

127 FERC ¶ 61,138
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Sudeen G. Kelly, Marc Spitzer,
and Philip D. Moeller.

Southwest Power Pool, Inc.

Docket No. ER09-262-002

ORDER ON COMPLIANCE

(Issued May 18, 2009)

1. On February 9, 2009, Southwest Power Pool, Inc. (SPP) filed a compliance filing in accordance with the Commission's order in Docket No. ER09-262-000, which allowed a limited, one-time waiver of certain provisions in SPP's Large Generator Interconnection Procedures (Interconnection Procedures).¹ The Waiver Order allowed SPP to study pending interconnection requests in two transitional clusters to address its generator interconnection request backlog in anticipation of a reformed Interconnection Procedures filing.
2. In the Waiver Order, the Commission declined to waive the prescribed time frames for completing studies in SPP's Interconnection Procedures and ordered SPP to submit a timeline for the completion of the transitional cluster study process within 30 days of the issuance date of the Waiver Order.² In building its timeline, the Commission directed SPP to adhere to the existing time frames to the greatest extent practical and to provide a justification for any extension beyond the existing time frames.³
3. In this order, we accept SPP's timelines for both transitional clusters and advise SPP that it should seek to include as part of its Open Access Transmission Tariff (Tariff) a provision for use of interim interconnection agreements if it chooses to provide such interim interconnection service.

¹ *Southwest Power Pool, Inc.*, 126 FERC ¶ 61,012 (2009), *order on reh'g*, 126 FERC ¶ 61,012 (2009) (Waiver Order).

² Waiver Order at P 38.

³ *Id.*

I. Background

4. SPP processes generator interconnection requests pursuant to the Interconnection Procedures set forth in Attachment V of its Tariff. Consistent with Commission policy set forth in Order No. 2003,⁴ SPP conducts a series of studies⁵ to evaluate system impacts of generator interconnection requests, to estimate additional facility or other system upgrades needed to accommodate these requests, and to assign costs for such facilities or system upgrades. SPP's Interconnection Procedures permit SPP, at its option, to study interconnection requests serially or in clusters.⁶ Pursuant to its Tariff, SPP opted to study interconnection requests serially.

5. SPP states that over the past two years, it has received a substantial number of interconnection requests, which has resulted in a significant backlog in the interconnection queue. SPP found the serial study process to be inefficient and began to develop Tariff revisions to its Interconnection Procedures through its stakeholder process. SPP planned to file these revisions by March 1, 2009.⁷

6. In the meantime, to address its current queue backlog, SPP sought a limited, one-time waiver of various provisions in its Interconnection Procedures to allow for the

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. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007).

⁵ These studies are the interconnection feasibility study, the interconnection system impact study, and the interconnection facility study (SPP Tariff, Attachment V §§ 6, 7, and 8). At the end of the interconnection feasibility study process and before proceeding to each subsequent study phase, an agreement must be executed between SPP and the interconnection customer (SPP Tariff, Attachment V §§ 6.1, 7.1, 7.2, and 8.1). That is, after an interconnection feasibility study is completed and posted on the transmission provider's Open Access Same-Time Information System (OASIS), an interconnection system impact study agreement must be executed before the transmission provider begins the interconnection system impact study. The word "interconnection" will be dropped from these study and agreement titles for the remainder of this order.

⁶ SPP Tariff, Attachment V § 4.2.

⁷ SPP November 10, 2008 Petition for Waiver at 1. As discussed later in this order, SPP now intends to file these revisions with the Commission by June 1, 2009.

formation of two transitional clusters of approximately 15,000 megawatts (MW) each.⁸ SPP also requested waiver of the Interconnection Procedure study time frames and the elimination of the requirement for re-study of projects that drop out of the queue during the feasibility study stage.

7. On January 9, 2009, the Commission granted SPP's request in part and denied it in part.⁹ The Commission found that use of the transitional clustering mechanism would aid in the efficient and timely processing of SPP's backlog.¹⁰ The Commission also granted temporary waiver of re-study requirements at the feasibility study stage for the transitional clusters.¹¹ However, the Commission declined to waive the prescribed time frames for completion of the interconnection studies, noting that SPP's assurance that it would make a good faith effort to complete these studies in a timely manner had not alleviated customer concerns.¹² The Commission required SPP to submit a compliance filing within 30 days of the issuance of the order, specifying the timeline for the completion of pending interconnection requests in the transitional clusters.¹³ The waiver became effective November 11, 2008, and was to remain in effect until a date specified by the Commission in an order on SPP's planned interconnection queue reform filing, or March 1, 2009, if SPP had not made such a filing by that date.¹⁴

