

147 FERC ¶ 61,201
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;
Philip D. Moeller, John R. Norris,
and Tony Clark.

Southwest Power Pool, Inc.

Docket Nos. ER14-781-000
ER14-781-001

ORDER CONDITIONALLY ACCEPTING IN PART AND REJECTING
IN PART TARIFF REVISIONS

(Issued June 13, 2014)

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1. On December 20, 2013, Southwest Power Pool, Inc. (SPP) submitted, pursuant to section 205 of the Federal Power (FPA)¹ and section 35.13 of the Commission’s regulations,² proposed revisions to the Generator Interconnection Procedures (GIP)³ and

¹ 16 U.S.C. § 824d (2012).

² 18 C.F.R. § 35.13 (2013).

pro forma Generator Interconnection Agreement (GIA)⁴ in Attachment V of its Tariff. As discussed below, we will conditionally accept in part, subject to a compliance filing, and reject in part SPP's proposed revisions, to be effective March 1, 2014.

I. Background

A. SPP 2009 Queue Reform

2. In 2009, SPP undertook significant revisions to its GIP.⁵ Those queue reforms shifted the interconnection process from a “first-come, first-served” paradigm to a “first-ready, first-served” paradigm. The goals of those queue reforms were to: (1) streamline the study process, including creating a fast track approach for certain customers that meet specific milestones; (2) reduce the impact of suspended projects on other projects; (3) encourage speculative projects to enter into a preliminary queue; and (4) discourage speculative projects from entering the final queue by increasing deposits and requiring project readiness milestones.⁶ As a part of SPP's 2009 queue reform, SPP proposed to conduct interconnection studies on a cluster rather than serial basis. SPP also replaced its then-existing interconnection study process with the following three interconnection study queues, each with different deposit and milestone requirements: (1) the feasibility study queue (Feasibility Queue), which results in an optional feasibility study completed within 90 days of the close of a cluster window; (2) the preliminary interconnection system impact study queue (Preliminary Queue), which results in an optional system impact study completed within 180 days of the close of a cluster window; and (3) the definitive interconnection system impact study queue (Definitive Queue), which is the first required stage within the interconnection process and results in a system impact study completed within 120 days of the close of a cluster window and an Interconnection Facilities Study completed in 90 days thereafter.

³ The GIP is Attachment V to the SPP Open Access Transmission Tariff (Tariff). Unless indicated otherwise, all capitalized terms have the same meaning given them in the Tariff.

⁴ The GIA is Appendix 6 to the GIP.

⁵ See *Southwest Power Pool, Inc.*, 128 FERC ¶ 61,114 (2009).

⁶ SPP Transmittal at 2.

B. SPP's Proposal

3. SPP states that the 2009 queue reform greatly improved its interconnection request processing. According to SPP, at the time it proposed the 2009 queue reforms, there were 255 pending interconnection requests for 57,000 MW in its interconnection queue. SPP states that as of December 10, 2013, there were 64 pending interconnection requests for 9,601 MW. In addition, SPP asserts that the GIP changes have greatly reduced the number of GIAs on suspension in SPP. SPP notes that, in 2009, 17 GIAs were on suspension, totaling 3,544 MW; today, there are nine GIAs on suspension totaling 846 MW.⁷

4. SPP states that the proposed reforms build upon the 2009 queue reforms and further adapt the queue process in the GIP in order to account for current and anticipated issues in the SPP footprint. SPP notes that while the 2009 queue reform changes have improved interconnection request processing, not all perceived and expected benefits have been realized. SPP asserts that it continues to experience significant issues with its GIP, including: (1) most interconnection customers have not opted to use the screening tools of the Feasibility Queue and the Preliminary Queue and have opted to go directly into the Definitive Queue⁸; (2) interconnection customers have minimal obligations after executing a GIA; (3) interconnection customers may only partially build the generating capacity granted in the GIA; (4) interconnection customers are rarely ready to move forward at the same time to begin construction of shared upgrades; and (5) interconnection customers may terminate their GIAs without obligation, causing restudies

⁷ *Id.* at 5.

⁸ The Definitive Queue is a queue for valid interconnection requests for a definitive interconnection system impact study (Definitive Study). Proposed Tariff Attachment V, section 1. SPP proposes that an interconnection request would be allowed to remain in the Definitive Queue for two additional cycles after its initial Definitive Study. Deficiency Response at 7. SPP has two Definitive Study cycles per year. Proposed Tariff Attachment V, section 4.2.3. Under SPP's proposal, the Definitive Queue provides no queue priority for any interconnection customers, but instead serves as recognition that the interconnection customer has submitted a valid interconnection request and paid its Definitive Queue milestone payment. An interconnection customer will receive queue priority relative to other interconnection customers upon entering the Interconnection Facilities Study Queue and paying the respective milestone payment. *See* Proposed Tariff Attachment V, section 4.1.

for all subsequent interconnection customers whose interconnection requests are dependent on those higher-queued interconnection customers moving forward.⁹

5. SPP proposes several revisions to both its GIP and the GIA to address these issues. Specifically, SPP proposes to change the way that queue priority is determined in the interconnection process. Under SPP's existing GIP, each interconnection customer receives an individual queue priority when SPP receives a valid interconnection request from the interconnection customer and the customer enters the Definitive Study, which is the system impact study. Now, SPP proposes instead to implement a two-stage process for queue priority under which an interconnection customer is provided an Initial Queue Position¹⁰ when SPP first receives a valid interconnection request. This Initial Queue Position will serve as an identifier for that customer at this initial stage with all customers in a particular queue (Definitive Queue) given equal priority. Once an interconnection customer has met the requirements to enter the Interconnection Facilities Study Queue¹¹ (i.e., after inclusion in the Definitive Queue), it will be given a final Interconnection Queue Position,¹² which would operate similarly to how the current queue operates based upon first-ready, first-served priority. The Interconnection Queue Position is based on

⁹ SPP Transmittal at 5.

¹⁰ "Initial Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests. The Initial Queue Position is established based upon the date and time of receipt of the valid Interconnection Requests by Transmission Provider." Proposed Tariff Attachment. V, section 1.

¹¹ Under SPP's existing procedures, a facilities study is completed after a system impact study, which is completed as part of the Definitive Queue. SPP does not propose to change this sequence but is adding the term "Interconnection Facilities Study Queue" to provide that SPP will maintain a separate queue for valid interconnection requests for an Interconnection Facilities Study. SPP Transmittal at 9. Interconnection Facilities Study Queue is defined as "a Transmission Provider separately maintained queue for valid Interconnection Requests for an Interconnection Facilities Study." Proposed Attachment V, section 1.

¹² "Interconnection Queue Position shall mean the order of a valid Interconnection Request within the Interconnection Facilities Study Queue, relative to all other pending valid Interconnection Requests within the Interconnection Facilities Study Queue, which is established based upon the requirements in Section 4.1.3." *Id.*

the date and time of entry into the Interconnection Facilities Study Queue and determines the priority for the study and assignment of costs of network upgrades.¹³

6. SPP also proposes to alter the milestones to enter the Definitive Queue and the Interconnection Facilities Study Queue, and to execute a GIA. To enter the Definitive Queue, SPP proposes to eliminate non-technical milestones that it previously used to establish a queue position in lieu of requiring the interconnection customer to provide a deposit. Additionally, SPP proposes to reduce the required deposit from \$2,000/MW of the plant size to \$1,000/MW of the plant size.¹⁴

7. For the Interconnection Facilities Study Queue, SPP proposes to eliminate non-technical milestones, similar to those being eliminated from the Definitive Queue process, and to replace them with a \$3,000/MW deposit in addition to the \$1,000/MW required for entry into the Definitive Queue.¹⁵ SPP further proposes to require the interconnection customer to provide a deposit, upon execution of a GIA, of 20 percent of the interconnection facilities and network upgrade costs or convert the previously provided financial milestones of \$4,000/MW, whichever is greater.¹⁶

8. Additionally, SPP proposes to add a stand-alone scenario to the Definitive Study to be performed concurrently with the current cluster scenario.¹⁷ SPP states that the stand-alone scenario would give the interconnection customer more realistic answers to what upgrades would be needed by assuming that the interconnection customer's

¹³ *Id.* at section 4.1.2.

¹⁴ SPP Transmittal at 14 and Ex. No. SPP-1 at 31 (Hendrix Testimony).

¹⁵ SPP Transmittal at 17.

¹⁶ Proposed Tariff Attachment V, Appendix 6 at Article 11.6.

¹⁷ The Definitive Study is the first required study in the interconnection process. Currently, for each iteration of the Definitive Study, all interconnection requests submitted within a 180 day submission period are grouped into a cluster. Tariff Attachment V, section 4.2.3. The Definitive Study uses a cluster scenario in which SPP assumes that all interconnection requests submitted in a cluster will move forward in the interconnection process at the same time. The results of the scenario will allow SPP to determine shared network upgrades to interconnect the requests in the cluster. SPP is proposing to perform a stand-alone scenario, in addition to the current cluster scenario, which would determine the network upgrades required to interconnect an individual interconnection request. *See* Proposed Tariff, Attachment V, sections 8.4.1 and 8.4.2.

interconnection request is the only request that will move forward to the Interconnection Facilities Study Queue.¹⁸ Additionally, the stand-alone scenario will serve the same purpose as the previous optional limited operations study in the Definitive Study process. If during the stand-alone scenario SPP finds that further upgrades are required to interconnect the interconnection customer, SPP proposes to give the interconnection customer the additional options of either entering into service at limited operation, subject to certain proposed conditions, until upgrades are complete or reducing the size of its interconnection request to allow the interconnection customer to move forward in the interconnection process.¹⁹

9. In addition, SPP proposes changes to the provision of limited operation service when interconnection customers are dependent on previously approved network upgrades.²⁰ SPP also proposes a new “queue jumping” process, whereby a lower-queued interconnection customer can move up the Interconnection Facilities Study Queue above a higher-queued interconnection customer with an executed GIA if the lower-queued interconnection customer executes a GIA and within 30 days pays to construct certain network upgrades.²¹

10. SPP also proposes to amend the GIA to allow SPP to issue a revised GIA for a lower interconnection capacity amount, if the interconnection customer only builds a portion of the generating facility within three years of the specified commercial operation date. The provision would also allow SPP to terminate the GIA if the generating facility fails to reach commercial operation for three years following the commercial operation date.²²

11. Regarding the applicability of its revised procedures to existing interconnection customers, SPP proposes to require interconnection customers in the Definitive Queue who have executed Interconnection Facilities Study Agreements, as well as those who have not, to meet the newly required milestones within 60 days of the effective date of its Tariff revisions. An interconnection customer that has already executed an

¹⁸ Hendrix Testimony at 33.

¹⁹ Proposed Tariff Attachment V, sections 8.4.3 and 8.7; Hendrix Testimony at 33.

²⁰ Proposed Tariff Attachment V, sections 8.4.3, 8.7 and Appendix 4A.

²¹ SPP Transmittal at 21-22; Proposed Tariff Attachment V, Appendix 6, Articles 11.6.1 and 11.6.2.

²² Proposed Tariff Attachment V, Appendix 6 at Article 2.3.

Interconnection Facilities Study Agreement but has not executed or requested the filing of a GIA with the Commission and that has met the new milestones within the 60-day window will be assigned an Interconnection Queue Position based upon its current Definitive Queue cluster. SPP proposes to apply the revised GIP to interconnection requests for which a GIA has already been executed or filed with the Commission as of the effective date of the proposed revisions, if the interconnection customer is not meeting the milestones listed in Appendix B of its GIA.²³

12. SPP requests that the proposed revisions to the Tariff become effective March 1, 2014.²⁴

II. Notice and Responsive Pleadings

13. Notice of SPP's filing was published in the *Federal Register*, 79 Fed. Reg. 31,384 (2013), with interventions and comments due on or before January 10, 2014. The comment due date was subsequently extended until January 17, 2014.²⁵

14. The following entities filed motions to intervene: Sunflower Electric Power Corporation and Mid-Kansas Electric Company, LLC; E.ON Climate & Renewables North America LLC (E.ON); NextEra Energy Resources, LLC (NextEra); Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company; Xcel Energy Services Inc.; Invenergy Wind Development LLC and Invenergy Thermal Development LLC (Invenergy); American Wind Energy Association and The Wind Coalition (AWEA/Wind Coalition); Flat Ridge 2 Wind Energy LLC (Flat Ridge 2); and Acciona Wind Energy USA LLC (Acciona). On January 31, 2014, Westar Energy, Inc. (Westar) filed a motion to intervene out of time. Comments and/or protests were filed by E.ON, NextEra, Invenergy, AWEA/Wind Coalition, Flat Ridge 2, and Acciona. On February 4, 2014, SPP filed an answer to the protests.

