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Before the
FEDERAL ENERGY REGULATORY COMMISSION
989th Commission Meeting

Thursday, January 17, 2013
Hearing room 2C
888 First Street, N.E.
Washington, D.C.20426

The Commission met in open session, pursuant to
notice, at 10:03 a.m., when were present:

COMMISSIONERS:

JON WELLINGHOFF, Chairman
PHILIP MOELLER, Commissioner
JOHN NORRIS, Commissioner
CHERYL A. LaFLEUR, Commissioner
TONY CLARK, Commissioner

FERC STAFF:

KIMBERLY D. BOSE, Secretary
MICHAEL BARDEE, Director, OER
DAVID MORENOFF, Acting General Counsel
JIM PEDERSON, Chief of Staff
JEFF WRIGHT, Director, OEP
MICHAEL McLAUGHLIN, Director, OEMR
JOSEPH McCLELLAND, Director, OEIS
JAMIE SIMLER, Director, OEPI

1 FERC STAFF (Continued):

2 NORMAN BAY, Director, OE

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4 PRESENTERS:

5 E-1 LESLIE KERR, OEPI

6 MONICA TABA, OER

7 ELIZABETH ARNOLD, OGC

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25 COURT REPORTER: Jane W. Beach, Ace-Federal Reporters, Inc.

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1 PROCEEDINGS

2 (9:03 a.m.)

3 CHAIRMAN WELLINGHOFF: Good morning. This is the
4 time and place that has been noticed for the open meeting of
5 the Federal Energy Regulatory Commission to consider matters
6 that have been duly posted in accordance with the Government
7 in the Sunshine Act. Please join me in the Pledge of
8 Allegiance.

9 (Pledge of Allegiance recited.)

10 CHAIRMAN WELLINGHOFF: So since the December 20th
11 Open Meeting we have actually issued 63 Notationals, down a
12 little bit from the previous month of 80.

13 Before we go into our Consent Agenda, Madam
14 Secretary, are there any members of the Commission who have
15 any comments on any items that we voted on on our
16 Notationals in this past month?

17 Commissioner LaFleur.

18 COMMISSIONER LaFLEUR: Yes. Thank you very much,
19 Mr. Chairman. I just wanted to briefly note that last night
20 we voted out an Order approving a settlement of all
21 outstanding issues between the Office of Enforcement and
22 NERC on the Office of Enforcement's 2012 audit of NERC.

23 I was very pleased to support the settlement. I
24 think that the procedures that NERC and OE have agreed to
25 will make NERC a stronger organization going forward, and I
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1 want to thank both our own OE staff, Norman and his team,
2 and the General Counsel's office at NERC for their work in
3 reaching the settlement.

4 I look forward to continuing to work with them.
5 Thank you.

6 PRESIDING JUDGE: We appreciate all the work that
7 the team did on that settlement.

8 Any other comments on Notationals? And if not
9 Notationals, on then announcements? Tony?

10 COMMISSIONER CLARK: Just an announcement. A new
11 staff member has joined my office, a new Administrative
12 Staff Assistant, Megan Estenson. Megan, if you would stand
13 up? Megan has just joined our staff. She is a, like me, a
14 graduate of North Dakota State University and is a native
15 North Dakotan. She is going to be joining us here in
16 Washington. So I want to thank Megan for being here.

17 I also want to recognize and thank Merlina
18 Moses-Gaither who for 90 days was on detail from Norman's
19 office. Norman, thanks for allowing that to happen, as
20 well, and did a great job for me in that role.

21 So welcome to Megan. I should also note, as long
22 as I mentioned North Dakota State University, and we have a
23 theme here--

24 (Laughter.)

25 COMMISSIONER CLARK: --LaFleur, with football
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1 teams. NDSU, congratulations to them, they won their second
2 in a row FCS Division One National Football Championship
3 earlier this month. So congrats to the Bisons.

4 And, Commissioner Moeller, I was hoping for an
5 Eastern Washington-NDSU finals, but--

6 (Laughter.)

7 COMMISSIONER CLARK: --Eastern didn't uphold its
8 end of the bargain in the semi-finals.

9 CHAIRMAN WELLINGHOFF: Did you say they're the
10 Bisons, their mascot are the Bisons?

11 COMMISSIONER CLARK: The Bisons.

12 CHAIRMAN WELLINGHOFF: The Bisons. Okay. Well,
13 congratulations to the Bisons. Commissioner Moeller?

14 COMMISSIONER MOELLER: I too was hoping for the
15 Eastern Washington University Eagles to meet your Bison, but
16 instead I am happy to report my Stanford Cardinals won the
17 Rose Bowl.

