

139 FERC ¶ 61,219
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
and Cheryl A. LaFleur.

Midwest Independent Transmission System Operator, Inc.	Docket Nos. ER06-192-000 ER06-192-001 ER06-192-002
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ORDER ACCEPTING IN PART AND REJECTING IN PART TARIFF SHEETS
SUBMITTED IN COMPLIANCE WITH ORDER NOS. 2006, 2006-A, and 2006-B

(Issued June 15, 2012)

1. Midwest Independent Transmission System Operator, Inc. (MISO) has filed proposed revisions to the *pro forma* Small Generator Interconnection Procedures (SGIP) and Small Generator Interconnection Agreement (SGIA)¹ adopted by the Commission in Order Nos. 2006, 2006-A, and 2006-B.² It proposes multiple revisions that range from stylistic and/or typographical revisions (i.e., editorial revisions) to substantive revisions. In this order, pursuant to the “independent entity variation” standard, we accept in part and reject in part MISO’s proposed revisions. Further, we note that the proposed revisions to MISO’s *pro forma* SGIP/SGIA (Attachment R) have since been superseded

¹ In this order, provisions of the Commission’s *pro forma* SGIP are referred to as “Sections” and provisions of the Commission’s *pro forma* SGIA are referred to as “Articles.”

² *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, FERC Stats. & Regs. ¶ 31,180, *order on reh’g*, Order No. 2006-A, FERC Stats. & Regs. ¶ 31,196 (2005), *order granting clarification*, Order No. 2006-B, FERC Stats. & Regs. ¶ 31,221 (2006) (collectively, Order No. 2006).

by revisions proposed by MISO and accepted by the Commission in Docket No. ER08-1169-000.³ Accordingly, we will not require MISO to make a compliance filing.

I. Background

2. Order No. 2006 required all public utilities to adopt standard rules for interconnecting new sources of electricity no larger than 20 megawatts (small generators) to the transmission system. Order No. 2006 standardized the terms and conditions of small generation interconnection service, just as Order No. 2003 standardized the terms and conditions for large generation interconnection service.⁴ The Commission's *pro forma* SGIP and SGIA are designed to reduce interconnection time and costs for interconnection customers and transmission providers, preserve reliability, increase energy supply, lower wholesale prices for customers by increasing the number and types of new generation that will compete in the wholesale electricity market, facilitate development of alternative energy sources, and mitigate undue discrimination.

II. MISO's Filings

3. On November 10, 2005, MISO filed proposed revisions to its Open Access Transmission and Energy Markets Tariff (Tariff) to comply with Order No. 2006 (Original Order No. 2006 Compliance Filing). In response to Order No. 2006-A on December 30, 2005, MISO advised the Commission that it would "address any further revisions as may be applicable in a manner that is consistent with the Commission's determination in its pending Order No. 2006 Compliance Filing." On October 25, 2006, MISO moved to withdraw, without prejudice, its Original Order No. 2006 Compliance Filing, contingent upon the Commission's acceptance of a concurrent filing designed to comply with the requirements of Order Nos. 2006, 2006-A, and 2006-B (Consolidated Order No. 2006 Compliance Filing). MISO asserted that the latter proposed revisions

³ *Midwest Indep. Transmission Sys. Operator, Inc.*, 124 FERC ¶ 61,183 (Queue Reform Order), *order on reh'g*, 127 FERC ¶ 61,294 (2009) (accepting among other things revisions to MISO's generator interconnection processes that combined the procedures for small and large generator interconnection requests).

⁴ *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160, *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom. Natl Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007).

meet the “independent entity standard” for variations from the Commission’s *pro forma* provisions. MISO requested an effective date of January 9, 2006.

4. On November 17, 2006, MISO filed an errata (November 17 errata filing) to its Consolidated Order No. 2006 Compliance Filing based on MISO’s review of certain comments. The November 17 errata filing included additional proposed revisions based on revisions accepted by the Commission in Docket No. ER06-1418-000⁵ and by delegated letter order in Docket No. ER06-1483-000.⁶

5. MISO’s proposed Tariff revisions fall into four general categories: (1) corrections of typographical errors; (2) revisions that are proposed to improve the Commission’s *pro forma* SGIP and SGIA or to provide consistency with the MISO Tariff; (3) revisions that reflect MISO’s role and/or the nature of three-party service agreements; and (4) revisions that address the regional needs of MISO’s operation and/or control of its transmission system.⁷

III. Notice and Responsive Pleadings

6. Notice of MISO’s Original Order No. 2006 Compliance Filing in Docket No. ER06-192-000 was published in the *Federal Register*, 70 Fed. Reg. 71,124 (2005), with interventions and protests due on or before December 1, 2005. Wisconsin Electric Power Company (Wisconsin Electric) filed a timely motion to intervene without substantive comments. Notices of MISO’s Consolidated Order No. 2006 Compliance Filings in Docket Nos. ER06-192-001 and ER06-192-002 were published in the *Federal*

⁵ See *Midwest Indep. Transmission Sys. Operator, Inc.*, 117 FERC ¶ 61,115 (2006) (accepting proposed revisions to the SGIP and SGIA to reflect the cost allocation and recovery of costs in Attachment FF and GG of the MISO Tariff that had been approved in Docket No. ER06-18-000). The changes were accepted subject to the outcome of the proceedings in Docket Nos. ER06-192-000 and ER06-18-000. See *Midwest Indep. Transmission Sys. Operator, Inc.*, 114 FERC ¶ 61,106 (2006), *order on reh’g*, 118 FERC ¶ 61,208 (2007), *aff’d sub nom. Public Service Commission of Wisconsin v. FERC*, 545 F.3d 1058 (D.C. Cir. 2008).