15. On February 28, 2014, Commission staff issued a letter informing SPP that the December 20 Filing was deficient and requesting additional information (Deficiency Letter). On April 14, 2014, SPP submitted a response to the Deficiency Letter (Deficiency Response). Notice of SPP's filing was published in the *Federal Register*, 79 Fed. Reg. 22,668 (2014), with comments due on or before May 5, 2014. On May 5,

²³ Proposed Tariff Attachment V, section 5.1.2.

²⁴ SPP Transmittal at 1, 23.

²⁵ See Notice of Extension of Time, Docket No. ER14-781-000 (Jan. 7, 2013).

2014, AWEA/Wind Coalition submitted comments on the Deficiency Response. On May 20, 2014, SPP filed an answer.

III. Discussion

A. Procedural Matters

16. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2013), the Commission will grant Westar's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

17. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2013), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept SPP's answers because they provided information that assisted us in our decision-making process.

B. Standard of Review

18. The Commission applies an independent entity standard to evaluate Regional Transmission Organization (RTO) and Independent System Operator (ISO) proposals for revisions to the procedures outlined in Order No. 2003.²⁶ Under that standard, as independent entities, RTOs and ISOs are entitled to more flexibility in proposing variations than are non-independent entities. This flexibility is warranted primarily because independent entities do not have affiliated generation and thus are less likely than non-independent entities to favor one generator over another. Under the independent entity standard, SPP must demonstrate that its proposed variations are just

²⁶ *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003) (Order No. 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), *cert. denied*, 552 U.S. 1230, 128 S. Ct. 1468, 170 L. Ed. 2d 275 (2008)). *See also Midwest Indep. Transmission Sys. Operator, Inc.*, 124 FERC ¶ 61,183, at P 31 (2008), *order on reh'g*, 127 FERC ¶ 61,294 (2009); *Interconnection Queuing Practices*, 122 FERC ¶ 61,252 (2008).

and reasonable and not unduly discriminatory, and that they would accomplish the purposes of Order No. 2003.²⁷

C. Substantive Matters

19. As discussed below, we conditionally accept in part and reject in part the proposed tariff revisions to the GIP and GIA, to be effective March 1, 2014. We direct SPP to submit, within 30 days of the date of this order, a compliance filing consistent with the findings in this order.

1. Queue Position

a. SPP's Filing

20. Under SPP's existing procedures, SPP assigns an interconnection request a queue position when SPP receives a valid interconnection request and the interconnection customer has met all the necessary milestones to enter the Definitive Study, which is the system impact study. This queue position is used to determine the interconnection customer's priority over other interconnection customers and its cost responsibility for network upgrades. SPP proposes to change the way queue priority is determined by creating two separate queue positions to replace the current single queue position. Under SPP's proposal, an Initial Queue Position is established when SPP receives a valid interconnection request. This Initial Queue Position will be used solely to identify the individual interconnection request.²⁸ An Interconnection Queue Position, which will be used to determine the interconnection customer's priority over other interconnection customers and its cost responsibility for network upgrades, will be established when an interconnection customer meets the requirements to enter the Interconnection Facilities Study Queue.²⁹ The requirements to enter the Interconnection Facilities Study Queue include completing an Interconnection Facilities Study Agreement, providing the required technical data, and submitting a deposit of \$3,000/MW.³⁰ SPP asserts that,

²⁷ *Interconnection Queuing Practices*, 122 FERC ¶ 61,252 at P 13 & n.10.

²⁸ Proposed Tariff Attachment V, sections 1 and 4.1.1.

²⁹ *Id.* at sections 1, 4.1.2, and 4.1.3.

³⁰ *Id.* at section 8.9.

coupled with other changes it is proposing, this change will move viable interconnection requests ahead of less viable ones and make them less exposed to restudy.³¹

b. Protests

21. E.ON alleges that SPP's queue position proposal contains inconsistent provisions. Specifically, E.ON states that proposed section 4.1.2 provides that the Interconnection Queue Position will be "... based upon the date and time the Interconnection Customer satisfies all the requirements of Section 8.9 to enter an Interconnection Facilities Study."³² E.ON asserts that proposed section 4.1.2. is inconsistent with proposed section 4.1.3, which provides "Interconnection Requests in the Interconnection Facilities Study Queue shall be considered to be placed in the Interconnection Facilities Study Queue at the same time if the Interconnection Requests were studied in the same Definitive Interconnection System Impact Study and each meets the requirements of Section 8.9 following the completion of the study."³³ According to E.ON, this inconsistency must be rectified because queue priority among interconnection requests is vital to establishing cost responsibility and the timeframe to bring a generation project in-service.³⁴

22. E.ON also states that proposed section 4.1.3 provides: "A higher queued Interconnection Request in the Interconnection Facilities Study Queue is one that has been placed 'earlier' in the Interconnection Facilities Study Queue in relation to another Interconnection Request."³⁵ E.ON contends that the ability of an interconnection customer to satisfy the requirements of proposed section 8.9 and thus be given queue priority is driven by when SPP meets with the interconnection customer to discuss the Definitive Study results. E.ON argues that queue priority should be based on when interconnection customers first enter the Definitive Queue because the Definitive Queue is the first significant commitment in the GIP and would preserve the first-in-time concept.³⁶

³¹ Hendrix Testimony at 27.

³² E.ON Protest at 6-7 (citing Proposed Tariff Attachment V at section 4.1.2).

³³ *Id.* (citing Proposed Tariff Attachment V at section 4.1.3).

³⁴ *Id.* at 7.

³⁵ *Id.* (citing Proposed Tariff Attachment V at section 4.1.3).

³⁶ E.ON at 8-9.

c. Answer

23. SPP contends that there is no conflict among proposed sections 4.1.2, 4.1.3, and 8.9. According to SPP, interconnection customers in the Definitive Queue will have equal priority, and upon completion of a Definitive Study, each interconnection customer will have the same due date for the Interconnection Facilities Study requirements. SPP clarifies that any interconnection customers in the same Definitive Queue cluster that elect to move forward into the Interconnection Facilities Study Queue within those timeframes will be assigned an Interconnection Queue Position with equal queue priority.³⁷ SPP states that all interconnection customers studied in the same Definitive Queue cluster will receive the Interconnection Facilities Study Agreement at the same time. SPP also states that all of these interconnection customers would be subject to the same deadline to return the agreement. SPP asserts that there is no opportunity for SPP to show a preference to one interconnection over another under the proposed revisions to the GIP.³⁸ SPP states it does not intend to start a race between interconnection customers to submit the Interconnection Facilities Study Agreement and section 8.9 milestones to SPP.³⁹

24. SPP contends that granting Interconnection Queue Position priority based on when an interconnection customer enters the Definitive Queue is inappropriate and would reverse the progress SPP has made in recent years moving from a serial queue to a cluster-based queue. SPP contends it would see further significant backlogs if queue priority was again based on a first-come, first-served basis.⁴⁰

d. Deficiency Response

25. SPP reiterates that when an interconnection customer executes an Interconnection Facilities Study Agreement and meets the new requirements under proposed section 8.9, it will move into the Interconnection Facilities Study Queue and receive an Interconnection Queue Position.⁴¹ SPP further clarifies that an Interconnection Queue

³⁷ SPP February 4 Answer at 18.

³⁸ SPP May 20 Answer at 2-3.

³⁹ SPP February 4 Answer at 18.

⁴⁰ *Id.* at 18-19.

⁴¹ Deficiency Response at 3.

Position gives the interconnection request priority over all interconnection requests in the Definitive Queue.⁴²

e. Commission Determination

26. We accept SPP's proposed changes to the current queue priority. We agree with SPP that there is no conflict among sections 4.1.2, 4.1.3, and 8.9 regarding SPP's queue priority proposal. As SPP explains in its answer and its deficiency response, before moving to an Interconnection Facilities Study, interconnection customers in the Definitive Queue will have equal priority and will have the same due date to meet the requirements of the Interconnection Facilities Study. When interconnection customers in the same Definitive Queue cluster elect to move forward into the Interconnection Facilities Study Queue "within those timeframes" (i.e., meeting the specified due date) each will be assigned an Interconnection Queue Position with equal queue priority. Accordingly, if an interconnection customer in a Definitive Queue cluster does not meet the specified due dates, while other interconnection customers in that Definitive Queue cluster do, that customer would not be assigned the same (higher) Interconnection Queue Position as the other interconnection customers in that Definitive Queue. We find that proposed sections 4.1.2, 4.1.3, and 8.9 are sufficiently clear about how the Interconnection Queue Position will be determined.

27. We do not agree with E.ON that SPP should be required to base queue priority on when interconnection customers first enter the Definitive Queue. Establishing queue priority at the Definitive Queue stage of the interconnection process rather than at the later Interconnection Facilities Study Queue stage could undermine one of the main objectives for SPP's proposed reforms—i.e., to move viable interconnection requests ahead of less viable ones and make them less exposed to restudy.

2. Definitive Queue

a. SPP's Filing

28. SPP seeks to implement a 30 calendar day Definitive Study review period that will begin at the close of each open season window.⁴³ SPP states that during this period, applications would be validated, material deficiency notices would be sent to interconnection customers, and scoping meetings would be held. SPP proposes that interconnection customers shall have 15 business days from the date of notice to cure any deficiencies, and those interconnection customers that do not cure deficiencies will be

⁴² *Id.*

⁴³ SPP operates two Definitive Queue cycles per year. *See supra* n.8

removed from the queue at the end of the 30 days.⁴⁴ According to SPP, it already spends considerable time working with interconnection customers to resolve deficiencies before conducting the Definitive Study. The Definitive Study review period would provide SPP a specific time period, independent of the time period of the Definitive Study, to resolve deficiencies. Additionally, SPP states that the Definitive Study review period should give SPP time to schedule scoping meetings with interconnection customers that were skipped by interconnection customers who proceeded directly to the Definitive Queue stage (i.e., customers who opted not to participate in the Feasibility or Preliminary Queue).⁴⁵

29. SPP proposes several changes to the Definitive Study procedures. First, interconnection requests will be studied with higher-queued in-service projects as well as any interconnection requests that have proceeded to the Interconnection Facilities Study Queue.⁴⁶ Interconnection requests that have not proceeded to the Interconnection Facilities Study Queue will be included in the Definitive Study as equally-queued projects.⁴⁷ SPP states that this will result in one Definitive Queue cluster in which all projects have equal queue priority. According to SPP, this will alleviate an issue where certain clusters are assigned expensive upgrades while subsequent clusters face none at all.⁴⁸

30. Second, SPP proposes to add a stand-alone scenario to the Definitive Study to be performed alongside the cluster scenario. SPP states that the cluster scenario would result in large numbers of upgrades, the cost of which would be shared among multiple interconnection customers.⁴⁹ In order to give the interconnection customer more realistic answers to what upgrades would be needed for its individual interconnection request, SPP is proposing the stand-alone scenario, which will assume that the interconnection customer's interconnection request is the only request that will move forward to the Interconnection Facilities Study Queue.⁵⁰ Additionally, if a stand-alone scenario finds

⁴⁴ Proposed Tariff Attachment V, section 8.3.

⁴⁵ Hendrix Testimony at 30.

⁴⁶ Proposed Tariff Attachment V, sections 8.4.1 and 8.4.2.

⁴⁷ *Id.* at section 4.1.1(c).

⁴⁸ Hendrix Testimony at 32.

⁴⁹ *Id.* at 33.

⁵⁰ *Id.*

that upgrades are required, SPP will also give the interconnection customer the additional options of either entering into service at limited operation until upgrades are complete or reducing the size of its interconnection request.⁵¹

31. Third, SPP proposes to begin a Facilities Analysis at the start of the Definitive Study. This analysis will specify and estimate the cost of facilities required to physically and electrically connect the generating facility to the transmission system. The analysis is similar to an Interconnection Facilities Study, but it applies only to facilities up to the point of interconnection (i.e., non-network upgrades for which the interconnection customer will bear full financial responsibility).⁵² SPP states that this will streamline the completion of the Interconnection Facilities Study by involving transmission owners earlier in the process.⁵³

32. SPP also proposes a change to its Definitive Study restudy provisions to address multiple projects, which electrically affect each other, going forward into the Interconnection Facilities Study Queue at the same time. Under SPP's proposal, if multiple interconnection customers complete the Definitive Study and simultaneously opt to move into the Interconnection Facilities Study Queue, SPP will determine whether the projects are affected by each other. If SPP determines that there are no impacts among the projects, the projects may move forward into the Interconnection Facilities Study Queue without restudy. However, if SPP determines that the projects affect each other, SPP will perform a restudy of the Definitive Study for the affected projects prior to the Interconnection Facilities Study. SPP proposes to provide the affected projects with new cost allocation and/or information on capacity available for limited operation.⁵⁴ It will then be up to the interconnection customer to determine whether to move forward into the Interconnection Facilities Study Queue or remain in the Definitive Queue.

b. Protests

33. E.ON seeks clarification regarding the cure period during the Definitive Study review period. E.ON points out that proposed section 8.3 of Attachment V outlines a 15 business day cure period while SPP's witness Mr. Hendrix's testimony indicates that the cure period would end on the final day of the 30 calendar day Definitive Study review

⁵¹ *Id.*

⁵² *Id.* at 34.

