and delays within the group context, we find it reasonable to mitigate the financial impact on the group due to applicants dropping out of the group study process. Deposit funds will be forfeited in the event an applicant withdraws, and Forfeited funds shall be used to mitigate the expense of restudies, if needed. Forfeited funds shall also be used to mitigate any future group expenses. At the conclusion of the group study process, any remaining forfeited funds shall be ~~reallocated~~ allocated among remaining applicants on a per ~~kilowatt basis~~ kVA. The same approach will apply to deposits if an applicant drops out of the group after construction occurs or at any other point in the group study process. Tariffs must include provisions on this topic. All forfeiture dates and timelines must be explained in Rule 21. In the event a restudy is needed due to an applicant dropping out of the group study

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~~<sup>67</sup> See, e.g., PG&E Proposed Tariff at sec. E.4.e. The term “distribution upgrade” is defined in the tariff. At sec. E.4.e., the phrase “...or in the case of the Distribution Group Study Process, the responsibility of the triggering Interconnection Request(s) requires clarification to align with the methodology adopted today.~~

~~<sup>68</sup> The term “network upgrade” is defined in the proposed tariff.~~

~~<sup>69</sup> PG&E and SDG&E February 25, 2014 joint comments at 2.~~

process, restudies must be completed within 60 days to promote our goal of timeliness.

As discussed in more detail later in this decision, where possible, the language and structure of Rule 21 should be consistent across the utilities' tariffs. As such, language on similar topics, such as the cost issues discussed herein, should be placed in the same location under each tariff.

Accordingly, PG&E, SCE, and SDG&E shall file Tier ~~1~~2 Advice Letters within ~~30~~60 days of the effective date of today's decision with a Distribution Group Study Process that reflects PG&E's and SDG&E's February 19, 2013 draft tariff (as revised in March 22, 2014 comment) modified to indicate the type of costs triggered by applicants within a group study ~~and whether these costs will be allocated on a per kilowatt basis or born by the individual applicant. Tariffs, Phase 1 and Phase 2 study reports shall specifically address cost allocation. The Advice Letter shall indicate that shared costs within the group study shall be allocated on a per kilowatt basis~~kVA basis. The Advice Letter shall also identify examples of possible shared costs allocated on a per kVA basis and examples of possible costs allocated based on specific contribution. Tariffs shall also incorporate a 60-day re-study timeline in the event an applicant drops out of the group study process and that deposits will be forfeited and distributed to the group to mitigate future expenses in the event an applicant drops out of the group study process. At the conclusion of the group study process, any remaining forfeited funds shall be ~~reallocated~~allocated among remaining applicants on a per ~~kilowatt~~kVA basis. A timeline identifying the amount of the deposit and at what point in the process funds are forfeited shall also be incorporated into the tariff.

## **2.9. Transition Plan and Tariff**

PG&E's initial July 10, 2012 proposal for a Distribution Group Study Process includes a reference to a transition plan.<sup>6970</sup> We find that a transition plan should be included in Rule 21 to ensure the orderly transition of any pending applications to the group study process.

Accordingly, unless an insufficient number of applicants exist to warrant a transition plan, PG&E, SCE, and SDG&E shall file Tier ~~12~~ Advice Letters within ~~30~~ 60 days of the effective date of today's decision with ~~a Distribution Group Study Process that reflects PG&E's and SDG&E's February 19, 2013 draft tariff modified to include~~ a transition plan that indicates which applicants, by application date, queue number, or other clear demarcation, may opt to move into the first study group which opens after the effective date of this decision and the process for selecting this option, including the notification process, the related fees, and any other administrative details. Any deadlines for pending applicants to select the first study group which opens after the effective date of this decision shall be clearly stated.