18 CHAIRMAN WELLINGHOFF: There you go.

19 (Laughter.)

20 CHAIRMAN WELLINGHOFF: Yes, that's a good
21 consolation prize, absolutely. No question about it.

22 Well if there are no other announcements, Madam
23 Secretary, if we could go to the Consent Agenda, please.

24 SECRETARY BOSE: Good morning, Mr. Chairman, good
25 morning Commissioners.

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1 Since the issuance of the Sunshine Act Notice on
2 January 10th, 2013, Item E-7 has been struck from this
3 morning's agenda. Your Consent Agenda is as follows:

4 Electric Items: E-2, E-3, E-5, E-6, E-8, E-10,
5 E-11, E-12, and E-13.

6 Gas Items: G-1.

7 Hydro Items: H-1 and H-2.

8 Certificate Items: C-2.

9 Chairman Wellinghoff is not participating in Item
10 E-1. As required by law, Commissioner Clark is not
11 participating in Items E-1 and E-8.

12 As to E-6, Commissioner Moeller is concurring in
13 part with a separate statement; and Commissioner LaFleur is
14 concurring in part with a separate statement.

15 With the exception of E-1 where the vote will be
16 taken after the presentation and discussion, we will now
17 take a vote on this morning's Consent Agenda Items beginning
18 with Commissioner Clark.

19 COMMISSIONER CLARK: Noting my recusal in E-8, I
20 vote yes.

21 SECRETARY BOSE: Commissioner LaFleur.

22 COMMISSIONER LaFLEUR: Nothing my partial
23 concurrence in E-6, I vote aye.

24 SECRETARY BOSE: Commissioner Norris.

25 COMMISSIONER NORRIS: Aye.

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1 SECRETARY BOSE: Commissioner Moeller.

2 COMMISSIONER MOELLER: Noting my partial
3 concurrence in E-6, I vote aye.

4 SECRETARY BOSE: And Chairman Wellinghoff.

5 CHAIRMAN WELLINGHOFF: Vote aye.

6 If we could now please, Madam Secretary, move to
7 the discussion agenda.

8 SECRETARY BOSE: Of course. The presentation and
9 discussion item for this morning is Item E-1, which concerns
10 a Draft Notice of Proposed Rulemaking Concerning Small
11 Generator Interconnection Agreements and Procedures.

12 There will be a presentation by Leslie Kerr from
13 the Office of Energy Policy and Innovation. She is
14 accompanied by Monica Taba from the Office of Electric
15 Reliability, and Elizabeth Arnold from the Office of the
16 General Counsel.

17 MS. KERR: Good morning, Mr. Chairman and
18 Commissioners:

19 CHAIRMAN WELLINGHOFF: Good morning.

20 MS. KERR: Item E-1 is a Notice of Proposed
21 Rulemaking on Small Generator Interconnection Agreements and
22 Procedures. In addition to those of us seated at the table,
23 other members of the team include Thanh Luong from OER,
24 Michelle Davis and Rachel Bryant from OGC, and Melissa
25 Lozano from OEMR.

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1 The NOPR proposes reforms to the Commission's pro
2 forma Small Generator Interconnection Procedures, or SGIP,
3 and Small Generator Interconnection Agreement, or SGIA.
4 These were originally established by Commission Order No.
5 2006.

6 The SGIP and SGIA establish the terms and
7 conditions under which interconnection service is provided
8 to generators of no more than 20 megawatts. The proposed
9 reforms included in today's NOPR are intended to ensure that
10 the time and cost to process small generator interconnection
11 requests are just and reasonable, and to allow for more
12 efficient interconnection of these resources.

13 These reforms would maintain reliability while
14 increasing energy supply, and remove barriers to the
15 development of new energy sources. The reforms are driven
16 by market changes spurred in part by the development of
17 renewable generation under state energy goals and
18 policies.

19 Today's NOPR proposes four reforms to the SGIP
20 and SGIA.

21 The first proposed reform would allow
22 interconnection customers to request from transmission
23 providers a pre-application report to help them better
24 evaluate potential points of interconnection before
25 submitting a formal interconnection request.

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1 The second proposed reform would revise the
2 current 2 megawatt threshold for participation in the Fast
3 Track Process under Section 2 of the SGIP. Fast Track
4 eligibility instead would be based on individual system and
5 resource characteristics, including interconnection voltage
6 level, the circuit distance of the interconnection from the
7 substation, and resource capacity up to a limit of 5
8 megawatts.

