



HUSCH BLACKWELL

Current Issues and Considerations for Generator Interconnection Policy

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Nebraska Wind & Solar Conference & Exhibition
October 25, 2022



Federal Energy Regulatory Commission



Allison Clements

Dec. 8, 2020

Former private practitioner for various energy clients



Mark Christie

Nov. 30, 2020

17 years on Virginia State Corporation Commission



Chairman
Richard Glick

Nov. 2, 2017

Former General Counsel for Democrats on Senate ENR Committee



James Danly

Mar. 12, 2020

Former General Counsel of FERC



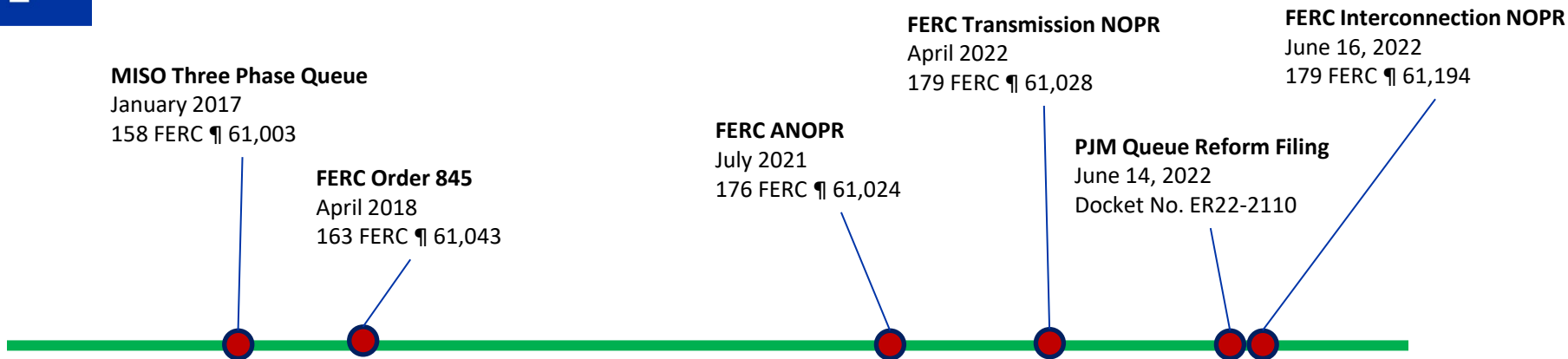
Willie Phillips

Nov. 16, 2021

Former Chair of Public Service Commission of Washington D.C.



Current FERC interconnection regulatory activity





Agenda

1. Interconnection legal foundations
2. FERC Notices of Proposed Rulemaking
3. Queue status update – PJM & MISO
4. Future outlook



Interconnection legal foundations

FERC Order No. 2003

- *Standardization of Generator Interconnection Agreements and Procedures*, 104 FERC ¶ 61,103 (2003) (“Order No. 2003”) (requiring transmission owners to add to their Open Access Transmission Tariffs a FERC-approved Generator Interconnection Procedure and Generator Interconnection Agreement).

Regional Entity Variation

- In Order No. 2003, the Commission permitted Regional Transmission Organizations/Independent System Operators (RTOs/ISOs) to seek “independent entity variations” for pricing and non-pricing provisions, and that RTOs/ISOs “shall have greater flexibility to customize [their] interconnection procedures and agreement to fit regional needs.” Order 2003 at P 826.

Numerous iterations of queue process reform

- Over the past two decades each Transmission Provider has refined the interconnection processes (modeled after Order 2003) accounting for regional variations, diverse resource mix, and transmission provider philosophies. *See, e.g., MISO*, 124 FERC ¶ 61,183 (2008); *Sw. Power Pool, Inc.*, 128 FERC ¶ 61,114 (2009); *see also Sw. Power Pool, Inc.*, 167 FERC ¶ 61,275 (2019).



FERC Notices of Proposed Rulemaking

The current Commission is actively revising its transmission planning and interconnection policy:

1. Advanced NOPR

- *Building for the Future Through Electric Regional Transmission Planning & Cost Allocation & Generator Interconnection*, 176 FERC ¶ 61,024 (2021) (“ANOPR”).

2. Transmission NOPR

- *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, 179 FERC ¶ 61,028 (2022) (“Transmission NOPR”).