⁶ See *Midwest Indep. Transmission Sys. Operator, Inc.*, Docket No. ER06-1483-000 (November 2, 2006) (unpublished letter order) (accepting conditional Energy Resource Interconnection Service (ERIS) being available to all interconnection customers with small generating facilities subject to the outcome of the proceeding in Docket No. ER06-1315-000).

⁷ See Consolidated Order No. 2006 Compliance Filing at 4.

Register, 71 Fed. Reg. 65,483 (2006) and 71 Fed. Reg. 69,208 (2006), with intervention and protest due dates of November 15, 2006 and December 8, 2006, respectively. Wisconsin Electric filed comments in Docket No. ER06-192-001 (enumerating errors that MISO's subsequent November 17 errata filing in Docket No. ER06-192-002 was designed to correct).⁸

7. Consumers Energy Company (Consumers Energy) filed a timely motion to intervene and protest in Docket No. ER06-192-001. Consumers Energy protests MISO's proposal to eliminate a self-insurance option for interconnection customers and contends that this would allow only transmission providers a right to self-insure.

IV. Discussion

A. Procedural Matters

8. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2009), Wisconsin Electric's and Consumers Energy's timely, unopposed motions to intervene serve to make them parties to this proceeding.

B. Standard of Review

9. Order No. 2006 permits an independent system operator (ISO) (or regional transmission operator (RTO)) to seek "independent entity variations" from the Commission's *pro forma* SGIP and SGIA.⁹ The Commission stated that this balanced approach gives an ISO (or an RTO) greater flexibility to customize its interconnection procedures and agreements than a non-independent transmission provider because an ISO (or an RTO) does not own generation, and thus lacks the incentive to discriminate in favor of certain generation or to obstruct access to the grid by independent generators. Nevertheless, the Commission also stated that it will review an ISO/RTO's proposed revisions to ensure that they do not provide an unwarranted opportunity for undue discrimination or result in an interconnection process that is unjust and unreasonable.¹⁰ It

⁸ In Docket No. ER06-192-002, MISO filed revised Tariff sheets to correct three minor errors. *See* Errata to Consolidated Order No. 2006 Compliance Filing, (November 17, 2006); Fourth Revised Sheet Nos. 1512, 1528, 1533 and 1534 of MISO's proposed SGIP and SGIA.

⁹ *See* Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 549.

¹⁰ *See PJM Interconnection, LLC*, 108 FERC ¶ 61,025, at P 7 (2004), *order on reh'g*, 110 FERC ¶ 61,099 (2005) (*PJM*); *Midwest Indep. Transmission Sys. Operator, Inc.*, 114 FERC ¶ 61,270, at P 29 (2006).

is not a sufficient justification to state that a variation conforms to current ISO/RTO practices or to the ISO/RTO's tariff definitions and terminology. Even where the transmission provider is an ISO/RTO, it must still justify its variations in light of the Commission's *pro forma* SGIP/SGIA.¹¹

10. Moreover, with respect to provisions modified or added to the *pro forma* SGIP/SGIA solely to conform with MISO's *pro forma* Large Generator Interconnection Procedures (LGIP) and/or Large Generator Interconnection Agreement (LGIA), we note that the *pro forma* SGIP/SGIA are intended to be shorter and less complex than the *pro forma* LGIP/LGIA.¹² Thus, a transmission provider cannot justify a variation from our *pro forma* small generator provisions simply on the grounds that the variation has been approved for its large generator *pro forma* provisions.¹³

C. Substantive Matters

11. We accept MISO's consolidated proposed revisions under the independent entity variation standard except as discussed below, effective January 9, 2006, as requested. MISO is also directed to review those small generator interconnection applications processed between January 9, 2006 (i.e., the effective date of MISO's Consolidated Order No. 2006 Compliance Filing) and August 25, 2008 (i.e., the effective date of the MISO's

¹¹ See *PJM*, 108 FERC ¶ 61,025 at P 16.

¹² During the Order No. 2003 proceeding, some commenters urged the Commission to initiate a separate proceeding to develop standard interconnection procedures and agreements that addressed the unique concerns of small generating facilities. Persuaded that different procedures and agreements were needed, the Commission severed small generating facilities from the Order No. 2003 proceeding and issued a Small Generator Interconnection Advance Notice of Proposed Rulemaking in August 2002. The Commission explained that having standard interconnection procedures and a standard agreement for small generating facilities will, among other things, provide for a simpler, more easily understood document for small generators that is compatible across jurisdictions, remove unfair impediments to market entry for small generators by reducing interconnection costs and time, foster increased development of economic small generating facilities, and protect system reliability. See Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at P 10; Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at PP 15-17, 37.

