UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Small Generator Interconnection Agreements And Procedures	**)** **)** **)**	**Docket No. RM13-2-000**

COMMENTS OF ISO/RTO COUNCIL ON NOTICE OF PROPOSED RULEMAKING

The ISO/RTO Council ("IRC")[1] respectfully submits these comments in response to the January 17, 2013 Notice of Proposed Rulemaking issued by the Federal Energy Regulatory Commission ("FERC" or "Commission") in the above-referenced proceeding ("NOPR").[2] The IRC supports providing small generation projects an efficient process to interconnect. In the experience of IRC members throughout the nation, transmission providers have implemented varying procedures across different regions to streamline the interconnection of small generation projects. The IRC believes it is important to maintain regional flexibility and requests that the Commission allow each RTO and ISO to address specific issues in each of its regions, as necessary, rather than implement *pro forma* reforms to interconnection procedures that have already undergone different variations in each region.

To the extent the Commission does not allow for flexibility to implement region-specific reforms, the IRC offers suggestions for improving the pre-application report process. Various

[1] The IRC is comprised of the Alberta Electric System Operator ("AESO"), the California Independent System Operator Corporation ("CAISO"), the Electric Reliability Council of Texas, Inc. ("ERCOT") the Independent Electricity System Operator ("IESO"), ISO New England Inc. ("ISO-NE"), the Midcontinent Independent System Operator, Inc. ("MISO"), the New York Independent System Operator, Inc. ("NYISO"), PJM Interconnection, L.L.C. ("PJM") and the Southwest Power Pool, Inc. ("SPP"). ERCOT, AESO and IESO are not FERC-jurisdictional and are not joining these comments.

[2] Small Generator Interconnection Agreements and Procedures, Notice of Proposed Rulemaking, 142 FERC ¶ 61,049 (2013) ("NOPR"), 78 Fed. Reg. p.7,524 (Feb. 1, 2013).

IRC members may file separate comments that address the pre-application report proposal in more detail, as well as other aspects of the NOPR.

I. COMMENTS

A. Current ISO/RTO Small Generator Interconnection Processes Support Timely and Efficient Processing of Small Generator Interconnection Requests

The NOPR states the proposed reforms are intended to reduce the time and cost for small generator interconnection requests, and it cites market changes and the increase in solar photovoltaic installations as driving the need for reforms at this time.[3] The IRC understands the need to ensure small generators are afforded the opportunity to interconnect in a timely and cost effective manner. IRC members already apply their current procedures consistent with this objective.

For instance, to date, every proposed small generation project in the NYISO interconnection queue has been able to forgo at least one of the interconnection studies and has not been required to go through the full study process. PJM's process allows for combined studies which result in those projects – typically small generation projects -- moving more quickly through the queue. PJM also allows the facilities study to be waived and for projects in the fast track to be expedited ahead of larger projects. Similarly, ISO-NE allows for the feasibility study to be included as part of the system impact study and will waive facilities studies where appropriate. MISO's provides a "first ready, first served" process that permits projects that are ready to proceed to move through the queue and be studied more swiftly if they are prepared to do so. The CAISO currently applies a 5MW eligibility screen for projects to qualify for fast track interconnection.

[3] NOPR at PP 2, 4.

However, a streamlined process does not necessarily result in generating projects reaching commercial operation. In some cases, projects may move quickly through the queue, but stall before reaching commercial operation and ultimately withdraw.[4] This appears to be the result of economic or other factors unrelated to cost or efficiency of the interconnection process itself.

