



Order Nos. 2023/2023-A Update

*Current status of Compliance Proposal and
Potential Next Steps*

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Executive Summary

- Over the course of 2023 and 2024, the ISO and NEPOOL developed a compliance proposal in response to FERC Order Nos. 2023 and 2023-A
 - This compliance proposal was filed with FERC on May 14, 2024
- FERC has not yet issued an order on this compliance proposal
- **Subject to the timing and substance of FERC's order on this compliance proposal**, the ISO would ideally seek to retain as much of the proposed transition process in this compliance proposal as possible



Background – Order No. 2023

- On July 28, 2023, the Federal Energy Regulatory Commission (FERC) issued [Order No. 2023](#), an approximately 1500-page unanimous Final Rule adopting reforms to its pro forma Large Generator Interconnection Procedures (LGIP) and Small Generator Interconnection Procedures (SGIP)
 - The reforms build on the pro forma procedures that FERC established in Order Nos. 2003, 2006 and 845 to address interconnection queue backlogs, improve certainty and prevent undue discrimination for new technologies

Federal Energy Regulatory
Commission

**Improvements to Generator
Interconnection Procedures
and Agreements**

Docket No. RM22-14-000

Order 2023

Final Rule

(Issued July 28, 2023)

Background – Additional Orders

- On October 25, 2023, FERC issued an “Order On Motions and Addressing Limited Arguments on Rehearing and Setting Aside Prior Order, In Part” (“Rehearing Order”)
 - The Rehearing Order set aside Order No. 2023 as it related to the deadline to submit compliance filings and extended the compliance deadline from 90 days to 210 of the publication of the Final Rule in the Federal Register (*i.e.*, April 3, 2024)
- On March 21, 2024, FERC issued Order No. 2023-A, an “Order on Rehearing and Clarification” (“[Order No. 2023-A](#)”)
 - Addressed arguments raised on rehearing, set aside, in part, clarified Order No. 2023, and extended the date for compliance
 - Established that the rule will be effective, and compliance filings will be due from Transmission Providers, 30 days after the date of publication in the Federal Register



Background – Compliance Proposal

- On May 14, 2024, the ISO, joined by the New England Power Pool (NEPOOL) Participants Committee (PC) and the Participating Transmission Owners Administrative Committee (PTO AC), filed the [Order No. 2023 Compliance Revisions](#) and [Order No. 2023-Related Revisions](#) (combined, the “Compliance Proposal”)
 - The ISO requested an August 12, 2024 effective date for the Compliance Proposal rules, and a Commission order on or before that date
- The Compliance Proposal was developed with significant stakeholder input and support
 - The PC unanimously supported the Compliance Proposal at its May 2, 2024 meeting



Background – Compliance Proposal (cont'd)

- Key aspects of the Compliance Proposal include:
 - A requested effective date of August 12, 2024
 - This is also the date on which the ISO would issue Transitional Cluster Study (TCS) Agreements
 - A deadline for Interconnection Customers (ICs) to submit TCS Agreements of October 11, 2024
 - The TCS would begin after this deadline
 - A Transitional Capacity Network Resource (CNR) Group Study process, where projects can establish Capacity Network Resource Capability (CNRC)/Capacity Network Import Capability (CNIC) without proceeding to the TCS by completing the 2024 interim reconfiguration auction (RA) qualification process
 - The 2024 interim RA qualification process started in April 2024 and completed on November 1, 2024

