

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Small Generator Interconnection
Agreements and Procedures**)

Docket No. RM13-2-000

**JOINT COMMENTS OF THE
NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.
AND THE NEW YORK TRANSMISSION OWNERS**

Pursuant to the Federal Energy Regulatory Commission's ("Commission's") January 17, 2013, Notice of Proposed Rulemaking in the above-captioned proceeding (the "NOPR"),¹ the New York Independent System Operator, Inc. ("NYISO") and Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York Power Authority, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation ("New York Transmission Owners") (collectively, "Joint Filing Parties") respectfully submit these comments regarding the Commission's proposed revisions to its *pro forma* Small Generator Interconnection Procedures and Small Generator Interconnection Agreement (collectively, "*Pro Forma* Small Generator Interconnection Procedures").²

In the NOPR, the Commission describes challenges that developers of Small Generating Facilities may face in the processing of their Interconnection Requests in certain regions due to an increase in requests for renewable energy and distributed generation resources. The Commission proposes revisions to the *Pro Forma* Small Generator Interconnection Procedures to address these concerns.

¹ *Small Generator Interconnection Agreements and Procedures*, 142 FERC ¶ 61,049 (January 17, 2013) ("FERC SGIA NOPR").

² Capitalized terms not otherwise defined in this letter have the meaning set forth in Attachments S, X and Z of the NYISO's Open Access Transmission Tariff ("OATT").

The Joint Filing Parties support the Commission’s overall goal of ensuring that Interconnection Requests for Small Generating Facilities are processed in an efficient, expeditious, and cost effective manner. The Commission, however, should refrain from imposing uniform procedures that do not account for the differences across regions in processing such requests. In regions where Interconnection Requests are being processed in a timely manner, the Commission’s proposed revisions may not materially enhance the current process. They could, if not properly tailored, introduce delays and higher costs by diverting finite administrative and technical resources that are currently devoted to processing Interconnection Requests and attendant interconnection studies for projects that have demonstrated a commitment to move forward in the interconnection process.

Significant differences exist across regions regarding the volume and growth of Interconnection Requests for Small Generating Facilities and the impact of these requests on the efficiency of the interconnection process. Unlike in certain other regions, the NYISO currently does not receive a large number of requests to interconnect Small Generating Facilities to Commission jurisdictional facilities in New York³ and even fewer requests for those Small Generating Facilities with a capacity of 5 MW or less (“Very Small Generating Facilities”).⁴ Nor has the NYISO experienced a recent surge of such requests. Presently, Interconnection Requests for Small Generating Facilities constitute only 14 percent of the NYISO’s current interconnection queue, while requests for Very Small Generating Facilities constitute a mere 7 percent. A majority of small generator requests to interconnect in New York – and nearly all

³ In its NOPR, the Commission referenced filings from certain regions to describe a general trend of increasing numbers of Interconnection Requests for Small Generating Facilities and resulting inefficiencies in processing these requests. *See* FERC SGIA NOPR at PP 20-22.

⁴ References herein to “Very Small Generating Facilities” refer to new facilities that submit interconnection requests for 5 MW or less. This term does not include existing Small Generating Facilities that submit interconnection requests to be studied for uprates to their existing facilities (*i.e.*, increases in capacity) of 5 MW or less.

such requests for facilities smaller than 5 MW – are submitted to the New York Transmission Owners to interconnect to distribution facilities not subject to the Commission’s jurisdiction.

The NYISO’s limited volume of Interconnection Requests for Commission jurisdictional interconnections has not impeded the NYISO’s ability to process requests in a timely and cost effective manner nor created a backlog. This is in large part due to NYISO’s practice of capitalizing on the flexibility that already exists in the Small Generator Interconnection Procedures to streamline the time and costs of the interconnection process for Small Generating Facilities, as described in more detail below. To the extent suggested process improvements have been identified with respect to the NYISO’s Small Generator Interconnection Procedures, the NYISO has continued to work with stakeholders to improve its procedures and has proposed improvements to the Commission that have been supported by stakeholders and subsequently approved by the Commission. Notwithstanding the NYISO’s concerns regarding the NOPR’s directive, the NYISO has every intention to continue such efforts to improve its interconnection procedures.

Given the different circumstances in each region, the Joint Filing Parties strongly urge the Commission to adopt a process that permits each region to develop and implement its own specific proposals to the problems identified by the Commission. As the Commission acknowledges in its NOPR, the need for reforming the procedures may not be uniform across the country.⁵ Specifically, the Commission should direct each ISO/RTO⁶ to report on the status of its processing of Interconnection Requests for Small Generating Facilities and to develop with its stakeholders and implement, where needed, regionally-tailored reforms to its Small Generator Interconnection Procedures. In developing revisions, the ISOs/RTOs should look to the

⁵ FERC SGIA NOPR at P 24.

⁶ While the Joint Filing Parties refer to ISOs/RTOs in these comments, the Commission should require equivalent obligations from Transmission Providers outside of ISO/RTO footprints.