B. The Final Rule Should Allow For Regional Flexibility

The Commission has recognized regional flexibility is desirable in some circumstances, rather than proscribing a uniform approach across the country.[5] The IRC members continuously review their interconnection processes for both small and large generator interconnections to improve transparency and efficiency where identified issues exist and to meet ever-changing challenges.[6] The IRC members request the Commission order a similar approach here –

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[4] For instance, FERC has accepted PJM's termination of Interconnection Service Agreements and Wholesale Market Participation Agreements recently in Docket Nos. ER13-814-000, ER13-861-000, ER13-877-000, ER13-890-000, ER13-892-000, ER13-893-000, ER13-1308-000, and ER13-1224-000. Similarly, FERC has accepted MISO's termination of Generator Interconnection Agreements for five projects over the last several months in Docket Nos. ER13-1074; ER13-940-000; ER13-886-000; ER13-14-000; and ER13-30-000.

[5] *See, e.g., Interconnection Queuing Practices*, Order on Technical Conference, 122 FERC ¶ 61,252 at P 3 (2008) ("Queuing Practices Order"); *Long-Term Firm Transmission Rights in Organized Electricity Markets*, Order No. 681, FERC Stats. & Regs. ¶ 31,226 (2006) (stating a flexible approach is appropriate because "there is no 'one size fits all' long-term firm transmission right design that could be implemented in each of the various transmission organization markets."), *order on reh'g*, Order No. 681-A, 117 FERC ¶ 61,201 (2006), *order on reh'g and clarification*, Order No. 681-B, 126 FERC ¶ 61,254 (2009); *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000 at P 61, FERC Stats. & Regs. ¶ 31,323 (2011) (stating each transmission planning region has unique characteristics, and, therefore, Order No. 1000 accords transmission planning regions significant flexibility to tailor regional transmission planning and cost allocation processes to accommodate regional differences), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012).

[6] *See, e.g., PJM Interconnection, L.L.C., PJM Interconnection, L.L.C.*, Letter Order, Docket No. EL08-36-000 (issued Aug. 19, 2008)*; PJM Interconnection, L.L.C.*, Letter Order, Docket No. ER09-26-000 (issued Nov. 6, 2008); *PJM Interconnection, L.L.C.*, Letter Order, Docket No. ER09-755-000 (issued Mar. 25, 2009)*; PJM Interconnection, L.L.C.*, Letter Order, Docket No. ER09-978-001 (Aug. 17, 2009); *PJM Interconnection, L.L.C.*, Letter Order, Docket No. ER11-3085-000 (issued May 5, 2011); *PJM Interconnection, L.L.C.*, 139 FERC ¶ 61,079, *Letter Order accepting compliance filing*, Docket No. ER12-117-001 (issued Aug. 28, 2012) ; *New York Independent System Operator, Inc.*,135 FERC ¶ 61,014 (2011); *New York Independent System Operator, Inc.*, 142 FERC ¶ 61,113 (2013); *Midwest Independent Transmission System Operator, Inc.*, 124 FERC ¶ 61,183 (2008), *order on rehearing*, 127 FERC ¶ 61,294 (2009), *order on compliance and requiring further compliance*, 127 FERC ¶ 61,295 (2009).

requiring each IRC member to review and assess its interconnection process in light of the Commission's guidance in the NOPR, and propose specific improvements, as necessary, in their respective regions.

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. Certain regions receive larger number of requests to interconnect small generating facilities to Commission jurisdictional facilities than others. Moreover, certain regions have experienced recent surges of such requests as the result of state renewable portfolio requirements. As the Commission has previously recognized, "[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."[7] As a result, the regions have implemented different procedures. For instance, MISO has found that its pre-application meeting process is utilized by developers to gain general information about the system where they are potentially going to interconnect, such as facility loadings, instability, short circuit and voltage issues, power quality issues including voltage flicker, and harmonics.[8] Contrast that with the NYISO in which Interconnection Customers have rarely, if ever used the existing pre-application process. This is largely because of the readily available information on the NYISO public web site and other sources of information available to potential customers through the NYISO's Critical Energy Infrastructure Information request procedures. Earlier this year, CAISO commenced an initiative

[7] Queuing Practices Order at P 8,

[8] MISO Tariff Attachment X, Section 6.1

to examine interconnection procedures enhancements, including refinements to its fast track screens.[9]

