

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Nora Mead Brownell, and Suedeen G. Kelly.

Midwest Independent Transmission System  
Operator, Inc.

Docket No. ER06-866-000

ORDER CONDITIONALLY ACCEPTING INTERCONNECTION AGREEMENT,  
SUBJECT TO OUTCOME OF RELATED PROCEEDINGS

(Issued June 12, 2006)

1. On April 14, 2006, Midwest Independent Transmission System Operator, Inc. (Midwest ISO) filed an unexecuted Large Generator Interconnection Agreement (Interconnection Agreement) among Midwest ISO as Transmission Provider, Whistling Wind WI Energy Center, LLC (Whistling Wind) as Interconnection Customer, and American Transmission Company LLC (ATC) as Transmission Owner. The proposed Interconnection Agreement provides for the interconnection of Whistling Wind's Generating Facility, consisting of 31 wind turbines rated at 1.65 MW each to ATC's transmission system. In this order, the Commission conditionally accepts and suspends the proposed Interconnection Agreement, subject to refund and the outcome of related proceedings.

**I. Background**

2. There have been several other filings with the Commission that are relevant to the one at hand. In Docket No. ER05-1475-000, Midwest ISO filed various proposed revisions to its Open Access Transmission and Energy Markets Tariff (TEMT) Attachment X, which contains Midwest ISO's Large Generator Interconnection Procedures (LGIP) and *pro forma* Large Generator Interconnection Agreement (LGIA). By order dated February 13, 2006, the Commission conditionally accepted those proposed revisions and directed a compliance filing.<sup>1</sup> Midwest ISO made a compliance

---

<sup>1</sup> *Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,134 (2006) (February 13 Order).

filing, which the Commission conditionally accepted by order dated May 22, 2006, and directed further modifications to Midwest ISO's *pro forma* LGIA.<sup>2</sup>

3. In Docket No. ER06-356-000, Midwest ISO filed proposed revisions to its LGIP and *pro forma* LGIA in compliance with Order Nos. 661 and 661-A.<sup>3</sup> The Commission accepted in part and rejected in part Midwest ISO's proposed revisions, and directed a compliance filing.<sup>4</sup> Midwest ISO made a compliance filing, which is pending before the Commission.

4. In Docket No. ER06-18-000, Midwest ISO submitted proposed revisions to the pricing provisions in Article 11 of its *pro forma* LGIA. The Commission conditionally accepted Midwest ISO's proposed revisions.<sup>5</sup> Specifically, the Commission accepted Midwest ISO's proposal under which an interconnection customer receives credits against its transmission service bills of up to fifty percent of the total amount paid for the network upgrades, if the output of the generating facility is committed by a contract of at least one year to serve Midwest ISO network customers, or the generating facility was designated as a network resource when commercial operation began. If the interconnection customer commits only a portion of the generator facility's capacity, this cost sharing is pro rated accordingly. If the interconnection customer cannot demonstrate such commitment at or before the beginning of the commercial operation, network upgrade costs are fully assigned to the interconnection customer. Those costs not assigned to the interconnection customer are recovered from transmission owners based on cost and voltage thresholds and according to the methodology applied to baseline reliability projects.<sup>6</sup> Midwest ISO made a compliance filing, which is pending before the Commission.

---

<sup>2</sup> *Midwest Independent Transmission System Operator, Inc.*, 115 FERC ¶ 61,223 (2006) (May 22 Order).

<sup>3</sup> *Interconnection for Wind Energy*, Order No. 661, 70 Fed. Reg. 34,993 (June 16, 2005), FERC Stat. & Regs. ¶ 31,186 (2005), *order on reh'g*, Order No. 661-A, 70 Fed. Reg. 75,005 (Dec. 19, 2005), FERC Stats. & Regs. ¶ 31,198 (2005).

<sup>4</sup> *Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,270 (2006) (March 17 Order), *reh'g pending*.

<sup>5</sup> *Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,106 (2006) (February 3 Order), *reh'g pending*.

<sup>6</sup> *Id.* at P 46.

