124 FERC ¶ 61,196
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Suedeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Pacific Gas and Electric Company	Docket No. ER08-1193-000
California Independent System Operator Corporation	Docket No. ER08-1289-000 ER08-1290-000 ER08-1291-000 ER08-1292-000

ORDER ON REVISED GENERATOR SPECIAL FACILITIES AND INTERCONNECTION AGREEMENT AND LARGE GENERATOR INTERCONNECTION AGREEMENTS, ESTABLISHING SETTLEMENT JUDGE PROCEDURES, AND CONSOLIDATING PROCEEDINGS

(Issued August 28, 2008)

1. In this order, we reject revisions to a Generator Special Facilities Agreement and Interconnection Agreement between Pacific Gas and Electric Company (PG&E) and Geysers Power Company, LLC (Geysers). In addition, we accept and suspend for a nominal period four unexecuted Large Generator Interconnection Agreements (LGIAs) filed by the California Independent System Operator Corporation (CAISO) to be effective July 1, 2008, subject to refund. Finally, we establish settlement judge procedures and consolidate the LGIA proceedings to facilitate settlement discussions.

Background

2. In 1999, Geysers[1] acquired 14 geothermal generating plants from PG&E located in Sonoma and Lake Counties in northern California. PG&E agreed to provide Geysers

[1] Geysers is a wholly-owned subsidiary of Calpine Corporation that was formed to operate the geothermal generating facilities acquired by Calpine Corporation in northern California.

with interconnection services under two agreements, one for facilities located in Sonoma County, and one for facilities located in Lake County. In 2000, the parties entered into a third interconnection agreement for another geothermal facility that Geysers had previously acquired from the Sacramento Municipal Utility District. While negotiating that third agreement, the parties agreed to negotiate a single agreement for the interconnection of all 15 of Geysers' geothermal generating facilities in northern California. The parties executed the current Generator Special Facilities Agreement (GSFA) and Interconnection Agreement (GIA) (together, the Integrated Agreements), effective January 1, 2004, under which PG&E provides interconnection services for all 15 geothermal generating units.[2]

3. In 1999 and 2000, Geysers also acquired from PG&E four other geothermal generating facilities (collectively, Transitioning Generators), which sold all of their output to PG&E as Qualifying Facilities (QFs) pursuant to power purchase agreements under the jurisdiction of the California Public Utilities Commission (CPUC).[3] Since the Transitioning Generators sold all of their output to PG&E, the agreements providing for their interconnection to PG&E's transmission system were subject to CPUC jurisdiction. On June 30, 2008, the CPUC-jurisdictional power sale and interconnection arrangements expired, and the Transitioning Generators began selling their output into the wholesale market, resulting in the need for the Transitioning Generators to transition to Commission-jurisdictional interconnection agreements.[4]

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[2] The Integrated Agreements were accepted by delegated letter order issued January 21, 2004, in Docket No. ER04-267-000 (January 2004 Letter Order).

[3] The facilities are the Aidlin Power Plant (Aidlin), the Bear Canyon Power Plant (Bear Canyon), the Calistoga Power Plant (Calistoga) and the West Ford Flat Power Plant (West Ford Flat).

[4] When a QF must sell its entire output to a directly interconnected electric utility pursuant to a contract or obligation under the Public Utility Regulatory Policies Act of 1978, the Commission does not exercise jurisdiction over the interconnection of that QF to that electric utility. However, once a QF is able to make sales to third parties, its interconnection becomes subject to the Commission's exclusive jurisdiction. *See, e.g.*, *Niagara Mohawk Power Corp. d/b/a National Grid*, 121 FERC ¶ 61,183, at P 13 (2007), *order on reh'g*, 123 FERC ¶ 61,061 (2008) ("[S]tates exercise jurisdiction over direct interconnections between a QF and the public utility that purchases its entire electric output. However, where a QF may sell any of its output to a third-party utility, *i.e.*, a utility not directly interconnected to the QF, the Commission has exclusive jurisdiction over the interconnection between the QF and the directly interconnected utility, and exclusive jurisdiction over agreements affecting or relating to such service. . . .").