Commission's proposal in this proceeding for guidance. A regional approach would be consistent with the Commission's action in its Docket No. AD08-2-000 to address on a regional basis similar challenges to the timely processing of Interconnection Requests for Large Generating Facilities due in part to an increase in Interconnection Requests for renewable energy projects.⁷ There, the Commission permitted each region the opportunity to propose its own solution to problems identified by the Commission with respect to queue management.⁸ As the Commission aptly noted, "[a]lthough there are some common issues affecting all the regions, there are also significant differences in the nature and scope of the problem from region to region; there may, therefore be no right answer for how to improve queue management."⁹ The Commission should adopt a similar approach here.

If the Commission does not adopt a regionally-tailored approach, the Joint Filing Parties respectfully submit in Part III below suggested improvements and clarifications for the Commission's proposed revisions to the *Pro Forma* Small Generator Interconnection Procedures. In addition, the Joint Filing Parties note that the NOPR only provides for the filing of variations on the Commission's proposed language where the variations are "consistent with or superior" to the *pro forma* language.¹⁰ The Joint Filing Parties request that the Commission clarify that consistent with Order 2006 it will permit ISOs/RTOs to seek "independent entity variations" from any revisions to the *Pro Forma* Small Generator Interconnection Procedures to accommodate regional differences.¹¹

⁷ Interconnection Queuing Practices, Order on Technical Conference, 122 FERC ¶ 61,252 (March 20, 2008) ("FERC Queue Management Order").

⁸ *Id.* at P 8.

⁹ *Id.* at P 8.

¹⁰ FERC SGIA NOPR at P 51.

¹¹ *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, 111 FERC ¶ 61,220 (2005) ("Order No. 2006") at P 549; *see also Midwest Independent Transmission System Operator, Inc.*, 139 FERC ¶ 61,219 (2012) at P 9.

I. BACKGROUND

A. The NYISO's Small Generator Interconnection Procedures

The NYISO's Small Generator Interconnection Procedures in Attachment Z of the NYISO OATT establish the requirements for processing the Interconnection Requests of a Small Generating Facility no larger than 20 MW proposing to interconnect to the New York State Transmission System or to the portions of the New York Transmission Owners' distribution facilities that are subject to the Commission's jurisdiction.¹² The NYISO's Small Generator Interconnection Procedures were developed with extensive stakeholder involvement in response to the Commission's Order 2006 and related orders and were approved by the Commission with an effective date of February 20, 2007.¹³ The NYISO has since made additional improvements to these procedures.¹⁴ While generally following the *Pro Forma* Small Generator Interconnection Procedures, the NYISO's Small Generator Interconnection Procedures include a number of variations specific to New York. Significant variations include the NYISO's retention of its cost allocation process under Attachment S of the NYISO OATT and the inclusion of specific requirements for the two levels of interconnection service in New York – Energy Resource Interconnection Service (“ERIS”) and Capacity Resource Interconnection Service (“CRIS”).

¹² The NYISO's Small Generator Interconnection Procedures do not apply to interconnections to the Long Island Power Authority's (“LIPA's”) Commission jurisdictional distribution facilities. LIPA administers the interconnection process for generators connecting to its distribution facilities and perform all required studies on its distribution system under its own tariffs and procedures.

¹³ See *New York Independent System Operator, Inc. and New York Transmission Owners*, Order on Small Generator Interconnection Filings, 118 FERC ¶ 61,130 (February 20, 2007), *order on reh'g*, Order Granting Rehearing in Part and Denying Rehearing in Part and Accepting Compliance Filing, 119 FERC ¶ 61,333 (June 29, 2007).

¹⁴ See, e.g., *New York Independent System Operator, Inc.*, 142 FERC ¶ 61,113 (2013) (accepting interconnection process improvements to NYISO OATT Attachments S, X, and Z); *New York Independent System Operator, Inc.*, 135 FERC ¶ 61,014 (2011) (accepting limitations on circumstances under which a Small Generating Facility is required to enter a Class Year Interconnection Facilities Study and incur related costs).

The NYISO's Small Generator Interconnection Procedures are designed and administered in a manner that promotes the efficient processing of Interconnection Requests and provides opportunities to expedite the interconnection process. For example, to assist in the selection of a point of interconnection, Section 32.1.2 of Attachment Z establishes that the NYISO will provide an Interconnection Customer upon request with electric system information concerning a particular point on Commission-jurisdictional facilities.¹⁵ In addition, for projects larger than 2 MW that are too large to be evaluated under the Fast Track Process, Section 32.3.3.3 of Attachment Z provides the NYISO, the applicable New York Transmission Owner, and the Interconnection Customer with the flexibility to streamline the Study Process by agreeing to skip one or more of the interconnection studies or to proceed directly to the interconnection agreement based on the project's potential system impacts.

