



FERC Order No. 845 Compliance

Reform of Generator Interconnection Procedures and Agreements

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FERC Order No. 845 Compliance: Generator Interconnection

Proposed Effective Date: Upon FERC approval of ISO New England's Compliance Filing (Compliance Filing is required by August 7, 2018)

- On April 19, 2018, the Federal Energy Regulatory Commission (“Commission”) issued Order No. 845, its Final Rule on Reform of Generator Interconnection Procedures and Agreements
- The Final Rule concludes that interconnection reforms are necessary to facilitate entry of new generation into the market and to avoid harmful effects on competition and potentially unjust and unreasonable rates for customers
 - The Final Rule revises the *pro forma* Large Generator Interconnection Procedures (LGIP) and the *pro forma* Large Generator Interconnection Agreement (LGIA) (both contained in Schedule 22 of the ISO Open Access Transmission Tariff) to implement ten specific reforms
 - The reforms are intended to improve certainty for interconnection customers, promote more informed interconnection decisions, and enhance the interconnection process
- Today's discussion will provide further background on Order No. 845, the compliance requirements associated with the Order and how ISO-NE proposes to comply with the Order
- Additionally, ISO-NE will develop and propose modifications to the reasonable-efforts study timelines prescribed in the Interconnection Procedures concurrently with the development of the Order No. 845 compliance



Background

- On June 19, 2015, the American Wind Energy Association filed a petition in Docket No. RM15-21-000 requesting that the Commission revise the *pro forma* LGIP and *pro forma* LGIA
 - On July 7, 2015, the Commission issued a Notice of Petition for Rulemaking in that docket to seek public comment on the petition
- On May 13, 2016, Commission staff convened a technical conference
- On December 15, 2016, the Commission issued a Notice of Proposed Rulemaking, proposing fourteen reforms focused on improving aspects of the *pro forma* LGIP and *pro forma* LGIA, the *pro forma* OATT, and the Commission's regulations
- On April 19, 2018, the Commission issued Order No. 845, its Final Rule on Reform of Generator Interconnection Procedures and Agreements



Summary of Order No. 845 Reforms

- The Final Rule has ten specific reforms:
 - Two reforms focus on improving certainty in the interconnection process
 - Four reforms focus on promoting more informed interconnection decisions
 - Four reforms focus on enhancing the interconnection process



Summary of Order No. 845 Reforms

Improving certainty in the interconnection process

- To improve certainty in the interconnection process, the Final Rule:
 1. Removes the limitation that interconnection customers may only exercise the option to build a transmission provider's interconnection facilities and stand-alone network upgrades in instances when the transmission provider cannot meet the dates proposed by the interconnection customer; and
 2. Requires that transmission providers establish interconnection dispute resolution procedures that allow a disputing party to unilaterally seek non-binding dispute resolution.



Summary of Order No. 845 Reforms

Promoting more informed interconnection decisions

- To promote more informed interconnection decisions, the Final Rule:
 3. Requires transmission providers to outline and make public a method for determining contingent facilities;
 4. Requires transmission providers to list the specific study processes and assumptions for forming the network models used for interconnection studies;
 5. Revises the definition of “Generating Facility” to explicitly include electric storage resources; and
 6. Establishes reporting requirements for aggregate interconnection study performance.



Summary of Order No. 845 Reforms

Enhancing the interconnection process

- To enhance the interconnection process, the Final Rule:
 7. Allows interconnection customers to request a level of interconnection service that is lower than their generating facility capability;
 8. Requires transmission providers to allow for provisional interconnection agreements that provide for limited operation of a generating facility prior to completion of the full interconnection process;
 9. Requires transmission providers to create a process for interconnection customers to use surplus interconnection service at existing points of interconnection; and
 10. Requires transmission providers to set forth a procedure to allow transmission providers to assess and, if necessary, study an interconnection customer's technology changes without affecting the interconnection customer's queued position.