The Filings

4. On July 1, 2008, in Docket No. ER08-1193-000, PG&E filed revisions to the Integrated Agreements with Geysers providing for the addition of the Transitioning Generators. PG&E states that the parties would have included the Transitioning Generators in the original Integrated Agreements in 2003, but that they could not do so because their interconnection agreements were at that time subject to CPUC jurisdiction. PG&E states that the parties included, in section 11 of the GSFA, provisions allowing for PG&E to add the four Transitioning Generators to the Integrated Agreements in the event that their CPUC-jurisdictional agreements expire.

5. The GSFA establishes the costs associated with the facilities necessary for the interconnection of Geysers' generating plants with PG&E's transmission system and provides for Geysers to pay PG&E monthly costs of ownership charges for the costs of owning, operating, and maintaining those facilities.[5] The GIA provides for the interconnection and parallel operation of the Geysers plants with PG&E's transmission system. PG&E proposes revisions to Appendices A and B of the GSFA and to Appendix E of the GIA to incorporate the Transitioning Generators and to provide for Geysers to pay additional cost of ownership charges of $6,475 per month.[6] PG&E requests waiver of the Commission's 60-day notice period to allow the revised Integrated Agreements to become effective on July 1, 2008.

6. On July 22, 2008, the CAISO filed unexecuted LGIAs among Geysers, PG&E, and the CAISO under its Open Access Transmission Tariff (CAISO Tariff) for each of the Transitioning Generators: (1) West Ford Flat in Docket No. ER08-1289-000; (2) Aidlin in Docket No. ER08-1290-000; (3) Calistoga in Docket No. ER08-1291-000; and (4) Bear Canyon in Docket No. ER08-1292-000. The CAISO states that it, Geysers, and PG&E all agree that the Transitioning Generators need to be covered under Commission-jurisdictional interconnection agreements, but disagree only on the form of agreement to be used.[7] The CAISO states that the unexecuted LGIAs are essentially the same as the

[5] PG&E calculates these charges by applying fixed charge rates to the installed costs of the facilities.

[6] PG&E states that the proposed charges will be a decrease in the charges that Geysers paid to PG&E for the Transitioning Generators under the CPUC-jurisdictional interconnection agreements.

[7] A letter attached to the CAISO's filings and signed by both Geysers and the CAISO states that Geysers has satisfied all requirements of the CAISO Tariff to commence scheduling and selling from the Transitioning Generators as of July 1, 2008, with the only exception being agreement with respect to the required form of Commission-jurisdictional interconnection arrangements.

pro forma LGIA in the CAISO Tariff, with the only modifications being to appendices to reflect plant-specific information. The CAISO requests waiver of the Commission's 60-day notice period to allow the LGIAs to become effective on July 1, 2008.[8]

Notice of Filings and Pleadings

7. Notice of PG&E's filing in Docket No. ER08-1193-000 was published in the *Federal Register*, 73 Fed. Reg. 41059 (2008), with interventions and protests due on or before July 22, 2008. Geysers filed a timely motion to intervene and comments in support of the filing. The CAISO filed a timely motion to intervene and protest. On August 6, 2008, Geysers and PG&E filed a joint response to the CAISO's protest (Joint Answer).[9] On August 21, 2008, the CAISO filed an answer to Geysers' and PG&E's Joint Answer (CAISO Answer).

8. Notice of the CAISO's filings in Docket Nos. ER08-1289-000, ER08-1290-000, ER08-1291-000, and ER08-1292-000 was published in the *Federal Register*, 73 Fed. Reg. 44715 (2008), with interventions and protests due on or before August 12, 2008. Geysers and PG&E filed a timely joint motion to intervene and protest (Joint Protest).