3. Interconnection NOPR

- *Improvements to Generator Interconnection Procedures and Agreements*, 179 FERC ¶ 61,194(2022) (“Interconnection NOPR”).



Advanced NOPR

- *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, 86 Fed. Reg. 40,266 (July 27, 2021).
- Addresses potential need for reform in:
 - Transmission Planning
 - Cost Allocation
 - Generator Interconnection
- Comments and Reply Comments filed by 120+ entities



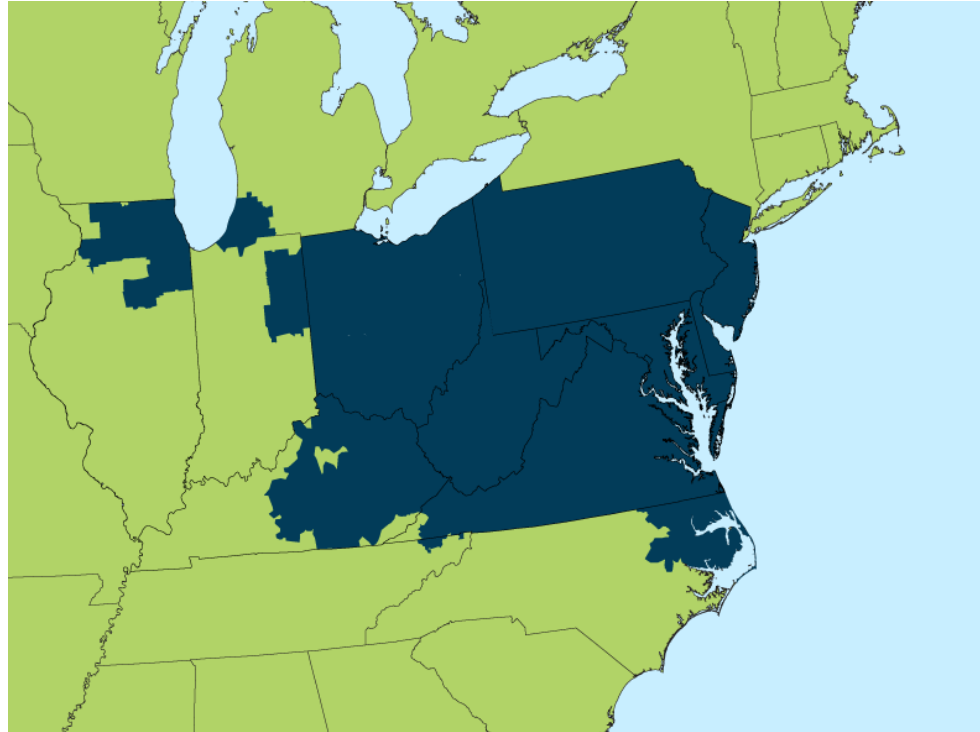
Transmission NOPR

- Issued pursuant to section 206 of the Federal Power Act.
- Represents a significant and long-awaited step toward expansion and upgrade of the Nation's high voltage grid.
- More limited than the Commission's July 2021 ANOPR, perhaps in an effort to bring the Commissioners closer together and to issue a Final Rule by year's end.
- Comment period ended in September 2022. FERC will issue final rule in coming months.
- **The Transmission NOPR does not address the backlogged interconnection process**