DISCUSSION OF THE TEN PROPOSED REFORMS



Overview of ISO-NE's Proposed Compliance

- One of the compliance proposals will highlight that the ISO-NE procedures already meet or exceed the modifications required in Order No. 845
 - Reform #10
- Six of the compliance proposals will directly adopt the modifications required in Order No. 845
 - Reform #2, #3, #4, #5, #7, and #8
- Two of the compliance proposals will propose “independent entity” and/or “consistent with or superior to” variations to the requirement modifications required in Order No. 845
 - Reform #1 and #9
- One of compliance proposals will adopt the requirement modifications required in Order No. 845 and separately propose additional modifications to the Commission
 - Reform #6

Reform	1 – Option to Build
Additional Background	<ul style="list-style-type: none"> The ISO-NE interconnection procedures already provide customers with the option to build interconnection facilities and “stand-alone” upgrades when the transmission provider cannot meet the requested in-service dates Section 5.1 of the LGIA describes the option to build and Section 5.2 describes the conditions applicable to the option
ISO-NE Compliance Proposal	<p>ISO-NE will propose to comply with Order No. 845 by removing the limitation that interconnection customers may only exercise the option to build a transmission provider’s interconnection facilities and stand-alone network upgrades in instances when the transmission provider cannot meet the dates proposed by the interconnection customer</p>
Additional Considerations	<p>ISO-NE will also propose additional language pursuant to the independent entity variation standard to clarify:</p> <ul style="list-style-type: none"> What constitutes a stand-alone upgrade What Interconnection Agreement milestones will apply to this option

Stand Alone Network Upgrades [*current definition*] shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the New England Transmission System during their construction. The System Operator, Interconnection Customer, Interconnecting Transmission Owner, and any Affected Party as deemed appropriate by the System Operator in accordance with applicable codes of conduct and confidentiality requirements, must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.



Reform	2 – Dispute Resolution
Additional Background	<ul style="list-style-type: none"> • The ISO-NE interconnection procedures already contain dispute resolution procedures in Section 13.5 of the LGIP • This reform provides an alternative approach where a party can request that a neutral decision maker can provide a decision regarding the dispute – which can be used as an input to subsequent steps in the dispute resolution process
ISO-NE Compliance Proposal	ISO-NE will propose to comply with Order No. 845 by adopting the dispute resolution modifications required by the Order
Additional Considerations	None



Reform	3 – Contingent Facilities
Additional Background	<ul style="list-style-type: none"> • The ISO-NE interconnection process already captures contingent upgrades • Planning Procedure 4-1 describes the methodology used for upgrades in circumstances of multiple needs
ISO-NE Compliance Proposal	ISO-NE will propose to comply with Order No. 845 by adopting the contingent facility modifications required by the Order
Additional Considerations	None



Reform	4 – Study Processes and Assumptions
Additional Background	<ul style="list-style-type: none">• The ISO-NE interconnection process already largely meets the requirements of the proposed reform though the implementation of the Base Case provisions in Section 2.3 of the LGIP
ISO-NE Compliance Proposal	ISO-NE will propose to comply with Order No. 845 by adopting the study process and assumptions modifications required by the Order
Additional Considerations	None



Reform	5 – Generating Facility Definition to Include Storage
Additional Background	<ul style="list-style-type: none">• This reform revises the definition of “Generating Facility” to explicitly include electric storage resources
ISO-NE Compliance Proposal	The ISO will propose to comply with Order No. 845 by adopting the Generating Facility definition modifications required by the Order
Additional Considerations	None



Reform	6 – Reporting Requirements for Aggregate Study Performance
Additional Background	None
ISO-NE Compliance Proposal	ISO-NE will propose to comply with Order No. 845 by adopting the study performance reporting requirement modifications required by the Commission
Additional Considerations	<p>ISO-NE will (concurrently with the development of the Order No. 845 Compliance filing) develop, discuss and propose modifications (through a separate Section 205 filing to the Commission) to the reasonable-efforts study timelines that are prescribed in the Interconnection Procedures</p> <ul style="list-style-type: none"> • To provide more realistic timelines for the purpose of the metrics reporting



