



FERC Urged To Revise Generator Interconnection Procedures and Agreement

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It has been over twelve years since the Federal Energy Regulatory Commission (FERC) issued the *pro forma* Large Generator Interconnection Procedures (LGIP) and *pro forma* Large Generator Interconnection Agreement (LGIA) for generators larger than 20 megawatts[1] In addition, it has been more than seven years since FERC addressed interconnection queuing practices[2] With that backdrop, the American Wind Energy Association (AWEA) has filed a Petition requesting FERC to initiate a rulemaking and revise the LGIP and LGIA. AWEA asserts that circumstances have changed in ways that FERC could not have foreseen and declared that the "time is ripe" for FERC to implement regulatory and policy changes to address "unduly discriminatory and unreasonable barriers to generator market access that inhibit the development of electric generation". A copy of the AWEA Petition may be found here.

AWEA's Request To Modify the LGIP and LGIA. AWEA stressed that interconnection requests often result in "complex, time consuming technical disputes about interconnection feasibility, cost, and cost responsibility" and that the resultant delay in processing interconnection requests undermines the ability of new generators to compete. Moreover, delays and inaccuracies in individual interconnection studies and lack of accurate and timely information for interconnection customers not only stall interconnection but can result in viable projects never being developed. AWEA also contended that generators that are unsuccessful in securing a timely, cost-effective interconnection generally do not consider the Section 206 compliant process as a practical method to resolve these issues.

As such, AWEA requested FERC to adopt reforms that would add more certainty to regulatory and administrative treatment in the interconnection process. AWEA proposed specific changes to the *pro forma* LGIP and LGIA that fall into the following four general categories:

1. Improve certainty in the study/restudy process:
 - a. Require timely and accurate studies and restudies.

- b. Create an enforceable obligation to provide timely study/restudy results.
 - c. Limit restudies to a one per year or provide cost-certainty that would eliminate the need for restudies.
 - d. Require the inclusion in studies, and the LGIA, of only those contingent facilities that are shown to be electrically relevant to an Interconnection Customer's project.
 - e. Require the Transmission Provider to provide cost estimate information earlier in the study process.
 - f. Require the Transmission Provider to list standardized study costs and allow recovery of those costs up to a stated cost accuracy margin listed in its LGIP absent demonstrated extraordinary circumstances beyond the Transmission Provider's control.
2. Provide more transparency in the interconnection process:
 - a. Require the Transmission Provider to provide more information about its interconnection study assumptions.
 - b. Require curtailment risk information to be provided on a Transmission Provider's website and in interconnection studies.
 - c. Allow an Interconnection Customer to use its interconnection capacity through two or more phases, and in two or more LGIAs, and provide for full reimbursement if the capacity is terminated and used by another customer.
 3. Create more certainty on network upgrade costs:
 - a. Require the costs for interconnection facilities and network upgrades to be capped at stated accuracy margins absent demonstrated extraordinary circumstances.
 - b. Allow a Transmission Provider to fund network upgrades (self-funding) only if agreed to by the Interconnection Customer.
 - c. Require compensation for network upgrades that benefit later Interconnection Customers and network users.
 - d. Require the Transmission Provider to follow a consistent process and cost methodology for the Interconnection Customer to fund additional, restorative network upgrades.
 4. Requiring a Transmission Provider to pay liquidated damages to the Interconnection Customer when the Transmission Provider fails to provide timely or accurate interconnection studies.

Parties in Support. Numerous parties have intervened and filed comments with FERC in support of AWEA's efforts to modify the LGIP and LGIA. For example, in addition to many wind project developers, wind generation owners, wind turbine manufacturers ? various renewable energy developers and associations ? including seven Public Interest Organizations, the Solar Energy Industries Association and several solar project developers have filed in support of AWEA's Petition.

Parties Opposed to Rulemaking. Numerous other parties have filed interventions and comments with FERC opposing AWEA's Petition. Entities in that camp include: several utilities and the following six

independent system operators: the California Independent System Operator Corporation (CAISO), 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). These ISOs have requested FERC to reject the Petition and direct AWEA and its members to address their interconnection concerns by participating in a regional stakeholder processes.

All Parties Await FERC's Response. All interested parties await FERC's response to AWEA's request to initiate a notice of proposed rulemaking to revise the *pro forma* LGIP and LGIA. FERC has often initiated a technical conference before conducting a proposed rulemaking in similar situations. AWEA has asserted that it would support a technical conference approach if FERC believes such a conference would aid its decision-making process.

[1] *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), *cert. denied*, 552 U.S. 1230, (Feb. 25, 2008).

[2] *Order on Technical Conference*, 122 FERC ¶ 61,252 (2008).

Related People

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