9 The third proposed reform would revise the
10 customer options meeting and the supplemental review
11 following the failure of the Fast Track screens so that the
12 supplemental review is performed at the discretion of the
13 interconnection customer and includes minimum load and other
14 screens to determine if a resource may be interconnected
15 safely and reliably.

16 Finally, the NOPR would revise the pro forma SGIP
17 Facilities Study Agreement by giving interconnection
18 customers an opportunity to provide written comments on the
19 upgrades that are necessary for the interconnection.

20 The Commission believes transmission providers
21 should make the final decision on required upgrades, but is
22 concerned that failing to allow customers to review and
23 comment on the upgrades may result in unjust and
24 unreasonable costs.

25 Comments on the NOPR are due 120 days after
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1 publication in the Federal Register. To facilitate
2 discussion of the proposed reforms, staff will convene a
3 stakeholder workshop before the end of the comment period.

4 Within 60 days of publication of the NOPR in the
5 Federal Register, the Commission will publish a notice that
6 includes details about the workshop. We will schedule the
7 workshop so that comments on the proposed rule may reflect
8 any reactions to the workshop discussions.

9 Thank you. This concludes our presentation.

10 CHAIRMAN WELLINGHOFF: Thank you very much,
11 Leslie, and I want to thank all the members of the team for
12 your hard work on this particular NOPR proposed rule.

13 Consistent with my past practice, I did not
14 participate in this docket because of a past client of mine
15 submitting comments in the docket, as I have done in the
16 past, but again I appreciate the staff's hard work.

17 Colleagues, any questions? Commissioner Moeller.

18 COMMISSIONER MOELLER: Thank you, Mr. Chairman.

19 I want to commend the solar industry for bringing
20 this to us and giving us a chance to consider the comments
21 in the proposal, and the comments to it.

22 I do have a couple of questions. You referenced
23 the fact that there will be the report that will be
24 requested from the incumbent. Can you talk a little bit
25 about the costs that the entity requesting the report will
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1 bear on this?

2 MS. KERR: Yes. The cost for the pre-application
3 report is \$300, as proposed in the NOPR. This fee was a
4 starting point that we're asking for comments on. It was
5 derived from a similar report in the California Public
6 Utility Commission's Rule 21 Tariff for a similar report.
7 So we felt that was a good starting point for comments.

8 COMMISSIONER MOELLER: They had put some effort
9 into trying to make a good estimate as to what the burden
10 would be, and that is the number that they came up with.
11 And hence we adopted it for this proposal.

12 MS. KERR: Yes.

13 COMMISSIONER MOELLER: Very good. Thank you.

14 I look forward to comments on the NOPR. I am
15 glad that we were able to consider it today.

16 Thank you.

17 CHAIRMAN WELLINGHOFF: Thanks, Commissioner.

18 John.

19 COMMISSIONER NORRIS: Thanks. And thanks to the
20 team for your work on this. I was trying to think of what
21 to say about this. I don't have any questions for it, but
22 this is a big deal in my mind.

23 I was driving in this morning and I was thinking
24 of the gloominess of this week, how it's probably affecting
25 my mood by now. I was just thinking of a small solar
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1 developer's mood having to deal with the interconnection
2 process.

3 (Laughter.)

4 COMMISSIONER NORRIS: So I am hoping that we get
5 some sunlight here in D.C. soon, but this certainly I think
6 spreads some sunlight on the solar industry. So I want to
7 thank them for bringing this to our attention.

8 It is exciting to me how many people want to get
9 in this business of developing a renewable,
10 non-carbon-emitting generation source on a small scale, that
11 more people can participate in both solving a problem and
12 this business of energy. I think that is good for the
13 country.

14 I was trying to think back on what precipitated
15 this 2006 Rule, and what I think at the time was probably
16 progressive thinking, how do we make this happen now. And
17 if I were a transmission owner or anybody involved in this
18 space, both literally and figuratively in this energy space,
19 you've got this transmission corridor and people come along
20 wanting to hang stuff on it and you get concerned about
21 that. I get that.

22 But I think today we are taking a very positive
23 step forward by saying, okay, now we know how this works a
24 little bit better. This is a chance to revise this 2006
25 Order and make it practical in terms of what we know today,
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1 as this system evolves and we can hang stuff on there now--
2 especially in accommodating solar with this process, because
3 we know it peaks at the time the load is peaking.