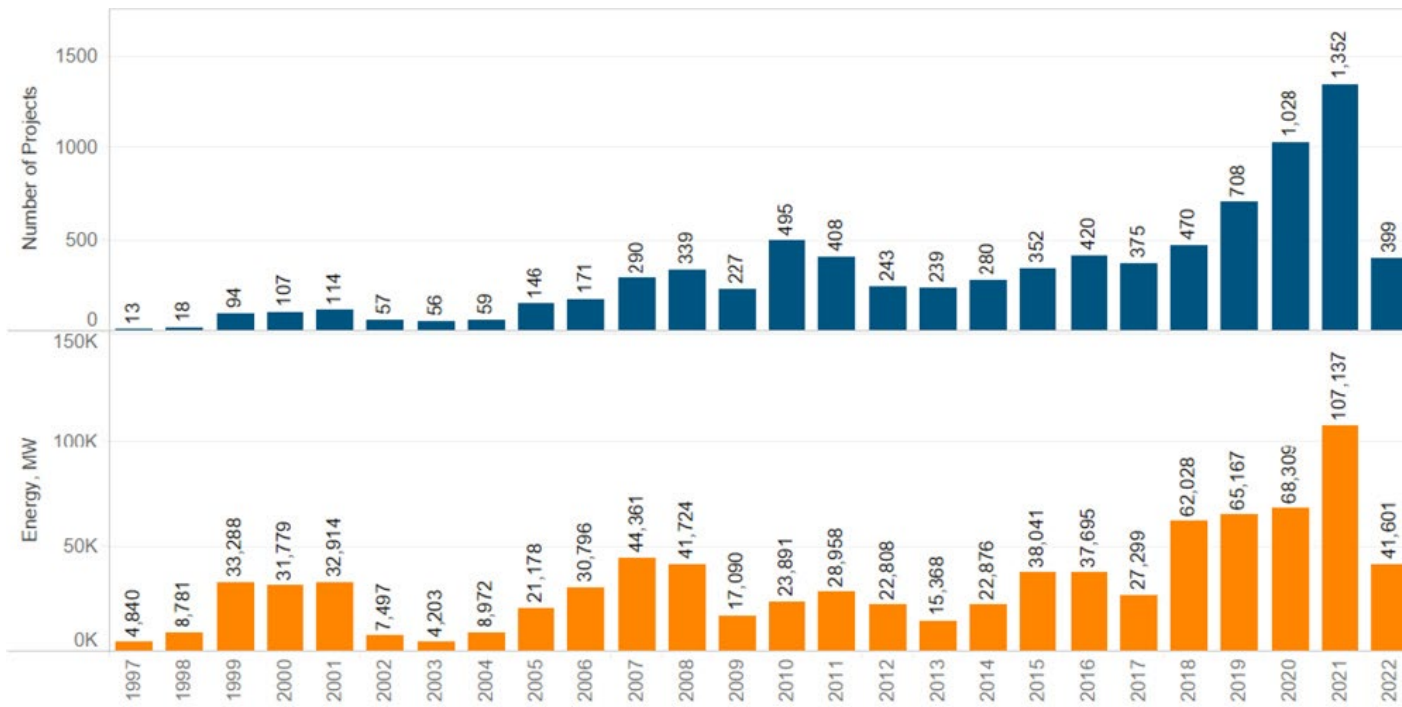
Interconnection NOPR

- On June 16, 2022, FERC issued a NOPR in Docket No. RM22-14 Improvements to Generator Interconnection Procedures and Agreements.
- Aims to reform the Commission's standard generator interconnection procedures and agreements, which establish how utilities and transmission providers integrate new generation projects into the existing transmission system.
- Comments in response to the NOPR are due on October 13, 2022, with reply comments due November 14, 2022.
- After receiving comments and reply comments, the Commission may issue a final rule requiring FERC jurisdictional transmission providers to revise their Open Access Transmission Tariffs to reform interconnection processes consistent with the final rule.