PG&E's Filing[10]

9. Geysers' supporting comments in Docket No. ER08-1193-000 explain that both it and PG&E believe that they would be better served by having PG&E provide Commission-jurisdictional interconnection services to the Transitioning Generators pursuant to the already negotiated Integrated Agreements, as those agreements govern interconnection service for the rest of Geysers' geothermal facilities. According to Geysers, the parties recognized that the Transitioning Generators could not be included in the Integrated Agreements when those agreements were executed, due to the Transitioning Generators' continuing QF sales to PG&E, and that once the Transitioning Generators commenced making Commission-jurisdictional wholesale sales they would need to be covered under Commission-jurisdictional interconnection arrangements. Thus, states Geysers, section 11 of the GSFA was included to set forth the process under which the Transitioning Generators would be covered under the Integrated Agreements once they started making wholesale power sales. Geysers states that the Commission

[8] On the same day, the CAISO filed a motion to consolidate the captioned proceedings.

[9] PG&E and Geysers submitted an errata to the Joint Answer on August 7, 2008.

[10] This filing is PG&E's proposed revisions to the Integrated Agreements, which PG&E filed in Docket No. ER08-1193-000.

approved section 11 when it accepted the Integrated Agreements in the January 2004 Letter Order. Geysers notes that the parties have operated under the Integrated Agreements since January 2004 "and all interests have benefited from this purposeful integration" through "enhanced operating efficiencies and lessened administrative costs and burdens for both sides."[11]

10. The CAISO protests PG&E's filing, arguing that the interconnection of the Transitioning Generators should be governed by the terms and conditions of its Large Generator Interconnection Procedures (LGIP) and LGIA. The CAISO asserts that, notwithstanding what section 11 of the GSFA might state, the CAISO Tariff makes clear that generators seeking Commission-jurisdictional interconnection service must do so pursuant to the LGIP and LGIA. Specifically, the CAISO cites to sections 25.1 and 25.1.2 of the CAISO Tariff, which provide that the LGIP applies to QF owners, and that QF owners must execute an LGIA even if the facilities are existing and are not being materially modified.[12] The CAISO asserts that these tariff requirements must prevail over PG&E's proposal to include the Transitioning Generators under the amended Integrated Agreements.

11. The CAISO also asserts that PG&E's proposal is not supported by the grandfathering provisions of the Commission's Order No. 2003,[13] noting that Order No. 2003 does not permit facilities to be added to existing grandfathered agreements after the effective date of that final rule. The CAISO cites to *Cinergy Services, Inc.*[14] and other Commission precedent[15] in which the Commission required the submission of three-party interconnection agreements in the context of markets administered by Independent System Operators (ISOs) or Regional Transmission Organizations (RTOs). The CAISO

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[11] Motion to Intervene and Comments of Geysers Power Company, LLC at 7, Docket No. ER08-1193-000 (July 22, 2008).

[12] Such facilities, however, would not be required to enter the CAISO's interconnection queue.

[13] *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160, *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007).

[14] 107 FERC ¶ 61,260 (2004) (*Cinergy*).

[15] *See* CAISO Protest at 10 and n.12, Docket No. ER08-1103-000 (July 22, 2008).

distinguishes other precedent where the Commission did not require an RTO to become a signatory to an existing interconnection agreement.[16]

12. The Joint Answer filed by PG&E and Geysers in Docket No. ER08-1193-000 contends that the CAISO's protest "would arbitrarily impose decades of inefficiencies and greater costs on" Geysers and PG&E based on "abstract and irrelevant 'policy' considerations and misstatements of the operative facts and FERC precedents."[17] The Joint Answer asserts that the Commission already approved the incorporation of the Transitioning Generators into the Integrated Agreements when it issued the January 2004 Letter Order. Moreover, the Joint Answer states that the clear objective of section 11 of the GSFA was to eventually add the Transitioning Generators under the Integrated Agreements once they started making wholesale sales. The Joint Answer notes that the CAISO did not provide a reliability rationale for requiring the parties to execute the LGIAs, or raise economic or safety issues with the Integrated Agreements. In addition, the Joint Answer claims that the CAISO's interpretation of section 11 of the GSFA is irrelevant and erroneous, stating that the CAISO did not participate in the negotiation of the GSFA and there is no need for the Commission to consider the CAISO's interpretation of that agreement.