⁵³ *Id.*

⁵⁴ *Id.* at 38.

period. E.ON supports a 15 business day cure period and requests that SPP clarify that an interconnection customer will have a full 15 business days to cure any deficiencies even if that cure period extends beyond the 30th day of the Definitive Study review period.⁵⁵

34. AWEA/Wind Coalition request more detail on how the procedures will work when multiple interconnection customers decide to move to the Interconnection Facilities Study Queue at the same time and have been found to electrically affect each other. AWEA/Wind Coalition question whether the resulting restudy is another Definitive Study or just a small cluster study including these interconnection customers. They also request clarification as to which phase these interconnection customers will be in during this restudy.⁵⁶ E.ON contends that an interconnection customer who withdraws or chooses to remain in the Definitive Queue after such a restudy should be refunded its full security deposit of \$3,000/MW. According to E.ON, the decision to make this deposit and advance into the Interconnection Facilities Study Queue was based on the results of the initial Definitive Study, and an interconnection customer withdrawing based on the new results should not be penalized.⁵⁷

35. AWEA/Wind Coalition also seek clarification as to whether interconnection customers can remain in the Definitive Queue indefinitely as long as they pay their study costs, whether these interconnection customers will be required to make another study deposit, how study costs will be determined for these interconnection customers, and whether interconnection customers will be charged the same amount each Definitive Study cycle.⁵⁸ In response to SPP's clarification about the number of cycles an interconnection request can remain in the Definitive Queue, AWEA/Wind Coalition seeks clarity on whether the limit to the amount of time an interconnection customer can remain in the Definitive Queue applies to interconnection customers that have gone on to the Interconnection Facilities Study Queue and returned to the Definitive Queue.⁵⁹

36. Invenergy and AWEA/Wind Coalition further contend that SPP should be required to administer three Definitive Study cycles each year, rather than the current two study cycles per year. They contend that this change was a component of the proposed GIP

⁵⁵ E.ON Protest at 5.

⁵⁶ AWEA/Wind Coalition January 17 Protest at 14.

⁵⁷ E.ON Protest at 10.

⁵⁸ AWEA/Wind Coalition January 17 Protest at 6-7.

⁵⁹ AWEA/Wind Coalition May 5 Protest at 4.

changes under consideration in the stakeholder process, but it was removed at the last minute.⁶⁰ AWEA/Wind Coalition note that SPP has fewer interconnection requests than other RTOs and that it should not be a challenge for SPP to complete three Definitive Study cycles per year.⁶¹

37. In addition, AWEA/Wind Coalition contend that the results of cluster studies are not likely to be useful because the scenarios are not realistic. They request that SPP clarify the value of results of these studies.⁶²

c. Answer

38. SPP clarifies that the Definitive Study review cure period is 15 business days and that it can run past the end of the 30 calendar day Definitive Study review period. SPP points out that proposed section 8.3 does not require the cure period to end when the Definitive Study review period closes.⁶³

39. In response to AWEA/Wind Coalition's request for more detail on how the procedures will work when multiple interconnection customers decide to move forward to the Interconnection Facilities Study Queue, SPP states that multiple interconnection customers can advance into the Interconnection Facilities Study Queue at the same time. SPP clarifies that a Definitive Study restudy would occur even though the interconnection customer has already signed an Interconnection Facilities Study Agreement under the current process. SPP further clarifies that an interconnection customer may withdraw after the initial Definitive Study restudy without penalty under the rules of the Definitive Queue as if it had never moved into the Interconnection Facilities Study Queue.⁶⁴

40. SPP clarifies that there is no limit to the number of times an interconnection customer can be in the Definitive Queue stage so long as it continues to pay the study costs. SPP further clarifies that the Definitive Queue will be restudied every cycle, and interconnection customers will be charged the cost for each study. However, interconnection customers remaining in the Definitive Queue will not automatically be

⁶⁰ Invenergy Protest at 13; AWEA/Wind Coalition January 17 Protest at 14-15.

⁶¹ AWEA/Wind Coalition January 17 Protest at 15.

⁶² *Id.* at 12-13.

⁶³ SPP February Answer at 17-18.

⁶⁴ *Id.* at 19.

required to pay additional study deposits. Instead, such customers will be notified by SPP of any additional deposits required to cover the costs of additional studies.⁶⁵

41. SPP contends that it did not propose to offer three Definitive Study cycles per year because its stakeholders agreed that requiring transmission owner personnel to perform three Interconnection Facility Studies cycles per year was not feasible, in view of their workloads supporting other SPP planning processes.⁶⁶

42. SPP states that it intends to continue the cluster study scenario in order to determine the optimal upgrades for integrating all interconnection requests in the queue. SPP notes that, if interconnection customers that are not ready to build their generation facilities and network upgrades are allowed to move to the Interconnection Facility Study Queue, the stand-alone scenario will provide no value because a restudy will be required for every Interconnection Facilities Study cycle to determine the upgrades required for the interconnection customers that move forward. Thus, SPP proposes to study both the stand-alone and cluster scenarios to provide information about the possible range of potential network upgrade costs that the interconnection customer would face.⁶⁷

d. Deficiency Response

43. SPP notes that the results of the stand-alone scenario will be the basis for determining whether an interconnection customer is tendered an Interconnection Facilities Study Agreement or a limited operation interconnection facilities study agreement.⁶⁸ SPP states that the interconnection customer can use the results of the stand-alone scenario to determine whether it desires to avoid being reliant on previously approved network upgrades by reducing its interconnection request.⁶⁹ SPP further clarifies that the results of the cluster scenario will be used when multiple interconnection customers choose to advance to the Interconnection Facilities Study Queue at the same time to determine whether those interconnection requests affect each other.⁷⁰

⁶⁵ *Id.* at 10.

⁶⁶ *Id.* at 14-15.

⁶⁷ *Id.* at 13-14.

⁶⁸ Deficiency Response at 3.

⁶⁹ *Id.* at 5.

⁷⁰ *Id.* at 5-6.

44. SPP also clarifies that all interconnection requests in the Definitive Queue are studied in each cluster in accordance with proposed section 4.2.3.⁷¹ SPP further clarifies that for interconnection customers that choose to remain in the Definitive Queue, the costs for each subsequent study will be deducted from the study deposits held by SPP.⁷² SPP also proposes to add new language to section 8.6 to restrict the number of cycles an interconnection customer can remain in the Definitive Queue to two additional cycles, for a total of three.⁷³ SPP states that this restriction is reflected in the Hendrix Testimony and was inadvertently omitted from the December 20 Filing.⁷⁴

e. Commission Determination

45. We conditionally accept SPP's proposed changes to the Definitive Queue subject to a compliance filing due 30 days after the date of this order. We find that the Definitive Study review period will provide an organized period for interconnection customers to cure any deficiencies. We also find the 15 business day cure period to be reasonable to allow interconnection customers enough time to cure identified deficiencies. However, we agree with E.ON that the proposed cure period should be clearly defined as independent of the 30 calendar day Definitive Study review period, as SPP explained in its answer. Accordingly, we direct SPP, in its compliance filing, to clarify in its Tariff that the cure period can extend beyond the 30 calendar day Definitive Study review period.

46. We find that additional clarification is needed in response to AWEA/Wind Coalition's concerns about the Definitive Study restudy that occurs if multiple interconnection customers attempt to move to the Interconnection Facilities Study Queue at the same time, and are found to electrically affect each other. It is not clear whether these interconnection customers would be in the Definitive Queue, the Interconnection Facilities Study Queue, or somewhere in between. Accordingly, we direct SPP, in its compliance filing, to provide further clarification on this issue and include that clarification, as appropriate, in its Tariff.

47. In its answer, SPP clarified that a Definitive Study restudy would occur even if an Interconnection Facilities Study Agreement had been executed. With regard to

⁷¹ *Id.* at 7.

⁷² *Id.*

⁷³ *Id.*

⁷⁴ *Id.*

AWEA/Wind Coalition's other concern about whether the entire Definitive Study cluster would be restudied when multiple interconnection customers, which are found to electrically affect each other, attempt to move to the Interconnection Facilities Study Queue at the same time, we find SPP's tariff language to be clear that SPP is proposing to perform a restudy of the Definitive Study for only the affected projects prior to the Interconnection Facilities Study.⁷⁵

48. We also direct SPP, in its compliance filing, to revise its Tariff to clarify that SPP will refund the \$3,000/MW Interconnection Facilities Study security deposit to an interconnection customer who withdraws or chooses to remain in the Definitive Queue when a Definitive Study restudy results from multiple interconnection customers moving into the Interconnection Facilities Study process at one time. Specifically, this refund would only apply when the interconnection customer has paid its \$3,000/MW Interconnection Facilities Study security deposit before the Definitive Study restudy. We agree with E.ON that the results of the initial Definitive Study significantly influence the interconnection customer's decision to both make this deposit and to advance into the Interconnection Facilities Study Queue. For this reason, we agree that an interconnection customer who withdraws based on the new results should not be penalized.

49. Further, we direct SPP, in its compliance filing, to revise its Tariff to include the clarification regarding remaining in the Definitive Queue that it provided in its Deficiency Response. Specifically, the revised Tariff provisions should clarify that interconnection customers may remain in the Definitive Queue stage for up to three total cycles or two additional cycles, after first choosing not to execute a limited operations interconnection facilities study agreement, so long as they continue to pay the required study costs. However, we will not require SPP to offer three Definitive Study cycles per year, as suggested by protesters, because SPP did not propose changing the number of Definitive Study cycles offered, and therefore this request is outside the scope of the instant filing.

50. We also find SPP's proposal to add a stand-alone scenario in addition to the current cluster scenario to be reasonable. The results of the stand-alone scenario will provide the interconnection customer with additional information to use in deciding to move forward to the Interconnection Facilities Study Queue. We find that SPP has provided a clear explanation of the benefits of using both the cluster and stand-alone study scenarios, including providing information about the possible range of potential upgrade costs to interconnection customers.

⁷⁵ Proposed Tariff Attachment V, section 8.8, Re-Study states, "Restudies will not be required of the Definitive Interconnection System Impact Study 'Cluster Scenario' as the 'Cluster Scenario' will be automatically re-evaluated for every open season."

3. Milestone Payments

a. SPP's Filing

51. SPP proposes to change the milestones necessary for an interconnection request to enter the Definitive Study Queue.⁷⁶ Specifically, SPP seeks to eliminate certain non-financial milestones that an interconnection customer can use in lieu of providing a security deposit under SPP's existing procedures. SPP also proposes to reduce the security deposit from \$2,000/MW to \$1,000/MW.⁷⁷ The security deposit is refundable at the commencement of commercial operation or if the interconnection request is withdrawn prior to the execution of an Interconnection Facilities Study Agreement.⁷⁸ SPP states that the most indicative measure of a generator project's viability has been the ability to meet financial milestones.⁷⁹

52. SPP also proposes to change the milestones necessary to enter the Interconnection Facilities Study Queue. SPP seeks to eliminate certain non-technical milestones and replace them with a \$3,000/MW security deposit.⁸⁰ This security deposit will be

⁷⁶ Currently an interconnection customer can provide one of the following: (1) security equal to \$2,000/MW of the plant size; (2) an executed contract for the sale of electric energy or capacity from the generating facility; (3) a statement signed by an officer or authorized agent of the interconnection customer attesting that the generating facility is included in an applicable state resource plan; (4) information that SPP deems to be reasonable evidence that the generating facility will qualify as a designated resource; (5) a purchase order for generating equipment or statement signed by an officer or authorized agent of the interconnection customer attesting that the generating facility is included to be supplied with turbines with a manufacturer's blanket purchase agreement to which the interconnection customer is a party and such agreement is to be provided to SPP; (6) application for an air permit; or (7) filing of a Notice of Proposed Construction or Alteration with the Federal Aviation Administration. *See* Tariff Attachment V, section 8.2.i.

⁷⁷ Hendrix Testimony at 31.

⁷⁸ Proposed Tariff Attachment V, section 8.2.f. The refund provision discussed here, as proposed by SPP, is different from the specific circumstance that we have directed SPP to include in its Tariff and discussed above. *See supra* P 48.

⁷⁹ Hendrix Testimony at 31.