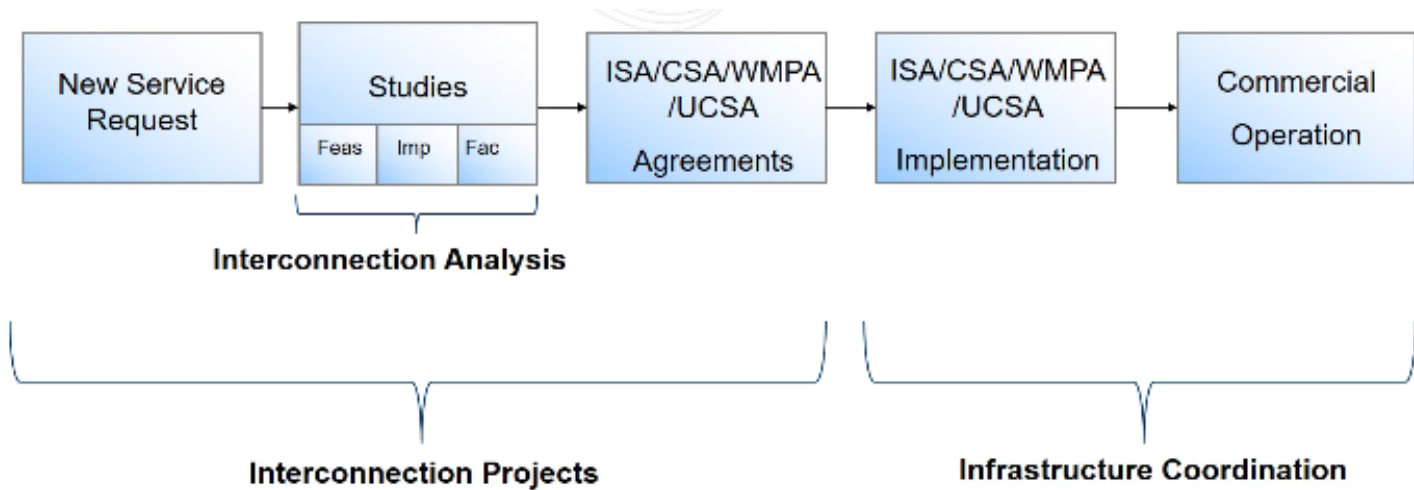




PJM Interconnection Requests (1997-2022)



PJM Queue Process





PJM Queue Reform

- Background
 - Clogged queue
 - Renewable Portfolio Standards (RPS) goals and concerns
 - Affected system impacts
- Stakeholder Process
 - 18 months of PJM stakeholder discussion resulted in proposal
 - Proposal supported by 87% at the Markets and Reliability Committee and 90% at the Members Committee in April (only 2/3 is required)



PJM Queue Reform (cont'd)

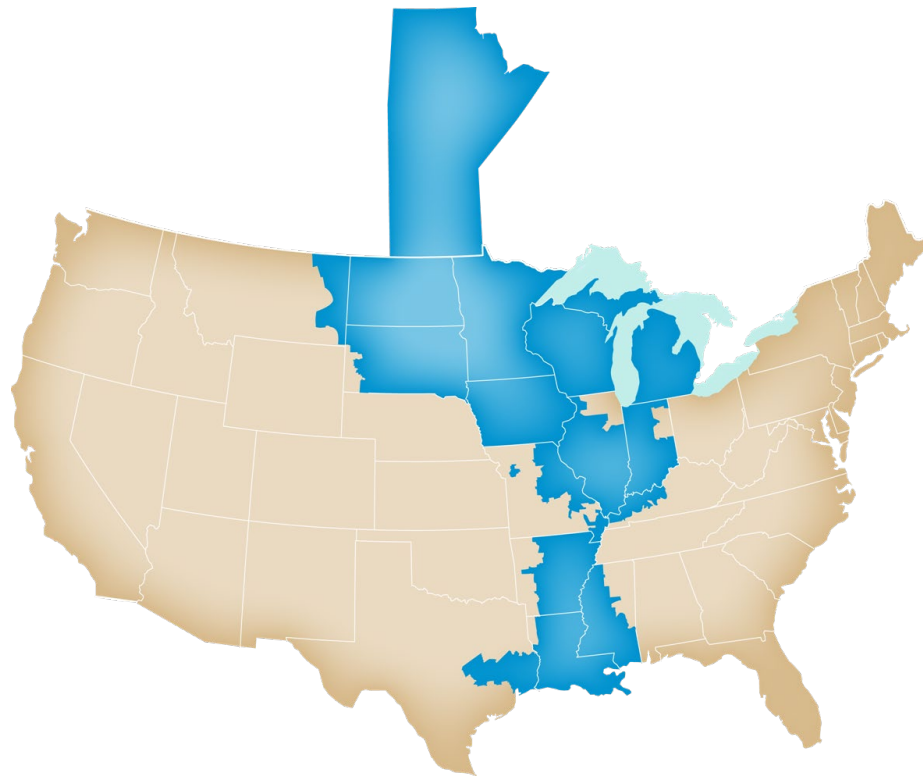
- Filing submitted in Docket No. ER22-2110 on June 14, 2022, pursuant to Section 205 of the Federal Power Act
- Proposes three new parts of the PJM Open Access Transmission Tariff and changes to four other existing parts
- Models the changes made by SPP, MISO, and PacifiCorp
- “First ready first served”
- Cluster versus serial studies
- Two application cycles: Apr. 1 to Sept. 30, and Oct. 1 to Mar. 31
- Multi-phase study process, decision points
- Fast Lane for low impact projects
- Site Control – one showing of 100% Site Control at beginning of process
- Transition plan
 - 4-year transition and two-year default processing timelines
 - Fast Lane \$5M threshold
 - Limited queue groupings included in transition (projects submitted April 1, 2018 through Sept. 30, 2021)