## **2.10. Future Review**

SEIA recommends that after parties experience how the Distribution Group Study Process functions, the Commission adopt a schedule for revisiting the topics addressed in today's decision to identify the successes of the Distribution Group Study Process and, in addition, the areas needing improvement. In

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<sup>6970</sup> PG&E July 10, 2012 proposed DGSP outline at slide 18; PG&E August 21, 2012 comments at 7.

response, SCE suggests that informal working groups could more readily address issues as they arise.<sup>7071</sup>

In an effort to achieve our goals to “ensure that the interconnection process is timely, non-discriminatory, cost-effective, and transparent,” the Commission finds that reviewing the successes and deficiencies of the interconnection process adopted today is warranted. ~~We find that an informal Rule 21 working group is an~~The appropriate forum is a meeting scheduled by the utilities. The utilities should invite all entities on this service list plus potential interconnection applicants. At the appropriate time, parties can bring the issues to the Commission if further direction is needed. We direct the involvement of the Commission’s Energy Division in ~~the Rule 21 working group~~meeting to ensure the Commission is timely informed of on-going developments.

Accordingly, PG&E, SCE, and SDG&E shall ~~convene an informal working groups~~schedule a meeting within 12 months after the effective date of the Tier ~~1~~2 Advice Letter to review the Distribution Group Study Process. Further meetings may be held ~~at the discretion of the working group~~. The Commission directs the Energy Division to participate in this ~~working group~~meeting. PG&E, SCE, and SDG&E together with the Energy Division shall prepare a report based on information obtained during the ~~working group~~meeting to evaluate how the ~~DGSP~~Distribution Group Study Process ensures that the interconnection process is timely, non-discriminatory, cost-effective, and transparent. This report shall be submitted to the Director of the Commission’s Energy Division within 60 days following the date of this proceeding.

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<sup>7071</sup> SCE August 21, 2012 comments at 5.

### **3. Rule 21 Standardized Agreement Forms**

Today's decision adopts the following Rule 21 agreement forms and directs PG&E, SCE, and SDG&E to file these forms as revisions to Rule 21 by Tier ~~1~~2 Advice Letters: (1) Rule 21 Generator Interconnection Agreement for Exporting Generation Facilities Interconnecting Under the Transmission Cluster Study or Independent Study Process; (2) Rule 21 Independent Study Process Study Agreement; and (3) Rule 21 Pre-Application Report Request. These forms reflect the revisions approved to Rule 21 in D.12-09-018. These forms should be further revised to reflect the revisions to Rule 21 adopted today. As proposed, the forms for PG&E, SCE, and SDG&E are substantially the same. For illustrative purposes, the forms proposed by PG&E are attached hereto at Attachment B.

#### **3.1. Procedural Background**

The Settlement Agreement submitted to the Commission for approval on March 16, 2012 and adopted by the Commission in D.12-09-018 included two form agreements: (1) the Rule 21 Generator Interconnection Agreement for Exporting Generating Facilities Interconnection Under the Fast Track Process; and (2) the Rule 21 Exporting Generating Facility Interconnection Request.

Due to the parties' desire to expedite the settlement process, the Settlement Agreement was filed without a standardized interconnection agreement for exporting generating facilities interconnecting under either the Transmission Cluster Study Process or the Independent Study Process. The Settlement Agreement also did not include a pre-application report request form. These three additional documents, which reflect the revisions to Rule 21 approved in D.12-09-018, will facilitate the successful implementation of the recent revisions to Rule 21.

The utilities informally circulated drafts of their forms by electronic mail to the service list on June 1, 2012.<sup>7472</sup> Parties filed comments on June 8, 2012. PG&E, SCE, and SDG&E filed reply comments on July 12, 2012 and then filed their forms, revised in response to comments, on June 15, 2012.<sup>7273</sup>

### **3.2. Utilities' Proposals - Forms**

Pursuant to a directive in the April 20, 2012 ALJ Ruling, the utilities each filed three forms for consideration by the Commission. These forms include the following: (1) Rule 21 Generator Interconnection Agreement for Exporting Generation Facilities Interconnecting Under the Transmission Cluster Study or Independent Study Process; (2) Rule 21 Independent Study Process Study Agreement; and (3) Rule 21 Pre-Application Report Request.