¹³ See Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 59; *New York Indep. Sys. Operator, Inc.*, 118 FERC ¶ 61,130 at P 16, *order on reh'g*, 119 FERC ¶ 61,333 (2007) (*NYISO*).

successor generator interconnection queue reform proposal) and revise any agreements to be consistent with the findings in this order. As noted above, however, the proposed revisions to MISO's *pro forma* SGIP/SGIA (Attachment R) have been superseded by revisions accepted by the Commission in the Queue Reform Order; thus, MISO will not be required to make a compliance filing in these dockets.

1. MISO SGIA Article 8.1 (Insurance)

12. Article 8.1 of the *pro forma* SGIA includes a provision that states that “An Interconnection Customer of sufficient creditworthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.” In its filing, MISO proposes to delete this self-insurance provision.

13. Consumers Energy objects to MISO's attempt to eliminate this self insurance provision. Consumers Energy states that this proposal would bar SGIA interconnection customers from self-insuring, even when the same interconnection customer may well be self-insuring higher risk projects under one or more MISO LGIAs. Consumers Energy argues that the MISO Tariff should allow for self-insurance under its SGIA on a basis at least equal to that extended under its LGIA.¹⁴

14. We reject MISO's proposal to eliminate the option to self-insure because MISO provides no explanation or basis for excluding a self-insurance provision. Order No. 2006 provides for small generators to self-insure where appropriate and we find no reason to not allow that here.¹⁵

2. MISO SGIA Article 1.8.1 (Reactive Power)

15. Article 1.8.1 of the *pro forma* SGIA requires that an interconnection customer “...maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor range of 0.95 leading to 0.95 lagging. . . .” It also states that “[t]he requirements of this paragraph shall not apply to wind generators.”¹⁶ MISO proposes to revise Article 1.8.1 to state that an interconnection customer “...maintain a composite power delivery at continuous rated power output at the Point of

¹⁴ Consumers Energy Protest at 5-6.

¹⁵ See Order No. 2006, FERC Stats. & Regs. ¶ 31,180 at P 59; *New York Indep. Sys. Operator, Inc.*, 118 FERC ¶ 61,130 at P 330, *order on reh'g*, 119 FERC ¶ 61,333 (2007) (*NYISO*).

¹⁶ Order No. 2006, *pro forma* SGIA, Article 1.8.1.

Interconnection at all a-power factor[s] ~~range of~~ over 0.95 leading to 0.95 lagging... ” to ensure the same power factor requirements for all generator interconnections. MISO also proposes to delete the provision that states that “. . . this paragraph shall not apply to wind generators.”

16. We reject MISO’s proposed revisions to Article 1.8.1 regarding the power factor ranges to require interconnection customers to be capable of meeting all power factor[s] over 0.95 leading to 0.95 lagging. We find that MISO has not fully explained the use of modifiers “all” and “over” and why its proposed revisions are necessary. Moreover, the Commission has previously rejected an identical proposed variation for power factor requirements in MISO’s *pro forma* large generation interconnection agreement, explaining that a generating plant, if required to provide reactive power capability, should be able to operate anywhere in the prescribed power factor range.¹⁷ We also reject MISO’s proposed deletion of the last sentence of this article. MISO has not provided a reason for removing this sentence or otherwise justified this deletion. Moreover, the Commission has previously rejected an identical proposed variation for power factor requirements of wind generators in MISO’s *pro forma* large generation interconnection agreement.¹⁸

The Commission orders:

(A) MISO’s motion to withdraw without prejudice the Original Order No. 2006 Compliance filing is hereby granted.

(B) MISO’s proposed Tariff revisions are hereby accepted in part and rejected in part, to be effective January 9, 2006, as discussed in the body of this order.

(C) MISO is hereby directed to review those small generator interconnection applications processed between January 9, 2006 (i.e., the effective date of MISO’s Consolidated Order No. 2006 Compliance Filing) and August 25, 2008 (i.e., the effective date of MISO’s generator interconnection queue reform proposal), and to revise such agreements to be consistent with the findings in this order. Because MISO’s SGIP/SGIA (Attachment R of the Tariff) has been superseded by the new interconnection procedures

¹⁷ *Midwest Indep. Transmission Sys. Operator, Inc.*, 114 FERC ¶ 61,270, at P 37 (2006) (MISO Order No. 661 Compliance Order), *order on reh’g*, 135 FERC ¶ 61,065, at P 36 (2011) (MISO Order No. 661 Compliance Rehearing Order).

¹⁸ *See* MISO Order No. 661 Compliance Order, 114 FERC ¶ 61,270 at PP 31-36; MISO Order No. 661 Compliance Rehearing Order, 135 FERC ¶ 61,065 at PP 27-34.

in the Queue Reform Order, MISO will not be required to make a compliance filing in these dockets.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.