

## **40.21 Standard Interconnection Agreement (IA)/ Standard Upgrade Construction Agreement/ Standard Multiparty Upgrade Construction Agreement**

### **40.21.1 Tender**

40.21.1.1 Except as set forth in Section 40.21.4, as soon as practicable upon (i) completion of the decision process in, as applicable, the Final Decision Period, Additional SDU Study Decision Period, or Affected System Study and (ii) Interconnection Customer's satisfaction of the cost allocation and Security posting requirements described in, as applicable, Section 40.8.3.10 or 40.15, the ISO shall tender, as applicable:

(i) a draft Standard Interconnection Agreement to the Interconnection Customer and Connecting Transmission Owner in the form of the ISO's Commission-approved Standard Interconnection Agreement, which is in Appendix 15 to this Attachment HH, together with draft appendices completed to the extent practicable;

(ii) a draft Standard Upgrade Construction Agreement to an Interconnection Customer and an Affected System Operator or Affected Transmission Owner for the engineering, procurement, and construction of System Upgrade Facilities or System Deliverability Upgrades identified on an Affected System in connection with either the evaluation of an Interconnection Customer's Interconnection Request or CRIS-Only Request in the Cluster Study Process or the results of an Affected System Study for an Affected System Interconnection Customer; the draft agreement will be in the form of the ISO's Commission-approved Standard Upgrade Construction Agreement, which is in Appendix 16 to this Attachment HH, together with draft appendices completed to the extent practicable; and/or

(iii) a draft Standard Multiparty Upgrade Construction Agreement to two or more Interconnection Customers and an Affected System Operator, Affected Transmission Owner, or Connecting Transmission Owner for the engineering, procurement, and construction of System

Upgrade Facilities or System Deliverability Upgrades identified on an Affected System or Connecting Transmission Owner's system in connection with either the evaluation of two or more Interconnection Customers' Interconnection Request(s) or CRIS-Only Request(s) in the Cluster Study Process or the results of an Affected System Study for two or more Affected System Interconnection Customers; the draft agreement will be in the form of the ISO's Commission-approved Standard Multiparty Upgrade Construction Agreement, which is in Appendix 17 to this Attachment HH, together with draft appendices completed to the extent practicable.

#### **40.21.2 Negotiation**

The ISO, the Interconnection Customer(s), and, as applicable, the Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner shall finalize the appendices and negotiate concerning any disputed provisions of the draft Standard Interconnection Agreement, Standard Upgrade Construction Agreement, or Standard Multiparty Upgrade Construction Agreement and its appendices subject to the time limitation specified below in this Section 40.21.2. If the Interconnection Customer (or the Interconnection Customers acting jointly in the case of a Standard Multiparty Upgrade Construction Agreement) determines that negotiations of the applicable agreement are at an impasse, it may request termination of the negotiations at any time after tender of the draft agreement pursuant to Section 40.21.1 and request submission of the unexecuted agreement to FERC or initiate Dispute Resolution procedures pursuant to Section 40.24.5. If the Interconnection Customer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted agreement or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request or CRIS-Only Request. Unless otherwise agreed by

the Parties, if the Interconnection Customer has not executed the agreement, requested filing of an unexecuted agreement, or initiated Dispute Resolution procedures pursuant to Section 40.24.5 within one hundred eighty (180) days of tender of the draft agreement, it shall be deemed to have withdrawn its Interconnection Request or CRIS-Only Request.

**40.21.2.1 Delay in Standard Interconnection Agreement Execution, or Filing Unexecuted, to Await Affected System Study Report from External Affected System**

If Interconnection Customer has not received its Affected System Study Report from the External Affected System Operator prior to the date that it would be required to execute its Standard Interconnection Agreement (or request that its Standard Interconnection Agreement be filed unexecuted) pursuant to Section 40.21.2, the ISO shall, upon request of Interconnection Customer, extend this deadline to thirty (30) Calendar Days after Interconnection Customer's receipt of the Affected System Study Report. If Interconnection Customer, after delaying the Standard Interconnection Agreement execution or requesting unexecuted filing to await the Affected System Study Report, decides to proceed to the Standard Interconnection Agreement execution, or requests unexecuted filing, without those results, it may notify ISO of its intent to proceed with Standard Interconnection Agreement execution (or request that its Standard Interconnection Agreement be filed unexecuted) pursuant to Section 40.21.3. If the ISO determines that further delay to the Standard Interconnection Agreement execution date would cause a material impact on the cost or timing of an equal- or lower-queued Interconnection Customer, the ISO must notify Interconnection Customer of such impacts and set the deadline to execute the Standard Interconnection Agreement (or

request that the Standard Interconnection Agreement be filed unexecuted) to thirty (30) Calendar Days after such notice is provided.

#### **40.21.2.2 Identification of Contingent Facilities**

The ISO shall identify Contingent Facilities through the Cluster Study, and specify such Contingent Facilities in the Standard Interconnection Agreement. The method for identifying Contingent Facilities shall be sufficiently transparent as to why the ISO identifies Contingent Facilities and how they relate to the Cluster Study Project. Consistent with the analyses performed in the Cluster Study under Section 40.12, the ISO shall evaluate the impact on short circuit, thermal, voltage, or stability of unbuilt Attachment Facilities, Distribution Upgrades, System Upgrade Facilities, and/or System Deliverability Upgrades associated with Cluster Study Projects. The ISO shall identify those unbuilt facilities in the Cluster Baseline Assessment and the Cluster Project Assessment against which the Cluster Study Project is evaluated as Contingent Facilities if the impact on short circuit, thermal, voltage, or stability of the unbuilt facilities exceeds the de minimis standards set forth in Sections 40.12.2.5.1.1 through 40.12.2.5.1.4. An Interconnection Customer may also request the ISO to provide the estimated costs and estimated in-service completion time of each identified Contingent Facility when this information is readily available and not commercially sensitive.

