



October 13, 2022

Ms. Kimberly Bose
Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

Re: Notice of Proposed Rulemaking, Federal Energy Regulatory Commission; Improvements to Generator Interconnection Procedures and Agreements (87 Fed. Reg. 39,934-40,032); Docket No. RM22-14-000 (July 5, 2022)

Dear Secretary Bose:

The U.S. Chamber of Commerce and its Global Energy Institute (collectively, “the Chamber”) appreciate the opportunity to submit these comments on the Notice of Proposed Rulemaking (“Interconnection NOPR”)¹ issued by the Federal Energy Regulatory Commission (“FERC” or “Commission”) on June 16, 2022. The Interconnection NOPR bifurcates from broad regional transmission planning issues the Commission’s standardized generator interconnection procedures and large and small generator interconnection agreements that were all together addressed in the Commission’s far-ranging Advance Notice of Proposed Rulemaking issued last year.² The ANOPR teed up a number of inquiries and potential policy modifications concerning the broad transmission planning, generator interconnection, and associated cost allocation processes overseen by FERC.³

In response to the Commission’s separate issuance of a rulemaking focused on regional transmission planning,⁴ the Chamber submitted detailed comments on August

¹ *Improvements to Generator Interconnection Procedures and Agreements*, 179 FERC ¶ 61,194 (2022) (published in the Federal Register at 87 Fed. Reg. 39,934 (July 5, 2022)).

² *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, 176 FERC ¶ 61,024 (2021) (published in the Federal Register at 86 Fed. Reg. 40,266 (July 27, 2021)) (“ANOPR”).

³ The Chamber submitted comments responsive to the ANOPR, which are available at: <https://www.globalenergyinstitute.org/us-chamber-comments-fercs-transmission-anopr>.

⁴ *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, 179 FERC ¶ 61,028 (2022) (published in the Federal Register at 87 Fed. Reg. 26,504 (May 4, 2022)) (“Transmission NOPR”).

17, 2022.⁵ The Interconnection NOPR now turns the focus of the Commission and relevant stakeholders to the Large Generator Interconnection Procedures (“LGIP”) and the Large Generator Interconnection Agreement (“LGIA”) – along with their newer counterpart small generator interconnection procedures and agreement – which have governed the process and associated terms and conditions for generator interconnections for nearly twenty years.

The Chamber appreciates the fact that the composition and technical metrics of the types of electric generating facilities that are seeking to connect to the transmission grid have changed significantly during the effectiveness of the LGIP and LGIA. When these documents were developed, generator interconnection requests resulted primarily to facilitate the development and grid integration of large, combined-cycle and simple-cycle, natural gas-fired power plants. Today, interconnection queues are overwhelmingly dominated by requests to connect wind, solar, and battery storage facilities of various configurations and sizes to the transmission system. As such, the circumstances upon which the LGIP and LGIA were developed have certainly shifted, thereby meriting a reevaluation as to the continued just and reasonable nature of those benchmark interconnection documents. However, it is also important to note that many regions and transmission owners have modified and matured their versions of the LGIP and LGIA to account for these changed circumstances – often through extensive stakeholder engagement – and that these well-vetted and beneficial improvements should not be hastily overridden by new, one-size-fits-all interconnection requirements that fail to account for regional variations.

It is in the light of supporting continuous regional improvements that the Chamber appreciates the Interconnection NOPR’s recognition that “transmission providers have undertaken efforts to address interconnection queue management issues” and that such parallel reforms will be independently evaluated and “not based on whether they comply with the proposed reforms in this NOPR.”⁶ Further, the Interconnection NOPR states that any compliance obligations resulting from this proceeding “will be evaluated in light of the independent entity variation for RTO/ISO regions and the consistent with or superior to standard for non-RTO regions.”⁷ The Chamber strongly supports the Commission’s recognition that regional variations are necessary and appropriate in the interconnection context, similar to their merit in the transmission planning context. The transmission providers subject to the Commissioner’s jurisdiction are not all similarly situated, and as such, it is appropriate for the Commission to permit regional differences in generator interconnection procedures and agreements that reflect the diverse regions, structures, and regulatory

⁵ The Chamber’s comments submitted in response to the Transmission NOPR are available at: <https://www.globalenergyinstitute.org/us-chamber-comments-fercs-notice-proposed-rulemaking-building-future-through-electric-regional>.

⁶ Interconnection NOPR at P 6.