B. The NYISO Processes Interconnection Requests for Small Generating Facilities in New York in an Efficient Manner

The NYISO processes Interconnection Requests for Small Generating Facilities in a timely and cost effective manner. As noted above, the NYISO has not received a large number of requests to interconnect Small Generating Facilities to Commission jurisdictional facilities in New York. Most projects that are 5 MW or smaller seek to interconnect to distribution facilities not subject to the Commission's jurisdiction. These interconnections are administered by the New York Transmission Owners pursuant to requirements established by the New York State Public Service Commission.

The NYISO's current interconnection queue contains 72 separately-queued projects of which only ten (10) (or 14 percent of the current interconnection queue) are Interconnection Requests for Small Generating Facilities no larger than 20 MW. Of these, only five (5) (or 7

¹⁵ The NYISO obtains any required information about distribution facilities and low-voltage transmission facilities from the relevant New York Transmission Owner.

percent of the current interconnection queue) are Interconnection Requests for Very Small Generating Facilities no larger than 5 MW. Importantly, over half of the queue positions of 5 MW or less in New York are uprates for larger projects that may not even be subject to the Small Generator Interconnection Procedures.¹⁶ Moreover, while it may be a problem in other regions,¹⁷ the NYISO rarely receives multiple Interconnection Requests for a single project that may be searching for the most advantageous point of interconnection.

To date, the NYISO has not experienced a surge in the volume of Interconnection Requests for Small Generating Facilities. Since the NYISO's Small Generator Interconnection Procedures went into effect, the NYISO has received the following numbers of Interconnection Requests for Small Generating Facilities:

Year	Small Generator Interconnection Requests (20 MW or Less) Added to Interconnection Queue	Very Small Interconnection Requests (5 MW or Less) Added to Interconnection Queue Excluding Uprates	Uprates of 5 MW or Less
2007	9 ¹⁸	2	1
2008	7	0	1
2009	7	1	1
2010	1	1	0
2011	4	0	0
2012	5	1	1
2013 ¹⁹	1	0	0
Total	34	5	4

Of these 34 Interconnection Requests, nearly half of them were later withdrawn by the Interconnection Customers largely due to financing or economic reasons unrelated to the

¹⁶ If the uprate is to an existing Large Facility or brings the existing Small Generating Facility over 20 MW, such uprate would be evaluated under the Large Facility Interconnection Procedures.

¹⁷ In its NOPR, the Commission stated that under the current Small Generator Facility procedures, an Interconnection Customer is "often" led to "submit multiple requests for a single project to determine which Point of Interconnection is the most advantageous. *See* FERC SGIA NOPR at P16.

¹⁸ Note that the number of requests tallied here for 2007 includes "transition projects" that were transferred from the prior Transmission Owner study process to the NYISO Small Generator Interconnection Procedures as directed by Order 2006.

¹⁹ The Small Generator Facilities Interconnection Requests in 2013 are as of June 3, 2013.

NYISO's Small Generator Interconnection Procedures. The NYISO has not experienced a backlog of such requests, nor does the NYISO anticipate a surge or Interconnection Requests from Small Generating Facilities in the future, since the various subsidy programs for distributed generation in New York are mainly state jurisdictional projects for interconnection purposes. However, to the extent the NYISO sees a surge in Small Generating Facility Interconnection Requests or observes any inefficiencies in its Small Generator Interconnection Procedures, the NYISO is committed to continue to address such issues proactively through its stakeholder process.

C. The Commission Proposes Revisions to the *Pro Forma* Small Generator Interconnection Procedures to Promote the Efficient Interconnection of Small Generator Facilities

On January 17, 2013, the Commission issued its NOPR in this proceeding proposing certain revisions to the *Pro Forma* Small Generator Interconnection Procedures to ensure the efficient interconnection of Small Generating Facilities. In its NOPR, the Commission indicated that a reevaluation of the *Pro Forma* Small Generator Interconnection Procedures is required in light of an increased growth in Interconnection Requests for Small Generating Facilities, including solar photovoltaic installations, driven in part by state goals and policies promoting renewable energy and distributed generation.²⁰ The Commission referenced recent filings by Transmission Providers in certain regions as demonstrating a general trend of increasing numbers of Interconnection Requests for Small Generating Facilities in interconnection queues leading to inefficiencies and backlogs in processing such requests.²¹ In response, the Commission proposed the revisions to its *Pro Forma* Small Generator Interconnection Procedures described in the NOPR.

²⁰ FERC SGIA NOPR at PP 20-22.

²¹ *Id.* at P 20 fn 30.

II. GENERAL COMMENTS

The Joint Filing Parties support the Commission's overall goal of ensuring the efficient processing of Interconnection Requests for Small Generating Facilities. The Commission's proposed revisions, however, would impose one-size-fits-all procedures across regions regardless of clear differences among regions in the volume and efficient processing of Interconnection Requests. As discussed in more detail below, for regions that are not experiencing the issues identified by the NOPR, the Commission's uniform approach may not enhance the efficiency of the existing processes and could instead create delays and higher interconnection costs by diverting finite resources to focus on a small subset of Interconnection Requests. Given the different circumstances in each region, the Commission should adopt an approach that provides each region with the opportunity to develop and implement solutions, where needed, that are tailored to its particular circumstances.