4 This just makes sense to me. So I am glad we are
5 making these incremental improvements in our rules to
6 accommodate the change that is happening in our system that
7 the solar industry and other industries represent with other
8 rulemakings we've done in the past few years here.

9 So this excites me. This is moving our country
10 forward in the right direction with a more diverse source of
11 people involved in providing energy, and highlighting the
12 change that solar can make in our energy system, a very
13 positive change. So thanks.

14 CHAIRMAN WELLINGHOFF: Thank you, John.
15 Commissioner Moeller.

16 COMMISSIONER MOELLER: I just wanted to add that
17 we have a series of questions that will be asked at the
18 workshop, and I want to commend Commissioner Norris for
19 adding one on storage devices, as to whether that would be
20 appropriate under this consideration.

21 So it's a broader discussion and one that I think
22 you helped enhance.

23 COMMISSIONER NORRIS: Thank you. I think I was
24 supposed to mention that, so I appreciate you doing that.

25 (Laughter.)

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1 CHAIRMAN WELLINGHOFF: Cheryl.

2 COMMISSIONER LaFLEUR: Well, thank you. I would
3 also like to thank the team, and I am very pleased to
4 support this Notice of Proposed Rulemaking.

5 I think that one of our most important
6 responsibilities as a Commission is to keep looking at our
7 existing policies to make sure that they remain just,
8 reasonable, and not discriminatory in light of all the
9 changes in the Nation's power supply.

10 We have to ensure, obviously, that our policies
11 don't saddle customers with unnecessary costs, or erect
12 barriers to new sources of energy.

13 I think the NOPR that we vote out today proposes
14 modifications that are intended to reduce the time and cost
15 to process interconnection requests, as you said, while
16 still maintaining and respecting the reliability of the
17 grid.

18 I think the timing of today's NOPR is
19 particularly appropriate. As you explain in the draft NOPR,
20 29 states and the District of Columbia have renewable
21 portfolio standards. Several have specific solar
22 carve-outs, and as a result of these and other policies,
23 according to figures provided by SEIA, the amount of
24 installed solar capacity in the United States has grown at a
25 49 percent annual rate during the past decade, which is kind
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1 of remarkable when you think about it.

2 And states as diverse as California, the number
3 one solar State, and New Jersey the number two solar State,
4 have been leaders in the effort. I have lived in New
5 Jersey, so I know it is not the number two sunniest state in
6 the Nation. So it's policy that's driving that.

7 Following the technical conference that was held
8 on this last July, we received several comments requesting a
9 stakeholder working group to facilitate further discussion.
10 And I'm really pleased, and thank the Chairman, that the
11 Commission intends to take people up and hold, staff to hold
12 that further session. I hope that we get a wide
13 participation in the follow-on technical conference, and a
14 wide range of comments on the NOPR.

15 Thank you.

16 CHAIRMAN WELLINGHOFF: Tony?

17 COMMISSIONER CLARK: No. Like yourself, I am
18 recused from this particular item in relationship to my past
19 relationship with NARUC. Those recusals are coming towards
20 an end, though. I only have about another three-week
21 reprieve on most of these, as my one-year waiting period for
22 going off the NARUC board and the organization of MISO's
23 state board is up at the end of this month.

24 CHAIRMAN WELLINGHOFF: All right. A little known
25 fact. There's more solar systems on the Wal-Marts and
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1 COSCOs in this country than there is in the entire State of
2 Florida. Just one of those kind of things you can tuck
3 away.

4 So, Madam Secretary, the vote.

5 SECRETARY BOSE: The vote begins with
6 Commissioner Clark, and as previously mentioned you will not
7 be participating in the vote.

8 COMMISSIONER CLARK: Correct.

9 SECRETARY BOSE: Commissioner LaFleur.

10 COMMISSIONER LaFLEUR: I vote aye.

11 SECRETARY BOSE: Commissioner Norris.

12 COMMISSIONER NORRIS: Aye.

13 SECRETARY BOSE: Commissioner Moeller.

14 COMMISSIONER MOELLER: Aye.

15 SECRETARY BOSE: And Chairman Wellinghoff.

16 CHAIRMAN WELLINGHOFF: Not voting.

17 SECRETARY BOSE: Thank you.

18 CHAIRMAN WELLINGHOFF: With that, I think we're
19 done. Thank you.

20 (Whereupon, at 10:19 a.m., Thursday, January 17,
21 2013, the 989th Open Commission meeting was adjourned.)

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