8. On February 9, 2009, in Docket No. ER09-262-001, SPP filed a rehearing request stating that the stakeholder process had taken longer than expected and that SPP

⁸ SPP included the following interconnection requests in the first cluster: (1) interconnection requests for which a feasibility study had been posted but for which no system impact study had been posted, queued between February 5, 2007 and October 2, 2007; (2) requests for which a system impact study had been posted but for which no facility study agreement had been executed, although SPP allowed these customers to opt out of the cluster; and (3) unstudied requests that had been in the interconnection queue the longest, queued between October 2, 2007 and March 17, 2008. The second cluster consisted of pending, unstudied requests that were queued between March 18, 2008, and June 17, 2008 (SPP November 10, 2008 Petition for Waiver at 12-13).

⁹ Waiver Order at P 38.

¹⁰ *Id.* P 37.

¹¹ *Id.* P 39.

¹² *Id.* P 38.

¹³ *Id.*

¹⁴ *Id.* P 37.

anticipated filing its reformed Interconnection Procedures by June 1, 2009.¹⁵ SPP requested that the Commission provide clarification or modify the waiver to allow the two transitional clusters to remain intact after expiration of the waiver on March 1, 2009.¹⁶ SPP also requested that the Commission provide clarification or modify the waiver to permit the waiver period to be in effect until a date specified by the Commission in an order on SPP's planned interconnection reform filing, or June 1, 2009, if SPP had not made such a filing by that date.¹⁷ SPP also sought clarification or modification of the waiver to permit all interconnection requests queued between February 5, 2007 and October 2, 2007, that had a feasibility study posted—including those for which a system impact study agreement had been executed—but for which no system impact study had been posted, to be included in the first transitional cluster.¹⁸

9. On March 10, 2009, the Commission denied SPP's request to allow the transitional clusters to remain intact after expiration of the waiver, granted extension of the waiver until June 1, 2009, and provided clarification on the interconnection requests included within the first transitional cluster.¹⁹

II. SPP's Compliance Filing

10. In its compliance filing, SPP provides a timeline for completion of the interconnection study process for each transitional cluster. In accordance with the Waiver Order, SPP assumes a best case processing scenario and did not account for the need for re-studies.²⁰ The Appendix to this order lists the stages of the study process within the timeline for the clusters, the corresponding start and end dates for each stage according to SPP, the existing Tariff time frame for each stage, an estimation of how closely SPP's time frames adhere to the existing time frames in SPP's Tariff, and a reference for the existing Tariff time frame for each stage.

11. In regard to the first cluster stage that begins with the posting of the feasibility study and ends with the commencement of the system impact study, SPP states that it must use the additional 15 business days allowed for in its Tariff to account for deficiencies and cure notices.²¹ SPP justifies its need to extend the system impact study

¹⁵ SPP February 9, 2009 Rehearing Request at 2.

¹⁶ *Id.* at 3.

¹⁷ *Id.*

¹⁸ *Id.* at 4.

¹⁹ *Southwest Power Pool, Inc., order on reh'g*, 126 FERC ¶ 61,215 (2009).

²⁰ Waiver Order at P 38.

²¹ SPP February 9, 2009 Compliance Filing at 4.

48 days beyond the Tariff time frame for several reasons. SPP states that it received notice that three customers withdrew from their queue position, while another five customers reduced their electrical output.²² SPP asserts that these withdrawals and modifications necessitate the need for a more extensive power flow analysis and may result in a different network configuration than the posted feasibility study requires.²³ In parallel with conducting the power flow analysis, SPP states that it is developing dynamic models for each individual generator to be used during the stability analysis and is contracting with third party consultants to develop these models.²⁴ SPP states that its staff and the consultants will be working together to complete the stability analysis, which SPP characterizes as time-consuming and complex in nature.²⁵ In regards to the facility study for the first cluster, SPP states that while its Tariff permits customers to choose a 90-day or 180-day time frame²⁶—depending on the level of accuracy of the cost estimate desired—some customers will probably choose the more accurate cost estimate and thus the longer time frame.²⁷ For this reason, SPP elected to use the 180-day time frame for the entire cluster.²⁸

12. As regards the second cluster, SPP justifies its need to extend the feasibility study 46 days beyond the Tariff time frame due to the size of the cluster and the complex nature of the studies.²⁹ SPP's time frame for the system impact study for the second cluster extends 62 days beyond the Tariff time frame. SPP states that it needs 60 days to

²² *Id.*

²³ *Id.* at 5.