A. The Commission's Proposed Revisions Seek to Resolve Specific Issues Not Present in All Regions

There are significant differences across regions with regard to the volume and growth of Interconnection Requests for Small Generating Facilities and the impact of these requests on the efficiency of the interconnection process. In its NOPR, the Commission referenced filings from certain regions to describe a general trend of increasing numbers of Interconnection Requests for Small Generating Facilities and resulting inefficiencies in processing these requests.²² The Commission also pointed to the development of state renewable portfolio standards and policies or goals regarding distributed generation as driving increasing numbers of Interconnection Requests.²³

²² *Id.* at P 20.

²³ *Id.* at PP 20-21.

These trends, however, do not exist consistently from region to region. The Commission acknowledges this in its NOPR noting that the need for reforming the procedures may not be uniform across the country.²⁴ Yet, the Commission’s proposed revisions were developed to address interconnection issues that are specific to certain regions and draw on the solutions being developed within those regions.²⁵ As described in Part III below, the Joint Filing Parties have not identified similar issues in New York and have concerns regarding the implementation of the Commission’s proposed revisions where they may not be needed, as such revisions could impact the existing flexibility afforded by the Small Generator Interconnection Procedures, and create administrative burdens and costs that will impact all participants in the interconnection process in New York.

Notwithstanding their concerns with certain specific revisions proposed by the Commission in the NOPR, the Joint Filing Parties recognize that it is prudent to continually evaluate whether there is room for improvement of existing Small Generator Interconnection Procedures. The Joint Filing Parties are therefore continually working through the NYISO stakeholder process to develop and implement “queue improvement” proposals that are specific to the circumstances in New York. In 2011, the Commission accepted the NYISO’s proposed revisions to its Standard Large Facility Interconnection Procedures and Small Generator Interconnection Procedures to more equitably allocate the study costs from the Class Year Interconnection Facilities Study (“Class Year Study”) among the projects comprising a Class Year group of projects electing to be evaluated for Energy Resource Interconnection Service (“ERIS”).²⁶ The modifications also revised the NYISO’s Small Generator Interconnection Procedures to limit the circumstances under which a Small Generating Facility is required to

²⁴ *Id.* at P 24.

²⁵ *Id.* at PP 20-21.

²⁶ *New York Independent System Operator, Inc.*, 135 FERC ¶ 61,014 (2011).

enter a Class Year Study and thereby incur additional Class Year Study costs. Most recently, the NYISO filed a comprehensive set of such proposals on December 19, 2012 involving numerous sections of the NYISO's interconnection procedures, including clarifications to improve the Small Generator Interconnection Procedures. These tariff amendments – accepted by the Commission on February 15, 2013 – are among many efforts the NYISO has made to continually improve its interconnection process.²⁷

B. The Commission's Proposed Revisions May Not Enhance the Interconnection Process and Could Create Inefficiencies in New York

The Joint Filing Parties believe that the interconnection process should function efficiently for *all* Interconnection Requests received from developers of Small Generating Facilities and Large Generating Facilities. In regions, such as New York, where the Interconnection Requests for Small Generating Facilities are currently being processed in a timely and cost effective manner, the Commission's proposed revisions are unlikely to improve materially, if at all, the time and costs to process these requests at their current and anticipated future volumes. By introducing new requirements for a small subset of Interconnection Requests, the proposed revisions could introduce delays and higher costs for all participants in the interconnection process. To implement the additional reports and screens set forth in the NOPR, the Joint Filing Parties may have to divert finite administrative and technical resources at the expense of their current responsibilities. These resources are currently devoted to processing Interconnection Requests and performing the attendant interconnection studies for Large Generating Facilities and Small Generating Facilities that have demonstrated – via extensive studies and coordination with the NYISO and the applicable New York Transmission Owner – a commitment to moving forward in the interconnection process. The reallocation of these

²⁷ *New York Independent System Operator, Inc.*, 142 FERC ¶ 61,113 (2013).

resources could introduce delays in the interconnection process for these projects and increase the costs of interconnection to Interconnection Customers.

C. The Commission Should Adopt an Approach that Provides for Regionally-Tailored Solutions

Given the different challenges facing each region, the Joint Filing Parties strongly urge the Commission to adopt a process to develop regionally-tailored reforms, rather than imposing uniform requirements that may not accomplish and could potentially hinder the Commission's goals in certain region, including New York. The Commission should direct each ISO/RTO to file a status report with the Commission describing the volume of Interconnection Requests for Small Generating Facilities in its current queue, the projected timeframe for processing such requests, and the nature and extent of any problems that have led to any backlog. The Commission should also direct each ISO/RTO to provide a schedule for developing with its stakeholders and implementing any necessary reforms and for filing any necessary tariff amendments with the Commission.