⁷ *Id.*

oversight of these entities. Similarly, there are several transmission providers that have already embarked upon similar reforms to those proposed in the Interconnection NOPR, and this proceeding and its pendency should not serve to delay or undo those stakeholder-driven reforms. Any final rule in this proceeding should support regional variation across transmission provider compliance obligations, consistent with the respect for such variations that appears throughout the Interconnection NOPR.

The Commission's latest proposals set forth across both the Transmission NOPR and the Interconnection NOPR represent significant undertakings to reassess and potentially restructure many of the most significant policies and procedures within FERC's electric regulatory jurisdiction. A substantial number of these policies and procedures have been crafted through various rulemakings and numerous case law developments over nearly two decades. As such, the Commission should be mindful of the gravity of these undertakings and their potential to unleash unintended consequences that could significantly impact both the reliability and the cost of electricity for businesses and consumers across the country. Thus, it is important that the Commission consider the input of all impacted stakeholders, including the manufacturing, commercial, and other electricity-consuming sectors of the economy that stand to be the most impacted by even small price increases resulting from any reforms to the processes, procedures, and cost allocation methodologies applicable to generator interconnections. Many of the policies and procedures touched upon in the Interconnection NOPR have largely served their intended purposes even though the types of generation predominately connecting to the grid have changed over the past two decades. Thus, the Chamber supports the more surgical approach that the Commission appears to be taking as it evaluates modifications to the currently applicable LGIP and LGIA.

The mission of the Chamber's Global Energy Institute is to unify policymakers, regulators, business leaders, and the American public behind a common-sense energy strategy to help keep America secure, prosperous, and clean. These comments intend to provide the business community's input to the Commission as it considers specific modifications to the policies and procedures governing the interconnection of all types of generating facilities to America's interstate electric grid.

I. Background

Together with our members from across the economy, the Chamber is a leading national advocate for the development of the modern infrastructure necessary to maintain America's global competitiveness while supporting the reduction of greenhouse gas emissions as quickly as is supported by technology. Along these lines, infrastructure planning and permitting must also be designed to facilitate – rather than unduly delay – the siting and construction of the necessary energy infrastructure critical to meet these objectives. Lower carbon generation resources and the electric

transmission lines needed to integrate them into the grid are two of the most important types of new infrastructure that are essential to the United States meeting its carbon reduction goals. The Commission must ensure that its potential future actions serve to enhance collaboration and cooperation among the Commission and the many other state and federal agencies necessary to bring energy infrastructure improvements into existence. Any approach must leverage the benefits of an enhanced state/federal partnership on transmission and generation development, which is critical given the indisputable role that states play in the generation resource and transmission planning and siting processes.

The Chamber also reiterates its support for the Commission's continuing engagement with its Joint Federal-State Task Force on Electric Transmission (the "Task Force"). The Task Force, which is comprised of FERC's commissioners and a broad cross-section of state public utility commissioners, met most recently on July 20, 2022, to discuss the overarching topics subject for comment in the Transmission NOPR.⁸ The Task Force is next scheduled to meet on November 15, 2022 in New Orleans, Louisiana.⁹ The obstacles that arise to large-scale energy resource development often stem from a disconnect between federal and state oversight of the power grid and differing cost/benefit calculations underlying the need for expansion. Given current realities and the likely continuation of shared authorities governing the development of new generation resources and the transmission facilities critical to their system integration, the sustained engagement of state regulatory bodies with grid planners and owners to identify and effectuate shared goals for infrastructure development will remain necessary. The Chamber believes that the ongoing engagement of the Task Force should pay dividends through the alignment of mutually held state and federal interests.

II. FERC Should Support Holistic, But Non-Prescriptive Improvements to the Generator Interconnection Process

The Interconnection NOPR appears to correctly identify the scope of issues facing the interconnection of new generation resources to the transmission grid. The growth of the number of resources seeking generator interconnection, along with the characteristics of such resources, has changed significantly since Order No. 2003¹⁰ and

⁸ <https://www.ferc.gov/media/fourth-meeting-notice-meeting-and-agenda>

⁹ <https://www.ferc.gov/media/notice-announcing-fifth-meeting-and-inviting-agenda-topics>

¹⁰ *Standardization of Generator Interconnection Agreements & Proc.*, Order No. 2003, 68 Fed. Reg. 49,845 (Aug. 19, 2003), 104 FERC ¶ 61,103 (2003), *order on reh'g*, Order No. 2003-A, 69 Fed. Reg. 15,932 (Mar. 5, 2004), 106 FERC ¶ 61,220, *order on reh'g*, Order No. 2003-B, 70 Fed. Reg. 265 (Jan. 19, 2005), 109 FERC ¶ 61,287 (2004), *order on reh'g*, Order No. 2003-C, 70 Fed. Reg. 37,661 (July 18, 2005), 111 FERC ¶ 61,401 (2005), *aff'd sub nom. Nat'l Ass'n of Regul. Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007).