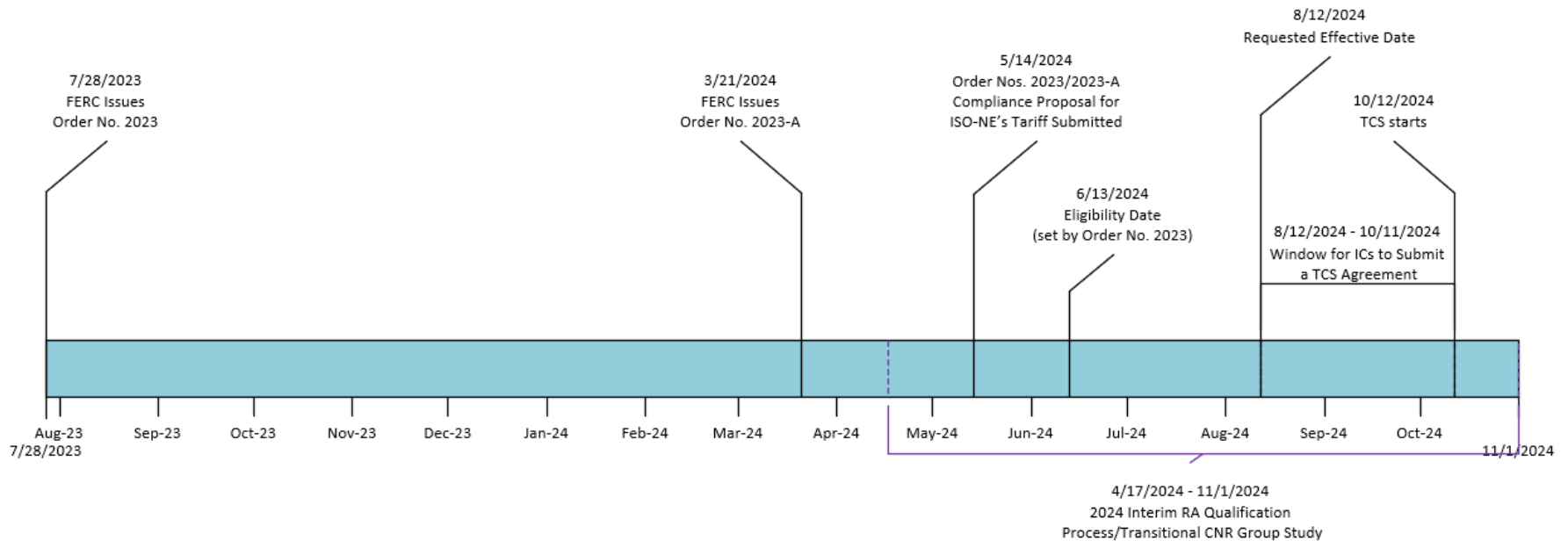


Background – Eligibility Date

- An eligibility date was set by Order No. 2023 for the Large Generator Interconnection Procedures as 30 calendar days after the compliance filing date
 - The Compliance Proposal was filed on May 14, 2024, which set the eligibility date as June 13, 2024
- The order specified that Interconnection Requests (IRs) submitted after the eligibility date would not be allowed to enter the transition process, and did not establish a process for handling IRs submitted after that date once the new rules became effective
 - Therefore, any IRs submitted after the Order No. 2023 eligibility cut-off date would have had to be withdrawn
- While Order No. 2023 did not explicitly address the closure of the queue, in the absence of rules for requests submitted after the eligibility date, the ISO stopped accepting new IRs after June 13, 2024, and the ISO interconnection queue currently remains closed



Background – Compliance Proposal Timeline



Background – PP5-6 Revisions

- The ISO, together with significant stakeholder input, developed revisions to Planning Procedure 5-6 (PP5-6, *Interconnection Planning Procedure for Generation and Elective Transmission Upgrades*) in connection with Order No. 2023 and in preparation for the first TCS
 - The PC supported the PP5-6 revisions at its September 5, 2024 meeting, and the ISO noted it will not make the updated procedure effective until such time as an order on the Compliance Proposal has been received and the ISO has confirmed that the PP5-6 revisions remain consistent with the resulting Tariff rules



Background – Steps Taken Due to Not Yet Having Received an Order from FERC

- On September 5, 2024, the ISO issued a [memo](#) explaining that it had not yet received an order from the Commission on the Compliance Proposal, and as a result it would:
 - Cease certain implementation activities relating to the Compliance Proposal rules,
 - Continue processing existing IRs in the ISO Interconnection Queue on a serial basis under the current Tariff provisions,
 - Move ahead with upcoming Forward Capacity Market activities under current rules, and
 - No longer accept TCS Agreements and related deposits and materials since it must move forward under current rules absent an order
- On September 23, 2024, the ISO issued a [memo](#) notifying stakeholders that it was rescinding the TCS Agreements it issued to eligible ICs on August 12, 2024



Current Status of Compliance Proposal

- FERC has not yet issued an order on the Compliance Proposal
- As previously discussed, the ISO has ceased implementation of the Compliance Proposal
 - While the ISO requested an August 12, 2024 effective date, Order No. 2023 states the proposed requirements will not be effective until the Commission-approved effective date of the Compliance Proposal
 - Further, having certainty as to the applicable rules is necessary to consistently apply all aspects of the Compliance Proposal
- The ISO continues to process existing IRs in the ISO Interconnection Queue on a serial basis under the current Tariff provisions



Possible Approach for Responding to a FERC Order

- The delay in a FERC order has introduced regulatory uncertainty for all entities with ties to the ISO interconnection process
- Unfortunately, at this time, the region must wait for a FERC order; The ISO cannot commit to any specific approach for responding to a FERC order on the Compliance Proposal, since what is accepted, rejected, or subject to further compliance is not currently known
 - Once issued, the ISO will need to review the order to determine the actions that it may take
 - FERC may require additional changes on compliance, or even communicate a lack of flexibility for the region to deviate from the *pro forma* in a given area



Possible Approach for Responding to a FERC Order (cont'd)

- However, **subject to the timing and substance of FERC's order on the Compliance Proposal**, the ISO would ideally seek to retain as much of the proposed transition process in the Compliance Proposal as possible, including:
 - The timeframes provided to ICs to take actions (*e.g.*, submission of IRs, the time needed to execute a TCS Agreement and gather all required materials, *etc.*),
 - The Transitional CNR Group Study, and
 - The completion of late-stage SISs in relation to the Transitional Cluster Study



Possible Approach for Responding to a FERC Order (cont'd)

- Depending on the outcome of the order, some considerations for retaining as much of the proposed transition process in the Compliance Proposal as possible:
 - This approach could potentially allow for reestablishment of the Transitional CNR Group Study with the 2025 interim RA qualification process
 - To align the Transitional CNR Group Study with the 2025 interim RA qualification process and the start of the TCS, the entire transition schedule in the Compliance Proposal would need to shift by roughly one year
- Depending on the content of an order on the Compliance Proposal, the ISO is open to evaluating whether it is possible to shift the Order No. 2023 established eligibility date to allow for a limited reopening of the ISO Interconnection Queue
 - This would offer prospective ICs without a current valid Queue Position the opportunity to enter the ISO interconnection queue and participate in the transition process

A Reminder

- The ISO cannot commit to any specific response to a FERC order on the Compliance Proposal, since what is accepted, rejected, or subject to further compliance is not currently known
 - FERC may require additional changes on compliance, or even communicate a lack of flexibility to deviate from the *pro forma* in a given area
- When FERC issues an order, the ISO will assess the order and determine how best to proceed based on the timing and content of the order and will update stakeholders accordingly



Questions