### **3.3. Comments**

On July 2, 2012, three parties filed comments on the June 15, 2012 proposed forms submitted by the utilities,<sup>7</sup> WalMart Stores, Inc. and Sam's West, Inc. (WalMart/Sam's West) ~~and~~ filed joint comments. California Energy Storage Alliance (CESA) also filed comments.

CESA makes no comments on the substance of the proposed forms and instead comments on the extent to which the Commission may also be addressing

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<sup>7472</sup> *Administrative Law Judge's Ruling Granting the Motion of Vote Solar* (April 20, 2012) at 5. The utilities circulated drafts to the service list consistent with a directive in the April 20, 2012 ALJ Ruling.

<sup>7273</sup> SCE's *Motion to Adopt Pro Forma Documents* (June 15, 2012); PG&E's *Pro Forma Agreement Filing* (June 15, 2012); SDG&E's *Motion to Adopt Standardized Pro Forma Rule 21 Documents* (June 15, 2012).

storage issues in this proceeding.<sup>7374</sup> CESA's issues are not relevant to the issues framed now in this proceeding and are, therefore, not discussed further.

WalMart/Sam's West requests that the Commission modify the indemnity provisions in the proposed interconnection documents to account for its practice of contracting with third-parties to install energy generation and storage facilities on its commercial facilities.<sup>7475</sup>

On July 12, 2012, all three utilities, PG&E, SCE, and SDG&E, filed reply comments. The utilities state, among other things, that WalMart/Sam's West request to modify the indemnity clause is procedurally inappropriate because the Commission agreed to the terms of the provision in D.12-09-018 when adopting the Settlement Agreement.<sup>7576</sup> Moreover, the utilities state that the modification proposed by WalMart/Sam's West introduces uncertainty into the contracting process between an applicant and a utility and, in addition, will shift potential costs to ratepayers by potentially placing liability on unknown third-party contractors.<sup>7677</sup>

### **3.4. Discussion**

We have reviewed the proposed forms filed by the utilities on July 15, 2012 and find that the proposed forms are consistent with Rule 21, as adopted in D.12-09-018. We find that approval of these forms will facilitate our goals of a

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<sup>7374</sup> CESA July 2, 2012 comments at 3-4.

<sup>7475</sup> WalMart/Sam's West July 2, 2012 comments at 3.

<sup>7576</sup> PG&E July 12, 2012 reply comments at 2-3; SDG&E July 12, 2012 reply comments at 2; SCE reply comments at 4.

<sup>7677</sup> PG&E July 12, 2012 reply comments at 2-3; SDG&E July 12, 2012 reply comments at 2; SCE reply comments at 4.

timely, non-discriminatory, cost-effective, and transparent interconnection process. Timeliness is promoted as the forms will be readily available so as to prevent delays. Discrimination among applicants will be prevented because the forms will be standardized for all applicants. Cost-effectiveness will be promoted as parties will not need to negotiate the terms of these agreements on a case-by-case basis and transparency will also be realized by including the forms as part of the publicly available terms and conditions within Rule 21.

Regarding the modifications proposed by WalMart/Sam's West, we do not accept these modifications because, under the WalMart/Sam's West request, ratepayers will be disadvantaged should the utility be required to collect funds from a third-party contractor rather than directly from the customer/developer.