13. Further, the Joint Answer argues that PG&E's implementation of section 11 of the GSFA does not constitute an "amendment" to the Integrated Agreements and that those agreements are grandfathered pursuant to Order No. 2003. The parties liken PG&E's implementation of section 11 to changes in a formula rate, where the formula itself is the rate and later inputs into that formula do not need to be approved by the Commission. Finally, the Joint Answer contends that *Cinergy* supports PG&E's filing rather than refutes it, because the agreement at issue in that proceeding was substantively amended and because the Commission directed the Midwest Independent Transmission System Operator, Inc. (Midwest ISO) to be a signatory to the amended agreement rather than requiring the parties to execute the Midwest ISO's Order No. 2003-compliant LGIA. In addition, the Joint Answer notes that the Midwest ISO was also concerned about having a contractual relationship with the generator. According to the Joint Answer, the Transitioning Generators have an existing contractual relationship with the CAISO through Geysers' Participating Generator and Meter Services Agreements.

14. The CAISO Answer responds that Geysers and PG&E have provided no evidence or support of increased costs, either operational or administrative in nature, as a result of the Transitioning Generators taking interconnection service under the LGIA. The CAISO Answer also objects to Geysers' and PG&E's argument that the CAISO did not

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[16] *See id.* (citing *Jersey Cent. Power & Light Co.*, 110 FERC ¶ 61,273 (2005)).

[17] Joint Answer at 2, Docket No. ER08-1193 (Aug. 6, 2008).

provide a reliability rationale for requiring the Transitioning Generators to execute LGIAs, arguing that the LGIA was approved by the Commission to ensure the reliable and efficient operation of the grid on a nondiscriminatory basis. Finally, the CAISO Answer reiterates that the language of Order No. 2003 and subsequent precedent make it clear that the Commission intended that generating units seeking Commission-jurisdictional interconnection service for the first time subsequent to the effectiveness of Order No. 2003 would take such service pursuant to the applicable standardized LGIP and LGIA.

CAISO's Filing[18]

15. In their Joint Protest, Geysers and PG&E incorporate by reference the arguments they raised in their Joint Answer in Docket No. ER08-1193-000. The Joint Protest also states that the preferred course of action would be for the Commission to summarily reject the LGIAs filed by the CAISO and allow PG&E to provide interconnection service under the Integrated Agreements. However, the Joint Protest also states that if the Commission accepts the LGIAs for filing, then Geysers and PG&E "reserve their right to specifically challenge any provision of any of the LGIAs and to prepare the necessary appendices to each."[19]

Discussion

A. Procedural Matters

16. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the timely, unopposed motions to intervene serve to make the entities that filed them parties to the proceedings.

17. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2008), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept the Joint Answer filed by Geysers and PG&E and the CAISO Answer because they provided information that assisted us in our decision-making process.

B. Substantive Matters

18. The Commission rejects the revisions to the Integrated Agreements submitted by PG&E, as discussed below. We also grant waiver of prior notice and accept the four

[18] This filing is the unexecuted interconnection agreements filed by the CAISO in Docket Nos. ER08-1289-000, ER08-1290-000, ER08-1291-000, and ER08-1292-000.

[19] Joint Protest at 7, Docket Nos. ER08-1289, *et al.* (Aug. 12, 2008).

unexecuted LGIAs filed by the CAISO, effective July 1, 2008, subject to refund, suspend them for a nominal period, and establish settlement judge procedures. Because of the common issues of fact and law in the LGIA proceedings, we will grant the CAISO's motion to consolidate those proceedings, for purposes of facilitating settlement discussions.[20]