Relevant to this proceeding, 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.[10] However, rather than requiring a single approach, the Commission allowed each RTO and ISO to address specific issues in each of its regions. 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 solution involves a balancing of interests. Therefore, we urge the RTOs and ISOs to work with their stakeholders to develop consensus proposals.[11]

The Commission informed the ISOs/RTOs that it was open to a range of possible variations to address the identified issue.[12]

Just like the Commission did in its Queuing Practices Order, the IRC requests the Commission allow for individually tailored modifications, as needed, on a region-by-region basis. The Commission already has accepted various tariff proposals that modify the small generator interconnection process to meet identified needs in various regions. For example,

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[9] CAISO Interconnection Process Enhancements Scoping Proposal, dated April 8, 2013 which can be found at the following URL: http://www.caiso.com/Documents/ScopingProposal-InterconnectionProcessEnhancements.pdf

[10] Queuing Practices order at P 3.

[11] *Id.* at P 8.

[12] *Id.* at P 15.

among its most recent interconnection process improvement filings, the NYISO modified its tariff to limit the circumstances under which a small generating facility is required to enter the Class Year Interconnection Facilities Study process, resulting in fewer small generating projects having to incur study costs from such study.[13] PJM adopted an alternate queue process whereby small generators with no impact on the PJM monitored transmission system are placed in an alternate queue process and proceed on a path that is not dependent on the timing or cost allocation of projects remaining in the main queue.[14] MISO merged its large and small generator procedures, effectively adjusting the costs downward for smaller generators.[15] To the extent the Commission's final rule in this proceeding adopts a reform that would impact a previously-approved modification in small generator procedures, the IRC asks that the final rule allow for flexibility to maintain those processes.

C. Specific Comments on the Pre-Application Report Proposal

The NOPR proposes that a potential interconnection customer can request for a $300 fee a pre-application report that will provide it with various categories of information[16] related to the requestor's specified point of interconnection. This report is to be based on readily available

[13] *New York Independent System Operator, Inc.*, 135 FERC ¶ 61,014 (2011). *See also New York Independent System Operator, Inc.*, 142 FERC ¶ 61,113 (2013) (accepting clarifications to improve the small generator interconnection procedures).

[14] *PJM Interconnection, L.L.C.*, 139 FERC ¶ 61,079, *Letter Order accepting compliance filing*, Docket No. ER12-117-001 (issued Aug. 28, 2012)

[15] *See Midwest Independent Transmission System Operator, Inc.*, 124 FERC ¶ 61,183 (2008), *order on rehearing*, 127 FERC ¶ 61,294 (2009), *order on compliance and requiring further compliance*, 127 FERC ¶ 61,295 (2009).

[16] Information is to include: (a) Total capacity and available capacity of the facilities that serve the Point of Interconnection; (b) Existing and queued generation at the facilities likely serving the Point of Interconnection; (c) Voltage of the facilities that serve the Point of Interconnection; (d) Circuit distance between the proposed Point of Interconnection and the substation likely to serve the Point of Interconnection (Substation); (e) Number and rating of protective devices and number and type of voltage regulating devices between the proposed Point of Interconnection and the Substation; (f) Number of phases available at the proposed Point of Interconnection; (g) Limiting conductor ratings from the proposed Point of Interconnection to the Substation; (h) Peak and minimum load data; and (i). Existing or known constraints associated with the Point of Interconnection. NOPR at P 28.

information and is to be circulated in 10 business days.[17] The IRC is concerned the proposed pre-application process may produce reports that are not actionable and will create false expectations on the part of potential interconnection customers that could ultimately add more administrative burden – taking away from actual interconnection projects – with little benefit.[18] As explained above, any final rule in this proceeding should allow for regional flexibility and allow transmission providers to maintain current processes which already allow for efficient and timely interconnection studies. However, the IRC believes the Commission can refine the proposed pre-application process to increase the usefulness of these reports should the Commission decline to allow for regional flexibility in its final rule.

