

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

PJM Interconnection, L.L.C.

Docket Nos. ER06-199-000
ER06-499-000
ER06-499-001

ORDER ON SMALL GENERATOR INTERCONNECTION COMPLIANCE FILING

(Issued July 7, 2006)

1. On November 10, 2005, PJM Interconnection, L.L.C. (PJM) filed revisions to its Open Access Transmission Tariff (OATT) to comply with the Commission's final rule in Order No. 2006.¹ PJM is proposing variations from the Commission's *pro forma* Small Generator Interconnection Procedures (*pro forma* SGIP) and the Commission's *pro forma* Small Generator Interconnection Agreement (*pro forma* SGIA) that the Commission adopted in Order No. 2006. In this order, we accept in part, subject to revision, and reject in part PJM's proposed modifications, effective August 12, 2005.

I. Background

2. Order No. 2006 required all public utilities to adopt the Commission's *pro forma* SGIP and *pro forma* SGIA as part of their OATTs for interconnecting new sources of electricity that are no larger than 20 MW. It continued the process begun in Order No. 2003² of standardizing the terms and conditions of interconnection service for Interconnection Customers.³ In Order No. 2006, the Commission developed the *pro forma* SGIP and *pro forma* SGIA to reduce interconnection time and costs for

¹ *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, 70 Fed. Reg. 34,190 (June 13, 2005), FERC Stats. & Regs. ¶ 31,180 (2005), *order on reh'g*, Order No. 2006-A, 70 Fed. Reg. 71,760 (Nov. 30, 2005), FERC Stats. & Regs. ¶ 31,196 (2005), *reh'g pending*.

² *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 (2004), *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), *appeal pending*, No. 04-1148 (D.C. Cir.).

³ Capitalized terms in this order have the meaning specified in the Glossaries of Terms or the text of Order Nos. 2003 and 2006.

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 non-polluting alternative energy sources, and help remedy undue discrimination, as sections 205 and 206 of the Federal Power Act (FPA)⁴ require.⁵

3. In Order No. 2003, and again in Order No. 2006, the Commission stated that there may be instances that require variations from the final rules. The Commission permitted Regional Transmission Organizations (RTOs) to seek “independent entity variations” from the final rules in their *pro forma* provisions.⁶ The Commission also allows variations that are “consistent with or superior to” the Commission’s *pro forma* documents.⁷ However, the Commission noted the difficulty in meeting the “consistent with or superior to” standard, as the burden of proof is significant.⁸

4. This filing proposes several variations from the Commission’s *pro forma* SGIP and *pro forma* SGIA. PJM maintains that, while most of its proposed SGIP adhere to Order No. 2006, there are some provisions in PJM’s current procedures that PJM intends to maintain that depart from, but are “consistent with or superior to,” Order No. 2006 provisions. PJM proposes variations to Order No. 2006 provisions relating to: (1) the customer options meeting and supplemental review, (2) certification of codes and standards, (3) reactive power, and (4) insurance coverage. PJM neither requested an effective date for its proposed SGIP and SGIA nor requested waiver of the August 12, 2005 effective date required by Order No. 2006.

II. Notice of Filing and Responsive Pleadings

5. Notice of PJM’s filing was published in the *Federal Register*, 70 Fed. Reg. 71,124 (2006), with comments due on or before December 10, 2005. No interventions or protests were filed.

III. Discussion

6. The Commission will accept in part, and reject in part, the proposed variations requested by PJM, effective August 12, 2005, since that is the effective date of Order No. 2006.

⁴ 16 U.S.C. §§ 824d, 824e (2000).

⁵ Order No. 2006 at P 1.

⁶ Order No. 2003 at P 827; Order No. 2006 at P 549.

⁷ Order No. 2003 at P 825; Order No. 2006 at P 546.

⁸ Order No. 2006 at P 547.