⁸⁰ Currently an interconnection customer can provide one of the following: (1) a letter of credit or payment of the interconnection customer's share of estimated network

(continued...)

refunded if the interconnection request is withdrawn prior to execution of a GIA or a request to file the GIA at the Commission unexecuted unless: (1) the withdrawal is determined by SPP to cause increased facility upgrade costs to another interconnection customer in the Interconnection Facilities Queue; and (2) the total network upgrade cost estimates in the Interconnection Facilities Study increased by less than 25 percent over the network upgrade cost estimates in the Definitive Queue.⁸¹ SPP states that the new deposit structure will help ensure that only viable projects move forward and will encourage interconnection customers to size their requests correctly.⁸²

53. SPP also proposes to amend the GIA to require an initial payment⁸³ that is required within 30 days of the execution of the GIA and is the greater of a letter of credit for 20 percent of the interconnection facilities and network upgrade costs or \$4,000/MW.⁸⁴ The initial payment is to be refunded upon termination of the GIA less

upgrades; (2) an executed contract for the sale of electric energy or capacity from the generating facility; (3) a statement signed by an officer or authorized agent of the interconnection customer attesting that the generating facility is included in an applicable state resource plan; (4) information that SPP deems to be reasonable evidence that the generating facility will qualify as a designated resource; (5) a purchase order for generating equipment or statement signed by an officer or authorized agent of the interconnection customer attesting that the generating facility is included to be supplied with turbines with a manufacturer's blanket purchase agreement to which the interconnection customer is a party and such agreement is to be provided to SPP; (6) application for an air permit; or (7) filing of a Notice of Proposed Construction or Alteration with the Federal Aviation Administration. *See* Tariff Attachment V, section 8.9.

⁸¹ Proposed Tariff Attachment V, section 8.9.a.

⁸² Hendrix Testimony at 35-36.

⁸³ Proposed Tariff Attachment V, Appendix 6, Article 11.6. The initial payment is due within 30 days of the latest of: (1) the execution of the GIA by all Parties; (2) acceptance by the Commission if the GIA is filed unexecuted and the initial payment is being protested by the interconnection customer; or (3) filing of the GIA unexecuted and the initial payment is not protested by the interconnection customer.

⁸⁴ *Id.* Any remaining milestone deposits not used in the Definitive Study or Interconnection Facilities Study detailed in sections 8.2 and 8.9 of the GIP will be credited toward this amount. These do not include the study deposits for the Definitive Queue.

(1) any costs that have been incurred for the construction of the facilities specified in Appendix A;

(2) any funds necessary for the construction of shared network upgrades, or network upgrades that would be assigned to another interconnection customer where such upgrade costs would not have been assigned but for the termination of the GIA; and (3) any costs that have been incurred for the construction of those shared network upgrades or network upgrades that are no longer required due to the termination of the GIA that were paid for by another interconnection customer.⁸⁵ SPP states that during the SPP stakeholder process, while many stakeholders argued that a larger initial payment was necessary, others contended that it should be lower. Accordingly, SPP explains that the initial payment represents a compromise among SPP's stakeholders. The "greater of" amount of \$4,000/MW of the size of the generator was added to address the situation where network upgrades assigned to the interconnection customer may be so low that it represents little commitment by the interconnection customer.⁸⁶ SPP contends that the initial payment is intended to deter speculative requests from entering into a GIA.⁸⁷ SPP further points to a large number of interconnection customers that voluntarily terminated their GIAs, exceeded allotted suspension time, or breached their GIAs, along with a large number of GIAs that have not placed any generation into service as cause for requiring a financial commitment at the time the GIA is executed.⁸⁸

b. Protests

54. Invenergy claims that SPP has not justified its proposal to remove non-financial milestone options other than to express the view that such non-financial milestones have not deterred projects from withdrawing or going into suspension. Invenergy claims that there is no relationship between whether a project goes into suspension and the type of milestones it has provided.⁸⁹ Further, Invenergy contends that SPP fails to demonstrate that the financial milestone required to execute an Interconnection Facilities Study Agreement in proposed section 8.9 is not so high as to price interconnection customers out of the market.⁹⁰ Invenergy contends that SPP's proposal can result in much greater

⁸⁵ *Id.*

⁸⁶ Hendrix Testimony at 43.

⁸⁷ *Id.*

⁸⁸ *Id.* at 43-44.

⁸⁹ Invenergy at 11.

⁹⁰ *Id.* at 6 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 124 FERC

burdens than those imposed by other ISOs and points out that Midcontinent Independent System Operator, Inc.'s (MISO) M2 milestone payment minimum of \$2,000/MW is half as high as the minimum SPP would impose on projects entering SPP's Interconnection Facilities Study.⁹¹

55. AWEA/Wind Coalition state that MISO implemented similar financial barriers, justifying them in the same way as SPP, in its last round of queue reform. AWEA/Wind Coalition assert that since implementing increased financial barriers in 2012, MISO has not had any success in moving projects forward in its queue and has announced it will restudy all definitive planning phase clusters dating back to 2008.⁹²

56. Invenergy also raises concerns regarding the refund provisions of the Interconnection Facilities Study financial milestone. According to Invenergy, SPP's proposal would make higher-queued generators responsible for insuring lower-queued generators against the uncertainty that their costs may increase as a result of GIAs being terminated. Invenergy contends that under Commission policy, it is the later-queued customer, not the higher-queued customer that should bear that risk.⁹³ Invenergy contends that SPP has not justified changing a core principle of the Commission's interconnection policy.

57. AWEA/Wind Coalition assert that SPP's proposed Tariff sections concerning refunds of the deposit to enter the Interconnection Facilities Study Queue are unclear. Specifically, they allege that it is unclear what SPP would do with the deposit when the conditions listed in proposed section 8.9.a, which restrict the ability to refund the deposit under certain circumstances, apply. They also allege that proposed section 8.9.a.1 does not provide an objective mechanism that SPP will use to determine whether a withdrawal causes another interconnection customer to face increased costs. They allege that the tariff language can be interpreted in such a way that it violates the Commission's rulings on the ability to refund deposits.⁹⁴

¶ 61,183, at P 61 (2008)).

⁹¹ *Id.* at 7.

⁹² AWEA/Wind Coalition May 5 Protest at 3.

⁹³ Invenergy Protest at 10.

⁹⁴ AWEA/Wind Coalition May 5 Protest at 8-9.

58. Invenergy claims that SPP's proposal to require that a non-refundable deposit be paid immediately upon executing a GIA where such deposit is potentially unrelated to the cost of the facilities it will fund is unjust and unreasonable. Invenergy explains that imposing large financial burdens in order to secure and maintain an interconnection agreement will create an unreasonable barrier to project development. Invenergy further contends that beliefs and speculations are not a sufficient basis to impose these new burdens on generators.⁹⁵

59. E.ON asserts that interconnection customers will be harmed by losing the time value of money on funds that are languishing and not being put to use. To remedy this, E.ON proposes that SPP be required to put those funds in an interest-bearing account for the interconnection customer's benefit until either termination of the GIA or construction of network upgrades.⁹⁶ Further, AWEA/Wind Coalition assert that SPP should not be allowed to collect deposits substantially in advance of when they will be needed. AWEA/Wind Coalition allege that there is no assurance that upgrades will be constructed and studies will be completed in a timely and reasonable manner.⁹⁷

c. Answer

60. SPP reiterates that the existing non-financial milestones for both the Definitive Queue and the Interconnection Facilities Study Queue have not been indicative of a project's viability. SPP contends that this is evident from the number of late-stage withdrawals and GIA terminations SPP has experienced. According to SPP, these withdrawals cause a cycle of restudies.⁹⁸ In SPP's experience, currently accepted non-financial milestones such as the filing of an application permit with the Federal Aviation Administration or the submission of an equipment purchasing agreement are complex and do not indicate readiness. Specifically, SPP argues that interconnection customers can easily resubmit their applications to the Federal Aviation Administration and get them approved at a later date, and purchasing agreements can be cancelled or renegotiated, sometimes with different suppliers. SPP reiterates that while these non-financial milestones can be important, what really distinguishes projects that will go

⁹⁵ Invenergy Protest at 8.

⁹⁶ E.ON Protest at 12-13.

⁹⁷ AWEA/Wind Coalition May 5 Protest at 9.

⁹⁸ SPP February 4 Answer at 21-23.

forward from those that will not is how well the project is financed and whether investors believe in the projects' business plan.⁹⁹

61. SPP notes that since the 2009 queue reform there have been 171 total interconnection requests that have entered the Definitive Queue. Of those 171 interconnection requests, 156 went on to facilities studies. SPP further notes that, as discussed in its filing, several of those 156 were eventually withdrawn after entering into facilities studies, and some were withdrawn after executing GIAs.¹⁰⁰ SPP contends that the Commission has acknowledged that increasing the requirements for obtaining a queue position would increase the likelihood that only projects that are commercially viable are in the queue. SPP contends that Invenergy is mistaken when it complains that SPP has not demonstrated that the financial milestone amounts are not so high as to price interconnection customers out of the market. According to SPP, Invenergy compares SPP's proposed milestones to those required by MISO; however, Invenergy mentions MISO's \$2,000/MW minimum milestone but fails to acknowledge that MISO's maximum milestone is \$10,000/MW. SPP argues that a higher financial hurdle to enter the Interconnection Facilities Study Queue is necessary to separate speculative projects from serious projects. Moreover, SPP contends that a milestone based on the size of the interconnection request is appropriate because interconnection customers will be encouraged to size their requests appropriately and be discouraged from making large requests that will never be built to full capacity.¹⁰¹

62. SPP reiterates that the milestone for entering the Interconnection Facilities Study Queue is refundable if the interconnection request is withdrawn prior to the execution of a GIA unless: (1) the withdrawal is determined by SPP to cause increased facility upgrade costs to any interconnection customer in the Interconnection Facilities Queue; and (2) the total network upgrade cost estimates in the Interconnection Facilities Study increased by less than 25 percent over the network upgrade cost estimates in the Definitive Queue.¹⁰² SPP claims these requirements are reasonable because they are consistent with cost causation principles and that the Commission approved similar language for MISO.¹⁰³

⁹⁹ *Id.* at 27.

¹⁰⁰ *Id.* at 23.

¹⁰¹ *Id.* at 22-23.

¹⁰² *Id.* at 25.

¹⁰³ *Id.* at 26 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 139 FERC

63. SPP contends that the proposed initial payment is similar to the initial payment required in MISO. SPP asserts that in addressing MISO's queue reforms, the Commission disagreed with protesters who asserted that requiring an initial payment was anticompetitive and/or unduly discriminates against independent developers.¹⁰⁴ SPP claims that the initial payment will help separate speculative projects from those whose business plans are set. SPP contends that projects that have finalized their business arrangements will be able to meet this milestone, while those who are still making arrangements have the option to remain in the Definitive Queue until ready to move forward.¹⁰⁵

d. Deficiency Response

64. SPP notes that interconnection requests that are withdrawn after their entry into the Interconnection Facilities Study Queue can cause greater study costs than the proposed study deposit of \$80,000.¹⁰⁶ SPP asserts that interconnection customers who cause such late-stage restudies must be responsible for the costs of those restudies.¹⁰⁷ SPP restates its proposal to use a withdrawing interconnection customer's milestone deposits to cover any outstanding study costs after its study deposits are expended.¹⁰⁸

65. SPP clarifies the practices and procedures that SPP will use to apply retained milestone payments to restudies, network upgrades, and other costs. SPP asserts that proposed section 8.9.a.1 provides for the refund of an interconnection customer's unused study deposit upon withdrawal of its interconnection request unless the cost of a required network upgrade is shifted to a lower-queued interconnection customer in the Interconnection Facilities Study Queue.¹⁰⁹ SPP states that the interconnection customer's milestone payment will be withheld when SPP performs a restudy and determines that the

¶ 61,253, at P 69 (2012)).

¹⁰⁴ *Id.* at 24 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233, at PP 178-179 (2012)).

¹⁰⁵ *Id.* at 25.

¹⁰⁶ Deficiency Response at 8.

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ *Id.*

withdrawal causes increased costs to be imposed on another interconnection customer.¹¹⁰ Further, SPP asserts that the milestone payment would be used for construction of network upgrades whose costs were assigned to other interconnection customers as a result of the withdrawal.¹¹¹ SPP notes that if, for any reason, the network upgrade is not built by the affected interconnection customers, SPP will refund the withheld portion of the milestone payment.¹¹²

66. According to SPP, section 8.9.b of the proposed GIP includes language concerning the refund of the portion of the milestone payment that is in excess of the costs it is used to cover.¹¹³ SPP proposes to add similar language to section 8.9.a, which governs refunds in the event of a withdrawal prior to executing a GIA or filing an unexecuted GIA at the Commission.¹¹⁴

e. **Commission Determination**

67. We conditionally accept SPP's proposal, subject to a compliance filing, to revise the milestones to enter the Definitive Queue and the Interconnection Facilities Study Queue, and to execute a GIA. We find that SPP has demonstrated that its existing milestones are no longer sufficient to distinguish those projects that are ready to proceed to commercial operation from those that are not. We agree with SPP that these proposed changes to the milestones may reduce late-stage terminations and anticipate that projects with viable business plans will more easily and quickly reach commercial operation. Moreover, we find that a reduction in late-stage terminations will reduce iterative restudies for lower-queued customers. We do not agree with Invenergy that SPP has failed to provide justification for the removal of its non-financial milestones and find that a refinement of the milestones should help to reduce the number of speculative projects by imposing a modestly greater capital contribution earlier in the process. Further, we

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ *Id.* at 9. SPP provides that proposed section 8.9.b states that “[f]ollowing the execution of a GIA or the filing of an unexecuted GIA at the Commission, the security deposit shall be applied toward the cost of constructing any Network Upgrades and Interconnection Facilities identified in the GIA. Any remaining funds shall be refunded to the Interconnection Customer following the Commercial Operation Date or otherwise subject to terms of the GIA.”