The Commission has taken this approach previously to address interconnection issues that have different regional impacts. In its order regarding Interconnection Queuing Practices in Docket No. AD08-2-000 referenced in the NOPR, the Commission identified concerns that Interconnection Requests for Large Generating Facilities were not being efficiently processed due to surges in the volume of new generation, including an unprecedented demand in some regions for renewable generation.²⁸ In its Order the Commission stated:

While the Commission could take action to impose solutions, and may need to do so if the RTOs and ISOs do not act themselves, we agree that we should allow each region the opportunity to propose its own solution. Although there are some common issues affecting all the regions, there are also significant differences in the nature and scope of the problem from region to region; there may, therefore, be no one right answer for how to improve queue management. Further, any

²⁸ FERC Queue Management Order at P 3.

solution involves a balancing of interests. Therefore, we urge the RTOs and ISOs to work with their stakeholders to develop consensus proposals.²⁹

The Commission, therefore, directed each ISO/RTO to file a status report within 30 days of its order describing how each was managing its interconnection queue and the nature and extent of any problems that have led to backlogs.³⁰ The Commission further required each ISO/RTO to explain the status of stakeholder discussions on queue reform and provide a schedule for selecting and implementing any necessary reforms, including a target date for filing any necessary tariff amendments or waivers.³¹ The Commission informed the ISOs/RTOs that it was open to a range of possible variations to address the identified issue.³²

To ensure that Interconnection Requests for Small Generating Facilities are processed efficiently under the circumstances specific to each region, the Commission should adopt a regionally-tailored approach in this proceeding.

III. COMMENTS ON SPECIFIC NOPR PROVISIONS

As described above, the Joint Filing Parties request that the Commission adopt an approach that permits each region to identify and implement reforms specific to its circumstances. If, however, the Commission does not adopt this approach, the Joint Filing Parties respectfully request that the Commission consider the following comments and suggested clarifications and improvements regarding the Commission's proposed revisions.

A. Pre-Application Report

The Joint Filing Parties have not identified a need in New York for a more detailed pre-application report or determined that the information currently available to Interconnection Customers is insufficient for an Interconnection Customer to identify an appropriate point of

²⁹ *Id.* at P 8.

³⁰ *Id.* at P 9.

³¹ *Id.* at P 9.

³² *Id.* at P 15.

interconnection. While Section 32.1.2 of the NYISO's Small Generator Interconnection Procedures currently provides an Interconnection Customer with the ability to request, at no charge, electric system information concerning an interconnection at a particular point, Interconnection Customers in New York have rarely, if ever, used this process, which appears quite similar to a pre-application report. This is largely because much of the information NYISO would be able provide for the pre-application report (without contacting the applicable Transmission Owner for additional information) is readily available from the NYISO public web site, or available under the NYISO Critical Energy Infrastructure Information ("CEII") request procedures without the need to specifically request a pre-application report. In addition, the problem that the Commission aims to resolve through the pre-application report – a single project clogging the interconnection queue with multiple Interconnection Requests – has not been a concern in New York. Interconnection Customers do not regularly submit to the NYISO multiple Interconnection Requests for a single project. For these reasons, the inclusion of an enhanced pre-application report is unlikely to have an impact on the volume of Interconnection Requests in New York.

However, should the Commission require an expanded pre-application process, the Joint Filing Parties request that the Commission consider the following comments and suggested clarifications and improvements to the Commission's proposed revisions to Section 1.2 of the *Pro Forma* Small Generator Interconnection Procedures.

The Commission should clarify that its proposed list of categories of data for the pre-application form in Section 1.2.3 are examples and may be amended by the Transmission Provider to specify the data it can provide. The Joint Filing Parties cannot provide all of the categories of data set forth in Section 1.2.3 without performing a study or additional analysis.

Notwithstanding the Commission's caveat in Section 1.2.4 that the pre-application report only need include existing data, the inclusion of all of the categories of data listed in Section 1.2.3 of the *Pro Forma* Small Generator Interconnection Procedures could create an unreasonable expectation regarding the information to be included in the pre-application report. To avoid reliance on this list, the Commission should permit the Transmission Provider to amend this list to identify the specific categories of information that will actually be provided within its region. The NYISO anticipates that it could provide the following data in a pre-application report: (1) non-Confidential information contained in the NYISO annual Load & Capacity Data Report ("Gold Book"), which includes: (a) New York Control Area (NYCA) annual energy and peak demand information; (b) non-Confidential details regarding existing generating capacity and existing transmission facilities; (c) generation capability by zone and fuel type for each capability period; and (d) non-Confidential details regarding proposed generation and transmission facilities; (2) posted information regarding proposed generation, transmission and load facilities currently in the NYISO interconnection queue; and (3) non-Confidential information available under NYISO's CEII request procedures including: the power flow base cases, New York State Electric System Map, and one-line diagrams from the NYISO annual FERC Form No. 715 filing. In addition, the New York Transmission Owners anticipate that they could provide the following readily available information: (1) line voltage at which the proposed Interconnection Customer would be served; (2) the manner in which the Interconnection Customer could connect, (3) details regarding the smallest primary line conductor in the vicinity of the proposed point of interconnection, and (4) location of the nearest substation. The other categories of data proposed by the Commission would require the NYISO or New York

Transmission Owners to perform additional analysis or study work and are beyond the scope of existing, off the shelf material.