Order No. 2006¹¹ were issued, and thereafter modified, to govern the connection of both large and small generation facilities to transmission provider facilities.¹² These changes have led to queue backlogs in some regions, and have prompted some transmission providers to unilaterally modify their interconnection procedures in good faith efforts to address these backlogs.¹³ The terms and conditions of affected system studies are also highly variable, leading to unpredictable timelines and results that can impact both a prospective generator's economic viability and the ability of the directly-connecting transmission provider to process its interconnection queue.¹⁴

At the same time, interconnection customers routinely submit multiple diverse requests to connect what often results in the connection of a single generating unit to the transmission grid. This unnecessarily increases the size of interconnection queues and decreases the accuracy of the interconnection studies that necessarily assume that previously queued generators – and their associated network upgrades – will materialize.¹⁵ Once a significant subset of queued generator requests dropout as uneconomic or otherwise undesirable, those omissions adversely affect the projects that remain in the queue, necessitating restudies and shifting cost estimates and burdens.¹⁶ Moreover, the current lack of stringent financial commitments and readiness requirements on interconnection customers perpetuates the submission of speculative interconnection requests.¹⁷ In addition, the data submission and performance requirements applicable to non-synchronous generating facilities differ from more traditional synchronous generating units. This not only places unequal responsibilities across interconnecting generators, but also becomes more consequential to maintaining system reliability as the penetration of wind, solar, and electric storage resources dramatically increase.¹⁸

Thus, the Interconnection NOPR appropriately recognizes that a confluence of circumstances has driven the generator interconnection process to its current juncture, and that a suite of reforms – impacting both transmission providers and prospective interconnection customers – are appropriate and necessary to address the delays and uncertainties attendant to the existing process. That being said, not all regions and

¹¹ *Standardization of Small Generator Interconnection Agreements & Proc.*, Order No. 2006, 70 Fed. Reg. 34,189 (June 13, 2005), 111 FERC ¶ 61,220, *order on reh'g*, Order No. 2006-A, 70 Fed. Reg. 71,760 (Nov. 30, 2005), 113 FERC ¶ 61,195 (2005), *order granting clarification*, Order No. 2006-B, 71 Fed. Reg. 42,587 (July 27, 2006), 116 FERC ¶ 61,046 (2006).

¹² Interconnection NOPR at P 3.

¹³ Interconnection NOPR at PP 18-21.

¹⁴ Interconnection NOPR at P 29.

¹⁵ Interconnection NOPR at PP 24, 30.

¹⁶ Interconnection NOPR at P 26.

¹⁷ Interconnection NOPR at P 39.

¹⁸ Interconnection NOPR at P 34.

transmission providers are seeing extensive queue backlogs,¹⁹ and not all regions currently follow the outlines of the preexisting LGIP and LGIA. Thus, proscriptive, one-size-fits-all dictates should be avoided in the interconnection context, just as such would be counterproductive in the transmission planning context. The wholesale application of a new LGIP and LGIA across jurisdictional entities would ignore the finely-crafted compromises that make dissimilar markets function and provide benefits both to stakeholders and electricity customers today. Therefore, the Chamber supports the benefits that regional variations provide, and encourages the Commission to support such variations as part of any compliance requirements resulting from a final rule in this proceeding.

III. The Proposed First-Ready, First-Served Cluster Study Process and Cost Allocation Methodology is Overdue, Subject to Minor Caveats

As one of its primary proposed reforms to clear clogged interconnection queues, the Interconnection NOPR proposes to require transmission providers to abandon the existing serial “first-come, first-served” queuing approach and replace it with a “first-ready, first-served cluster study process.”²⁰ The Interconnection NOPR also proposes to impose more rigorous financial commitments and readiness requirements on interconnection customers with higher study deposits, enhanced site control requirements, and commercial readiness requirements.²¹ The Chamber supports each of these reforms as overdue, to the extent that individual transmission providers and RTO/ISOs have not already moved to adopt these or similarly effective practices.