¹¹⁴ *Id.* SPP has not included this proposed language in the proposed Tariff.

disagree with Invenergy that SPP's proposed initial payment, paid upon executing a GIA, is not just and reasonable. We find that protestors have not shown that SPP's revisions to its milestones will create an unreasonable barrier to project development because while underfunded projects may decide to withdraw from the queue, interconnection customers that have properly funded their projects should benefit from the increased efficiency of the interconnection process.

68. Further, we find that SPP has demonstrated that the \$3,000/MW milestone to enter the Interconnection Facilities Study Queue, in addition to the \$1,000/MW milestone to enter the Definitive Queue, is a reasonable amount to help deter speculative projects from entering the queue, and should not present a burden to serious interconnection requests. Furthermore, while Invenergy relies on the minimum value of MISO's M2 milestone, \$2,000/MW, SPP is correct in noting that MISO's M2 milestone has a maximum level of \$10,000/MW, which is far in excess of SPP's proposed milestones.¹¹⁵

69. We also agree with SPP that its proposed refund procedures are reasonable and consistent with the principles of cost causation and the Commission's previous findings for MISO.¹¹⁶ Specifically, the Commission found that it was consistent with cost causation principles for MISO to use the forfeited M2 milestone payments, which are similar to SPP's Interconnection Facilities Study Queue milestone, to offset the cost of upgrades that are shifted to other customers due to a project's withdrawal.¹¹⁷ However, we direct SPP, in its compliance filing, consistent with its proposal in its Deficiency Response, to revise its proposed Tariff language in section 8.9.a, regarding the application of the milestone payment, to state that if the milestone payment is retained it would be used to pay for the costs of network upgrades that are assigned to the interconnection customers that were harmed by the withdrawal, and that SPP will refund any amount of the deposit in excess of such costs.¹¹⁸

¹¹⁵ MISO's "M2 milestone" is the capital contribution required to enter the Definitive Planning Phase of MISO's generator interconnection process. The Definitive Planning Phase under the MISO tariff is similar to SPP's Interconnection Facilities Study. See MISO Open Access Transmission Tariff, Attachment X, Section 8.2.

¹¹⁶ Except for the provision for refunds in circumstances where multiple interconnection customers move out of the Definitive Queue at the same time, *see supra* P 48, we accept SPP's refund provisions as proposed in the Tariff.

¹¹⁷ See *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233 at P 155.

¹¹⁸ This language should mirror SPP's proposed language in the Tariff at

(continued...)

70. Contrary to AWEA/Wind Coalition's assertions, we find that SPP has adequately explained how it will determine whether a withdrawing higher-queued interconnection customer has caused increased network upgrade costs for a lower-queued interconnection customer. Specifically, SPP explained in its Deficiency Response that a restudy of the Definitive Study would be performed in accordance with proposed section 8.8 to determine changes in the required network upgrades and the incidence of costs on lower-queued interconnection customers.

71. We agree with E.ON that SPP should be required to pay interest on milestone payments and the initial payment when those payments are refundable. While these payments are indicators of readiness to proceed and not deposits, SPP should compensate an interconnection customer for the time-value of money when the payments are refundable to the interconnection customer. Therefore, we will direct SPP to revise its Tariff, in its compliance filing, to provide for the refund of interest on the milestone and initial payments to an interconnection customer where that payment is refunded.

4. Termination and Restudy Requirements in the GIA

a. SPP's Filing

72. SPP proposes to add Article 2.3.2 to the GIA, which would allow SPP to terminate a GIA if the generating facility fails to achieve commercial operation for three consecutive years following the commercial operation date. Additionally, when only a portion of the generating facility fails to achieve commercial operation for three consecutive years following the commercial operation date, SPP proposes to issue a revised GIA reflecting the amount that achieved commercial operation.¹¹⁹

73. SPP further proposes to allow interconnection customers to delay their commercial operation dates until up to six months after the completion of network upgrades when the construction of any network upgrades identified in Appendix A is delayed.¹²⁰

74. SPP also proposes to revise the GIA to state that restudies can occur under the following circumstances: (1) withdrawal or termination of a higher-queued interconnection request; (2) changes in equipment design standards or reliability criteria; or (3) the interconnection customer has been by-passed by a lower-queued

Attachment V, section 8.9.b.

¹¹⁹ Proposed Tariff Attachment V, GIA, Appendix 6, Article 2.3.2.

¹²⁰ *Id.* at Article 5.20.

interconnection customer who provided a 100 percent payment of its network upgrades and interconnection facilities costs.¹²¹ SPP states that the current primary cause for restudy is the withdrawal or termination of a GIA associated with a higher-queued project, and asserts that while the proposed GIP revisions are intended to greatly lower exposure to restudies at this stage of the interconnection process, SPP determined that it would be beneficial to specifically address restudies in the body of the GIA.¹²²

b. Protests

75. Multiple protesters raise concerns with SPP's proposed Article 2.3.2 of the GIA. NextEra argues that failure to achieve, or delay in achieving, full capacity is a commercial issue that can be resolved in the marketplace, but it is not a violation of the GIA and does not warrant a forfeiture of the interconnection customer's rights.¹²³ NextEra maintains that as long as the customer has funded the requisite upgrades, the other parties to the GIA are not harmed by the customer's failure to achieve full capacity, and that the potential benefit to lower-queued customers does not justify terminating all or a portion of the GIA.¹²⁴ Flat Ridge 2 contends that the termination and reissuance of a "downsized" GIA should not be allowed, absent a showing that other interconnection customers are harmed by the remaining portion of a generating facility that has failed to achieve commercial operation.¹²⁵ Acciona argues that projects in commercial operation should not be required to enter into revised GIAs that reduce a portion of interconnection service they had been allocated. Acciona points to its own projects that are already in commercial operation for less than their full amount of service and have already funded the network upgrades necessary to receive full service.¹²⁶

76. AWEA/Wind Coalition argue that if the Commission accepts this provision of SPP's proposal, the Commission should require SPP to clarify that SPP may terminate or reduce a GIA only if: (1) another interconnection request can use the unused capacity,

¹²¹ Hendrix Testimony at 43.

¹²² SPP Transmittal at 21; Hendrix Testimony at 42. Currently, SPP addresses restudy exposure in Appendix A of the GIA.

¹²³ NextEra Protest at 3.

¹²⁴ *Id.* at 3-4.

¹²⁵ Flat Ridge 2 Protest at 6-7.

¹²⁶ Acciona Protest at 7-14.

and (2) the customer associated with that request is willing to make financial commitments demonstrating project readiness and viability.¹²⁷

77. E.ON urges that the GIP be revised to provide expressly for phased projects. E.ON contends that the GIP should be revised to require that GIAs for projects planned to be built in phases must specify a separate commercial operation date for each phase, so that SPP's right to terminate any portion of the capacity not built within three years will be tied only to the portion of the project planned to be constructed for each individual phase.¹²⁸

78. NextEra, E.ON, and AWEA/Wind Coalition assert that interconnection customers who have funded network upgrades should receive reimbursement if their GIAs are terminated subsequently in whole or in part for failure to achieve full commercial operation within three years of the specified commercial operation date.¹²⁹ AWEA/Wind Coalition request clarification as to how SPP intends to make this compensation. AWEA/Wind Coalition, NextEra, and E.ON express concern over the adequacy of compensation from SPP's transmission revenue crediting process, and argue alternatively that subsequent users of the relinquished capacity should be required to reimburse the higher-queued interconnection customer who funded the network upgrades that created the capacity.¹³⁰

c. Answer

79. SPP reaffirms that it is experiencing problems with interconnection customers installing only a portion of their generating facilities under their GIAs. SPP points out that across the 12 executed GIAs that have partially built their generation, approximately 1,200 MW of their originally proposed generation has not been placed in service.¹³¹ SPP notes that, in its experience, this outstanding generation may remain partially built for

¹²⁷ AWEA/Wind Coalition January 17 Protest at 16, 17.

¹²⁸ E.ON Protest at 19.

¹²⁹ See NextEra Protest at 4-5; E.ON Protest at 17-19; AWEA/Wind Coalition January 17 Protest at 15-17.

¹³⁰ NextEra Protest at 4-5 (contending that other customers taking advantage of the network upgrades will receive a windfall if they are not required to reimburse amounts attributable to the relinquished capacity immediately); AWEA/Wind Coalition January 17 Protest at 16-17; E.ON Protest at 17-18.

¹³¹ SPP February 4 Answer at 6; Hendrix Testimony at 17-18.

years. SPP contends that it must account for this partially built generation in its studies going forward, which has resulted in expensive network upgrades for lower-queued interconnection customers that might not have been needed if the interconnection capacity had been released. As an example, SPP points to one interconnection customer with an executed GIA that has installed less than 50 percent of its generation. SPP states that this interconnection customer is located in a heavily constrained area, and customers being studied in that area now require construction of a transmission line estimated to cost more than \$100,000,000. SPP contends that the failure of this interconnection customer to build out its entire capacity or release its unused capacity is causing complications in the study processes.¹³² SPP states that allowing no more than three years for interconnection customers to build their generation will enable unused interconnection capacity to be released for use by lower-queued interconnection customers, thereby streamlining the interconnection study process and making it more effective. Finally, SPP asserts that its proposal is consistent with the Commission's finding that a project that never enters commercial operation should not be permitted to hold capacity indefinitely.¹³³

80. SPP contends that both its current and revised GIPs have no prohibition against interconnection customers phasing their projects. SPP explains that currently, interconnection customers that intend to phase their projects put the commercial operation dates for those phases into their GIAs. SPP clarifies that if an interconnection customer does not properly anticipate phasing in its interconnection request and GIA, SPP will assume that the interconnection customer does not intend for the project to be phased. SPP contends that, because phasing is addressed on a case-by-case basis, there is no need to include additional Tariff provisions to address phasing.¹³⁴

81. SPP clarifies that, in the event the GIA is terminated or reduced under Article 2.3, network upgrades funded by an interconnection customer can still result in transmission credits, in accordance with provisions of the GIA. According to SPP, Article 2.4 ensures that the interconnection customer's ability to receive credits survives the termination of the GIA.¹³⁵

¹³² SPP February 4 Answer at 5-6.

¹³³ *Id.* at 6-7 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 137 FERC ¶ 61,188, at P 29 (2011)).

¹³⁴ *Id.* at 19-20.

¹³⁵ *Id.* at 15-16.

d. Commission Determination

82. We conditionally accept SPP's proposed revision to Article 2.3.2 of the GIA subject to a compliance filing due 30 days after the date of this order. We find that it is reasonable for a project that never enters commercial operation to not be permitted to hold unused capacity indefinitely.¹³⁶ For the same reasons, we find that SPP's proposal to terminate a GIA where only a portion of the planned facility has reached commercial operation is just and reasonable; however, we direct SPP to clarify in its Tariff that, in such circumstances, the revised GIA that is issued to the interconnection customer will reflect the GIP that was in effect when the original, terminated GIA was executed. We do not agree with AWEA/Wind Coalition that the termination provisions require modification because under SPP's proposed revisions their concerns are unfounded. If an interconnection customer with an effective GIA has met all of its Appendix B milestones then it will not be subject to the revised GIP. We also find SPP's proposal to allow up to a six month delay of the commercial operation date when an upgrade in Appendix A is delayed, and SPP's proposed language clarifying the circumstances that will result in restudy to be just and reasonable.¹³⁷

83. In addition, in light of our finding in section III.C.6, *infra*, related to "queue jumping,"¹³⁸ we direct SPP to delete the following language from Article 11.4.2: "the interconnection customer has been by-passed by a lower-queued interconnection customer who provided a 100 percent payment of its network upgrades and Interconnection Facilities."¹³⁹

84. We find that SPP, in response to E.ON's concerns, has adequately clarified that interconnection customers are able to phase their projects and can continue to do so by including the commercial operation dates for the phases into their GIAs.

85. We accept SPP's clarification concerning how transmission credits will be handled if a GIA is terminated, and find that SPP's current provision in the GIA is adequate to manage transmission credits. Therefore, we deny protestors' request for changes to these procedures.

¹³⁶ See *Midwest Indep. Transmission Sys. Operator, Inc.*, 137 FERC ¶ 61,188 at P 29.

¹³⁷ The restudy provisions are discussed above, *supra* P 74.

¹³⁸ See *infra* P 124.

¹³⁹ Proposed Tariff Attachment V, Appendix 6, Article 11.4.2.