A. The Standard of Review

7. As noted earlier, Order No. 2003 permits an RTO, at the time of its compliance, to seek “independent entity variations” from the final rule’s pricing and non-pricing provisions. The Commission stated that this is a balanced approach that recognizes that an RTO (or an independent system operator) has different operating characteristics depending on its size and location and is less likely to act in an unduly discriminatory manner than is a Transmission Provider that is a market participant. Under this standard, the Commission affords an RTO greater flexibility to customize its interconnection procedures and agreements than a non-independent Transmission Provider because 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. Nonetheless, when an RTO is the filing entity, as is the case here, the Commission will review the proposed variations to ensure that they do not provide an unwarranted opportunity for undue discrimination or produce an interconnection process that is unjust and unreasonable.⁹

8. We discuss in more detail below whether PJM’s proposed “independent entity variations” qualify for that treatment. Even where PJM argues that its proposed variations meet the “consistent with or subject to” standard, we will nonetheless apply the independent entity variation standard since it is actually more flexible than the “consistent with or superior to” standard.

B. Application Fee or Deposit

9. Order No. 2006 provides that the Interconnection Customer must submit its Interconnection Request with either an application fee or a deposit, but not both, depending on how the Interconnection Request is to be evaluated. If the Interconnection Request is to be evaluated under the Study Process, a deposit is required. If the Interconnection Request is to be evaluated using either the Fast Track Process or the 10 kW Inverter Process, a “processing fee” is required.¹⁰ In its filing (Second Revised Sheet No. 224), PJM states that energy resources requesting interconnection may be expedited and refers to a non-refundable “application fee” as part of its Screens Process for Permanent or Temporary Energy Resources of 2 MW or Less.

Commission Conclusion

10. PJM’s use of the term “application fee” instead of “processing fee” appears to be an oversight. However, in accordance with Order No. 2006, we direct PJM to change the

⁹ Order No. 2003 at P 827; *see PJM Interconnection, L.L.C.*, 108 FERC ¶ 61,025 at P 7 (2004) and *Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,270 at P 25 (2006).

¹⁰ Order No. 2006 at P 125.

term “application fee” to “processing fee,” since the Interconnection Request that PJM refers to will be evaluated using the Fast Track Process.

C. Revisions to the SGIP

1. Screens

11. Under the Fast Track Process, technical screens are used to quickly identify projects that clearly do not present reliability or safety issues. To qualify for this process, the Commission’s *pro forma* SGIP section 2.2.1.4 requires that the proposed Small Generating Facility not contribute more than 10 percent to the distribution circuit’s maximum fault current at the point on the high-voltage level nearest the proposed point of change of ownership. PJM proposes that an energy resource not be permitted to contribute more than 10 percent to the distribution circuit’s maximum fault current at the point on the high-voltage level nearest the proposed point of interconnection, rather than at the point of change of ownership.

Commission Conclusion

12. PJM does not explain why it is proposing to use the point of interconnection rather than the point of change of ownership. Thus, PJM has not demonstrated that its proposal meets the independent entity variation standard. We therefore reject its proposal and direct PJM to use the point of change of ownership.

2. Customer Options Meeting and Supplemental Review

13. The Commission’s *pro forma* SGIP section 2.3 requires that, if the Transmission Provider concludes that the Interconnection Request cannot be approved as proposed, the Transmission Provider is to offer to convene a customer options meeting with the Interconnection Customer. At the meeting, they will review possible modifications to the generation facility or the screen analysis and related results to determine the necessary steps to safely and reliably connect the Small Generating Facility. Further, in accordance with the Commission’s *pro forma* SGIP section 2.4, as part of the customer options meeting, the Transmission Provider must offer to perform a supplemental review to identify upgrades needed to accommodate the interconnection. The agreement for the supplemental review must be in writing and the Interconnection Customer must submit a deposit for the estimated costs.

14. PJM’s proposed SGIP does not adopt these procedures. Instead, PJM proposes that, when an Interconnection Request does not pass the screens, the Transmission Provider is to immediately re-evaluate the request under PJM’s current expedited small generator interconnection procedures. PJM maintains that its existing process expedites small generator Interconnection Requests while foregoing additional review processes.

Commission Conclusion

15. PJM proposes to eliminate the opportunity for the Interconnection Customer to have a customer options meeting and a supplemental review. PJM has not shown that its proposal meets the independent entity variation standard. We thus direct PJM to provide for a customer options meeting and a supplemental review, as specified in the Commission's *pro forma* SGIP provisions.