PJM Queue Reform (cont'd)

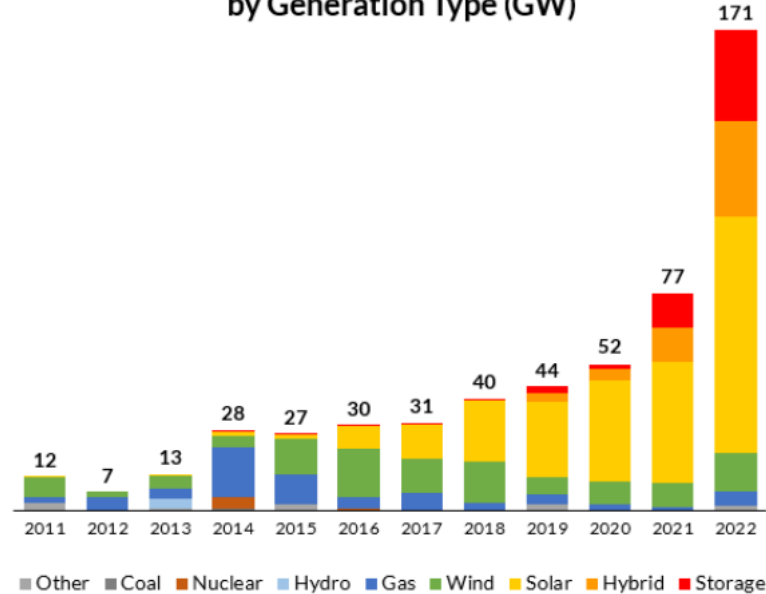
- Comments - more than 30 companies and groups filed comments by the July 14 deadline
- Opposition comments
 - Proposal does not address the full range of needed interconnection reforms.
 - Proposal could be unjust and unreasonable after adoption of Interconnection NOPR.
 - The length of the proposed process does not live up to the standards set by other RTOs.
 - A project entering the queue today may not be able to achieve commercial operation until nearly 2030.
 - \$5M transition threshold will upend many projects that are fully permitted and funded
 - Proposal unfairly includes merchant HVDC facilities in new services queue, will cause even longer interconnection delays.
 - PJM's transition proposal should also include projects in queue groupings AG2 (cutoff date March 31, 2021) and AH1 (Sept. 30, 2021) in the transition along with projects in group AG1 (Sept. 30, 2020)
- Procedure and next steps
 - 8/30/2022 – Deficiency Letter
 - 9/29/2022 – PJM response to Deficiency Letter
 - Order anticipated in Q4 2022

MISO



Historical View of Generator Interconnection Applications

MISO Queue Applications*
by Generation Type (GW)



MISO, 2022 Study Cycle Update (Oct 10, 2022) available at [https://cdn.misoenergy.org/20221010%20IPWG%20Item%2004%202022%20Study%20Cycle%20Update%20\(Applications\)626530.pdf](https://cdn.misoenergy.org/20221010%20IPWG%20Item%2004%202022%20Study%20Cycle%20Update%20(Applications)626530.pdf).

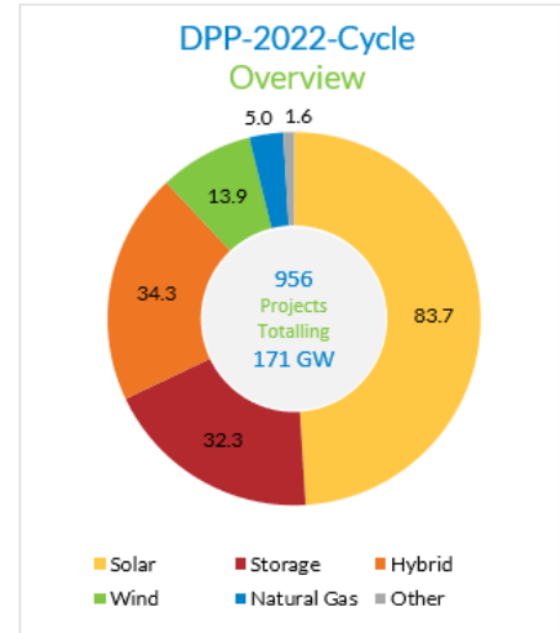
2022 Generator Interconnection Application Results: Preliminary