Accordingly, PG&E, SCE, and SDG&E shall file Tier ~~1~~2 Advice Letters within ~~30~~60 days of the effective date of today's decision with a Distribution Group Study Process that reflects PG&E's and SDG&E's February 19, 2013 draft tariff proposal and includes the following forms adopted today: (1) Rule 21 Generator Interconnection Agreement for Exporting Generation Facilities Interconnecting under the Transmission Cluster Study or Independent Study Process; (2) Rule 21 Independent Study Process Study Agreement; and (3) Rule 21 Pre-Application Report Request. PG&E, SCE, and SDG&E shall make additional efforts, as warranted, to make their forms substantially similar in format and substance prior to filing the Advice Letters and shall incorporate revisions into the forms, as needed, to conform the revisions to Rule 21 regarding the Distribution Group Study Process adopted today. After the Commission adopts these forms by the advice letter process, modification to these tariff forms is only permitted with Commission approval ~~through the advice letter process.~~

#### **4. Uniformity between Utility Tariffs**

As stated above, the inclusion of Distribution Group Study Process in Rule 21 has the potential to increase the efficiency of the interconnection study process for applicants with electrically interdependent projects and offers a valuable opportunity for sharing upgrade costs across a greater number of developers.

Unnecessary differences between the tariffs may detract from gains in efficiency and transparency. Consistency across the three utilities may also reduce the opportunity for confusion and minimize the number of disputes that may arise as a result.<sup>7778</sup> Consistency also will enable the Commission to more reasonably evaluate the effect that different factors may have on the interconnection process.<sup>7879</sup>

PG&E, SCE, and SDG&E shall make additional efforts, as warranted, to make their forms substantially similar in format and substance prior to filing the Tier 1<sup>2</sup> Advice Letters and to incorporate revisions into the forms, as needed, to conform to the revisions to Rule 21 adopted today regarding the Distribution Group Study Process.

#### **5. Uniformity with Federal Wholesale Tariffs**

In D.12-09-018 we found that the public interest would be furthered by the utilities seeking FERC approval to achieve greater uniformity between state and federal interconnection regulations.<sup>7980</sup> Greater uniformity across jurisdictions

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<sup>7778</sup> IREC March 8, 2013 comments at 2-3.

<sup>7879</sup> IREC March 8, 2013 comments at 2-3.

<sup>7980</sup> D.12-09-018 at 35-36. FERC recently adopted *Small Generator Interconnection Agreements and Procedures*, 145 FERC ¶ 61,159 on November 22, 2013 which results in,

*Footnote continued on next page*

regarding interconnection rules has the potential to increase the goals of this rulemaking, to ensure that interconnection is “timely, non-discriminatory, cost-effective, and transparent.”<sup>81</sup> Today, we again encourage the utilities to pursue this goal of uniformity across state and federal interconnection rules. We acknowledge that, due to the interaction of the federal tariffs and the California Independent System Operator interconnection process, the utilities’ changes to federal tariffs may need to be closely coordinated with the California Independent System Operator.

## **6. Rule 21 Data Management**

Several parties recommend that the Commission direct the utilities to provide additional public information on the interconnection process to inform enhancements in the process.<sup>8082</sup>

We find that additional information will promote improvements in the process and assist the Commission in evaluating the interconnection process established by Rule 21. Therefore, we direct PG&E, SCE, and SDG&E to submit data in a quarterly report to the Commission, referred to as Interconnection Data Quarterly Report.

Accordingly, PG&E, SCE, and SDG&E shall submit a quarterly report to the Commission, the Interconnection Data Quarterly Report. The submission of this data may include both public and confidential data. These reports shall include, among other things, compliance with Rule 21 timelines, interconnection upgrade

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among other things, increased uniformity between federal rules to the existing provisions of Rule 21, as set forth in D.12-09-018.

<sup>81</sup> Rulemaking 11-09-011 at 2.

<sup>8082</sup> Clean Coalition October 26, 2010 comments at 2.

cost estimates for projects in the Independent Study Process and the DGSP, account true-up data for interconnection cost estimates, an accounting of all exemptions from Rule 21 interconnection fees, including the value of those exemptions, and the number of Rule 21 projects at each step of the Rule 21 process. These reports shall be submitted to the Director of the Commission's Energy Division in a format prepared by Energy Division. Upon request by Energy Division, PG&E, SCE, and SDG&E shall assist Energy Division to develop this format.

