Generator Interconnection: *Current Issues at FERC*

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Quick Disclaimers

- My comments today represent only my opinion and do not necessarily represent the opinions of any Commissioners or of the Commission staff

- *Ex-parte* rules preclude me from discussing pending contested proceedings before FERC

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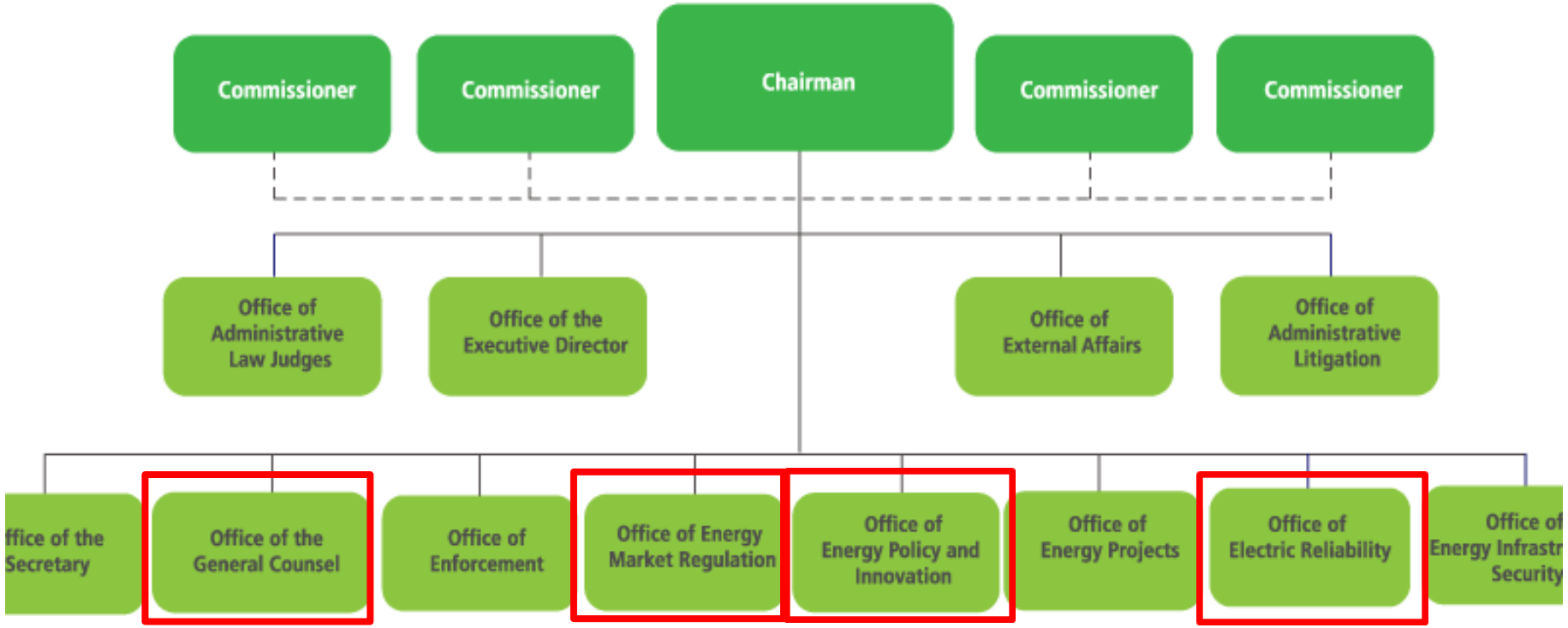
Federal Energy Regulatory Commission



FERC Jurisdiction over Interconnection

- FERC's "bread-and-butter" – regulation of public utility transmission in interstate commerce and sales for resale in interstate commerce:
  - Rates, terms and conditions for transmission of electric energy in interstate commerce by public utilities – FPA 201, 205, 206
  - Rates, terms, and conditions for sales of electric energy at wholesale in interstate commerce by public utilities – FPA 201, 205, 206
  - FERC has exclusive jurisdiction over the "transmission of electric energy in interstate commerce," the "sale of electric energy at wholesale in interstate commerce," and "all facilities for such transmission or sale of electric energy." FPA 201(b)

- FERC does NOT regulate (not exhaustive list):
  - Local distribution
  - What generation gets built
  - What transmission gets build

FERC Jurisdiction over Interconnection

- Order No. 888 (1996)
  - Required public utilities to file Open Access Transmission Tariffs (OATTs).
  - Removed impediments to wholesale power competition to bring more efficient, low-cost power to electricity consumers.
- Tennessee Power Company (90 FERC ¶ 61,238) (2002)
  - FERC clarified interconnection is a critical component of open access transmission service and is subject to the requirement that utilities offer comparable service under the OATT.
  - The Commission encouraged (but did not require) transmission providers to revise their OATs to include interconnection procedures (including a standard agreement, procedures, milestones, and timelines for evaluating interconnection requests).
- Order No. 2003 (2003)
  - Standardized interconnection procedures and agreements for large generators (20MW or greater)

Standard Interconnection Procedures

Commission-issued core guidance for interconnection:

1. Standard Large Generator Interconnection Procedures (LGIP) and Agreements (LGIA) - For the interconnection of generators larger than 20 megawatts.

2. Standard Small Generator Interconnection Procedures (SGIP) and Agreements (SGIA) – For the interconnection of small generators no larger than 20 megawatts to jurisdictional transmission facilities.

A standard set of procedures were thought to:

- Protect system reliability
- Guard against undue discrimination
- Expedite the development of new generation
- Ensure that rates are just and reasonable

Current Issues with Generator Interconnection

- Queue backlogs & delays
  - For the five RTOs/ISOs where data were available, only about 24% of projects that entered the interconnection queue from 2000-2015 reached commercial operation.
  - For the four RTOs/ISOs where data were available, the average time projects spent in the interconnection queues before being constructed increased from 1.9 years for projects built in 2000-2009 up to 3.5 years for those built in 2010-2020.
    - *Queued Up*, Lawrence Berkeley National Laboratory, at 8 (May 2021).
- Restudy loops
- Uncertainty regarding costs to interconnect
- Uncertainty regarding timeline to interconnect
- Affected systems coordination
- Separation of Interconnection & Transmission planning processes

So, what can FERC do?

- On July 15, 2021, the Commission issued an ANOPR on **Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection** in Docket No. RM21-17.

- The Commission found several issues contributed to the potential need for reform:
  - Rapidly changing generation mix and renewables coming online at an unprecedented rate
  - Concern that existing regional transmission planning processes may be siloed, fragmented, and not sufficiently forward-looking
  - Approach to cost allocation failing to adequately identify benefits for purposes of allocating transmission infrastructure costs
  - Potential need for greater oversight of transmission investment

Transmission/Interconnection ANOPR

Potential Reforms Identified:

- Regional Transmission Planning and Cost Allocation Processes
  - Plan for future anticipated generation (not in the interconnection queue)
  - Consider broader range of benefits from regional transmission facilities, and plan for a portfolio of regional transmission facilities
- Interconnection Related Network Upgrade Reforms
  - Participant funding
  - Crediting policy outside of RTO/ISOs
  - Additional interconnection reforms (first-ready, first-served; cluster studies; enhanced milestones)

Transmission/Interconnection ANOPR *What's Next?*

- Initial/Reply comments in RM21-17-000 (submitted)
- Meetings with Joint FERC-NARUC Task Force (ongoing)

Next:

- One or more Notices of Proposed Rulemaking (NOPR)
  - Opportunity for additional comment on FERC proposal(s)
- Final Rule to follow NOPR

Questions?

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