## II. Proposed Interconnection Agreement

5. Midwest ISO states that the Interconnection Agreement is being filed unexecuted because the parties have reached an impasse regarding certain provisions that are pending before the Commission in other proceedings. Midwest ISO states that the proposed Interconnection Agreement reflects the proposed revisions to the *pro forma* LGIA filed in compliance with the February 13 Order. Midwest ISO also says that the Interconnection Agreement has provisions in Article 9.6.1 and Appendix G, including power factor design criteria, that were addressed by the Commission in the March 17 Order in Docket No. ER06-356. It requests that these provisions be accepted subject to the outcome of Docket No. ER06-356. In addition, Midwest ISO states that the Interconnection Agreement reflects the revisions to Article 11.4 of the *pro forma* LGIA that were conditionally accepted by the Commission in the February 3 Order. Midwest ISO also states that Whistling Wind requests that the Interconnection Agreement be modified to correct two typographical errors in Midwest ISO's *pro forma* LGIA. Midwest ISO states that it does not oppose these typographical revisions, but it did not include them in the proposed Interconnection Agreement because such typographical revisions must first be made to the *pro forma* LGIA.

6. Midwest ISO requests that the Commission waive its 60-day prior notice requirement and make the Interconnection Agreement effective as of the date that it issues an order in this proceeding.

## III. Notice of Filing and Responsive Pleadings

7. Notice of Midwest ISO's April 14, 2006 filing was published in the *Federal Register*, with comments, interventions, and protests due on or before May 5, 2006.<sup>7</sup> ATC timely filed a motion to intervene. Whistling Wind timely filed a motion to intervene and protest.

8. ATC filed an answer to Whistling Wind's protest on May 25, 2006.

---

<sup>7</sup> 71 Fed. Reg. 26,488 (2006).

#### IV. Discussion

##### A. Procedural Matters

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,<sup>8</sup> the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

10. Additionally, Rule 213(a)(2) of the Commission's Rules of Practice and Procedure<sup>9</sup> prohibits an answer to a protest unless otherwise ordered by the decisional authority. We are not persuaded to accept ATC's answer.

##### B. Article 9.6.1 (Reactive Power)

###### 1. Background

11. In Order Nos. 661 and 661-A, the Commission adopted a power factor standard of 0.95 leading to 0.95 lagging for wind generators in Appendix G of the *pro forma* LGIA. That provision applies only when the Transmission Provider shows, based on the System Impact Study, that reactive power is needed to ensure the safety or reliability of the transmission system. However, the Commission, in Order No. 661-A, also provided that where a Transmission Provider has a different power factor range in its *pro forma* LGIA, and wishes to apply that same range to wind generators, it may seek a variation from the Commission under the variation standards adopted by the rule.<sup>10</sup> The Commission also adopted a requirement that wind generators be capable of providing dynamic voltage support within the power factor range if the System Impact Study shows this to be needed to ensure the safety or reliability of the transmission system.

12. In its Order No. 661 compliance filing, Midwest ISO proposed several variations, under the "independent entity variation" standard, from the power factor design criteria for wind plants adopted by the Commission in Order Nos. 661 and 661-A. Midwest ISO proposed to require *all* wind generators to maintain power factors over 0.95 leading to 0.95 lagging unless the Transmission Provider has established different requirements that apply to all generators in a control area on a comparable basis. It thus proposed not to adopt the requirement in Order No. 661 that the power factor design criteria apply only when the Transmission Provider demonstrates in the System Impact Study that the wind plant must have reactive power capability to protect safety or reliability. Midwest ISO

---

<sup>8</sup> 18 C.F.R. § 385.214 (2005).

<sup>9</sup> 18 C.F.R. § 385.213 (a)(2) (2005).

<sup>10</sup> Order No. 661-A at P 50.

also sought to apply a different power factor range if it has established different requirements that apply to all generators in a particular control area on a comparable basis. In the March 17 Order, the Commission rejected Midwest ISO's proposal to apply the power factor design criteria absent demonstration in the System Impact Study that the wind plant must have reactive power capability to protect safety or reliability. However, the Commission accepted Midwest ISO's proposal to apply a power factor range other than 0.95 leading to 0.95 lagging to wind generators if it has established different requirements that apply to all generators in a particular control area on a comparable basis.<sup>11</sup>

13. Article 9.6.1 and Appendix G of the proposed Interconnection Agreement reflect the power factor design criteria for wind plants proposed by Midwest ISO in its Order No. 661 compliance filing. Midwest ISO acknowledges that certain of these provisions were rejected in the March 17 Order in Docket No. ER06-356, and requests that the provisions be accepted subject to the outcome of Docket No. ER06-356.