#### **7. Other Minor Changes to Rule 21**

PG&E, SCE, and SDG&E are directed to make certain minor changes to Rule 21 to promote the accessibility of the tariffs.

The utilities are directed to incorporate cross references into Rule 21 to indicate the location and name of all the appropriate forms. [The use of an appendix may be appropriate in this instance.](#)

Utilities are also directed to include more specific identification of behind the meter components on their interconnection application forms.

Additionally, utilities are directed to provide applicants with the option of requesting the utility to determine whether the proposed interconnection will require a Direct Transfer Trip. This request should be included as part of the pre-application report request or supplemental review process and may include an associated cost.

These changes shall be included in the Tier ~~1~~2 Advice Letter filing required by today's decision. Additional changes to promote the general accessibility of Rule 21 are encouraged and may be included in this same Advice Letter filing.

**8. Motions**

David Davis filed a *Motion for Party Status* on July 30, 2012. SCE filed a response on August 14, 2012. We grant this motion to the extent that David Davis seeks to address matters identified within the scope of this proceeding and in accordance with the schedule of this proceeding. All other motions for party status are granted: if filed on or before February 5, 2014. We further confirm all prior rulings by the ALJ.

**9. Pending Issues in R.11-09-011**

The September 26, 2012 scoping memo in this proceeding, *Assigned Commissioner's Amended Scoping Memo and Ruling Requesting Comments*, set a schedule that included several pending issues. The issue of *Interconnection Cost Responsibility* was scheduled to be addressed by a proposed decision in the 2<sup>nd</sup> quarter of 2013. The issue of *Technical Operating Standards* was scheduled to be addressed by a proposed decision in the 4<sup>th</sup> quarter of 2013. As we reach the end of 2013, we note that ~~both of these issues~~ a revised schedule will ~~instead be addressed in 2014~~ be issued.

**10. Comments on Proposed Decision**

The proposed decision of the Administrative Law Judge in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on \_\_\_\_\_, February 25, 2014, and reply comments were filed on \_\_\_\_\_ ~~by~~ \_\_\_\_\_ March 3, 2014. Based on the comments and reply comments, several substantive changes have been made to the proposed decision. First, the cost allocation methodology has been revised from a per kilowatt basis to a method that combines nameplate kVA with specific contribution. This

modification reflects the need to build additional flexibility and equity into the cost allocation method. Second, the utilities are directed to implement the changes approved today via a Tier 2 Advice Letter rather than a Tier 1 Advice Letter. The utilities are also provided 60 days, rather than 30 days, to make this advice letter filing. The Tier 2 advice letter will provide utilities with the opportunity to request other minor changes, such as those at page 6 of PG&E's and SDG&E's comments dated February 25, 2014. Other corrections in response to comments are made as well.

#### **11. Assignment of Proceeding**

~~Michel Peter Florio~~Michael Picker is the assigned Commissioner and Regina DeAngelis is the assigned ALJ in this proceeding.

#### **Findings of Fact**

1. The Distribution Group Study Process in Rule 21 will likely promote timeliness by giving the utilities another tool to study the cumulative impacts of multiple requests for distribution interconnection that are located on the same distribution circuits in an efficient manner.

2. The Distribution Group Study Process in Rule 21 will likely promote a non-discriminatory process by applying the same standards of review to a group of projects rather than evaluating each project serially, at a different point in time under different circumstances.

3. The Distribution Group Study Process in Rule 21 will likely be more cost-effective for applicants by creating a cost-sharing process for upgrade costs.

4. The goal of transparency in Rule 21 will likely be promoted by the Distribution Group Study Process because it reduces the possibility of unanticipated costs being assigned to subsequent projects.

5. The Rule 21 Distribution Group Study Process will likely increase the efficiency of the interconnection study process for applicants with electrically interdependent projects and offers a valuable opportunity for sharing upgrade costs across a greater number of projects.

