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Staff Presentation | NOPR on Improvements to Generator Interconnection Procedures and Agreements

June 16, 2022

Docket No RM22-14-000

Item E-1 | News Release

Item E-1 is a draft Notice of Proposed Rulemaking [NOPR], to be issued pursuant to section 206 of the Federal Power Act, which proposes to reform the Commission's standard generator interconnection procedures and agreements. The proposed reforms are intended to address interconnection queue backlogs, improve certainty, and prevent undue discrimination for new technologies to ensure that the *pro forma* generator interconnection procedures are just and reasonable and not unduly discriminatory or preferential.

Today's draft NOPR builds on Commission Order Nos. 2003 and 2006, in which the Commission first required public utility transmission providers to adopt its standard procedures and agreements for interconnecting large and small generating facilities, and Commission Order No. 845, in which the Commission revised those procedures and agreements. The electricity sector has transformed significantly since the Commission established the *pro forma* documents and has continued to change from the time Order No. 845 was issued. The growth of new resources seeking to interconnect to the transmission system coupled with the existing serial first-come, first-served interconnection study process has created large interconnection queue backlogs and uncertainty regarding the cost and timing of interconnecting to the transmission system, potentially increasing costs for consumers. Backlogs in the generator interconnection queue, in turn, can create reliability issues as needed new generating facilities are unable to reach commercial operation in an efficient and timely manner. Accordingly, the draft NOPR proposes reforms to revise the *pro forma* generator interconnection procedures and agreements to increase the speed and efficiency of interconnection queue processing by, among other things, requiring public utility transmission providers to adopt a first-ready, first-served cluster study process.

The draft NOPR proposes to require public utility transmission providers to eliminate the serial first-come, first-served study process currently required by the Commission's existing standard generator interconnection procedures and instead use a first-ready, first-served cluster study process. A first-ready, first-served cluster study process is a more efficient way of processing a large interconnection queue because it allows transmission providers to study numerous proposed generating facilities at the same time, rather than study each individual interconnection customer's request separately and serially. Additionally, conducting a single cluster study and cluster restudy each year can minimize delays that can arise from proposed generating facility interdependencies and minimize the risk of cascading restudies when a higher-queued interconnection customer withdraws.

As part of the proposed first-ready, first-served cluster study process, the draft NOPR proposes more stringent financial commitments and readiness requirements for interconnection customers to remain in the interconnection queue. The draft NOPR preliminarily finds that these proposed reforms will discourage speculative interconnection requests and allow transmission providers to focus on processing interconnection requests that have a greater chance of reaching commercial operation. These proposed reforms pertain to study deposit amounts, site control demonstration, required commercial readiness milestones, and withdrawal penalties. The draft NOPR also proposes a transition process whereby certain late-stage customers will be allowed to proceed under the existing interconnection process.

The reforms proposed in this draft NOPR also endeavor to increase the speed of interconnection queue processing by eliminating the "reasonable efforts" standard for completing interconnection studies, implementing an affected systems study process, and offering an optional resource solicitation study process. First, the reforms proposed in this draft NOPR would impose firm study deadlines on public utility transmission providers by eliminating the reasonable efforts standard. As proposed in the draft NOPR, those public utility transmission providers who fail to meet their study deadlines would be subject to penalties in certain instances. Second, the draft NOPR proposes to require public utility transmission providers to use a standardized and transparent affected systems study process. Finally, the draft NOPR also proposes to require public utility transmission providers to offer an optional resource solicitation study process to allow a resource planning entity to obtain better information about the interconnection costs of different combinations of projects that may be selected in a state resource solicitation process or qualifying resource plan.

The draft NOPR also proposes reforms to incorporate technological advancements into the interconnection process. Specifically, the draft NOPR proposes to require public utility transmission providers to allow more than one resource to co-locate on a shared site behind a single point of interconnection and share a single interconnection request; to evaluate the proposed addition of a generating facility to an interconnection request as long as the

interconnection customer does not request a change to the originally requested interconnection service level; to allow interconnection customers to access the existing surplus interconnection service process sooner once the original interconnection customer has an executed interconnection agreement or requests the filing of an unexecuted one; to use operating assumptions for interconnection studies that reflect the proposed operation of a generating facility; and to evaluate alternative transmission solutions upon request of the transmission customer. The draft NOPR also proposes to require interconnection customers requesting to interconnect a non-synchronous generating facility to include in the interconnection request the models needed for accurate interconnection studies and to require such generating facilities to ride-through abnormal frequency and voltage conditions to address challenges associated with momentary cessation.

The draft NOPR seeks comment on the proposed reforms and encourages commenters to identify enhancements that could further improve the generator interconnection process. Comments are due 100 days after publication in the Federal Register and reply comments are due 130 days after publication in the Federal Register.

Thank you, this concludes our presentation. We are happy to address any questions.

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