FERC Proposes Reforms to Large Generator Interconnection

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Late in 2016, the Federal Energy Regulatory Commission (FERC) issued a Notice of Proposed Rulemaking (Proposed Rule),[1] which contemplates revising the pro forma Large Generator Interconnection Procedures (LGIP), the pro forma Large Generator Interconnection Agreement (LGIA) and related FERC?s regulations.[2] The FERC preliminarily found that certain interconnection practices may not be just and reasonable and may be unduly discriminatory or preferential and proposes several potential reforms. As such, FERC?s Proposed Rule includes 14 changes to the LGIP and LGIA and FERC?s regulations. In response to FERC?s Proposed Rule, more than 70 entities submitted comments.

FERC has not yet issued a Final Order regarding the Proposed Rule. However, since six months have passed since FERC issued the Proposed Rule, it may be helpful to revisit the 14 proposed modifications. FERC grouped its proposed modifications into the following 3 general categories: (A) improving certainty in the interconnection process, (B) improving transparency by providing more information to interconnection customers, and (C) enhancing interconnection processes.

A. Improve Certainty

FERC proposed 4 reforms aimed at improving certainty in the interconnection process. (1) revisions to the LGIP to require transmission providers that conduct cluster studies to move toward a scheduled, periodic restudy process; (2) remove from the LGIA the limitation that interconnection customers may only exercise the option to build transmission provider?s interconnection facilities and stand alone network upgrades if the transmission owner cannot meet the dates proposed by the interconnection customer; (3) modify the LGIA to require mutual agreement between the transmission owner and interconnection customer for the transmission owner to opt to initially self-fund the costs of the construction of network upgrades; and (4) require that the Regional Transmission Organizations (RTO) and Independent System Operators (ISO) establish dispute resolution procedures for interconnection disputes. FERC also sought comments regarding the extent to which a cap on network upgrade costs for which interconnection customers are responsible can mitigate the potential for serial restudies

without inappropriately shifting cost responsibility.

B. Improve Transparency

FERC proposed the following 5 reforms to improve transparency: ?(1) require transmission providers to outline and make public a method for determining contingent facilities in their LGIPs and LGIAs?; (2) require transmission providers to list in their LGIPs and on their Open Access SameTime Information System (OASIS) sites the specific study processes and assumptions for forming the networking models used for interconnection studies; (3) require congestion and curtailment information to be posted in one location on each transmission provider?s OASIS site; (4) revise the definition of ?Generating Facility? in the LGIP and LGIA to explicitly include electric storage resources; and (5) create a system of reporting requirements for aggregate interconnection study performance.? FERC also requested comment concerning additional steps FERC could take to improve the resolution of issues that arise when affected systems are impacted by a proposed interconnection.

C. Enhance Process

FERC proposed the following 5 reforms to enhance interconnection processes: ?(1) allow interconnection customers to limit their requested level of interconnection service below their generating facility capacity; (2) require transmission providers to allow for provisional agreements so that interconnection customers can operate on a limited basis prior to completion of the full interconnection process; (3) require transmission providers to create a process for interconnection customers to utilize surplus interconnection service at existing interconnection points; (4) require transmission providers to set forth a separate procedure to allow transmission providers to assess and, if necessary, study an interconnection customer?s technology changes (*e.g.*, incorporation of a newer turbine model) without a change to the interconnection customer?s queue position; and (5) require transmission providers to evaluate their methods for modeling electric storage resources for interconnection studies and report to FERC why and how their existing practices are or are not sufficient.

We will send an update when FERC issues its Final Rule in this matter.

[1] *Reform of Generator Interconnection Procedures and Agreements,* Notice of Proposed Rulemaking, (December 15, 2016), RM17-8-000, 157 FERC ¶ 61,212 (NOPR).

[2] Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003) (Order No. 2003), *order on reh?g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 (Order No. 2003-A), *order on reh?g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004) (Order No. 2003-B), *order on reh?g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005)

(Order No. 2003-C), *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 (2008).

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