19. We find that it would be contrary to policy, precedent and the CAISO Tariff to permit PG&E and Geysers to add the Transitioning Facilities to the grandfathered Integrated Agreements. At the time they filed the Integrated Agreements, PG&E and Geysers may have contemplated adding the Transitioning Facilities to the Integrated Agreements in the future, pursuant to section 11 of the GSFA. However, those Integrated Agreements were filed and accepted prior to the Commission's approval of the CAISO's LGIP and LGIA, which were accepted effective July 2005.[21] Once the LGIP and LGIA were approved, it was no longer appropriate to add the Transitioning Facilities to the grandfathered Integrated Agreements.[22] Instead, the CAISO LGIA should govern the interconnection of the Transitioning Facilities to the CAISO-controlled grid because the CAISO is the transmission provider. This is consistent with the policy underlying Order No. 2003, which required public utilities, such as the CAISO, to file revised tariffs containing *pro forma* LGIP and LGIA in order to achieve greater standardization of interconnection terms and conditions, and thereby remedy undue discrimination.[23] This is also consistent with the CAISO Tariff, as explained below.[24]

20. Contrary to the assertion of PG&E and Geysers, section 11 of the GSFA does not mandate grandfathering of the Transmission Facilities under the existing Integrated Agreements. The language of GSFA section 11 merely gives Geysers the option of adding facilities such as the Transitioning Facilities to the Integrated Agreements, subject

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[20] We will not include Docket No. ER08-1193-000 in the consolidation since we are rejecting the filing made in that docket.

[21] *Cal. Indep. Sys. Operator Corp.*, 112 FERC ¶ 61,009, at P 143 (2005).

[22] *See id.*

[23] *Id.* P 2.

[24] *See* CAISO Tariff § 25, and discussion in text at P 21, *infra.*

to PG&E's discretion.[25] It does not require their addition to the Integrated Agreements, nor is heir addition automatic. It also does not constitute Commission "pre-approval" of the subsequent addition of these facilities to the grandfathered Integrated Agreements, as PG&E and Geysers argue, because it was accepted prior to approval of the CAISO's LGIP and LGIA. We further disagree with PG&E and Geysers that PG&E's "mere" implementation of section 11 of the GSFA does not constitute an "amendment" to the Integrated Agreements.[26] Indeed, PG&E's filing in Docket No. ER08-1193-000 includes revised appendices to the Integrated Agreements, containing the Transitioning Facilities' generator-specific data, in order to effectuate adding them to the grandfathered agreement.[27] These revisions attempt to amend the Integrated Agreements and, accordingly, PG&E's proposed revisions are not protected under Order No. 2003's grandfathering provisions. Because PG&E's filing constitutes an amendment to the existing Integrated Agreements, the CAISO's LGIP and LGIA should govern the interconnection of the Transitioning Generators. In Order No. 2003 and its progeny, we stated that, in general, ISO/RTO procedures must govern the interconnection of generators to the transmission systems those ISOs/RTOs operate, rather than the interconnection procedures of non-independent transmission owners.[28] We have also

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[25] Section 11 of the GSFA provides, in pertinent part:

> . . . . [Geysers] may provide PG&E written notice of its intent to add the Additional Geothermal Generating Facility . . . . Upon its receipt of such Notice to Add Geothermal Facility, PG&E shall determine whether or not such facility should be included in this Agreement and the GIA and, if so, what modifications to this Agreement or the GIA are required to accommodate such inclusion . . . .

[26] We also find PG&E's and Geyser's characterization of the implementation of GSFA section 11 as changes to a formula rate to be inapt. Adding additional generation facilities to an existing grandfathered interconnection agreement bears no relationship to changing inputs in the calculation of a formula rate.

[27] *See* PG&E's Filing at Appendices A and B of the GSFA and Appendix E of the GIA, Docket No. ER08-1193-000 (July 1, 2008).