14. In addition, Midwest ISO notes that the Interconnection Agreement applies the power factor range of 0.95 leading to 0.90 lagging that ATC applies to all generators in its control area. It notes that in the March 17 Order, the Commission accepted Midwest ISO's proposal to apply a power factor range other than 0.95 leading to 0.95 lagging to wind generators if it has established different requirements that apply to all generators in a particular control area on a comparable basis. It also states that the System Impact Study demonstrated a need for Whistling Wind's Generating Facility to be capable of maintaining power factors within the range of 0.928 leading to 0.977 lagging at the Point of Interconnection and for such capability to be able to operate dynamically. It states that, as a result of the study and the Commission's orders, Whistling Wind's Generating Facility must be capable of operating at power factors throughout the range of 0.95 leading to 0.90 lagging at the Point of Interconnection.

15. In its protest, Whistling Wind maintains that the proper power factor standard for the Interconnection Agreement is 0.928 leading to only 0.977 lagging, as demonstrated in the System Impact Study. Whistling Wind argues that holding a wind generator to ATC's standard power factor range when the System Impact Study demonstrates the need for a less onerous power factor range would contradict Order No. 661-A and the

---

<sup>11</sup> March 17 Order at P 30. The Commission rejected two other variations that Midwest ISO had proposed to the power factor requirements adopted in Order Nos. 661 and 661-A: (1) proposed language that would have required wind plants to be "capable of continuous dynamic operation throughout the power factor design range"; and (2) proposed language requiring wind plants to "maintain all power factors over 0.95 leading to 0.95 lagging." March 17 Order at PP 36-37.

March 17 Order, which rejected requests to require wind plants to provide reactive power in all cases. Whistling Wind states that it should only be required to meet the standard that Midwest ISO determines is needed for safety and reliability, and should not be required to incur the additional and unnecessary cost of meeting a standard that does not comport with the System Impact Study results.

## **2. Commission Conclusion**

16. We will conditionally accept the proposed provisions of Article 9.6.1 and Appendix G of the proposed Interconnection Agreement, subject to the outcome of Docket No. ER06-356, as discussed below. We reject Whistling Wind's request that it only be required to be capable of operating within the power factor range of 0.928 leading to 0.977 lagging. In Order No. 661, the Commission explained that a reactive power standard that applies if needed for safety and reliability provides assurances to wind developers that their interconnection will not be frustrated by uncertainty or lack of standards.<sup>12</sup> Consistent with this approach, Midwest ISO's *pro forma* LGIA, as accepted and modified by the March 17 Order, requires that wind generators meet a standard power factor range of 0.95 leading to 0.95 lagging, unless the Transmission Provider has established a different power factor range applicable to all generators in a control area, if the System Impact Study shows that reactive power capability is necessary. When that is the case, the wind generator must meet the standard power factor range established for that control area. Here, the System Impact Study shows that reactive power capability is needed, and therefore, the power factor range that Midwest ISO and ATC propose is consistent with Appendix G of Midwest ISO's *pro forma* LGIA.

### **C. Article 11.4**

#### **1. Background**

17. The proposed Interconnection Agreement reflects the revisions to the pricing provisions in Article 11.4 of the *pro forma* LGIA accepted by the Commission to take effect February 5, 2005, in the February 3 Order in Docket No. ER06-18.<sup>13</sup> Before February 5, 2006, ATC had provided customers transmission service credits for 100 percent of the network upgrade costs, but the February 3 Order established a mechanism for transmission service credits of up to only 50 percent of those costs, depending on certain circumstances.

---

<sup>12</sup> Order No. 661 at P 50.

<sup>13</sup> See *supra* n.4.