The Joint Filing Parties additional comments on the pre-application report are consistent with comments being submitted by Edison Electric Institute and the ISO-RTO Council regarding (1) the need to expand the proposed 10 business day time period for processing the pre-application report to up to 20 business days; (2) the need to require that an Interconnection Customer complete and submit a standardized application form requesting a pre-application report to expedite the processing of the report; (3) the need to clarify that the pre-application report is for informational purposes only, is non-binding on the Transmission Provider, and does not convey any rights in connection with the interconnection process; and (4) the suggestion to provide the Interconnection Customer the option of one follow-up meeting to discuss the pre-application report with the Transmission Provider to facilitate an understanding of the data in the report and to answer follow-up questions in a concise manner.

B. Fast Track Eligibility

The Commission's proposed expansion of the threshold for participation in the Fast Track Process for certain projects up to 5 MW and its introduction of minimum load and other screens for the supplemental review process, at this time, don't appear likely to improve the time and costs to process the Interconnection Requests of Very Small Generator Facilities in New York. As described above, most Very Small Generator Facilities in New York seek to interconnect to distribution facilities not subject to the Commission's jurisdiction and fall outside of the NYISO's Small Generator Interconnection Procedures. As described above, the Very Small Generating Facilities that participate in the NYISO's Small Generator Interconnection Procedures are generally able to skip most, if not all, of the time and expense of the full Study

Process by opting out of some or all of the studies due to their limited system impacts.

Moreover, the Joint Filing Parties anticipate that they could be required to commit a similar level of time and resources to perform the Commission's proposed screens in a supplemental review as they already devote to performing an Interconnection Feasibility Study.

For the above reasons, the expansion of the Fast Track Process and use of the supplemental screens in New York may not improve the time or costs of processing Interconnection Requests. However, to the extent the Commission requires a revision to the Fast Track Process, the Joint Filing Parties request that the Commission consider the following comments and suggested clarifications and improvements to the Commission's proposed revisions in Section 2 of the *Pro Forma* Small Generator Interconnection Procedures.

First, the Commission provides a table in Section 2.1 to identify which projects are eligible to participate in the Fast Track Process. The Joint Filing Parties agree with the contention that EEI and others have raised regarding certain elements of the table being unclear and requiring revision in order to be implemented. The Joint Filing Parties support EEI's proposed revised chart with the following exception: The upper voltage limit for a Very Small Generating Facility's eligibility in the Fast Track Process should be limited to 50 kV. In New York, 50 kV represents a reasonable threshold between 34.5 kV facilities that are largely used for distribution and sub-transmission and 69 kV facilities that are largely used for transmission. The Joint Filing Parties note that the system modifications and costs associated with a Very Small Generating Facility interconnecting to 69 kV facilities in New York can, depending on the circumstances, be as extensive as, if not more extensive, than an interconnection at voltages lower than 50 kV and will require careful evaluation by the Joint Filing Parties to ensure safety and reliability. Such requested interconnections should remain within the Study Process, which,

as described above, can still be streamlined to ensure a timely interconnection for a Very Small Generating Facility.

Second, the Commission proposes to revise Section 2.2.4, which currently provides that the Transmission Provider will provide the Interconnection Customer with the opportunity to attend a customer options meeting if the proposed interconnection fails the Fast Track screens, but the Transmission Provider “does not or cannot” determine that the facility could nevertheless interconnect consistently with safety, reliability, and power quality standards. In the NOPR, the Commission proposes to remove “does not.” It is unclear why the Commission proposes this deletion. The Joint Filing Parties request that the Commission retain “does not” to permit the Interconnection Customer to attend a customer options meeting in cases in which the Transmission Provider has the capability to, but does not, determine in its initial review that a Small Generating Facility can be interconnected consistent with safety, reliability, and power safety concerns.

C. Customer Options Meeting and Supplemental Review Process

The Joint Filing Parties request that the Commission consider the following comments and suggested clarifications and improvements to the Commission’s proposed revisions to Sections 2.4 and 2.5 of the *Pro Forma* Small Generator Interconnection Procedures to revise the customer options meeting and the supplemental review process following failure of the Fast Track screens.

1. Customer Options Meeting

The Commission proposes to revise Section 2.3.1 of the Small Generator Interconnection Procedures to require the Transmission Provider to provide the Interconnection Customer with an interconnection agreement if the Interconnection Customer agrees to pay for minor

modifications to the Transmission Provider's electric system. The Commission should clarify what falls within this group of "minor modifications" and specifically under the NYISO tariff, that such modifications only include upgrades that fall within the definition of Local System Upgrade Facilities. The Commission should also clarify the extent to which Security is required for such modifications.³³ The Commission should further clarify that the Transmission Provider will forward the Interconnection Customer an interconnection agreement that requires the Interconnection Customer to pay the costs of the required system modifications prior to interconnection. The Commission should make similar modifications to its proposed requirement in Section 2.4.2 regarding the provision of an Interconnection Agreement when the interconnection only requires minor modifications.