5. Limited Operation

a. SPP's Filing

86. Under Article 5.9 of SPP's current GIA, an interconnection customer can request a limited operations study to determine if its generating facility can operate under limited operation. The interconnection customer requests a limited operations study if, at the time the GIA is tendered, the interconnection customer has a need for a commercial operation date that is sooner than the date by which all network upgrades required for its interconnection will be completed. The limited operations study determines the extent to which a customer may operate prior to the completion of all required network upgrades. If a higher-queued interconnection customer commences commercial operation during the period of limited operation, a restudy will be performed to determine whether the interconnection customer can continue to operate under limited operation and at what level of operation.¹⁴⁰

87. SPP proposes several revisions to its limited operation procedures to address problems stemming from interconnection requests that are dependent on previously approved network upgrades.¹⁴¹ Specifically, SPP proposes to eliminate the requirement that an interconnection customer request a limited operations study in order for SPP to perform one for the customer. Instead, as discussed in section III.C.2, *supra*, SPP proposes to conduct a "stand-alone scenario" of the Definitive Study for each interconnection customer that will determine if, and how much, capacity is available for limited operation. For an interconnection customer whose requested commercial operation date falls before the in-service date of previously approved network upgrades, SPP proposes to allow the interconnection customer to delay its commercial operation date for up to three years consistent with the Order No. 2003 *pro forma* GIP.¹⁴² If the

¹⁴⁰ Deficiency Response at 11-12.

¹⁴¹ Previously approved network upgrades are defined as network upgrades that are needed for the interconnection of one or more interconnection customers' generating facilities, where the interconnection customer is not responsible for the cost, i.e., previously approved under SPP's transmission planning process, and which are identified in Appendix A of the GIA. Proposed Tariff Attachment V, section 8.7.

¹⁴² Section 4.4.5 of the Order No. 2003 *pro forma* GIP states that "[e]xtensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing [Section 12.2 of the GIP]." Order No. 2003, FERC Stats & Regs ¶ 31,146, Appendix C at 20.

interconnection customer requires less than a three year delay, that customer will be able to take limited operation under Article 5.9 of the GIA. If a three year delay in the commercial operation date is not sufficient for the previously approved network upgrades to be placed into service, the customer will have the following options: (1) remain in the Definitive Queue; (2) withdraw the interconnection request; (3) request a reduction in the amount of capacity in its interconnection request; or (4) move forward by accepting a limited operation interconnection facilities study agreement and potentially paying for the cost of advancing the in-service date of the previously approved network upgrades to the extent such advancement is feasible.¹⁴³

88. In the latter situation, SPP may determine that an earlier in-service date for a previously approved network upgrade can be reasonably met.¹⁴⁴ If it is feasible for the previously approved network upgrade to be put into service at an earlier date, and the amount of available capacity identified in the limited operation interconnection facilities study agreement is less than 75 percent of the original interconnection request, then the interconnection customer *shall* (emphasis added) pay the costs of placing the upgrade into service at an earlier date.¹⁴⁵ If the amount of available capacity identified in the limited operation interconnection facilities study agreement amount is more than 75 percent of the interconnection request, then SPP proposes to allow the interconnection customer the option either to pay the costs of placing the previously approved network upgrade into service at an earlier date or to accept limited operation at the level of existing available capacity until the scheduled in-service date of the network upgrades. For customers who agree to move forward with a limited operations interconnection facilities study agreement, the generating facility would be allowed to operate under limited operation before the previously approved network upgrade is placed into service.¹⁴⁶

¹⁴³ Proposed Tariff Attachment V, section 8.7. SPP noted in its Deficiency Response that it had previously misused the term “acceleration” in place of “advancement” throughout its filing. The term “advancement” will be used in place of “acceleration” throughout the order, as appropriate, based on SPP’s correction. *See supra* P 106.

¹⁴⁴ Proposed Tariff Attachment V, section 8.7.d.

¹⁴⁵ The current Attachment V, section 12.2.3 allows for the voluntary advancement of network upgrades.

¹⁴⁶ Proposed Tariff Attachment V, section 8.7.d.

89. SPP indicates that a network upgrade that has yet to begin engineering or design is an example of one that would be feasible for advancement. Network upgrades that are already under construction that can be put in service at an earlier date only by compressing the construction schedule at additional costs would not be considered for advancement.¹⁴⁷ SPP contends these changes are intended to alleviate the issue of an interconnection customer whose interconnection is dependent on previously approved network upgrades executing a GIA and having no financial obligation for months or even years.¹⁴⁸

b. Protests

90. NextEra and AWEA/Wind Coalition assert that SPP has not supported its proposal to treat interconnection customers that choose to enter into a limited operation interconnection facilities study agreement differently from other customers whether the amount of interconnection capacity available is greater or less than 75 percent of the interconnection customer's requested interconnection service.¹⁴⁹ Protestors contend that all interconnection customers should have the option, but not the obligation, to elect to pay the costs of advancing the in-service dates of previously approved network upgrades. Additionally, NextEra and AWEA/Wind Coalition request more information regarding the advancement process, including how SPP proposes to determine the costs of advancing a previously approved network upgrade.¹⁵⁰

91. AWEA/Wind Coalition support a more expanded concept of limited operation than proposed by SPP, based on processes currently used in MISO and PJM Interconnection, L.L.C. (PJM) to identify system limitations on a near-term basis and place output limitations on generators with conditional or provisional interconnection agreements. Similarly, AWEA/Wind Coalition ask that SPP be required to permit interconnection customers to begin delivering power subject to reasonably identified output limitations based on the near-term capabilities of the grid, rather than a single maximum megawatt limitation from a limited operation study.¹⁵¹

¹⁴⁷ Hendrix Testimony at 40-41.

¹⁴⁸ *Id.* at 39.

¹⁴⁹ NextEra Protest at 5-7; AWEA/Wind Coalition January 17 Protest at 7-8.

¹⁵⁰ NextEra Protest at 7 (NextEra notes that that SPP's Filing also refers to "Previous Network Upgrade"); AWEA/Wind Coalition January 17 Protest at 8.

¹⁵¹ AWEA/Wind Coalition January 17 Protest at 9.

92. E.ON asserts that SPP should be required to offer available interconnection capacity to lower-queued interconnection customers when a higher-queued customer declines to move ahead with limited operation service. This arrangement, similar to conditional service offered by MISO, would be subject to reevaluation of the lower-queued project's ability to use the capacity once the higher-queued interconnection customer's facility and network upgrades are nearing in-service.¹⁵²

93. AWEA/Wind Coalition state that, based on SPP's explanation, SPP will refund the costs of advancement back to interconnection customers on the need date of the upgrade if the upgrade had been issued a notice to construct. Alternatively, for those planned upgrades that have not been authorized for construction by a given need date, the interconnection customer would be responsible for the full cost of the upgrade and would only recover costs through transmission credits. AWEA/Wind Coalition argue that SPP's proposed Tariff language does not describe the scenarios that SPP has presented.¹⁵³

94. AWEA/Wind Coalition assert that the only entity bearing any risk when an interconnection customer decides whether to proceed under limited operation is the interconnection customer itself. They argue that SPP has not defended its requirement that interconnection customers taking limited operation also must accelerate and fund network upgrades that benefit other entities. These protestors contend that it is unjust and unreasonable to require interconnection customers to finance large, regional projects.¹⁵⁴

95. AWEA/Wind Coalition assert that SPP should be required to define and clarify in the Tariff the terms it had misused in its transmittal and clarified in its deficiency response as well as provide greater clarity in the Tariff about the use and definitions of previous network upgrades and previously approved network upgrades.¹⁵⁵

96. AWEA/Wind Coalition assert that transmission revenue credits are not an appropriate way to reimburse interconnection customers for the costs they incurred for network upgrades. AWEA/Wind Coalition highlight SPP's failure to administer its transmission revenue crediting process under Attachment Z2 of its Tariff and the millions of dollars that SPP owes to generators. AWEA/Wind Coalition also contend that interconnection customers who use the upgrades they paid for may never require transmission service and, thus, will never receive transmission revenue credits. These

¹⁵² E.ON Protest at 16-17.

¹⁵³ AWEA/Wind Coalition May 5 Protest at 4-5.

¹⁵⁴ *Id.* at 6-7.

¹⁵⁵ *Id.* at 8.

protestors request that the Commission direct SPP to institute a more equitable mechanism for repayment such as a direct cash payment.¹⁵⁶

c. Answer

97. In response to the concerns raised by protestors regarding advancement of previously approved network upgrades, SPP contends that the revised GIP does not require an interconnection customer to advance such upgrades.¹⁵⁷ SPP argues that the proposed process is intended to permit interconnection customers that require previously approved network upgrades with long lead times to remain in the Definitive Queue until those upgrades are nearer to completion.¹⁵⁸ SPP asserts that if an interconnection customer has a business need that requires it to move forward expeditiously out of the Definitive Queue, then the interconnection customer can advance the previously approved network upgrades.¹⁵⁹

98. According to SPP, it is reasonable to advance the previously approved network upgrade in order to move forward out of the Definitive Queue because an interconnection customer is allowed to adjust its size after the Definitive Study and can avoid the need to rely on the previously approved network upgrades.¹⁶⁰ SPP clarifies that the costs of advancement are covered in proposed section 12.2.3, which provides that the interconnection customer pays the cost of advancement. SPP asserts that if the upgrades are needed for interconnection, the cost to construct the upgrades is collected from the interconnection customer and refunded back to the interconnection customer on the previously determined need date for the upgrade.¹⁶¹

¹⁵⁶ *Id.* at 10.

¹⁵⁷ SPP February 4 Answer at 11.

¹⁵⁸ SPP February 4 Answer at 10-11; SPP May 20 Answer at 3-4.

¹⁵⁹ SPP February 4 Answer at 10-11; SPP May 20 Answer at 4.

¹⁶⁰ SPP February 4 Answer at 10-11; SPP May 20 Answer at 4. *See* Proposed Tariff Attachment V, section 4.4.1 (allowing an interconnection customer to make changes to the size of its interconnection request after the Definitive Study has been completed, but before the Interconnection Facilities Study Agreement has been executed).

¹⁶¹ SPP February 4 Answer at 12.

99. SPP requests that if the Commission does not allow SPP to require the advancement of previously approved network upgrades, the Commission should clarify that all interconnection customers must meet their original commercial operation dates regardless of the in-service dates of previously approved network upgrades. SPP also requests that the interconnection customer would assume all risks for choosing to proceed with limited operation service by which they mean that SPP would no longer defer the commercial operation date of interconnection requests that require previously approved network upgrades. SPP contends that an interconnection customer should not be allowed to enter limited operation without being required to fund the advancement of previously approved network upgrades while relying on the long lead times of the previously approved network upgrades as a reason to delay entering commercial operation.¹⁶²

100. In response to requests to expand limited operation, SPP notes that the concept of limited operation is already a part of the GIA, and that many interconnection customers have utilized this service. SPP contends its proposed process simply puts more of a framework around the availability of limited operation and removes some of the uncertainty faced by interconnection customers taking limited operation service. SPP states that it lists a maximum amount of capacity available to the interconnection customer for limited operation and that each time a higher-queued interconnection customer goes into service, SPP performs a restudy and updates that amount.¹⁶³

d. Deficiency Response

101. SPP reiterates that limited operation is included in Article 5.9 of the GIA and comments that this language is identical to the provision of the Commission's *pro forma* GIA.¹⁶⁴ SPP explains that when an interconnection customer requests limited operation under Article 5.9, SPP performs a limited operations study to determine whether and at what level the interconnection customer can interconnect and operate prior to the in-service date of the required network upgrades.¹⁶⁵

102. SPP explains that the new process will eliminate the need for an interconnection customer to request a limited operations study. SPP states that it will use the proposed stand-alone scenario of the Definitive Study to determine the amount of limited operation

¹⁶² SPP May 20 Answer at 5-6.

¹⁶³ *Id.* at 12-13.

¹⁶⁴ Deficiency Response at 10.

¹⁶⁵ *Id.* at 11.

available.¹⁶⁶ SPP claims that interconnection customers whose requests require previously approved network upgrades will see minimal differences under the new process if they elect to proceed under limited operation.¹⁶⁷ SPP contends that the primary difference in the proposed process is that customers who do not elect to go into limited operation or decide not to advance the construction of previously approved network upgrades when feasible will not be allowed to proceed to the Interconnection Facilities Study Queue. Consequently, these customers will not receive an Interconnection Queue Position. SPP notes that such interconnection customers have the choice of either remaining in the Definitive Queue or withdrawing.¹⁶⁸

103. In response to the Commission's concern that SPP ensure that an interconnection customer who is required to pay for the advancement of a previously approved network upgrade is not charged more than the "but for" costs to interconnect that customer, SPP states that its intent is to provide the lowest cost solution to interconnection customers' requests to interconnect. SPP asserts that, in its experience, the advancement of previously approved network upgrades is the least cost option for interconnecting clusters of interconnection requests. SPP expects that interconnection customers will choose to advance previously approved network upgrades if given the choice, unless the costs of the network upgrades that are directly assigned to the interconnection customer are significantly less costly than advancing the previously approved network upgrade.¹⁶⁹

104. SPP clarifies the difference between the terms previously approved network upgrades and previous network upgrades¹⁷⁰ by explaining that previous network upgrades are upgrades that are not yet in service but are required for an interconnection customer to receive interconnection service, and the interconnection customer is not assigned the cost of that upgrade when the GIA becomes effective. Alternatively, SPP explains that previously approved network upgrades only includes upgrades that are approved for construction and have received notifications to construct under section VI of

¹⁶⁶ *Id.* at 12.