²⁴ *Id.*

²⁵ *Id.*

²⁶ SPP Tariff, Attachment V § 8.3. This section provides:

Transmission Provider shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ninety (90) Calendar Days, with no more than a ± 20 percent cost estimate contained in the report; or one hundred eighty (180) Calendar Days, if Interconnection Customer requests a ± 10 percent cost estimate.

²⁷ SPP February 9, 2009 Compliance Filing at 6-7.

²⁸ The nature of the clustering mechanism necessitates that SPP study all requests using the same time frame and procedures for the entire cluster.

²⁹ *Id.* at 9-10.

build dynamic models and 90 days to conduct the stability analysis for the cluster.³⁰ SPP also elected to use the 180-day time frame for the second cluster facility study.

13. In a footnote, SPP states that if a customer is ready to interconnect before SPP has completed the study process, it is willing to consider entering into an interim interconnection agreement with the customer if the interconnection is feasible.³¹ SPP states that the customer would be obligated to post full security for upgrades to be constructed under the interim agreement and would be obligated to pay its full share of the final interconnection and network upgrade costs when the study process is complete.³²

III. Notice of Filings and Responsive Pleadings

14. Notice of SPP's filing was published in the *Federal Register*, 74 Fed. Reg. 7882 (2009), with interventions or protests due on or before March 2, 2009. Novus Windpower, LLC (Novus) filed a motion to intervene. CPV Renewable Energy Company, LLC (CPV) filed a protest and request for expedited action. SPP filed an answer.

15. CPV objects to SPP's choice of the 180-day over the 90-day time frame for the cluster facility studies.³³ CPV asserts that the shorter time frame should be used because: (1) there are already significant delays in the processing of interconnection requests; (2) SPP has provided no evidence that adoption of the cluster study mechanism prevents use of the 90-day time frame; and (3) speed—not a marginally-improved cost estimate—should be of greater importance when making this choice in order to process the backlogged queue.³⁴ CPV requests that the Commission direct SPP to revise its proposal to adopt the 90-day time frame for completing the cluster facility studies.³⁵

16. In its answer, SPP reiterates that if it chose the 90-day option, it would eliminate the choice of a more accurate cost estimate which some customers might prefer. SPP

³⁰ *Id.* at 11.

³¹ *Id.* n 18.

³² *Id.*

³³ CPV March 2, 2009 Protest at 2.

³⁴ *Id.* at 5-6.

³⁵ *Id.* at 2.

states this would effectively eliminate these customers' choice and would thus be inconsistent with the SPP Tariff.³⁶

17. While CPV supports the option of an interim interconnection agreement, CPV asserts that SPP has provided little detail on the agreement and notes that it is unclear whether this option is available to customers in both clusters.³⁷ CPV requests that the Commission direct SPP to submit a revised compliance filing within 30 days of the date of this order, which adopts the *pro forma* PJM Interconnection, LLC (PJM) interconnection agreement and related procedures.³⁸ In addition, CPV requests that the Commission direct SPP to include provisions in the interim agreement that allow projects to receive—prior to execution of a final interconnection agreement and completion of full system upgrades—conditional energy resource interconnection service or conditional network resource interconnection service, to whatever extent the system can accommodate these types of service.³⁹ CPV also requests that the Commission ask SPP to clarify that the interim agreement is available to projects in both clusters.⁴⁰

18. In its answer, SPP states that adopting a *pro forma* interim interconnection agreement is outside the scope of these proceedings.⁴¹ SPP asserts that a compliance filing is inappropriate in any event because SPP has posted on its website and notified interconnection customers of the details and general conditions of the interim interconnection agreement, which SPP provides as an attachment to its answer.⁴² SPP states that it will offer interim interconnection service on the same terms and conditions to all similarly situated interconnection customers, and the form of the agreement will be based on the large generator interconnection agreement set forth in Appendix 6 to Attachment V of the SPP Tariff.⁴³ SPP states that because there is no form of interim interconnection agreement currently in the SPP Tariff, these agreements will be filed with the Commission, at which time the Commission may address any issues regarding the terms and conditions of the agreements. SPP also states that the PJM and SPP interconnection processes are similar but not identical, and that PJM's current interim

³⁶ SPP March 17, 2009 Answer at 3.

³⁷ CPV March 2, 2009 Protest at 3.

³⁸ *Id.* at 8.

³⁹ *Id.*

⁴⁰ *Id.* at 9.

⁴¹ SPP March 17, 2009 Answer at 3-4.

⁴² *Id.* at 4, 9-10.