2. Supplemental Review

The Commission proposes to revise Section 2.4 to require that within fifteen (15) days of a Transmission Provider's offer to perform a supplemental review, the Interconnection Customer must agree in writing to the review and submit a \$2,500 fee or its Interconnection Request will be withdrawn. The Joint Filing Parties, at this time, estimate that the amount of time and resources required to perform the supplemental review will be equivalent to the time and resources required to perform an average Interconnection Feasibility Study for a Small Generating Facility, which on average costs approximately \$30,000. The Commission's proposed supplemental review fee, therefore, is insufficient to cover the costs for the work required for the supplemental review. The Commission should either adopt a higher supplemental review fee more in line with the required work to perform the screens, or retain the existing requirement that the Interconnection Customer provide a deposit for the estimated costs

³³ Under the NYISO's interconnection process, non-Local System Upgrade Facilities are identified, studied and cost allocated in the Class Year Interconnection Facilities Study process.

of the work, which would then be refunded, based on actual costs. If, in the future, the supplemental review can be completed with less work than an Interconnection Feasibility Study, the NYISO could consider requesting a change in the cost of a supplemental review.

In addition, as the supplemental review is an optional mechanism for potentially expediting the interconnection process, an Interconnection Customer's failure to agree and pay for this option should not lead to the withdrawal of its Interconnection Request. Rather, the Commission should amend this section to require that if an Interconnection Customer does not elect to follow through with this option by agreeing in writing and providing the supplemental review fee within fifteen days, its Interconnection Request will be directed to the Study Process for evaluation.

The Commission also proposes in the final sentence of Section 2.4.2 to require that an Interconnection Customer whose proposed interconnection requires more than minor modifications to the Transmission Provider's system "may" continue to be evaluated under the Study Process. Since such a project cannot proceed through the interconnection process without being reviewed under the Study Process, the Commission should clarify Section 2.4.2 to require that the Interconnection Customer's Interconnection Request "shall" be evaluated under the Study Process or will be withdrawn.

3. Supplemental Review Screens

With respect to the Commission's proposed supplemental review screens, the Joint Filing Parties note that the time required to perform the screens could better be expended on conducting an Interconnection Feasibility Study. A full Interconnection Feasibility Study could be performed in the same amount of time it would take to perform the proposed screens. Moreover, an Interconnection Feasibility Study is already well-defined in the *pro forma* procedures and the

parties have experience applying its standards. The Joint Filing Parties contend that an Interconnection Feasibility Study would better identify the resulting impacts of a project than the supplemental review screens. Requiring, instead, that the Joint Filing Parties perform additional screens could exacerbate, rather than mitigate, the time and costs associated with the interconnection process and would not preclude the possibility that the proposed Small Generating Facility may still be required to participate in the Study Process.

With regard to the specific supplemental review screens proposed in the NOPR, the Joint Filing Parties offer the following comments. First, the Commission's proposed Minimum Load Screen does not account for the fact that in New York minimum load data is not a critical system operating criteria and cannot be determined accurately as line section monitoring is typically unavailable. Second, with regard to the Voltage and Power Quality Screen and the Safety and Reliability Screen, the Joint Filing Parties are concerned that these screens could be passed for a single generator, but in the aggregate of all distributed generation in the area, would cause voltage and or power quality issues to neighboring customers.

D. Upgrades in the Facilities Study Agreement

The Joint Filing Parties request that the Commission consider the following comments and suggested clarifications and improvements to the Commission's proposed revisions to the Facilities Study Agreement in Attachment 8 of the *Pro Forma* Small Generator Interconnection Procedures.

First, with respect to the Commission's proposal to permit an Interconnection Customer to include comments in the facilities study report for its Small Generating Facility, it is not clear what the benefit is to include the Interconnection Customer's comments in the report itself. In fact, the NYISO – through an independent entity variation – did not adopt the option in Section

8.3 of the Commission's *pro forma* Standard Large Generator Interconnection Procedures for a developer to provide comments for inclusion in its facility study. Rather, developers of Large Generating Facilities have the opportunity to meet with the NYISO and the applicable New York Transmission Owner to discuss the results of the facilities study. Even though not reflected in the report, Interconnection Customers and Developers have ample opportunity to provide comments throughout the study process.

The Joint Filing Parties therefore request that the Commission limit the proposed revisions to providing a study report meeting in which the Interconnection Customer has the opportunity to discuss the results of the facilities study with the Transmission Provider. This would provide an opportunity for the Interconnection Customer to provide feedback without extending the interconnection process by a number of days or weeks or creating the expectation that the Transmission Provider will make changes to the facilities study based on the Interconnection Customer's comments. In addition, this more limited process would be consistent with the Commission's position that the procedures for Small Generating Facilities be shorter and less complex than the requirements for Large Generating Facilities. If, however, the Commission adopts the written comment requirement, the Commission should clarify that the Transmission Provider is not required to perform additional analysis or make other modifications based on the Interconnection Customer's comments, unless the Interconnection Customer agrees to pay for the additional studies required.