6. Uniformity across all three utilities in the area of Rule 21 promotes efficiencies in the industry.

7. PG&E's and SDG&E's proposal of two open windows at fixed- dates during the calendar year for the Rule 21 Distribution Group Study Process provides the level of certainty needed by developers to adequately plan project development.

8. PG&E's and SDG&E's proposal of two open windows at fixed- dates during the calendar year for the Rule 21 Distribution Group Study Process is consistent with the Independent Study Process timeline and will not interfere with ongoing use of the Independent Study Process.

9. PG&E's and SDG&E's proposal of two open windows at fixed- dates during the calendar year promotes transparency of Rule 21 by providing a fixed schedule that is known to the public.

10. Advantages exist to the entire industry if all three utilities rely on the same fixed-date, open window proposal since consistency in this aspect of the study process further increases the certainty and transparency of Rule 21.

11. Lengthy unanticipated extensions to timelines for completing interconnection requests under Rule 21 reduce overall certainty and transparency of the group study process.

12. Further clarification of potential extension triggers under the Rule 21 DGSP is needed to promote a reasonable level of certainty and transparency in the process.

13. More information regarding costs and timelines ~~becomes~~usually will become available to applicants later in the Rule 21 interconnection process and applicants retain the option to opt out of the group study process.

14. The terms “electrical area” and “engineering judgment” are sufficiently addressed in Rule 21 although every nuance of these terms is not explained.

15. Utilities’ subjective judgment is a necessary component of operating a distribution system.

16. Information sharing regarding the Distribution Group Study Process will facilitate a better understanding of the potential of the group study process under Rule 21.

17. Additional information regarding the Rule 21 interconnection process will promote improvements in the process and assist the Commission in evaluating the interconnection process established by Rule 21.

18. The utilities’ July 15, 2012 proposed forms are consistent with Rule 21, as adopted in D.12-09-018.

19. The proposed Rule 21 forms promote timeliness as the forms will be readily available so as to prevent delays.

20. Cost allocation should be more clearly addressed in the Rule 21 Distribution Group Study Process to promote the Commission’s goals in this proceeding.

21. Shared costs within the study group will be allocated on a per ~~kilowatt~~kVA plus “specific contribution” basis and described in Phase 1 and Phase 2 study reports.

22. Financial unknowns and delays may occur when applicants drop out of the group study process.

23. ~~A~~Unless not warranted due to absence of applicants, transition plan should be ~~included in Rule 21~~filed by advice letter to ensure the orderly transition of any pending applications to the group study process.

24. The proposed Rule 21 forms prevent discrimination among applicants because the forms are standardized for all applicants.

25. Cost-effectiveness will be promoted by the proposed Rule 21 forms as parties will not need to negotiate the terms of these agreements on a case-by-case basis and transparency will also be realized by including the forms as part of the publicly available terms and conditions within Rule 21.

26. The modifications to the proposed Rule 21 forms suggested by WalMart/Sam's West will disadvantage ratepayers should the utility be required to collect funds from third-party contractors rather than directly from the customer/developer.

27. Minor changes to Rule 21 are needed to improve its accessibility. Additional changes to promote the general accessibility of Rule 21 are encouraged and may be included in the Tier ~~1~~2 Advice Letter filing.

28. The schedule of this proceeding as adopted in the September 26, 2012 *Assigned Commissioner's Amended Scoping Memo and Ruling Requesting Comments* is no longer accurate.

### **Conclusions of Law**

1. The adoption of PG&E's and SDG&E's proposal, with modifications noted herein, for incorporating a Distribution Group Study Process into Rule 21 will facilitate the Commission's goals to "ensure that the interconnection process is timely, non-discriminatory, cost-effective, and transparent." (R.11-09-011 at 2.)

2. The adopting of the same group study process for PG&E, SDG&E and SCE will facilitate the Commission's goals to "ensure that the interconnection process is timely, non-discriminatory, cost-effective, and transparent." (R.11-09-011 at 2.)