To the extent that individual transmission providers and regional organizations have already diverged from the default terms of the LGIA and LGIP, it is important for the Commission to affirmatively recognize that its “unjust, unreasonable, unduly discriminatory, and preferential” finding underlying its proposal that generator interconnection reforms are necessary only applies to those standardized terms and conditions, but not to regional variations that have since been filed with and approved by the Commission and thereafter implemented to modify a transmission provider’s interconnection procedures and interconnection agreement.²² While it is understandable that the Commission would require some type of compliance filing in response to whatever interconnection reforms are formally adopted in this

¹⁹ In fact, some regions that continue to employ a serial process have been able to avoid a backlog in interconnection requests.

²⁰ Interconnection NOPR at PP 39, 64.

²¹ *Id.*

²² This clarification is necessary and relevant to every reform proposed within this proceeding, as previously approved variations to the standardized LGIA and LGIP cannot be summarily reopened by the Commission without a particularized finding that these different terms and conditions for generator interconnection are also unjust, unreasonable, unduly discriminatory or preferential.

proceeding,²³ it is imperative that “regional reliability variations” and “independent entity variations” otherwise previously approved by the Commission be subject to nominal compliance obligations absent a separate and particular finding by the Commission that these variations themselves are unjust, unreasonable, unduly discriminatory or preferential. Furthermore, regional variations should be welcomed on a prospective basis, as each transmission provider knows best the particular interconnection requests that should be included within a cluster and those that shouldn’t based on their system’s geography, electric configuration, or other relevant factors. Thus, while it is not objectionable to provide defined, time-based windows for the formation of cluster groups, the grouping of individual interconnection requests into particular clusters within a transmission provider’s territory should be consistent with the configuration and physical and electrical situs of such requests.

With respect to the ordering of the interconnection queue, the Interconnection NOPR is correct to recognize that the “first-come, first-served” serial process can negate the efficiencies that may be realized when potential network upgrades are evaluated in light of multiple, relevant interconnection requests.²⁴ Similarly, it is correct that the “lumpiness” of cost allocation with a serial process can also render projects economically non-viable, leading to project withdraws, interconnection restudies, and further withdrawals as “lumpy” network upgrade costs are reassigned to subsequently proposed projects following restudy.²⁵ The cluster study process enables significant network upgrade costs to be shared more equitably across the group of interconnection customers that perpetuate the need for such facilities, thereby more truly aligning the costs of such facilities with those receiving the benefits therefrom.²⁶ Cluster studies make this equitable allocation of costs flow more naturally from the interconnection study process, and hopefully will minimize the gamesmanship of the submission of multiple interconnection requests and the resulting rash of withdrawals and restudies that inevitably result from this practice.²⁷

In contrast, the Chamber has concerns regarding the administrative feasibility, increased costs, and burden on finite resources posed by the Interconnection NOPR’s proposal to reallocate network upgrade costs from interconnection customers in an earlier cluster study to those studied in subsequent cluster studies that may benefit

²³ Interconnection NOPR at P 342.

²⁴ Interconnection NOPR at P 54.

²⁵ Interconnection NOPR at P 55. The Chamber also supports the 90% pro rata, 10% per capita application of interconnection study costs across the interconnection customers that form any particular cluster as a reasonable method for assessing the costs of clustered interconnection studies. Interconnection NOPR at P 82.

²⁶ The Interconnection NOPR terms this cost allocation methodology the “proportional impact method.” Interconnection NOPR at P 88.

²⁷ Interconnection NOPR at P 88.

from network upgrade facilities that have been in service for less than five years.²⁸ While the cost sharing of upgrades to which a subsequent interconnection customer directly connects might be appropriate given the clear traceability of such benefit, power flow studies conducted up to five years after the in-service date of non-adjacent network upgrades will inevitably fail to accurately divide the relevant interconnection costs among disparate-in-time interconnection customers due to the many coinciding yet unrelated system changes that will affect the outcomes of such analyses. Moreover, investment decisions will have already been made, and transmission credits may have already been paid back to the first-in-time interconnection customer in full. Quite clearly, the pursuit of optimal equity here is not worth the substantial ongoing administrative burden, especially given the fact that transmission service credits ultimately make funding generators whole for such investments.

