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FERC Interconnection NOPR Proposes Various Reforms

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Executive Summary

On June 16, the Federal Energy Regulatory Commission (FERC or Commission) issued a Notice of Proposed Rulemaking (NOPR) focused on updating procedures for interconnecting large generating facilities (20MW and above) and small generating facilities (under 20MW). The NOPR proposes significant updates to FERC's *pro forma* interconnection procedures, which were first established in the early 2000s. In the intervening years, however, the nation's generation fleet has evolved, new technologies have emerged, and interconnection wait-times have steadily increased. The NOPR proposes various reforms to help address growing interconnection queue backlogs and process delays. **Comments are due 100 days after the NOPR's publication in the *Federal Register*. Reply comments are due 130 days after publication in the *Federal Register.***

Below is a summary of the primary reforms outlined in the NOPR, which fall into three broad categories: (1) implement a first-ready, first-served cluster study process; (2) increase the speed of interconnection queue processing; and (3) incorporate technological advancements into the interconnection process. FERC's proposed reforms are discussed further in the full summary, linked below.

- **Transitioning from a First-Come, First-Served Serial Process to a First-Ready, First-Served Cluster Study Process**.

  Facilitating Interconnection Information Access: The NOPR proposes (1) to allow interconnection customers to request informational interconnection studies, and (2) to require transmission providers to publicly post an interactive visual representation of available interconnection capacity.

  Cluster Study: The NOPR proposes to eliminate the feasibility study option and adopts an annual cluster study process to be completed in 150 days, which includes individualized facilities studies. Relatedly, study deposits would be increased, and site control requirements would be enhanced.

  Allocating Cluster Study Costs: FERC proposes to allocate 90% of cluster study costs to customers on a pro rata basis based on requested MWs, and the remaining 10% on a per capita basis based on the number of requests in the cluster.

  Allocating Cluster Network Upgrade Costs: FERC proposes to allocate network upgrade costs for each cluster based on the proportional impact method (which relies on a distribution factor analysis).

Shared Network Upgrades: The NOPR proposes to require later-queued interconnection customers to contribute to existing network upgrades if such later-queued customers benefit from the upgrades, based on certain proposed criteria and tests.

Increasing Financial Commitments and Readiness Requirements: The NOPR proposes more stringent site control requirements, a commercial readiness framework, and withdrawal penalties.

Transition Process: The Commission proposes a transition cluster process, which existing interconnection customers could join (subject to meeting certain readiness and other requirements), with later-stage customers having the additional option to proceed to a serial facilities study.

- **Increasing the Speed of Interconnection Queue Processing**.
  - **Eliminating the "Reasonable Efforts" Standard and Imposing Penalties for Delayed Studies:** In a significant change for transmission providers, the NOPR proposes to eliminate previous flexibility enjoyed by transmission providers through the "reasonable efforts" standard, with penalties for late studies potentially amounting to $500 per day, with some exceptions.
  - **Standardizing Affected Systems Procedures and *Pro Forma* Contracts:** The NOPR proposes to formalize the previously informal and often time-consuming affected systems analysis, with a related proposed *pro forma* study agreement and *pro forma* construction agreement for affected systems.
  - **Optional Resource Solicitation Study:** The NOPR proposes to allow resource planning entities (*e.g.*, load-serving entities and state agencies) to request separate solicitation cluster studies so as to better facilitate state-mandated resource planning requirements.
- **Incorporating Technological Advancements into the Interconnection Process**.
  - **Resource Co-Location:** The NOPR proposes to permit more than one resource to co-locate on a shared site behind a single point of interconnection and share a single interconnection request.
  - **Material Modification Reforms:** requiring transmission providers to allow generation capacity increases as nonmaterial modifications, provided no increase in service level and nonmateriality is supported by any necessary study.
  - **Surplus Interconnection Service:** allowing interconnection customers to access available surplus interconnection service once the original interconnection customer has executed the LGIA (or requested an unexecuted LGIA be filed).
  - **Alternative Technologies:** requiring transmission providers to (1) consider advanced power flow control, transmission switching, dynamic line ratings, static synchronous compensators, and static VAR compensators, as potential substitutes for network upgrades where appropriate, and (2) submit annual information reports detailing what advanced technologies were considered in the past year.

- **Modeling and Performance Requirements:** The NOPR proposes to require nonsynchronous generating facilities to provide more granular and accurate modeling data and to maintain voltage ride-through capability to ensure system reliability.

Proposed Compliance Procedures

FERC proposes to require that transmission providers submit compliance filings within 180 days of the effective date of a final order adopting the reforms. Transmission providers seeking deviations would be subject to the "independent entity" variation (for RTOs/ISO) and the "consistent with or superior to" standard for non-RTO/ISO transmission providers. For those transmission providers that have previously adopted reforms to their interconnection process, or certain such reforms where their respective tariff provisions would be modified by the final rule, "transmission providers must either comply with the final rule or demonstrate that these previously-approved variations continue to be consistent with or superior to the *pro forma* as modified by the final rule or continue to be permissible under the independent entity variation standard or regional reliability standard.

To read the full summary, please click here.

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