[28] *See, e.g.*, Order No. 2003-A at P 52. We note that, contrary to PG&E's and Geysers' assertions, we do not consider Order No. 2003 to be "abstract and irrelevant" policy, but rather essential to facilitating the eradication of undue discrimination in the provision of transmission service in the CAISO and elsewhere. We also find the argument that the CAISO's interpretation of section 11 of the GSFA is "irrelevant" further supports the rationale why the CAISO, as the transmission provider, should be a

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directed ISOs and RTOs to be signatories to interconnection agreements in a number of proceedings.[29]

21. The approach we take here is consistent with our view that grandfathered protections can only be invoked by parties that have preexisting contractual rights, particularly in cases where an ISO or RTO has a standard form of agreement for the relevant jurisdictional service. For example, in *PacifiCorp, et al.*,[30] we stated that "a customer may receive service outside of the CAISO tariff only when the customer has a preexisting enforceable contractual right to do so."[31] *PacifiCorp* cited *Sacramento Municipal Utility District v. Pacific Gas & Electric Co., et al.*,[32] which involved a customer's complaint asking us to require investor owned utilities to provide ongoing service under an existing agreement. We rejected the complaint, even though the customer had previously executed a memorandum of understanding with one of the utilities under which service would continue after the original agreement terminated. As we explained in *PacifiCorp*, "[w]e took this approach because the CAISO tariff was purposefully designed to eliminate encumbrances as would result from continued service under bilateral arrangements."[33] Our conclusion in *PacifiCorp* is consistent with the approach we take here. Because the Transitioning Generators were not previously covered under the grandfathered Integrated Agreements, PG&E and Geysers cannot claim that those generators are exempt from Order No. 2003. It is therefore appropriate that the Transitioning Generators receive interconnection service pursuant to the CAISO Tariff, including its LGIA, rather than under the Integrated Agreements.

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party to the interconnection agreement, and why it is preferable to provide interconnection service under standardized LGIP and LGIA.

[29] *See, e.g., American Transmission Co., LLC*, 107 FERC ¶ 61,261, at P 16 (2004) ("[I]n order to ensure that Midwest ISO has the ability to operate a safe and reliable transmission system, and to account for changed circumstances in amended agreements, including Midwest ISO's role as the regional transmission provider, we will require that Midwest ISO participate in the negotiations and become a signatory to the amendments [to an interconnection agreement].").

[30] 120 FERC ¶ 61,113, *order on clarification and reh'g*, 121 FERC ¶ 61,231 (2007) (*Pacificorp*).

[31] *Id.*, 120 FERC ¶ 61,113 at P 60.

[32] 105 FERC ¶ 61,358 (2003), *reh'g denied*, 107 FERC ¶ 61,237 (2004), *aff'd, Sacramento Mun. Util. Dist. v. FERC*, 428 F.3d 797 (D.C. Cir. 2005).

[33] *PacifiCorp*, 120 FERC ¶ 61,113 at P 60.

22. Further, and significantly, the relevant provisions of the CAISO Tariff make it clear that Geysers would need to execute a form of the CAISO's Commission-approved LGIA for the Transitioning Generators. Section 25.1 of the CAISO Tariff provides that the LGIP applies to, among others, "each existing qualifying facility Generating Unit connected to the ISO Controlled Grid whose total Generation was previously sold to a Participating TO . . . but whose Generation, or any portion thereof, will now be sold in the wholesale market, subject to section 25.1.2 below."[34] Further, section 25.1.2.1 provides that if the electrical characteristics of the QF plant are essentially unchanged, then the facility will not be placed in the CAISO's interconnection queue; however, "the owner of the qualifying facility, or its designee, will be required to execute" an LGIA or other form of interconnection agreement in accordance with the CAISO Tariff.[35] Section 11 of the LGIP states that the interconnection agreement must be in the form of the CAISO's Commission-approved standard LGIA.[36] Under these circumstances, the Transitioning Generators must execute an LGIA.

23. Because the CAISO Tariff mandates execution of an LGIA, and because the CAISO has not indicated a willingness to seek a waiver of its tariff to accommodate its execution of the Integrated Agreements, we find that this case is distinguishable from *Cinergy*.[37] *Cinergy* involved substantial amendment of a grandfathered interconnection agreement that predated the existence of the Midwest ISO, and the Midwest ISO itself asked to become a party to the amended interconnection agreement or submit a "concurrence," and did not insist on execution of its form of LGIA.[38] In the present case, the CAISO does not agree to waive its tariff procedures, or to join the grandfathered Integrated Agreements, but instead asks that parties execute the CAISO's LGIA. The fact that Geysers has a contractual relationship with the CAISO through other agreements is irrelevant to the issue of whether the CAISO's *pro forma* interconnection agreement

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[34] CAISO Tariff at § 25.1.