3. Certification of Codes and Standards

16. The Commission's *pro forma* SGIP section 2.1 provides that, if the Small Generating Facility is no larger than 2 MW and meets the codes, standards, and certification requirements, or if the Transmission Provider has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate, the Interconnection Customer may use the Fast Track Process to interconnect its Small Generating Facility to the transmission system.

17. PJM's proposed Form of Screens Process Interconnection Request (Attachment Y) includes a new section 9.0 that would require the Interconnection Customer to certify that its generating facility meets the standards set forth in the Certification Codes and Standards and the Certification of Small Generator Equipment Packages. PJM maintains that this additional language is "consistent with or superior to" Order No. 2006 because it further expedites the interconnection process by assuring eligibility for the Fast Track Process up front.

Commission Conclusion

18. PJM has not demonstrated that the proposed variation meets the independent entity variation standard. Under Order No. 2006, a Small Generating Facility equipment package is considered certified if it has been submitted, tested, and listed by a Nationally Recognized Testing Laboratory.¹¹ In Order No. 2006, the Commission explained that a Nationally Recognized Testing Laboratory not only tests and verifies the performance of prototypes, but provides follow-up services to verify that production equipment is designed and manufactured to the same standards as the tested equipment.¹² PJM does not demonstrate how proposed section 9.0 further expedites the interconnection process by assuring eligibility for the screens process up front, since under the Fast Track process, the Interconnection Requests are expedited using the technical screens. We thus direct PJM to remove section 9.0 from its proposed Attachment Y.

¹¹ Order No. 2006 at P 2 n. 6; Order No. 2006-A at P 13 n. 16.

¹² Order No. 2006 at P 156.

D. Revisions to the SGIA

1. Reactive Power

19. Order No. 2006 requires that the Interconnection Customer with a synchronous generator maintain composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Transmission Provider has established different requirements that apply to all similarly situated generators in the control area on a comparable basis. Order No. 2006 does not require reactive power for small non-synchronous generators, including wind plants, unless the System Impact Study shows the need for such capability for safety or reliability.¹³

20. The Commission's rule on interconnection of large wind facilities, Order No. 661,¹⁴ adopted a different power factor standard. A large wind plant must maintain the same power factor range only if the System Impact Study shows that reactive power capability is necessary to ensure the safety or reliability of the transmission system. Order No. 661, like Order No. 2006, required that the power factor be measured at the Point of Interconnection.

¹³ In general, the reactive power provisions in Order No. 2006 do not apply to wind generators. However, on rehearing in Order No. 2006-A, the Commission addressed when reactive power requirements can be imposed on small wind generating facilities:

The provisions of SGIA article 1.8.1 notwithstanding, the SGIP still requires the Interconnection Customer to mitigate any adverse safety and reliability effects its Small Generating Facility may have on the Transmission Provider's Transmission System. The Small Generating Facility (whether wind-powered or not) must still pass either the SGIP's Study Process or technical screens before interconnecting. If additional facilities are needed to safely interconnect the Small Generating Facility with the Transmission Provider's electric system, whether due to safety or reliability (including reactive power) reasons, the Transmission Provider shall identify them and assign costs as specified in SGIA articles 4 and 5.

Order No. 2006-A at P 38.

¹⁴ *Interconnection for Wind Energy*, Order No. 661, 70 Fed. Reg. 34,993 at P 50 (June 16, 2005), FERC Stats. & Regs. ¶ 31,186 (2005), *order on reh'g*, Order No. 661-A, 70 Fed. Reg. 75,005 at P 41 (December 19, 2005), FERC Stats. & Regs. ¶ 31,198 (2005); *Order Granting Extension of Effective Date and Extending Compliance Date*, 70 Fed. Reg. 47,093 (Aug. 12, 2005), 112 FERC ¶ 61,173 (2005); *Notice Extending Compliance Date*, issued Oct. 28, 2005; *Notice Extending Compliance Date*, issued Dec. 22, 2005.