3. The proposed Rule 21 forms facilitate the Commission's goals to "ensure that the interconnection process is timely, non-discriminatory, cost-effective, and transparent." (R.11-09-011 at 2.)

4. The modifications to the proposed forms suggested by WalMart/Sam's West are not accepted because the modifications will disadvantage ratepayers should the utility be required to collect funds from third-party contractors rather than directly from the customer/developer.

5. No further revisions to Rule 21 are needed at this time to address the amount of information available to applicants regarding electrical distribution interdependence between projects.

6. ~~A per kilowatt cost allocation methodology for shared costs is reasonable although~~Although cost allocation will not always align with cost contribution under ~~Rules 21 because a per kilowatt method is objective and easy~~a per kVA plus "specific contribution" cost allocation method, this cost allocation method is reasonable because it is relatively straightforward to administer, which will contribute to a transparent program and predictable outcomes.

7. To mitigate the financial unknowns and delays that may occur when applicants drop out of the group study process, it is reasonable to require deposits to be forfeited to mitigate the expense of restudies, if needed,~~with remaining~~Any forfeited funds ~~reallocated among~~remaining at the end of the group study process should be allocated among the remaining applicants on a per ~~kilowatt~~kVA basis~~at the conclusion of the study process.~~. The same approach

should apply to funds if an applicant drops out after construction occurs or at any other point in the process.

8. A transition plan for moving pending applications into the group study process will ensure the orderly transition of any pending applications to the group study process ~~and should be incorporated into Rule 21.~~

9. PG&E, SCE, and SDG&E should submit interconnection data to Energy Division in a quarterly report, referred to as the Interconnection Data Quarterly Report, because additional information regarding the Rule 21 interconnection process will promote improvements in the process and assist the Commission in evaluating the interconnection process established by Rule 21.

10. All motions for party status filed on or before February 5, 2014 are granted with the motion for party status filed by David Davis being granted to the extent David Davis seeks to address matters identified within the scope of this proceeding and in accordance with the schedule of this proceeding.

11. Minor changes to Rule 21 will improve its accessibility and should be included in the Tier ~~4~~2 Advice Letter filing required by today's decision. Additional changes to promote the general accessibility of Rule 21 are encouraged and may be included in this same ~~Advice Letter~~advice letter filing.

12. The schedule of this proceeding should be revised to more accurately reflect the status of this proceeding.

## O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall file Tier ~~4~~2 Advice Letters within ~~30~~60 days of the effective date of today's decision to incorporate a Distribution Group Study Process into Electric Tariff Rule 21 (Rule 21). These ~~advice letter~~Advice Letter filings shall substantially follow the terms and conditions set forth in PG&E's and SDG&E's February 19, 2013 draft tariff proposal (revised by their March 22, 2014 comments) and shall also:

- a) be substantially similar in substance and format;
- b) include two fixed-date open windows each calendar year for receipt of requests for the group study process, and these open window dates shall be published at least 60 days in advance in a prominent location on their websites;
- c) identify the events that may trigger extensions to the Distribution Group Study Process timeline ~~and displayed~~ and include (1) the events resulting in extensions, (2) the expected length of the extensions, and (3) the method to be relied upon to notify group study applicants of timeline extensions;
- d) ~~indicate~~confirm that Phase 1 and Phase 2 study reports will include the type of costs ~~potentially~~ triggered by applicants within a group study and whether these identified costs are shared costs to be allocated on a per ~~kilowatt~~kVA basis or ~~born by the individual applicant~~based on "specific contribution";
- e) incorporate: (1) a timeline identifying the amount of any required deposit and at what point in the process deposits are forfeited if an applicant drops out of the

group, (2) a 60-day re-study timeline in the event a re-study is required after an applicant drops out of the group, and (3) that forfeited funds return to the group to cover future expenses in the event an applicant drops out of the group ~~with~~and any funds remaining at the conclusion of the group study process being allocated to individual applicants in the group on a per ~~kilowatt~~kVA basis;