Second, the Commission has inserted its proposed revisions into Section 9.0 of the Facilities Study Agreement. Consistent with the similar procedures for Large Generator Facilities in Sections 8.3 and 8.4 of the Standard Large Generator Interconnection Agreement,

the Commission should insert any such requirements into Section 3.5 of the *Pro Forma* Small Generator Interconnection Procedures.

F. Other Revisions to the SGIP

The Joint Filing Parties provide the following comments and requested clarifications to the Commission’s additional corrections and clarifications.

First, the Commission proposes to revise Section 1.1.1 of the *Pro Forma* Interconnection Agreement to require that an Interconnection Customer that wishes to interconnect its Small Generating Facility using Network Resource Interconnection Service must do so under the Standard Large Generator Interconnection Procedures and must execute the Standard Large Generator Interconnection Agreement. This proposed revision could undermine the NYISO’s requirements in Section 32.1.1.7 of Attachment Z of the NYISO OATT that permit a Small Generating Facility to elect Capacity Resource Interconnection Service (“CRIS”) under the NYISO’s Small Generator Interconnection Procedures and to execute a Small Generator Interconnection Agreement. A Small Generating Facility project that elects CRIS must proceed through a Class Year study, along with Large Generating Facility projects.³⁴ However, the Small Generating Facility projects are not subject to the Large Generator Interconnection Procedures and are not required to execute the Large Generator Interconnection Agreement. Requiring Small Generating Facility projects to do so would greatly increase the time and expense of interconnecting such projects. The Commission should clarify that its proposed revisions will not disturb these existing procedures.

Second, the Commission also proposes to insert the definition of “Network Resource” and “Network Resource Interconnection Service” in Attachment 1 of the *Pro Forma* Small

³⁴ The NYISO’s Small Generator Interconnection Procedures differentiate between Small Generating Facility projects requiring Local System Upgrade Facilities and those requiring System Upgrade Facilities.

Generator Interconnection Procedures. These terms do not play a role in the NYISO's Small Generator Interconnection Procedures, which provide for the two levels of interconnection service in New York – Energy Resource Interconnection Service and CRIS.

Finally, the Commission proposes to insert the term “Distribution System” in Sections 1.1.1 and 3.1 of the *Pro Forma* Small Generator Interconnection Procedures and to replace “Transmission System” with “Distribution System” in Section 2.1. The Commission should clarify that the term “Distribution System” as used in these provisions is limited to distribution facilities that are subject to the Commission's jurisdiction. The NYISO's Small Generator Interconnection Procedures already expressly limit the term Distribution System to facilities subject to the Commission's jurisdiction.

G. Independent Entity Variations

In the NOPR, the Commission indicates that any Transmission Provider's modifications to the revisions to the *Pro Forma* Small Generator Interconnection Procedures set forth in the Commission's final rule must be “consistent with or superior to” the *pro forma* language.³⁵ Pursuant to its Order 2006, the Commission has permitted ISOs/RTOs with the flexibility to seek “independent entity variations” from its *Pro Forma* Small Generator Interconnection Procedures to address regional needs.³⁶ As the Commission stated in connection with the same requirement under Order 2003, “this is a balanced approach that recognizes that an RTO or ISO has different operating characteristics depending on its size and location and is less likely to act in an unduly discriminatory manner than a Transmission Provider that is a market participant.”³⁷ The Commission indicated that it would review such ISO/RTO revisions to “ensure that they do not

³⁵ FERC SGIA NOPR at P 51.

³⁶ Order No. 2006 at P 549.

³⁷ *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 104 FERC ¶ 61,103 (2003) at P 827.

provide an unwarranted opportunity for undue discrimination or result in an interconnection process that is unjust and unreasonable.”³⁸ The Joint Filing Parties request that the Commission clarify that consistent with its Order 2006 it will permit ISOs/RTOs to seek “independent entity variations” from any revisions to the *Pro Forma* Small Generator Interconnection Procedures to accommodate regional differences.

IV. COMMUNICATIONS

Communications regarding this filing should be directed to:

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³⁸ *Midwest Independent Transmission System Operator, Inc.*, 139 FERC ¶ 61,219 (2012) at P 9.

³⁹ Waiver of the Commission’s regulations (18 C.F.R. § 385.203(b)(3)) is requested to the extent necessary to permit service on counsel for the New York Transmission Owners in both New York and Washington, DC.

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V. CONCLUSION

WHEREFORE, the Joint Filing Parties respectfully request that the Commission consider these comments and adopt an approach that permits each region to identify and implement reforms specific to its circumstances.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 3rd day of June, 2013.

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