21. PJM proposes various reactive power design criteria for all generating facilities, including large and small wind generation facilities,¹⁵ that differ from the standards in Order Nos. 2006 and 661. In addition, PJM proposes to apply its reactive power requirement at the generator terminal for small synchronous generators and at the high side of the generator step-up transformer for wind generators, rather than at the Point of Interconnection, as required in Order Nos. 2006 and 661. Specifically, PJM proposes the following:

Small Generation – Synchronous
New – 0.95 leading to 0.90 lagging
Incremental – 1.0 (unity) to 0.90 lagging

Large and Small Generation – Wind and Other Non-synchronous¹⁶
New – 0.95 leading to 0.95 lagging
Incremental – 1.0 (unity) to 0.95 lagging

22. PJM states that its proposed standards reflect its experience and sound engineering design. PJM further states that, while the standards are different for each category, the standards are the same within each sub-category. It argues that this proposal is consistent with Order No. 2006 because the requirements apply to all “similarly situated generators.” According to PJM, its proposed standards will best protect the security and reliability of the PJM transmission system. It further proposes that it may determine that different reactive power design criteria are appropriate for wind plants and generation facilities interconnected to the distribution system. PJM states that, if an alternative reactive power design criterion is selected, it will set forth the new criterion in the Interconnection Service Agreement. PJM further states that the power factor requirement for increases in capacity or energy output of generation facilities interconnected to distribution facilities will be determined under the PJM Manuals.

Commission Conclusion

23. PJM submitted three filings: first, in Docket No. ER06-28-000, where the Commission accepted PJM’s proposals to revise the generation and merchant transmission provisions of PJM’s OATT, including its reactive power design criteria; second, this instant filing; and third, in Docket No. ER06-499-000, where the Commission accepted PJM’s Order No. 661 and 661-A compliance filing and made PJM’s proposed reactive power standards subject to the outcome of the instant filing. We

¹⁵ PJM does not differentiate between large and small wind generating facilities in its proposed reactive power design criteria.

¹⁶ PJM notes that Order No. 2006 did not adopt a reactive power requirement for wind-powered small generator facilities.

accept in part, subject to revision, and reject in part PJM's proposed reactive power provisions, as discussed below, and will require PJM to revise its reactive power language, provisionally accepted in Docket No. ER06-499-000.

24. PJM proposes a power factor range of 0.95 leading to 0.90 lagging for small synchronous generators. We accept PJM's proposed power factor range for small synchronous generators under the independent entity standard, since it is the same as that imposed on large synchronous generators on PJM's transmission system. PJM proposes a power factor range of 0.95 leading to 0.95 lagging for large and small wind and other non-synchronous generators, regardless of whether the System Impact Study shows that reactive power is needed. Order Nos. 2006-A and 661 explicitly state that reactive power capability for wind plants cannot be required unless the System Impact Study shows that it is needed.¹⁷ We accept PJM's proposed power factor ranges for large and small wind and other non-synchronous generators, but only when the System Impact Study shows that reactive power capability is needed. PJM has not provided sufficient justification to support its proposed variation to impose a reactive power requirement on wind generators where the System Impact Study does not show that reactive power capability is needed to ensure the safety or reliability of the transmission system. If the System Impact Study shows that reactive power capability is needed and the power factor range is the one we are approving, the interconnection agreement is conforming and need not be filed for the Commission's approval. If the System Impact Study shows the need for a small synchronous generator or a wind or other non-synchronous generator to have reactive power capability with a power factor range different than the applicable ranges accepted above, then PJM must file the interconnection service agreement as a non-conforming agreement for Commission review and approval. The Commission will review such agreements on a case-by-case basis.

25. PJM is proposing to revise section 54.7.1.2 to require small synchronous generating facilities that are expanding their capacity or energy output to maintain a reactive power factor for the incremental capacity of at least 1.0 (unity) to 0.90 lagging. We will accept PJM's proposed power factor range for small synchronous generators expanding capacity or energy output, since it is the same as that imposed on large synchronous generators on PJM's transmission system. PJM is proposing to require large and small wind and other non-synchronous generators that are expanding their capacity or energy output to maintain a reactive power factor for the incremental capacity of at least 1.0 (unity) to 0.95 lagging. We accept PJM's proposal to impose this power factor range on large and small wind and other non-synchronous generators, but only when the System Impact Study shows that reactive power capability is needed to ensure the safety or reliability of the transmission system. PJM has not provided sufficient justification to support its proposed variation to impose a reactive power requirement on wind generators where the System Impact Study does not show that reactive power capability is needed to ensure the safety or reliability of the transmission system. If the System Impact Study shows the need for a small synchronous generator or a wind or other non-synchronous

¹⁷ Order No. 2006-A at P 38.

generator to have reactive power capability with a power factor range different from those accepted above, then PJM must file the interconnection service agreement as a non-conforming agreement for Commission review and approval. The Commission will review such agreements on a case-by-case basis.