The IRC recognizes the value of providing developers with accurate information and the IRC members offer various opportunities for potential interconnection customers to ask questions and seek additional information. Indeed, the current processes already support this. There is also information available to potential interconnection customers through the IRC members' websites related to type, amount, and location of projects that are already interconnected or that are being studied in the queue.[19] Feasibility and impact study reports contain information about constraints and other limiting factors that can be useful to potential interconnection customers. As noted above, MISO holds pre-application meetings; PJM engages

[17] NOPR at PP 26-29.

[18] The proposed pre-application process is modeled on the State of California's Rule 21 settlement. NOPR at P 27. The Rule 21 process was implemented in September 2012 and, at least at the time of the Commission's March 27, 2013 workshop in this proceeding, it was too early to tell if the Rule 21 pre-application process is leading to better interconnection request decisions or to more generation going through the process and being built.

[19] *See, e.g.*, http://www.pjm.com/planning/generation-interconnection/generation-queue-active.aspx; http://www.nyiso.com/public/webdocs/services/planning/nyiso_interconnection_queue/nyiso_interconnection_queue.xls; http://www.iso-ne.com/genrtion_resrcs/nwgen_inter/status/index.html

in phone and email communications with potential interconnection customers; ISO-NE and NYISO engage in informal discussions with potential customers.

The IRC appreciates language in the proposed rule that provides: (1) the report is to be based on readily available information and no new analysis shall be performed; (2) the information about available capacity does not imply there will be no impacts; and (3) the report is based on best available information at the time of the pre-application report request and may become outdated at the time the developer submits an interconnection request.[20] Additionally, the IRC offers the following suggestions that could result in a more effective pre-application process.

Need for a Standard Request Form – The NOPR proposes that a potential interconnection customer seeking a pre-application report submit a request that includes "a proposed Point of Interconnection, which shall be defined sufficiently to clearly identify the location of the proposed Point of Interconnection."[21] The IRC believes more information than just the proposed point of interconnection is needed to process such requests. Such information should include project contact information as well as other identifying information, such as details about the proposed location, type of generation, size of the generator, and other related information. Requiring this information may increase the likelihood that there is an actual project proposed rather than merely a request for system information. Further, this information can help transmission providers determine if the request is subject to the FERC interconnection

[20] *See* NOPR, Appendix C, Section 1.2.4 which provides "The provision of information on 'available capacity' pursuant to section 1.2.3.4 does not imply that an interconnection up to this level may be completed without impacts since there are many variables studied as part of the interconnection review process, and data provided in the pre-application report may become outdated at the time of the submission of the complete Interconnection Request. Notwithstanding any of the provisions of this section, the Transmission Provider shall, in good faith, include data in the pre-application report that represents that best available information at the time of reporting."

[21] NOPR, Appendix C., Section 1.2.2

process or whether it should be considered under a state interconnection process. The IRC supports including a standard request form in each transmission provider's tariff. However, the final rule should allow the request form to vary by region if needed.

15-20 Business Days Needed To Process Request, Particularly In An ISO or RTO Region -- The NOPR proposes the transmission provider produce the pre-application report within 10 business days.[22] This is not enough time, particularly in an ISO or RTO region where the ISO/RTO will need to coordinate with the appropriate transmission owner. The IRC asks that the Final Rule allow for flexibility for each region to propose a specific time frame that makes sense for its region for the same reasons discussed previously, but suggests more than 10 business days may be necessary to accomplish the following steps which are likely to take place: An ISO/RTO will receive a pre-application report request and it will need a reasonable amount of time to process and send it to the appropriate transmission owner (3-5 business days). Next, the transmission owner will need a reasonable amount of time to review the request, pull the relevant information, fill in the report and send it back to the ISO/RTO (5-7 business days). The ISO/RTO will then need to review it, consult with the transmission owner over any questions, fill in any missing information to the extent that it can do so, and send it back to the potential interconnection customer (5-7 business days). In some instances, the pre-application report request may trigger the need for the potential interconnection customer to sign a critical energy infrastructure information non-disclosure agreement. Although the timeframes may seem long for a report that is to be based on readily available information, allowing for this time acknowledges the reality that the same employees who are administering the study process for queued interconnection projects will administer this process as well and will need to manage the

[22] NOPR at P 28 & Appendix C, Section 1.2.2

pre-application report requests alongside of its existing project load. To that end, the IRC also asks that the Final Rule confirm that the reasonable efforts standard included in SGIP Section 4.1 will apply to the pre-application report process to allow for additional time as needed.

