

American Forest & Paper Association

- U. S. trade association of the forest, pulp, paper, paperboard and wood products industry
 - Ranks 8th among domestic manufacturing sectors
- Among the nation's largest consumers of electric power
 - Purchase over 82 billion kilowatt-hours annually
- Own qualifying cogeneration, small power production facilities, licensed hydroelectric facilities, as well as interconnection facilities
 - Most on-site power is used in manufacturing processes
- Nation's largest cogenerator of electricity
 - Nearly 12 million megawatt-hours excess generation sent to grid

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Generator interconnection: Experiences and Concerns

- Protracted negotiations
- Undue system impact study costs and expensive application for *existing* interconnected cogenerators
- Compulsory purchase of utility imbalance services
- Burdensome metering and reporting requirements for small generation output to the grid
- Costly system upgrades which significantly affect the economic benefit of a generating project



Suggested Solutions - 1

- No interconnection agreement should be required for existing, new or expanded QFs of 50 MW or less
 - AF&PA supports the Commission’s “Best Practices” exemption allowing small generators to be exempt from interconnection procedures
- Small generator threshold should be 50 MW
 - Little risk of reliability problems due to interconnection of small generators
- Small generators should not be treated as network resources
 - Export of cogenerator power to the grid is contingent upon the hourly economics of the cogenerator’s primary manufacturing operations



Suggested Solutions - 2

- System impacts should be based on net capacity impacts to transmission grid not gross capacity
- Complex interconnection requirements impose burdens on small generators
- No interconnection agreement should be required for a QF if power is not physically delivered to the transmission grid
- “Once connected, always connected”
- Interconnection process should be quick and simple
- Interconnection procedures and agreements should take into account requirements of “Host Plant”
- Interconnection procedures and agreements should not hinder retail electric service to Host Plants