The September 15, 2022, application deadline set a record

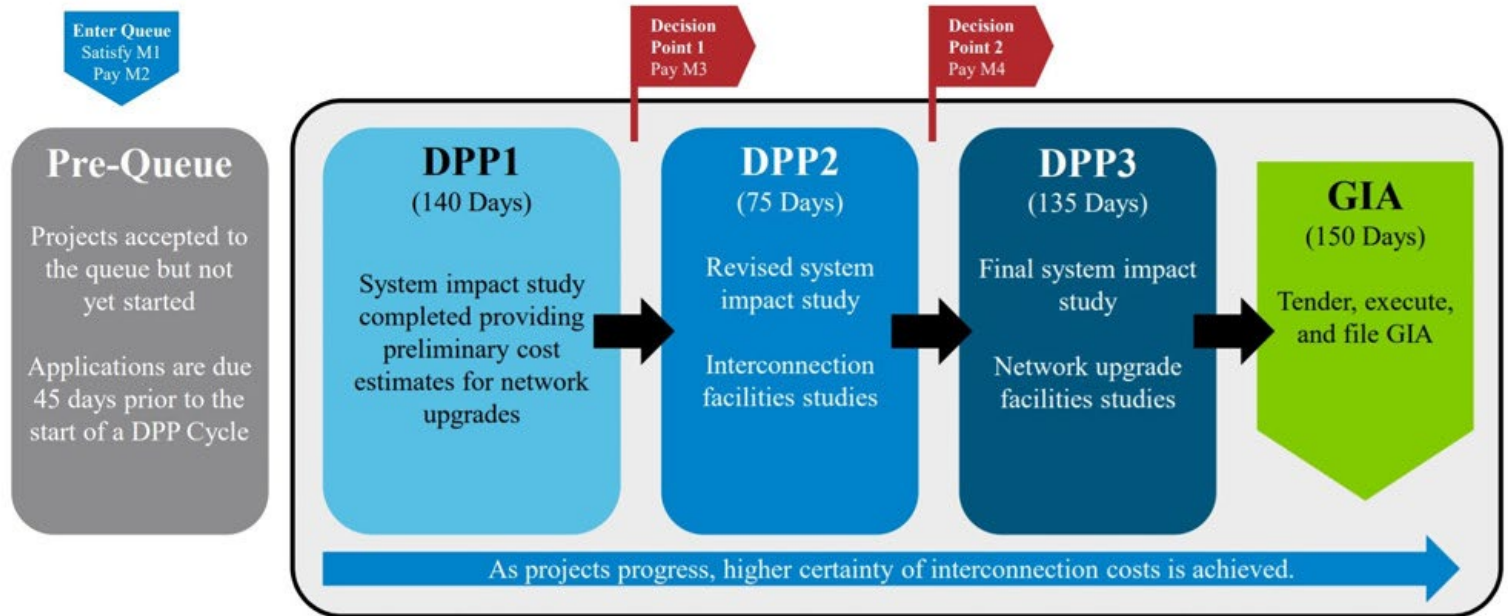
- 956 Applications Submitted totaling 171 GW of new generation
 - 2021 saw 487 applications submitted totaling 77 GW
- <https://cdn.misoenergy.org/2022%20GIQ%20Submission%20Statistics626443.pdf>

Fuel	# of Requests	GW
Solar	469	83.7
Storage	231	32.3
Hybrid	163	34.3
Wind	66	13.9
Natural Gas	21	5.0
Other	6	1.6
Grand Total	956	170.8