[35] *Id.* § 25.1.2.1. The other forms of interconnection agreement includes a small generator interconnection agreement and an interconnection agreement in accordance with the CAISO's pre-Order No. 2003 interconnection procedures. Neither is applicable in this case.

[36] *See* CAISO Tariff, Appendix U at § 11.

[37] 107 FERC ¶ 61,260 (2004).

[38] *See id.*, P 9-10 (explaining the Midwest ISO's position that it believed that the amended interconnection agreement was consistent with Commission policy and its own procedures, but that its execution of the amended agreement would be a practical approach to address operational issues that might arise).

and procedures, the LGIA and LGIP, should govern Transitioning Generators' *interconnection* with the transmission grid operated by the CAISO. Accordingly, PG&E's and Geysers' contention that *Cinergy* supports PG&E's filing is misplaced.

24. For these reasons, we conclude that the interconnection of the Transitioning Generators must be governed by the CAISO's LGIP and *pro forma* LGIA, and not by the Integrated Agreements. We therefore reject the revisions to the Integrated Agreements filed in Docket No. ER08-1193-000, and we accept the four unexecuted LGIAs filed by the CAISO in Docket Nos. ER08-1289-000, ER08-1290-000, ER08-1291-000, and ER08-1292-000. However, we are suspending the LGIAs for a nominal period and initiate settlement discussions in order to provide the CAISO, PG&E, and Geysers with a full opportunity to negotiate and execute the four LGIAs. To aid the parties in their settlement efforts, we will direct that a settlement judge be appointed, pursuant to Rule 603 of the Commission's Rules of Practice and Procedure.[39] If the parties desire, they may, by mutual agreement, request a specific judge as the settlement judge in the proceeding; otherwise, the Chief Judge will select a judge for this purpose.[40] The settlement judge shall report to the Chief Judge and the Commission within 30 days of the date of the appointment of the settlement judge, concerning the status of settlement discussions. Based on this report, the Chief Judge shall decide whether to provide the parties with additional time or whether to terminate settlement judge procedures.

The Commission orders:

(A) The revisions to the Integrated Agreements filed by PG&E in Docket No. ER08-1193-000 are rejected.

(B) The four unexecuted LGIAs filed by the CAISO in Docket Nos. ER08-1289-000, ER08-1290-000, ER08-1291-000, and ER08-1292-000 are accepted for filing, suspended for a nominal period, to become effective July 1, 2008.

(C) Docket Nos. ER08-1289-000, ER08-1290-000, ER08-1291-000, and ER08-1292-000 are hereby consolidated.

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[39] 18 C.F.R. § 385.603 (2008).

[40] If the parties decide to request a specific judge, they must make their joint request to the Chief Judge by telephone at (202) 502-8500 within five days of this order. The Commission's website contains a list of Commission judges and a summary of their background and experience (*www.ferc.gov* – click on Office of Administrative Law Judges).

(D) Pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (2008), the Chief Administrative Law Judge is hereby directed to appoint a settlement judge in this proceeding within fifteen (15) days of the date of this order. Such settlement judge shall have all powers and duties enumerated in Rule 603 and shall convene a settlement conference as soon as practicable after the Chief Judge designates the settlement judge. If the parties decide to request a specific judge, they must make their request to the Chief Judge within five (5) days of the date of this order.

(E) Within thirty (30) days of the appointment of the settlement judge, the settlement judge shall file a report with the Commission and the Chief Judge on the status of the settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions, if appropriate, or terminate the settlement judge procedures, if appropriate. If settlement discussions continue, the settlement judge shall file a report at least every sixty (60) days thereafter, informing the Commission and the Chief Judge of the parties' progress toward settlement.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.