26. As discussed above, where a generator interconnects to a distribution system, PJM proposes to apply a reactive power design criterion based on the PJM Manual. PJM further states that, if an alternative reactive power design criterion is selected, the new criterion will be set forth in the interconnection service agreement. The Commission rejects this variation because PJM has not demonstrated that it is justified based on the independent entity variation standard. If the interconnection is subject to the Commission's jurisdiction, the criteria for determining the need for reactive power under Order Nos. 661 and 2006 apply. Similarly, if the System Impact Study shows the need for a small synchronous generator or a wind or other non-synchronous generator to have reactive power capability with a power factor range different from those accepted above, and the new interconnection will be jurisdictional to this Commission, then PJM must file the interconnection service agreement with the Commission as a non-conforming interconnection service agreement.

27. In Order Nos. 2003, 661 and 2006, the Commission adopted the Point of Interconnection as the appropriate measuring point for reactive power¹⁸ because it is closer to the bulk electric power system and, therefore, better protects system reliability. In the instant filing, PJM seeks to alter the measuring point from the Point of Interconnection to: (1) the generator's terminal for small synchronous generators; (2) the high side of the generator step-up transformer for large and small wind and non-synchronous generators; and (3) the high side of the generator step-up transformer for small wind and non-synchronous generators. PJM has provided no support as to why it should be allowed to alter the point of measurement other than its assertion that in some instances the high side of the generator step-up transformer is also the Point of Interconnection. We reject PJM's proposal to alter the measuring point from the Point of Interconnection to alternative points. If the high side of the generator step-up transformer is also the Point of Interconnection in some cases, as PJM argued in Docket No. ER06-499-000, keeping the measuring point at the Point of Interconnection will not make a difference for PJM. It is not clear why PJM is seeking to alter the measuring point in such cases. As to the generator terminal being the measuring point for small synchronous generators, PJM has proffered no reason why it should be allowed to do so. Accordingly, we direct PJM to revise the tariff language to require that reactive power be measured at the Point of Interconnection for all three categories.

¹⁸ The location for measuring reactive power is relevant only where a System Impact Study indicates that reactive power support is necessary.

2. Insurance

28. Order No. 2006 provides that there must be enough insurance to insure against all reasonably foreseeable direct liabilities, given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made.¹⁹ While no dollar amounts for insurance were adopted in Order No. 2006, Order No. 2003 provided required amounts for large generators. Specifically, Commission *pro forma* LGIA article 18.3 requires the following insurance coverages: (1) a minimum limit of \$1,000,000 for Commercial General Liability Insurance; (2) a minimum combined single limit of \$1,000,000 for Comprehensive Automobile Liability Insurance; and (3) a minimum combined single limit of \$20,000,000 for Excess Public Liability Insurance.

29. PJM proposes variations from Order No. 2006 by establishing specific insurance coverage amounts for interconnections of generation facilities of 20 MW or less (but not including Small Inverter Facilities), as follows:

- a. Employers Liability and Workers' Compensation Insurance: not less than \$500,000;
- b. Comprehensive Automobile Liability Insurance: limit of \$1,000,000 per occurrence for personal injury, bodily injury, including death, and property damage;
- c. Excess/Umbrella Liability Insurance: limit of liability of not less than \$10,000,000 per occurrence; and
- d. Professional Liability Insurance: \$5,000,000 (PJM may waive this requirement if no construction is necessary for the interconnection).