IV. Increased Commitment Requirements Should Reduce – But Won’t Cure – Phantom Interconnection Requests

The Interconnection NOPR proposes to increase the financial commitments and readiness requirements necessary for interconnection customers to enter into and proceed through generator interconnection queues, in large part because the existing LGIP don’t require a meaningful demonstration that a proposed generator is advancing towards commercial viability.²⁹ First, the Interconnection NOPR proposes enhanced study deposits to be paid at each stage of the interconnection study process, with larger deposits due from facilities with higher proposed capacity.³⁰ Second, the Interconnection NOPR proposes a significantly higher deposit in connection with the execution or unexecuted filing of an LGIA for a particular project.³¹

Third, the Interconnection NOPR proposes to revise the existing LGIP to require an interconnection customer to demonstrate 100% site control for a proposed generation facility concurrent with the submission of an interconnection request.³² Under this modified requirement, the Commission proposes a limited exception to provide a deposit in lieu of the demonstration of site control when regulatory limitations prevent such site control from being demonstrated at the onset of an interconnection request.³³

Fourth, the Interconnection NOPR proposes to establish a commercial readiness framework with specified milestones that must be demonstrated to enter into a cluster

²⁸ Interconnection NOPR at P 98.

²⁹ Interconnection NOPR at PP 102-103.

³⁰ Interconnection NOPR at PP 106-107.

³¹ Interconnection NOPR at P 108.

³² Interconnection NOPR at P 116.

³³ Interconnection NOPR at P 118.

study, a cluster restudy, or the facilities study.³⁴ Executed term sheets and contracts for the sale of the generation facility or its energy, capacity, or ancillary services are accepted as proof of commercial readiness, along with evidence that a proposed project has been selected in an integrated resource plan or solicitation or that it otherwise is being developed to serve a particular commercial, industrial, or other large end-use customer.³⁵

In addition, the Commission has proposed to require the assessment of withdrawal penalties upon interconnection customers that terminate their interconnection request, unless such termination does not harm other interconnection customers or if the withdrawal is precipitated by a significant, unanticipated increase in the estimated cost of necessary network upgrades.³⁶ This departure from the current LGIP presents an additional financial incentive, which increases at each stage of the interconnection process,³⁷ for interconnection customers to not initiate or advance speculative projects through transmission provider interconnection queues.

The Chamber strongly supports each of the above reforms as each should play a role in reducing the incidence of exploratory or speculative interconnection requests being submitted into transmission provider interconnection queues. As such, queue sizes should be condensed, study times should be shortened, and the need for restudies ought to be reduced. Each of these reforms should more efficiently allocate transmission provider resources toward potential generators that are more likely to achieve commercial operation. Further, these requirements and milestones should also enhance the certainty of interconnection study results, to the benefit of all generation developers. Therefore, the Commission should retain these proposed reforms as a key part of any final rule issued in this proceeding.

V. The Proposed Elimination of the Reasonable Efforts Standard Lacks Justification

One concerning proposal in the Interconnection NOPR involves the elimination of the “reasonable efforts standard” that currently assesses the timeliness of a transmission provider’s processing of interconnection studies.³⁸ Instead of enforcing a good utility practice standard, which is endemic across the industry, the Commission now proposes firm study completion deadlines and monetary penalties if transmission

³⁴ Interconnection NOPR at P 128.

³⁵ Interconnection NOPR at PP 129-130.

³⁶ Interconnection NOPR at PP 140-141.

³⁷ Interconnection NOPR at P 144.

³⁸ The “reasonable efforts” standard is defined as “actions that are timely and consistent with Good Utility Practice and are substantially equivalent to those a Party would use to protect its own interests.” Order No. 2003, 104 FERC ¶ 61,103 at P 67; Interconnection NOPR at P 161.

providers are unable to meet them.³⁹ The Interconnection NOPR asserts that the “reasonable efforts” standard “contributes to interconnection study delays” due to the current lack of penalties assessed to transmission providers when they miss study completion deadlines.⁴⁰ However, the Commission does not provide any evidence to substantiate this conclusion.