18. Midwest ISO states that ATC is seeking modification of the *pro forma* LGIA that may result in a new section 205 filing with the Commission in order to permit ATC to continue the transmission pricing methodology that was replaced by that accepted in the February 3 Order. It states that ATC requests that the Commission accept the proposed Interconnection Agreement subject to the outcome of such future new section 205 proceeding.

## **2. Commission Conclusion**

19. Midwest ISO states that ATC is asking the Commission to make the Interconnection Agreement subject to the outcome of a proceeding that has not yet been initiated. It would be premature to revise the Interconnection Agreement to incorporate the outcome of a proceeding that has not even been initiated. However, we find that Article 30.11 of the Interconnection Agreement allows the parties to exercise their rights under the Federal Power Act<sup>14</sup> to seek modifications to the agreement; thus, should ATC seek modification of Midwest ISO's *pro forma* LGIA, through a new section 205 filing, to permit ATC to continue the transmission pricing methodology that was replaced by that accepted in the February 3 Order, it may also propose to modify the Interconnection Agreement, if necessary, to apply that policy to Whistling Wind.

### **D. Typographical Revisions**

20. Whistling Wind requests that the Commission approve two typographical revisions: 1) correcting a reference to the Commission's refund interest regulations by replacing "18 C.F.R. § 35.19(a)(2)(iii)" with "18 C.F.R. § 36.19a(a)(2)(iii)" in Article 11.4.1; and 2) deleting a comma at the end of the definition of "Loss" in Article 1. Whistling Wind states that the proposed revision to Article 11.4.1 will ensure that the correct regulation is referenced. Whistling Wind also asserts that deletion of the comma at the end of the definition of "Loss" will avoid unnecessary confusion. While Midwest ISO does not oppose the typographical revisions that Whistling Wind requests, Midwest ISO did not include the revisions in the Interconnection Agreement, noting that the Commission has found that correction of typographical errors should be made on a *pro forma* basis, not in individual Interconnection Agreements.

21. We will not adopt the typographical and grammatical revisions that Whistling Wind seeks. As Midwest ISO notes, the Commission requires such revisions be made on

---

<sup>14</sup> 16 U.S.C. §§ 824d and 824 e (2005).

a *pro forma* basis.<sup>15</sup> Therefore, if Whistling Wind wishes to pursue these revisions to the Interconnection Agreement, it must first seek modification to the *pro forma* LGIA.

**E. Related Proceedings**

22. Insofar as the proposed Interconnection Agreement reflects the same proposed revisions to Midwest ISO's *pro forma* LGIA that remain at issue in Docket Nos. ER06-1475, ER06-18 and ER06-356, the Commission accepts and suspends for a nominal period the proposed Interconnection Agreement. We will make it effective, subject to refund and subject to the outcome of Docket Nos. ER05-1475, ER06-18 and ER06-356, on the date of this order, as requested.<sup>16</sup> Midwest ISO is directed to file, within 30 days of the date of this order, revisions to the Interconnection Agreement reflecting the modifications to Midwest ISO's *pro forma* LGIA directed in the March 17 and May 22 Orders and reflecting the effective date granted on this order. Midwest ISO is also directed to file, within 30 days of any future order either approving or directing further revisions to the Attachment X *pro forma* LGIA in Docket Nos. ER05-1475, ER06-18 or ER06-356, any necessary revisions to the proposed Interconnection Agreement to conform to the revisions required by those orders.

The Commission orders:

(A) The proposed Interconnection Agreement is hereby conditionally accepted, as discussed in the body of this order, effective on the date of this order, as requested.

(B) Midwest ISO is hereby directed to submit a compliance filing within 30 days of the date of this order, and to submit subsequent compliance filings, as discussed in the body of this order.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.

---

<sup>15</sup> *Midwest Independent Transmission System Operator, Inc.*, 111 FERC ¶ 61,421, at P 14 (2005).

<sup>16</sup> *Prior Notice and Filing Requirements under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, at 61,984, *order on reh'g*, 65 FERC ¶ 61,081 (1993) (waiver of prior notice will be granted for service agreements filed within 30 days after the commencement of such service).