¹⁶⁷ *Id.*

¹⁶⁸ *Id.*

¹⁶⁹ *Id.* at 13.

¹⁷⁰ Previously approved network upgrades are defined in Proposed Tariff, Attachment V, section 8.7 and previous network upgrades are defined in Proposed Tariff Attachment V, section 1.

Attachment O.¹⁷¹ SPP acknowledges that these two terms are very similar and that previous network upgrades also includes those that are approved for construction in section VI of Attachment O of the Tariff.¹⁷²

105. SPP clarifies that the reference to “Previously Approved Network Upgrade[s]” as “additional Network Upgrades that are being funded by another entity” in the Hendrix Testimony was an inadvertent error.¹⁷³ SPP notes that in certain circumstances network upgrades assigned to higher-queued interconnection customers, and approved to be constructed under the higher-queued customer’s GIA, but that were not approved through section VI of Attachment O may or may not be necessary for the provision of limited operation.¹⁷⁴ SPP states that any upgrades associated with a higher-queued generator should be in the engineering, procurement, and construction phase if the interconnection customer has signed a GIA, but that in some cases the advancement of these network upgrades may also be necessary.

106. SPP clarifies the difference between advancement and acceleration of a network upgrade. SPP notes that acceleration was inadvertently referenced in its transmittal, the Hendrix Testimony, and its Answer, and that these filings should have referenced advancement.¹⁷⁵ SPP explains that advancement refers to moving a construction schedule forward in time while acceleration refers to compressing the construction schedule of a network upgrade.¹⁷⁶ SPP clarifies that an interconnection customer that voluntarily advances construction of network upgrades is responsible for the “associated expediting costs” and that any costs that must be spent earlier than they otherwise would are considered “expediting costs.”¹⁷⁷ Further, SPP states that acceleration of a network

¹⁷¹ Deficiency Response at 13-14. SPP notes that as part of its Order 1000 compliance, notifications to construct are now addressed in Attachment Y of the Tariff. SPP further notes that its Tariff now incorrectly references Attachment O and states that it intends to submit a ministerial filing to correct the references.

¹⁷² *Id.*

¹⁷³ *Id.* (citing Hendrix Testimony at 34).

¹⁷⁴ *Id.* at 14-15.

¹⁷⁵ *Id.* at 15.

¹⁷⁶ *Id.* at 15-16.

¹⁷⁷ *Id.* at 16.

upgrade occurs only if requested by the interconnection customer, and that the costs associated with acceleration are considered to not have been expended but for the interconnection of the generator. Therefore, SPP asserts that it would consider the costs associated with acceleration to be “expediting costs.” SPP notes that if an interconnection customer advances a network upgrade that is part of the SPP Transmission Expansion Plan but is not a previously approved network upgrade and has not been issued a notification to construct, the interconnection customer would be eligible to receive transmission credits for that network upgrade under Attachment Z2 of the Tariff.¹⁷⁸

107. SPP explains that its reference to costs that will be “refunded back to the interconnection customer at the time of the SPP transmission expansion plan determined need date for the upgrade” refers to the cost to construct the previous network upgrade and any costs associated with the advancement of the previously approved network upgrade that would be collected from the interconnection customer. At the SPP transmission expansion plan determined in-service date of the previously approved network upgrade, SPP will refund all costs that the interconnection customer contributed to the cost to construct the previously approved network upgrade.¹⁷⁹ In the Deficiency Letter, SPP was directed to explain why retention of these funds until the original in-service date does not result in an over-recovery of costs. SPP was further directed to identify potential alternative methodologies for refunding these costs to interconnection customers that reflect the actual cost to accelerate the construction of the network upgrade.¹⁸⁰ SPP explains that it proposes to make refunds at the “[SPP transmission expansion plan] determined need date” because need dates for longer lead time construction projects upgrades may change over time and certainty over cash flow needs for these projects may not be known at the start of the network upgrade project. SPP proposes as an alternative funding procedure to make refund payments following the timing sequence in which they were received.¹⁸¹

108. In the Deficiency Letter, SPP was directed to identify any differences in section 12.2.3 of Attachment V between the costs required to be paid by the interconnection customer, and any relevant reimbursement of costs, when an interconnection customer voluntarily advances a previously approved network upgrade

¹⁷⁸ *Id.*

¹⁷⁹ *Id.* at 17.

¹⁸⁰ Deficiency Letter at 6.

¹⁸¹ Deficiency Response at 18.

versus when an interconnection customer is required to pay for advancing a previously approved network upgrade.¹⁸²

109. SPP responds that section 12.2.3 is almost identical to section 12.2.3 of the Commission's *pro forma* GIP. However, SPP explains that it has never received a request from an interconnection customer to advance voluntarily the completion of network upgrades to maintain its in-service date under section 12.2.3.¹⁸³ According to SPP, when an interconnection customer in the GIP requests to advance voluntarily a previously approved network upgrade required for interconnection service pursuant to section 12.2.3, the advancement would include an acceleration of the project. In these instances, SPP would require the advancement of network upgrades required for interconnection service. In the proposed GIP, if the interconnection customer voluntarily advances a network upgrade that is not required for interconnection service, SPP would deem the voluntary advancement a "Sponsored Upgrade" under the Tariff. The portion of costs between which parts would be refunded and which parts would be eligible for credits pursuant to Attachment Z2 would depend upon whether the network upgrade was a previously approved network upgrade and whether it has a notification to construct.¹⁸⁴

e. Commission Determination

110. As discussed below, we find that SPP has failed to demonstrate that its proposed revisions to limited operation service are just and reasonable and not unduly discriminatory. Accordingly, we reject SPP's proposed revisions to limited operation service and direct SPP to submit a compliance filing, within 30 days of the date of this order, to revise its Tariff to remove the proposed revisions to limited operation service.

111. We find that SPP's proposal to require some interconnection customers to advance the construction of previously approved network upgrades is inconsistent with the Commission's policy in Order No. 2003 concerning the advancement of network upgrades. The *pro forma* GIP at section 12.2.3 provides the option for the voluntary advancement of network upgrades in a regional transmission plan.¹⁸⁵ Here, SPP does not propose voluntary advancement as it was contemplated in the *pro forma* GIP, but rather

¹⁸² Deficiency Letter at 6.

¹⁸³ Deficiency Response at 18 (citing Order No. 2003, FERC Stats & Regs ¶ 31,146).

¹⁸⁴ *Id.* at 19.

¹⁸⁵ Order No. 2003, FERC Stats & Regs ¶ 31,146, Appendix C at 34-35.

SPP proposes mandatory advancement of previously approved network upgrades as part of its limited operation service provisions. Requiring mandatory advancement of previously approved network upgrades creates tension over how to plan and expand the transmission grid efficiently. Advancing the in-service date of a previously approved network upgrade that is meant to solve issues other than interconnecting the customer's generation project could result in large costs to the interconnection customer, out of proportion to the incremental amount and duration of interconnection service achieved.

112. We are further concerned about the costs SPP would assess to an interconnection customer when it is required to advance a previously approved network upgrade. Under its proposal, SPP will determine the "but for" network upgrades that could interconnect that customer in lieu of advancing the in-service date of the previously approved network upgrades. Specifically, SPP proposes to allow the interconnection customer to pay for the construction of the "but for" network upgrades, rather than advancing the construction of the previously approved network upgrades, to satisfy SPP's requirements to take limited operation service if the cost of constructing the "but for" network upgrades is less. We find this approach to be problematic because the "but for" network upgrades may be rendered useless or duplicative once the previously approved network upgrades are placed into service. We find that this outcome could result in a less efficient use of both financial resources and expansion of the transmission system.

113. Further, we find that SPP has not demonstrated that its proposal to establish a 75 percent threshold that would require certain interconnection customers to make a payment to advance the construction of network upgrades is just and reasonable. SPP fails to support establishing a 75 percent threshold, or any specific threshold, below which interconnection customers would be required to pay to advance previously approved network upgrades in order to receive limited operation interconnection service.

114. We also do not agree with SPP's clarification that all interconnection customers must meet their original commercial operation dates regardless of the in-service dates of previously approved network upgrades. The Order No. 2003 *pro forma* GIP does not require this and SPP has not cited any provision in its Tariff that otherwise would, nor has SPP otherwise provided adequate justification for this requirement.

6. "Queue Jumping"

a. SPP's Filing

115. SPP proposes to add Articles 11.6.1 and 11.6.2 to the GIA, which would allow an interconnection customer, if it believes it is being harmed by a higher-queued interconnection customer, the ability to "jump" ahead of the higher-queued interconnection customer in queue priority. Under SPP's proposal, to "jump" ahead in the queue, the interconnection customer shall notify SPP of its intent to use the existing interconnection capacity of the transmission system in order to achieve its commercial

operation date. In addition, SPP proposes that the interconnection customer will be required to provide the greater of (1) 100 percent of the total cost of network upgrades, shared network upgrades, transmission owner interconnection facilities and/or distribution upgrades specified in Appendix A, or (2) \$4000/MW of the size of the generating facility. Under SPP's proposal, the milestone payments provided to enter the Definitive Queue and the Interconnection Facilities Study Queue would be applied to this requirement. This payment is not refundable upon termination of the GIA unless the higher-queued interconnection customer being "jumped" chooses to retain its current scope of network upgrades by agreeing to make its initial payment non-refundable. SPP proposes that these funds will be applied to the network upgrades assigned to the interconnection customer.¹⁸⁶

116. According to the Hendrix Testimony, the "queue jumping" provision is intended to be invoked only by interconnection customers who determine that they are being unduly harmed because they are being allocated large amounts of network upgrade costs by a higher-queued interconnection customer with an executed GIA that is not building its generating facility. Under SPP's proposal, an interconnection customer that invokes this provision must be ready to authorize network upgrades for its own generator in addition to providing an initial payment equal to 100 percent of the cost of its upgrades.¹⁸⁷

117. SPP proposes that an interconnection customer that does not want to be "jumped" must provide notice to SPP within 30 calendar days after receiving notice from SPP. This notice must state that the interconnection customer wishes to maintain its current queue priority and does not want a restudy for a new determination of network upgrade requirements. Under SPP's proposal, the interconnection customer who would be "jumped" would then signify its intent to build its assigned network upgrades described in Appendix A by (1) making its initial payment upon executing the GIA non-refundable, and (2) authorizing engineering, procurement, and construction of those network upgrades.¹⁸⁸

b. Protests

118. Protesters raise several issues with proposed Articles 11.6.1 and 11.6.2. Invenegy contends that the proposal will create a system under which companies with the most money will be able to force their way up the queue by eliminating those that are not able

¹⁸⁶ Proposed Tariff Attachment V, Appendix 6, Articles 11.6.1 and 11.6.2.

¹⁸⁷ Hendrix Testimony at 45.

¹⁸⁸ *Id.* at 46.

to fund their projects that are not needed until some later date. Invenergy objects to SPP's providing lower-queued projects with the ability to force higher-queued interconnection customers to provide greater financial or other commitments than those already in their GIAs.¹⁸⁹

119. E.ON contends that proposed Articles 11.6.1 and 11.6.2 are incomplete. E.ON states that Article 11.6.2 should require that SPP notify the higher-queued interconnection customer when a lower-queued interconnection customer is attempting to move ahead of it. E.ON also asserts that the trigger mechanism is insufficient. For example, E.ON points to the process being started when a lower-queued interconnection customer "feels that it is being unduly harmed in its ability to move through the interconnection process."¹⁹⁰ E.ON states that SPP needs to adopt objective criteria that the lower-queued interconnection customer must meet to ensure that SPP can make that determination uniformly, objectively, and on a non-discriminatory basis.¹⁹¹

120. AWEA/Wind Coalition state that proposed Articles 11.6.1 and 11.6.2 add unnecessary uncertainty and, at minimum, require clarification in the Tariff.¹⁹² AWEA/Wind Coalition contend that SPP's proposal lacks clarity on a number of issues, including what happens when several interconnection customers propose to move ahead at once, or when one interconnection customer proposes to move ahead of several other interconnection customers. AWEA/Wind Coalition further state that SPP's proposal may not require the lower-queued interconnection customer to make any additional financial deposit, because proposed Article 11.6.1 states that the milestone deposits from proposed sections 8.2 and 8.9 of the GIP may suffice for this requirement. AWEA/Wind Coalition contend that it is not just and reasonable to allow one interconnection customer to force the restudy and modifications to the GIA of another interconnection customer without facing any additional financial obligation.¹⁹³

121. E.ON and AWEA/Wind Coalition express concern about the situation in which a higher-queued project converts its deposit to a non-refundable status and authorizes

¹⁸⁹ Invenergy Protest at 12.