The Commission appropriately recognizes the preponderance of external forces that lead to transmission provider delays in the completion of interconnection studies. The Interconnection NOPR provides evidence relating to the overall high volume of interconnection requests, the submission of speculative interconnection requests, the continuous need to perform restudies (which is exacerbated by such speculative requests), and the uncertainty and delays associated with the necessary independent coordination of interconnection customers, transmission providers, and affected systems.⁴¹ What the Commission omits, however, is any evidence that unilateral transmission provider action – or inaction – is resulting in the delayed completion of interconnection studies. This attempted linkage is even more tenuous within RTO/ISO regions where the interconnecting transmission owner is a different entity from the non-profit organization overseeing the interconnection study process.

Moreover, the establishment of arbitrary deadlines, which are universally applicable to all interconnection study requests, regardless of size, complexity, or magnitude of affected system impacts, is patently unreasonable. Quite simply, there are far too many relevant variables beyond a transmission provider’s control for such an entity to be locked into rigid timeframes that are applicable to each and every interconnection request. As such, the imposition of rigid monetary fines connected to interconnection study completion is, in itself, unjust and unreasonable and should be omitted from any final rule in this proceeding.

VI. Affected System Study Procedures Could Benefit from Enhanced Standardization

Affected system studies are a necessary component to any interconnection request that has the potential to impact another transmission provider’s facilities. The Interconnection NOPR correctly recognizes that the process to undertake such ancillary studies lacks any formality or consistency across different transmission providers.⁴² As such, interconnection customers are faced with added uncertainty,

³⁹ Interconnection NOPR at P 168.

⁴⁰ Interconnection NOPR at P 166.

⁴¹ Interconnection NOPR at P 165.

⁴² Interconnection NOPR at P 179.

study delays, and potentially significant additional upgrade costs that can render a project uneconomic during the later stages of the interconnection study process.⁴³

To rectify these issues, the Interconnection NOPR proposes to revise the existing LGIP to include a more defined affected system study process with defined timelines and procedures applicable to this integral part of the generator interconnection process.⁴⁴ The Commission also proposes to establish a *pro forma* affected system study agreement and a *pro forma* affected systems facilities construction agreement to provide uniformity to the terms, conditions, and agreements that govern affected system studies and the construction of any upgrades necessary to facilitate a generator's interconnection request to an adjacent system.⁴⁵ In addition, and with the intent to moderate affected system upgrade costs,⁴⁶ the Interconnection NOPR proposes to require that affected systems study an interconnection request through the use of Energy Resource Interconnection Service (ERIS) modeling standards, regardless of the level of interconnection service sought by a generation resource from the directly-connected transmission provider.⁴⁷

The Chamber generally supports the Commission's proposal to enhance the standardization and framework of the process set forth in the LGIP and LGIA for affected system studies. The formalization of the associated study agreements and facilities study agreements should reduce the delays and uncertainties that are currently attendant to this portion of the generator interconnection process. The Chamber does question the merit, however, of the requirement for an affected system to repay an interconnection customer connecting to an adjacent system for the full cost of any network upgrades required by their interconnection.⁴⁸ When an interconnecting generator on an adjacent system is not bound to contract for transmission service or likely to supply energy to an affected system, an obligation on the affected system to repay any ERIS-identified network upgrades rests solely with the affected system's customers, even though they are receiving no benefit from the new generation resource. As such, this shifting of costs, without any commensurate benefit, is unjust and

⁴³ *Id.*

⁴⁴ Interconnection NOPR at PP 183-193.

⁴⁵ Interconnection NOPR at PP 197-202.

⁴⁶ Interconnection NOPR at P 212.

⁴⁷ Interconnection NOPR at P 211.

⁴⁸ Interconnection NOPR at P 202.

unreasonable and should be removed from any final *pro forma* affected systems facilities study agreement that results from this proceeding.

VII. The Incorporation of Alternative Transmission Technologies Should Solely Be at the Discretion of the Transmission Provider

The Interconnection NOPR considers the question as to whether newer transmission technologies, such as dynamic line ratings (“DLR”) or advanced power flow control devices, should be considered as supplemental to or as a replacement to the more traditional network upgrades that can be identified through the interconnection study process.⁴⁹ In consideration of this issue, the Commission proposes to require that transmission providers evaluate, upon unilateral request of an interconnection customer, some or all of a significant menu of alternative transmission solutions that are available for deployment on the transmission system.⁵⁰ Moreover, the Interconnection NOPR proposes to allow an interconnection customer to request, throughout the interconnection study process, the transmission provider’s evaluation of one, two, or all of the available alternative transmission technologies in an effort to modify the results for each and every phase of the interconnection study process.⁵¹ Given the competing interests between a transmission provider, being responsible for the N-1 reliable configuration and operation of its transmission system, and an interconnection customer, whose interest here is limited to reducing its interconnection costs regardless of the consequences, this process is ill-conceived, subject to endless dispute, and should not be pursued in a final rule. In addition, the unbounded ability for interconnection customers to second-guess and require restudies of their interconnection request will only lengthen, rather than shorten, interconnection queue backlogs – in direct conflict with the primary purpose of this rulemaking.