- f) incorporate minor changes into Rule 21 as follows:  
(1) cross references to indicate the location and name of all the appropriate forms, (2) more specific identification of behind the meter components on their interconnection application forms, and (3) a modification to the pre-application report request or supplemental review process, which may include an associated cost, to provide applicants with the option of requesting the utility to determine whether the proposed interconnection requires a Direct Transfer Trip; and
- g) include a transition plan, if warranted due to number of applicants, that indicates (1) which pending applicants, by application date, queue number, or other clear demarcation, can select the first study group which opens after the effective date of this decision, (2) the process for selecting this option, including the notification process, the related fees, and other administrative details, and (3) any other deadlines for ~~selecting~~requesting to be considered in the first study group which opens after the effective date of this decision. The transition plan could be submitted as a separate Tier 2 Advice Letter if all utilities agree that incorporating a transition plan into Rule 21 is not needed.

2. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall ~~convene an informal working group~~schedule a meeting within 12 months after the

effective date of the Tier ~~1~~2 Advice Letters referred to in Ordering Paragraph 1 to review the Distribution Group Study Process. Further meetings may be held ~~at the discretion of the working group~~. The Commission directs the Energy Division to participate in this ~~working group~~meeting. PG&E, SCE, and SDG&E together with the Energy Division shall prepare a report based on information obtained during the ~~working group~~meeting to evaluate how the Distribution Group Study Process ensures that the interconnection process is timely, non-discriminatory, cost-effective, and transparent. This report shall be submitted to the Director of the Commission's Energy Division within 60 days following the date of the meeting.

3. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall submit a quarterly report to the Commission, referred to as the Interconnection Data Quarterly Report, in January (October - December data), April (January - March data), July (April - June data), and October (July-September data). These reports shall be submitted to the Director of the Commission's Energy Division in a format prepared by Energy Division. Upon the request of Energy Division, PG&E, SCE, and SDG&E shall assist Energy Division to develop this format. This report shall be submitted for a two-year period, starting from the effective date of this decision, and further reports are required only at the direction of the Director of the Commission's Energy Division.

4. The Interconnection Data Quarterly Report, referred to in Ordering Paragraph 3 herein, shall include~~7~~ information to support the utilities' rationale for reliance on a group study process. Reports may be both public and confidential. Reports shall also include, among other things, compliance with Electric Tariff Rule 21 (Rule 21) timelines, interconnection upgrade cost estimates

for projects in the Independent Study Process and the Distribution Group Study Process, account true-up data for interconnection cost estimates, an accounting of all exemptions from Rule 21 interconnection fees, including the value of those exemptions, and the number of Rule 21 projects at each step of the Rule 21 process. Energy Division may require additional information to be included in these reports.

5. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall include in the Tier ~~1~~2 Advice Letters to be filed within ~~30~~60 days of the effective date of today's decision with a Distribution Group Study Process, as referred to in Ordering Paragraph 1, the following forms adopted today: (1) Electric Tariff Rule 21 (Rule 21) Generator Interconnection Agreement for Exporting Generation Facilities Interconnecting Under the Transmission Cluster Study or Independent Study Process; (2) Rule 21 Independent Study Process Study Agreement; and (3) Rule 21 Pre-Application Report Request. PG&E, SCE, and SDG&E shall make additional efforts, as warranted, to make their forms substantially similar in format and substance prior to filing the ~~Advice~~advice Letters and to incorporate revisions into the forms, as needed, to conform to the revisions to Rule 21 adopted today regarding the Distribution Group Study Process. Modification to these final tariff forms is only permitted with prior Commission approval ~~through the advice letter process~~.

6. Rulemaking 11-09-011 remains open.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

Document comparison by Workshare Compare on Wednesday, April 09, 2014  
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Rendering set	Standard

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Format change	
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Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

<b>Statistics:</b>	
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Deletions	288
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Moved to	0
Style change	0
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Total changes	600