30. PJM also proposes to retain all other existing insurance requirements in the PJM Tariff, such as Additional Insured, Certificates of Insurance, and PJM Tariff Sections 63.2-63.7. Finally, PJM proposes to adopt the Order No. 2006 insurance requirement of "commercially reasonable amount of insurance" for Small Inverter Facilities.²⁰

31. PJM explains that its proposed levels and types of insurance coverages were determined in consultation with its insurance consultant and are the minimum coverages needed for the exposure created by small generator interconnections. PJM states that it will be a party to all interconnection and construction service agreements and, therefore, anticipates that it will be included in any claim arising from these agreements. Hence, PJM's insurance proposals are intended to provide sufficient insurance coverage to protect itself, its members, and all parties to the agreements. PJM also contends that

¹⁹ Order No. 2006 at P 330–33.

²⁰ PJM Tariff proposed sections 63.1F, 91.1F and 112B.9.

having specific insurance requirements will allow generators to know their costs of insurance. Finally, PJM offers that, by specifying the minimum amounts and types of insurance, it is treating all generators in a non-discriminatory manner.

32. PJM also proposes that certified inverter-based small generating facilities must obtain “commercially reasonable amounts of insurance, the amount and type to be evidenced by an insurance certificate provided to and approved by the other Interconnected Entity prior to interconnection.”²¹

Commission Conclusion

33. We reject these proposals, as PJM has not demonstrated that they are justified under the independent entity variation standard. PJM has not provided any data to show that all small generators’ potential liabilities warrant a standard minimum amount of coverage, regardless of the size or nature of the generator being insured. Order No. 2006 responded to industry concerns that disproportionately high levels of insurance can affect a project’s economic feasibility. We adopted a flexible approach to minimum levels of insurance based on the “size and nature of the generating equipment being interconnected, the interconnection itself and the characteristics of the system to which the interconnection is made.” Contrary to the intent and language of Order No. 2006, which envisions a flexible minimum insurance approach, PJM’s proposal creates the very “one-size-misfits-all” problem that Order No. 2006 is intended to avoid.²² The proposed minimums are either the same as the LGIA minimums or are reduced by 50 percent. Because PJM’s proposal does not provide a flexible approach for generators based upon their size or related considerations, we reject this proposal. It does not meet the independent entity variation standard. However, we accept PJM’s proposal for Small Inverter Facilities because it adopts the language of Order No. 2006.

34. We also reject PJM’s proposal to require that the insurance certificate “be provided to and approved by the Interconnected Entity.” We are uncertain as to what this language would require, or its purpose, and therefore reject it.

The Commission orders:

(A) PJM’s proposed modifications to its *pro forma* SGIP and *pro forma* SGIA are hereby accepted, subject to revision, and rejected in part, as discussed in the body of this order, effective August 12, 2005.

²¹ PJM Tariff proposed First Revised Sheet No. 168.01, Superseding Original Sheet No. 168.01(F) and First Revised Sheet No. 204A and Superseding Original Sheet No. 204A (F).

²² Order No. 2006 at P 333.

(B) PJM is, hereby, directed to submit a compliance filing, consistent with the Commission's findings, as discussed in the body of this order, within 30 days of the date of this order.

By the Commission. Chairman Kelliher dissenting in part with a separate statement attached.

(S E A L)

Magalie R. Salas,
Secretary.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.

Docket Nos. ER06-199-000
ER06-499-000
ER06-499-001

(Issued July 7, 2006)

Joseph T. KELLIHER, Chairman, *dissenting in part*:

For the reasons explained in my partial dissent in Order No. 661-A, I dissent from that part of the order that rejects PJM's proposal to require wind generators to provide reactive power support.¹ As I have stated previously, it is my view that the Federal Power Act does not permit the Commission to grant an undue preference in favor of wind energy when it comes to meeting reactive power requirements.² In addition, and consistent with the Commission's policy of liberally allowing independent entity variations to *pro forma* agreements, I would have deferred to the judgment and local expertise of PJM and approved their proposal to require wind and other non-synchronous generators to maintain a reactive power requirement.

Joseph T. Kelliher

¹ *Interconnection for Wind Energy*, Order No. 661-A, 113 FERC ¶ 61,254 (2005), Chairman Kelliher *dissenting* at p. 2.

² *See New York Independent System Operator, Inc.*, 114 FERC ¶ 61,271 (2006), Chairman Kelliher *dissenting in part*; *Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,270 (2006), Chairman Kelliher *dissenting in part*.