Reform	7 – Interconnection lower than the Generation Facility Capability
Additional Background	<ul style="list-style-type: none"> The ISO-NE interconnection process already allows for a generator to request interconnection service lower than the Generation Facility Capability: <ul style="list-style-type: none"> Provided the mechanism used to limit the facility output is found to be sufficiently reliable
ISO-NE Compliance Proposal	ISO-NE will propose to comply with Order No. 845 by adopting the Interconnection lower than the Generation Facility Capability modifications required by the Order
Additional Considerations	None



Reform	8 – Provisional Interconnection Service
Additional Background	<ul style="list-style-type: none"> The ISO-NE interconnection process largely meets the intent of the Commission design through the application of the “Limited Operation” provision in Section 5.9 of the Large Generator Interconnection Agreement
ISO-NE Compliance Proposal	<p>ISO-NE will propose to comply with Order No. 845 by adopting the Provisional Interconnection Service modifications required by the Order</p>
Additional Considerations	<ul style="list-style-type: none"> Note that any such proposed interconnection would still require Proposed Plan Application approval before entering service Because of the methodology used to allocate capacity interconnection service – Provisional Interconnection Service would only be available to energy-only interconnections (Network Capability Interconnection Service)



Reform	9 – Surplus Interconnection Service
Additional Background	<ul style="list-style-type: none"> The ISO-NE interconnection process already allows for the “re-use” of interconnection service through the incremental increase and repowering constructs for energy and capacity interconnection service
ISO-NE Compliance Proposal	<p>ISO-NE will propose to comply with Order No. 845 by adopting the surplus interconnection service modifications required by the Commission</p>
Additional Considerations	<ul style="list-style-type: none"> “Unused” interconnection service will be defined as service that is not currently in use (and has not been retired): <ul style="list-style-type: none"> The future proposed re-use of interconnection service (that is currently in-use) is a repowering and would not follow the surplus process The proposed change cannot be a material modification that would require its own Interconnection Request Proposed Plan Application approval is required before entering service A surplus-service application form will be developed These requests would not be listed in the ISO-NE queue Changes to the pro forma language will be made pursuant to the “consistent with or superior to” and/or the “independent entity variation” standards



Reform	10 – Evaluation of Technology Changes
Additional Background	<ul style="list-style-type: none"> • The ISO-NE interconnection process already allows for the evaluation of technology changes through the pre-System Impact Study true-up process and the 10 day material modification review window • These provisions were developed in the 2016 New England interconnection reforms and allow the same or more flexibility in accommodating technology changes as the reform proposed by the Commission
ISO-NE Compliance Proposal	ISO-NE will propose that the ISO-NE procedures already meet or exceed the requirements of Order No. 845
Additional Considerations	None



Conclusions – Modifications to Schedule 22 and Conforming Modifications to Schedules 23 & 25

- ISO-NE will modify Schedule 22 of the OATT to comply with FERC Order No. 845
- In a separate Section 205 filing, ISO-NE will propose to modify Schedule 22 of the OATT to update the reasonable-efforts study timelines
- The proposed effective date for the revisions to Schedule 22 will be upon approval by the Commission
- After approval of the changes to Schedule 22, appropriate conforming changes will be made to Schedules 23 & 25 of the OATT (The Small Generator and Elective Transmission Upgrade Interconnection Procedures)

Stakeholder Schedule

Stakeholder Committee and Date	Scheduled Project Milestone
Transmission Committee May 24, 2018	Initial discussion
Transmission Committee June 19, 2018	First review of proposed Tariff language
Transmission Committee July 24, 2018	Additional discussion of Tariff language and vote
Participants Committee August 3, 2018	Vote

Compliance filing will be submitted in time to meet the compliance filing deadline of August 7, 2018

Questions