Clarity is Needed About What is Considered Readily Available – The NOPR provides a transmission provider is not obligated to conduct a study or other analysis of the proposed generator in the event information is not readily available.[23] As noted above, the IRC appreciates this report should include readily available information and no additional analysis or study is required of the transmission provider. But this directive may subject transmission providers (and the transmission owners who will actually prepare the reports in ISO or RTO regions) to claims they are not providing all information that is readily available. For this reason, allowing each region to specify what information is actually available in a pre-application process to assist prospective interconnection customers will create greater certainty for both transmission providers and developers.

Limitation of Post-Report Analysis – The NOPR does not provide for any post-report process. Based on experience, the IRC believes it is inevitable the potential interconnection customers will have one or more questions about the pre-application report. While the IRC would not object to a single follow-up conference call with the transmission provider and transmission owner to discuss the information provided in the pre-application report, the IRC would not support a post-report analysis of the information provided in the report. Therefore, the IRC asks the Commission to clearly state in Section 1.2.4 or add a new section 1.2.5 to provide: "Any further analysis related to the proposed generator or in follow-up to the information

[23] NOPR at P 27; Appendix C, Section 1.2.4.

contained in the report shall be conducted pursuant to an Interconnection Request submitted in accordance with Section 1.3."

II. CONCLUSION

WHEREFORE, the IRC respectfully asks that the Commission allow for regional flexibility in proposing and implementing proposed modifications to each region's Small Generator Interconnection Procedures, as necessary, to address the concerns the Commission enunciated in the NOPR. To the extent the Commission declines such request, the IRC respectfully requests that the Commission consider the modifications to the pre-application report as stated herein.

Respectfully submitted,

/s/ *Anna McKenna*
Nancy Saracino
General Counsel
Anthony Ivancovich
Deputy General Counsel, Regulatory*
Anna McKenna
Assistant General Counsel, Regulatory
California Independent System Operator Corporation
250 Outcropping Way
Folsom, California 95630
amckenna@caiso.com

/s/ Carl F. Patka
Carl F. Patka*
Assistant General Counsel
Raymond Stalter
Director of Regulatory Affairs
Sara B. Keegan,* Senior Attorney
New York Independent System Operator, Inc.
10 Krey Blvd
Rensselaer, New York 12144
cpatka@nyiso.com

/s/ Theodore J. Paradise
Raymond W. Hepper
Vice President, General Counsel, and Secretary
Theodore J. Paradise*
Assistant General Counsel, Operations and Planning
ISO New England Inc.
One Sullivan Road
Holyoke, Massachusetts 01040
tparadise@iso-ne.com

/s/ Craig Glazer
Craig Glazer*
Vice President-Federal Government Policy
Jennifer H. Tribulski,* Senior Counsel
PJM Interconnection, L.L.C.
Suite 600
1200 G Street, N.W.
Washington, D.C. 20005
202-423-4743
glazec@pjm.com

/s/ Stephen G. Kozey
Stephen G. Kozey*
Vice President, General Counsel, and Secretary
Midcontinent Independent System Operator, Inc.
P.O. Box 4202
Carmel, Indiana 46082-4202
skozey@midwestiso.org

/s/ Paul Suskie
Paul Suskie*
Sr. VP Regulatory Policy & General Counsel
Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, Arkansas 72223-4936
psuskie@spp.org

*Designated to receive service

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