⁴³ *Id.* at 5.

interconnection agreement does not provide the same terms and conditions that SPP envisions for its own agreements. SPP also clarifies that customers in both the first and second clusters may be eligible for an interim interconnection agreement once a feasibility study has been posted for the cluster.⁴⁴

IV. Discussion

A. Procedural Matters

19. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

20. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2008), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept SPP's answer because it has provided information that assisted us in our decision-making process.

B. Commission Determination

21. We will allow SPP to use a 180-day time frame to complete the facility study for both clusters. While we recognize that use of a 180-day time frame effectively eliminates the choice for a 90-day study, we find that this is an unavoidable consequence of using the cluster study mechanism. We find SPP's choice acceptable because its use of the transitional clustering mechanism with a longer facility study stage will enable SPP to process the interconnection queue more quickly than its use of the current serial study procedures. We also note that a more accurate cost estimate provides additional certainty that may provide better queue stability.

22. We will accept the timeline for the first transitional cluster. While SPP's stated time frame for the system impact study exceeds the Tariff time frame by 48 calendar days, we find there are several reasons for granting this extension. These include the withdrawals and modifications SPP detailed in its compliance filing, SPP's ability to hire enough third party consultants at this nascent stage in the overall transitional process, and the relative newness of the interconnection clustering mechanism to SPP. We note that the Commission has granted extended study time frames for clustered studies due to their

⁴⁴ *Id.* at 4-5.

complex nature.⁴⁵ We also note that SPP is currently conducting the system impact study for the first cluster and prefer not to disrupt this study process.

23. We will also accept the timeline for the second transitional cluster. While we find SPP's justifications for the extended feasibility study and system impact study time frames lacking in detail, we note that SPP's proposed timelines for both clusters temporally overlap. We find that these concurrent study processes may put a strain on SPP's resources, contributing to the need for extended time frames. We also note that no parties objected to the extended time frames in the second cluster.

24. Finally, while we agree with SPP that the interim interconnection agreement issue is outside the scope of this proceeding, we are encouraged by SPP's intention to provide interim interconnection service and believe that doing so may alleviate customer concerns about delay in processing interconnection requests. However, we advise SPP that it should amend its tariff if it chooses to provide interim interconnection service.⁴⁶

The Commission orders:

SPP's proposed timelines for both transitional clusters are accepted.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

⁴⁵ *Midwest Independent Transmission System Operator*, 124 FERC ¶ 61,183, at P 114 (2008).

⁴⁶ *See, e.g., Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,256, *order on reh'g*, 116 FERC ¶ 61,155 (2006). In this proceeding, the Commission rejected non-conforming interconnection agreements that provided conditional network interconnection service to individual interconnection customers and directed Midwest ISO to either remove the new service from the interconnection agreements or amend its tariff to make the service available to all customers. The Commission found that, while the service could provide benefits, such a service must be offered on a non-discriminatory basis.

Appendix: Timelines for Transitional ClustersTimeline for First Transitional Cluster

Stage	Start Date	End Date	Tariff	Beyond	Reference
Feasibility Study Posted - System Impact Study Begins	12/19/08	2/13/09	30C + 15B	4	§7.2
System Impact Study Begins - System Impact Study Posted	2/13/09	7/1/09	90C	48	§7.4
System Impact Study Posted - Facility Study Begins	7/1/09	8/1/09	30C	1	§8.1
Facility Study Begins - Facility Study Posted	8/1/09	2/1/10	180C	4	§8.3
Facility Study Posted - Final Facility Study Report	2/1/10	3/24/10	30C + 15B	0	§8.3

Timeline for Second Transitional Cluster

Stage	Start Date	End Date	Tariff	Beyond	Reference
Feasibility Study Begins - Feasibility Study Posted	3/30/09	6/29/09	45C	46	§6.3
Feasibility Study Posted - System Impact Study Begins	6/29/09	7/29/09	30C + 15B	0	§7.2
System Impact Study Begins - System Impact Study Posted	7/29/09	12/28/09	90C	62	§7.4
System Impact Study Posted - Facility Study Begins	12/28/09	1/27/10	30C	0	§8.1
Facility Study Begins - Facility Study Posted	1/27/10	7/26/10	180C	0	§8.3
Facility Study Posted - Final Facility Study Report	7/26/10	9/16/10	30C + 15B	0	§8.3

The column "Tariff" refers to the time frame articulated in SPP's Tariff, with "C" denoting calendar days and "B" denoting business days. The column "Beyond" refers to the number of calendar days SPP's time frame for a given stage extends beyond the time frame articulated in SPP's Tariff. The column "Reference" refers to the section in Attachment V of SPP's Tariff where the time frame is articulated.