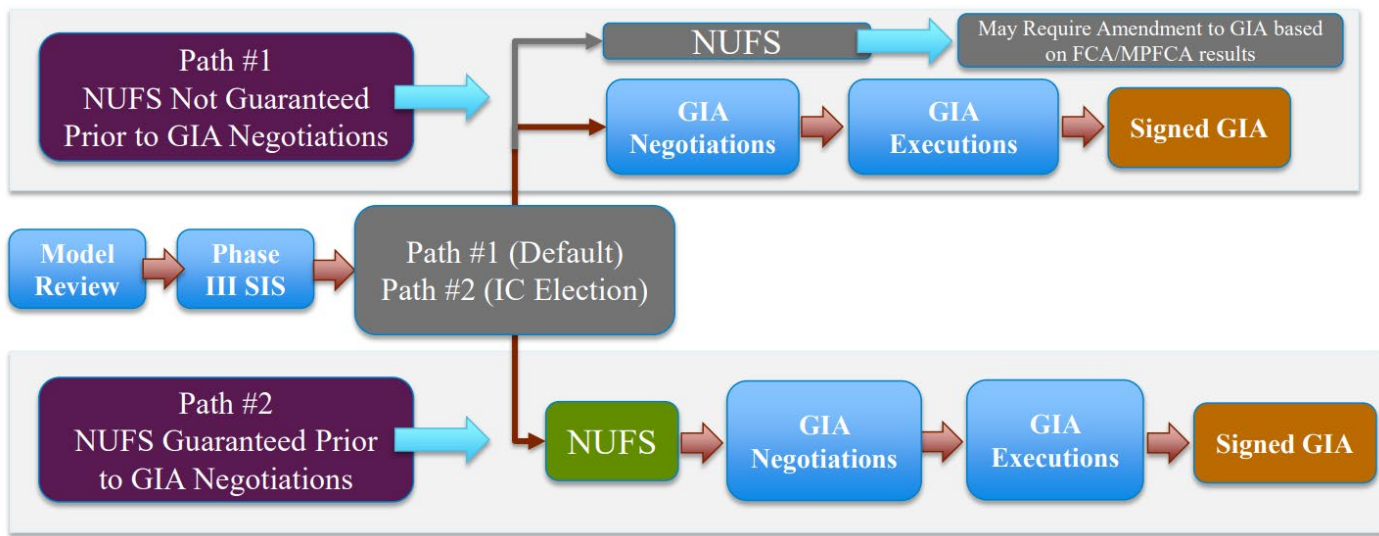
- Based on recent years queue trend, anywhere from 10%-30% of new project applications could withdraw over next few months (prior to Phase 1 start)



MISO Queue Process



MISO “timeline shortening”



Allows reduction in GIP timeline from ~505 days to ~373 days (~132 days reduction) in cases where GIA is executed immediately after Phase III System Impact Study.

Accepted by FERC on March 14, 2022 in Docket No. ER22-661, effective March 15, 2021.



MISO Queue Status

Distribution Factor (DFAX) adjustment

- MISO proposed to institute a lower system-impact threshold, via the allotted DFAX, on interconnecting generation in an effort to reduce congestion. MISO proposes to revise new generation's allotted DFAX impact on transmission from 20% to 10% for energy resource interconnection service (ERIS). No FERC filing for this initiative. MISO has engaged stakeholders in numerous discussions.

Shared Interconnection Facilities Reform

- Update to GIP and GIA to create efficiencies and provide flexibility in Shared Interconnection Facilities. Accepted 7/18/22, effective 7/20/22.

SPP-MISO Joint Operating Agreement (JOA) queue priority

- Amended the JOA between the parties to establish a "first ready" relative queue priority under which MISO and SPP'S study cluster queue priority will be determined by the date that a cluster reaches Decision Point 2 rather than the application deadline. Aims to significantly reduce affected systems-related study delays and mitigate restudy/cost shift risks. Accepted by FERC on 5/27/2022 in Docket No. ER22-1535 with an effective date of May 31, 2022.

Interconnection Procedure timeline reduction

- Amends the GIP and GIA to reduce the amount of time that it takes an Interconnection Request to reach a GIA. Accepted on March 14, 2022, in Docket No. ER22-661 with an effective date of March 15, 2022.

Fuel change

- Updated the GIP to classify fuel changes as material Modifications while providing additional flexibility to Interconnection Customers. Accepted on December 30, 2021, in Docket No. ER22-298 with an effective date of January 1, 2022.



Queue status - MISO

Harm Test

- MISO proposed to (1) clarify the procedure for the calculation of the financial impact of a project withdrawal; and (2) revise certain requirements that apply to MISO's Provisional Generator Interconnection Agreement ("PGIA"). Accepted on October 21, 2021 in Docket No. ER21-2214 with an effective date of October 21, 2021.