While advanced power flow control devices and other alternative transmission technologies can be a reliable input to scope needed new transmission facilities and network upgrades, technologies such as DLR do not have an appropriate place in facilitating the interconnection of new generators to the transmission system. Many of these technologies provide varying levels of benefits, and primarily on a short-term basis. As such, the required adoption of such technologies could result in the shifting of network upgrade cost burdens to subsequent interconnection customers in instances where the earlier customer is the primary motivator of an upgrade’s need. Similarly, DLR provides operational flexibility under normal operating conditions, but it does not provide relief in a worst-case scenario. Only physical transmission capacity can provide relief in adverse operating environments and extreme system conditions, and it is important to also recognize that both “real” and “virtual” transmission capacity

⁴⁹ Interconnection NOPR at P 289.

⁵⁰ Interconnection NOPR at PP 297-298.

⁵¹ Interconnection NOPR at P 299.

come with associated costs. Thus, while DLR and other advanced technologies can serve as appropriate tools for smoothing transmission operations, they should not be used as a reason to bypass the physical network upgrades necessary to reliably integrate a new generation resource into a transmission provider's network.

VIII. Interconnection Customers Should Provide All Information Necessary to Support Reliable Interconnected Operations

The Commission also recognizes that the changing nature of the technologies that are seeking interconnection to the transmission grid (primarily non-synchronous, inverter-based resources) has posed challenges to reliable system operations.⁵² To address these challenges, the Interconnection NOPR proposes to require that interconnection customers provide information sufficient for a transmission provider to accurately model the electrical behavior of their proposed generating facility.⁵³ In addition, the Interconnection NOPR proposes to revise the LGIA to require newly interconnecting generating to ride through abnormal frequency and voltage conditions in a manner consistent with the standards and guidelines applicable to other generating facilities within the same balancing authority.⁵⁴ These proposed reforms are overdue, as evidenced by previous, widespread events where the lack of these requirements has threatened the reliable operations of the transmission system. As such, these commonsense reforms should be retained in any final rule issued in this proceeding.

IX. Conclusion

The Chamber appreciates the Commission's consideration of the need to update the *pro forma* interconnection procedures and *pro forma* interconnection agreements applicable to both large and small new generation facilities. Many of the proposed reforms can contribute to the lessening of queue backlogs, the reduction of speculative interconnection requests, and the streamlining of the affected system upgrade process. Other proposed reforms, which appear to be solutions in search of a problem, are misguided. These unwelcome proposed reforms include the development of a penalty regime for transmission providers that are undertaking reasonable efforts to complete interconnection studies and the separate formalization of a process whereby interconnection customers can repeatedly second-guess interconnection study results, and the network upgrades identified therein. Instead of furthering the Commission's

⁵² Interconnection NOPR at PP 310-315.

⁵³ Interconnection NOPR at P 328.

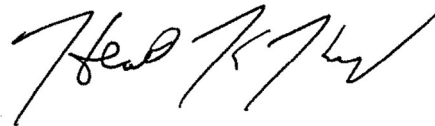
⁵⁴ Interconnection NOPR at PP 336, 340.

stated goal to reduce interconnection backlogs, these latter reforms would work at counter purposes thereto.

Overall, subject to the aforementioned critiques, the Interconnection NOPR provides an appropriate balance of reforms applicable to both the transmission provider's processing of interconnection requests, an affected system's consideration of the impacts on its system due to an adjacent system generator interconnection, and the obligation of interconnection customers to provide sufficient information to process commercially viable interconnection requests, without filling queues with speculative inquiries.

The Chamber appreciates the opportunity to comment on the Interconnection NOPR. If you have any questions or need additional information regarding these comments, please contact me at (202) 463-5874 or hknakmuhs@uschamber.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Heath K. Knakmuhs". The signature is fluid and cursive, with the first name being the most prominent.

Heath K. Knakmuhs
Vice President and Policy Counsel
Global Energy Institute
U.S. Chamber of Commerce