#### **40.21.3 Execution and Filing**

The ISO will not tender the execution version or file an unexecuted version of the IA until it has confirmed receipt of the following (unless the grounds for the unexecuted filing is one of the requirements in this Section 40.21.3):

(i) Interconnection Customer's demonstration of continued Site Control pursuant to Section 40.5.5.1.5; and

(ii) Interconnection Customer has provided the ISO and Connecting Transmission Owner with reasonable evidence that one or more of the following milestones in the development of the Facility, at the Interconnection Customer's election, has been achieved (unless such milestone is inapplicable due to characteristics of the Facility): (a) the execution of a contract for the supply or transportation of fuel to the Generating Facility; (b) the execution of a contract for the supply of cooling water to the Generating Facility; (c) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Generating Facility; (d) execution of a contract (or comparable evidence) for the sale of electric energy or capacity from the Generating Facility; or (e) application for an air, water, or land use permit. The Interconnection Customer(s) shall either: (i) execute originals of the tendered execution version of the agreement, which number will be based on the number of parties to the agreement, and return them to the ISO and, as applicable, Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner; or (ii) request in writing that the ISO and, as applicable, Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner file with FERC the applicable agreement in unexecuted form.

As soon as practicable, but not later than ten (10) Business Days after receiving either the executed originals of the tendered agreement from the other parties (if the agreement does not conform with a Commission-approved standard form of the agreement agreement) or the request to file the agreement unexecuted, the ISO and, if applicable, the Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner shall file the agreement with FERC. The ISO will draft the portions of the agreement and appendices that are in dispute

and assume the burden of justifying any departure from the pro forma agreement and appendices.

The ISO will provide its explanation of any matters as to which the Parties disagree and support for the costs that, as applicable, the Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner proposes to charge to the Interconnection Customer(s) under the agreement. An unexecuted agreement should contain terms and conditions deemed appropriate by the ISO for the Interconnection Request or CRIS-Only Request. The Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner, as applicable, will provide in the filing any comments it has on the unexecuted agreement, including any alternative positions, it may have with respect to the disputed provisions. If the Parties agree to proceed with the design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted agreement, they may proceed pending Commission action.

#### **40.21.4 Negotiation and Execution of Standard Interconnection Agreement Prior to Completion of the Cluster Study**

At the request of the Interconnection Customer, the ISO and Connecting Transmission Owner shall begin negotiations with the Interconnection Customer concerning the Standard Interconnection Agreement and its appendices at any time after the Interconnection Customer satisfies the requirements to enter the Phase 2 Study. If the Standard Interconnection Agreement is executed prior to the completion of the Cluster Study Process, the Interconnection Customer must agree, in the Standard Interconnection Agreement, that in, as applicable, the Final Decision Period or Additional SDU Study Decision Period for that Cluster Study, it will accept the Project Cost Allocation and post Security for any Connecting Transmission Owner's Attachment Facilities, Distribution Upgrades, or System Upgrade Facilities that are identified and cost allocated in the Cluster Study even if such Project Cost Allocations exceed the estimates

included in the Standard Interconnection Agreement and include equipment not identified in the Standard Interconnection Agreement.

The Interconnection Customer executing a Standard Interconnection Agreement prior to the completion of a Cluster Study cannot participate as an Installed Capacity Supplier until after the Cluster Study is completed and (1) the project is deemed deliverable and accepts its Deliverable MW; or (2) the Interconnection Customer accepts its Project Cost Allocation and pays cash or posts Security for any required System Deliverability Upgrades, unless CRIS was otherwise obtained under this Attachment HH.

To the extent that upgrades or cost estimates in the Cluster Study differ from the amounts or descriptions in the Standard Interconnection Agreement, the Interconnection Customer shall work with the ISO and Connecting Transmission Owner to promptly amend the agreement as needed to incorporate the updated amounts or descriptions.

For purposes of this Section 40.21.4, a Standard Interconnection Agreement includes a Provisional Standard Interconnection Agreement and its appendices requested pursuant to Section 40.22.3 of this Attachment HH.

#### **40.21.5 Commencement of Interconnection Activities**

If the Parties execute the Standard Interconnection Agreement, Standard Upgrade Construction Agreement, or Standard Multiparty Upgrade Construction Agreement, the ISO, the Interconnection Customer(s), and, as applicable, the Connecting Transmission Owner, Affected System Operator, or Affected Transmission Owner shall perform their respective obligations in accordance with the terms of the agreement, subject to modification by FERC. Upon submission of an unexecuted agreement in accordance with Section 40.21.3, the Parties shall promptly comply with the unexecuted agreement, subject to modification by FERC.

#### **40.21.6 Termination of the Standard Interconnection Agreement**

The classification of a Facility as Retired or a Class Year Transmission Project or Cluster Study Transmission Project permanently ceasing Commercial Operation will be grounds for the termination of its interconnection agreement. The ISO will file with the Federal Energy Regulatory Commission a notice of termination of the interconnection agreement as soon as practicable after the Large Generating Facility is Retired or the Class Year Transmission Project or Cluster Study Transmission Project permanently ceases commercial operation. The termination of a non-conforming *pro forma* interconnection agreement will be effective only upon acceptance by the Federal Energy Regulatory Commission of the notice of termination and proposed effective date. Upon the effective date of the termination of the interconnection agreement, access to the Point of Interconnection of the Generating Facility will be available on a non-discriminatory basis pursuant to the ISO's applicable interconnection and transmission expansion processes and procedures.