Transmission Owner self fund

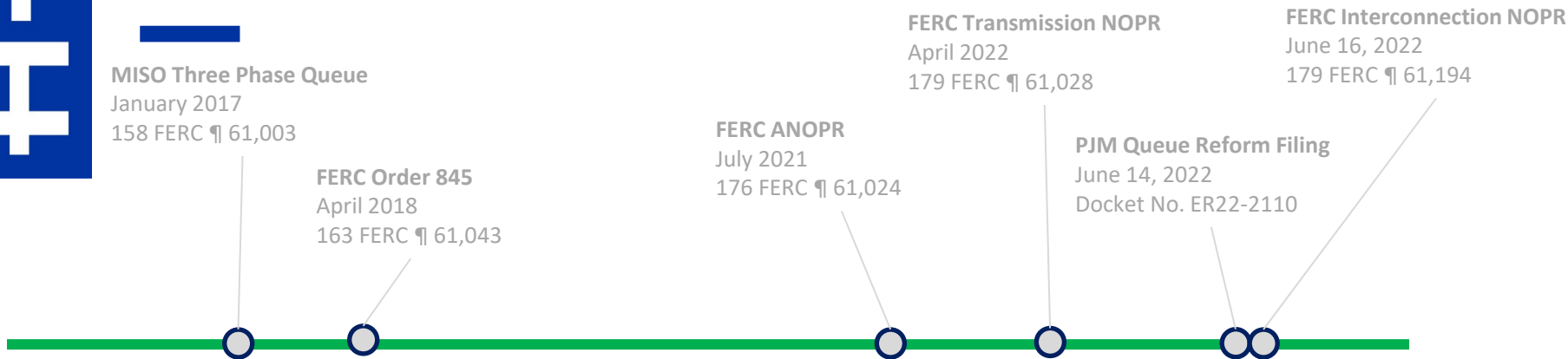
- Petition for Review with the DC Circuit Court of Appeals of FERC orders reinstating the Transmission Owners' unilateral right to fund interconnect-related Network Upgrades. Oral arguments were held on 12/16/21. Court action is pending.

Multi-Party Facilities Service Agreement

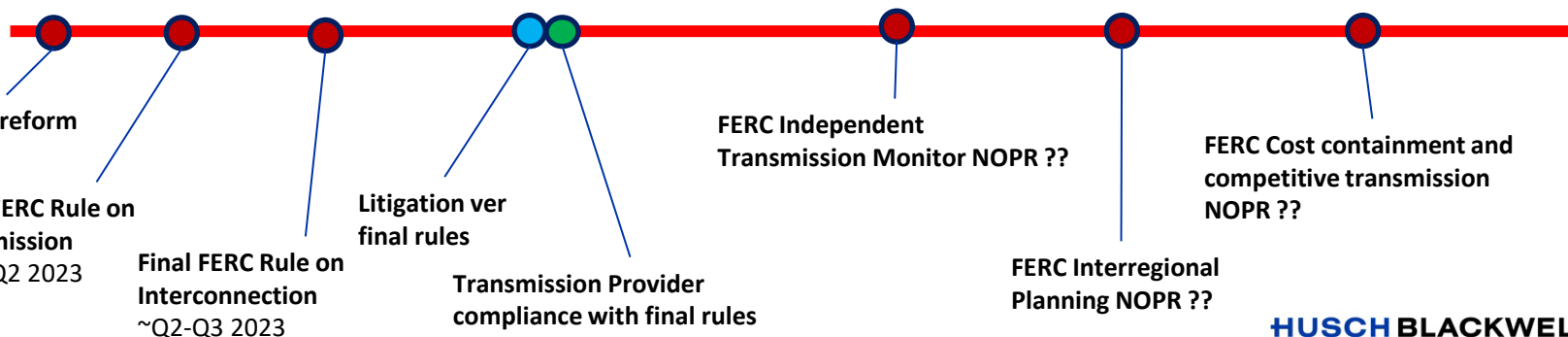
- MISO proposed to create a *pro forma* MPFSA that parallels the existing *pro forma* FSA to increase efficiency and does not make material changes to self-funding. Commission action pending in Docket No. ER21-2793.



Future expected regulatory activity



Next...





Questions?



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