¹⁹⁰ E.ON Protest at 13 (quoting Hendrix Testimony at 45).

¹⁹¹ *Id.* at 14-16.

¹⁹² AWEA/Wind Coalition January 17 Protest at 10-11; AWEA/Wind Coalition May 5 Protest at 7.

¹⁹³ AWEA/Wind Coalition January 17 Protest at 9-12.

construction of network upgrades. E.ON points to testimony by SPP's witness Charles Hendrix explaining that the interconnection customer must also "authorize the Transmission Owner to begin using the down payment for construction of network upgrades."¹⁹⁴ However, E.ON states that the issue of getting the interconnecting utility to move up its schedule and begin construction remains unaddressed. AWEA/Wind Coalition also assert that in some cases SPP's proposal could require the higher-queued interconnection customer to pay to construct network upgrades well in advance of when its generator can actually come online and use those upgrades. AWEA/Wind Coalition and E.ON request that a notice period be given so the higher-queued interconnection customer has an opportunity to address any requirements to maintain its GIA.¹⁹⁵

c. Answer

122. SPP contends that proposed Articles 11.6.1 and 11.6.2 do not allow any interconnection customer to buy its way up the queue solely to move up the queue. SPP contends that very few interconnection customers, even those with great financial resources, would invest the money to build network upgrades that they have no intention of using.¹⁹⁶ SPP clarifies that an interconnection customer that converts its deposit to non-refundable status will have its Appendix B milestones revised to start construction on a timely basis.¹⁹⁷ SPP contends that objective criteria to determine when "queue-jumping" can be initiated are unneeded because the process is at the election of the lower-queued interconnection customer. SPP agrees, however, that the addition of a requirement that SPP notify the higher-queued interconnection customer that a lower-queued interconnection customer has requested to move ahead would add clarity to the process.¹⁹⁸

123. Additionally, SPP contends that its proposed changes continue with SPP's first-ready, first-served approach and are designed to help reduce the number of restudies required.¹⁹⁹ SPP claims that AWEA/Wind Coalition's concern that a generator would be

¹⁹⁴ E.ON Protest at 14 (quoting Hendrix Testimony at 46).

¹⁹⁵ *Id.* at 13-16; AWEA/Wind Coalition January 17 Protest at 11-12.

¹⁹⁶ SPP February 4 Answer at 31.

¹⁹⁷ *Id.* at 32-33.

¹⁹⁸ *Id.* at 32.

¹⁹⁹ *Id.* at 32-33.

forced to come online before the other upgrades are completed is unfounded because a generator that received a GIA dependent upon a long lead time upgrade will have already agreed to move forward with limited operation. SPP contends that the other concerns raised by AWEA/Wind Coalition regarding the complexity of multiple interconnection customers wishing to exercise this provision simultaneously are unfounded because once an interconnection customer has exercised this option it has authorized the construction of network upgrades. SPP claims that once that has happened, no other interconnection customers can exercise this provision.²⁰⁰

d. Commission Determination

124. We find that SPP has failed to demonstrate that its “queue jumping” proposal is just and reasonable and therefore we reject it. Specifically, we find that SPP’s process for allowing a lower-queued interconnection customer to move ahead of a higher-queued interconnection customer is not clearly defined, in its proposal or answer. We find that, as proposed, the process could increase the level of uncertainty an interconnection customer may face because an interconnection customer would not be confident that meeting its milestones and other requirements under the GIA would be sufficient to maintain its Interconnection Queue Position. Moreover, allowing an interconnection customer to move ahead of a higher-queued interconnection customer would change the nature of the available capacity at a given time and may induce multiple restudies of lower-queued interconnection requests. Given these outcomes, we find that SPP’s proposal runs counter to the objectives of its queue reform efforts. Therefore, we direct SPP to remove the provisions of Articles 11.6.1 and 11.6.2 that would allow a lower-queued interconnection customer to move ahead of a higher-queued interconnection customer as well as any reference to these Articles.

7. Transition Process

a. SPP’s Filing

125. SPP proposes to apply the revised GIP to every interconnection customer that has not executed a GIA or requested one to be filed unexecuted with the Commission as of March 1, 2014. SPP proposes to move all interconnection customers in the Definitive Queue that have not executed an Interconnection Facilities Study Agreement into a transitional Definitive Queue cluster where they will all be given equal queue priority provided they meet the requirements of proposed section 8.2 by the end of the transition period, which is 60 days after the effective date.²⁰¹ All interconnection customers who

²⁰⁰ *Id.* at 33.

²⁰¹ Proposed Tariff Attachment V, section 5.1.1.2.

have executed an Interconnection Facilities Study Agreement and not yet executed a GIA will be assigned an Interconnection Queue Position based on the interconnection customer's Definitive Queue cluster window provided that they meet the milestones for the Interconnection Facilities Study Queue by the end of the transition period.²⁰² Additionally, SPP proposes that all interconnection customers who are not meeting the milestones listed in Appendix B of their GIA shall have their GIA revised to conform to the revised GIP, and such GIA will be filed with the Commission.²⁰³ SPP contends that in order for the proposed milestones to demonstrate a project's viability, the milestones need to apply to as many interconnection requests as possible²⁰⁴ and that the proposed transition procedures are similar to those approved by the Commission for MISO.²⁰⁵

b. Protests

126. Commenters protest the application of the revised GIP to projects with existing GIAs. Flat Ridge 2 seeks clarification on whether interconnection customers with GIAs effective prior to the effective date of the revisions and who are meeting their Appendix B milestones can be made subject to the revised GIP if they fail to meet these milestones in the future. Flat Ridge 2 contends that interconnection customers who have executed a GIA and may already be in commercial operation should not have to make the new deposits for the Definitive Queue and Interconnection Facilities Study Queue, because these have already been completed.²⁰⁶ Flat Ridge 2 further seeks clarification on whether revised GIAs filed by SPP will simply be the proposed *pro forma* GIA. Flat Ridge 2 notes that a *pro forma* GIA may be inappropriate in certain instances, such as where network upgrades have already been funded and are already in service. Flat Ridge 2 further states that, because GIAs have provisions to address default and cure, failure of an interconnection customer under an existing GIA to meet its Appendix B milestones should not result in a reversion or revision of the GIA.²⁰⁷

²⁰² *Id.* at section 5.1.1.3.

²⁰³ *Id.* at section 5.1.1.

²⁰⁴ SPP Transmittal at 13-14; Hendrix Testimony at 25.

²⁰⁵ SPP Transmittal at 14 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233 at PP 100-107, *order on reh'g*, 139 FERC ¶ 61,253 at PP 32-40).

²⁰⁶ Flat Ridge 2 Protest at 3-4.

²⁰⁷ *Id.* at 5-7.

127. Acciona contends that projects with an executed GIA should not be subject to the revised procedures. Acciona asserts that the limited circumstances under which the Commission has allowed changes to apply to interconnection customers with executed GIAs, such as those in the 2012 MISO queue reform, are not present here and that SPP does not have a significant backlog of projects on suspension.²⁰⁸

c. Answer

128. SPP clarifies that once an interconnection customer stops meeting its Appendix B milestones, it will be issued a new GIA even if the interconnection customer was meeting these milestones on the effective date of the revisions. SPP also clarifies that interconnection customers who have already funded and built network upgrades will not be required to make new study deposits when they transfer to the revised GIP. However, interconnection customers who have not yet funded their network upgrades will be required to make the new deposits under proposed sections 8.2 and 8.9 of the revised GIP.²⁰⁹ SPP clarifies that it is not proposing any changes to Article 17.1.1 of the GIA regarding default provisions and that revised GIAs will conform to the terms of the pro forma GIA in effect at the time of the filing.²¹⁰ SPP contends the proposed revisions to proposed section 5.1.2 of the GIP transition procedures are consistent with the Commission's 2012 orders addressing MISO's queue reforms, where the Commission recognized that it may be necessary to apply reforms to later-stage interconnection requests to address backlogs in the queue.²¹¹

d. Commission Determination

129. We conditionally accept SPP's proposed transition provisions subject to a compliance filing due 30 days after the date of this order. We agree with SPP that it is reasonable to apply the revised GIP to projects in the later stages of the interconnection process, especially in addressing the issues with late stage withdrawals and speculative projects that SPP is experiencing in administering its queue. We find SPP's proposal to apply the revised GIP to an interconnection customer with an executed GIA if the customer has failed to meet its existing milestones to be reasonable. However, we find

²⁰⁸ Acciona Protest at 7-9.

²⁰⁹ SPP February 4 Answer at 29.

²¹⁰ *Id.* at 30.

²¹¹ *Id.* at 28 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233 at P 105).

that SPP's proposal does not provide sufficient clarity as to how the revised GIP would apply to customers who have executed GIAs prior to the proposed effective date, and are currently meeting their Appendix B milestones, but in the future miss an Appendix B milestone and therefore are required to revise their GIA. Accordingly, we direct SPP, in its compliance filing, to submit revisions to its Tariff that clarify how the revised GIP will apply to interconnection customers who have executed GIAs, but miss Appendix B milestones in the future.

130. Additionally, we will require SPP to revise its Tariff so that existing interconnection customers have 60 days after the issuance of this order – instead of 60 days after the effective date of SPP's revisions (March 1, 2014) – to comply with the requirements of the revised GIP. We direct SPP to submit a compliance filing within 30 days of the date of this order to permit a 60 day transition period. This revision is necessary due to the delay caused by the need for SPP to supplement its filing, and it is needed to provide a reasonable cure period after this order, which conditionally accepts in part and rejects in part SPP's revisions to the GIP and GIA.²¹²

8. Miscellaneous Issues

a. Protests

131. AWEA/Wind Coalition assert that SPP interconnection and transmission study processes are not aligned with the Integrated Marketplace. They contend that SPP needs an integrated study process that is more aligned with the concepts of deliverability, as exists in other RTOs.²¹³ NextEra contends that the modelling assumptions made in interconnection studies for wind energy generators are based partially on balancing authority areas. NextEra seeks clarification from SPP with respect to modelling for these interconnection studies for wind energy generators and identification of any changes in the interconnection process caused by the implementation of the Integrated Marketplace.²¹⁴

132. AWEA/Wind Coalition request that the Commission require SPP to resolve how it will manage refunds of network upgrade costs owed to interconnection customers as required by Attachments Z1 and Z2, prior to the effective date of the proposed Tariff

²¹² See *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233 at P 100.

²¹³ AWEA/Wind Coalition January 17 Protest at 5.

²¹⁴ NextEra Protest at 7-8.

revisions.²¹⁵ Invenenergy requests that the Commission require SPP to ensure there are no delays in reimbursement of any credits under SPP's existing Attachment Z2, including those that may be required if the Commission allows forfeiture of money to fund network upgrades.²¹⁶

133. Protesters raise concerns that SPP does not have adequate incentives to deliver complete and accurate study results. AWEA/Wind Coalition contend there is no disincentive for transmission providers or transmission owners to miss deadlines or issue inaccurate study results. AWEA/Wind Coalition further contend that lack of participation by transmission owners results in study delays, and that some modification to the interconnection process is necessary to get transmission owners more engaged.²¹⁷ Additionally, AWEA/Wind Coalition argue that instead of placing further financial burdens on interconnection customers, SPP's reform efforts should focus on allocating budget resources to expedite the processing of studies and placing greater responsibility on transmission providers and transmission owners for the timely processing of studies.²¹⁸ Invenenergy contends that SPP should closely monitor Transmission Owners to ensure adequate participation in the interconnection process.²¹⁹ E.ON contends that it is unfair for SPP to require increased financial contributions from interconnection customers while SPP does not face any similar financial burdens to incentivize timely completion of studies and restudies. E.ON recommends that SPP be required to refund 20 percent of an interconnection customer's specific study costs for each 30 day period SPP fails to provide study results according to the specific timetable in the GIP.²²⁰ AWEA/Wind Coalition assert that SPP should be required to place an assurance within the Tariff that SPP will complete the Interconnection Facilities Study Agreement within a set period of time to ensure that an interconnection customer will not lose or gain interconnection queue position based on SPP's action or inaction.²²¹

²¹⁵ AWEA/Wind Coalition January 17 Protest at 15-16.

²¹⁶ Invenenergy Protest at 10.

²¹⁷ AWEA/Wind Coalition January 17 Protest at 4-5, 15; AWEA/Wind Coalition May 5 Protest at 6.

²¹⁸ AWEA/Wind Coalition May 5 Protest at 2-4.

²¹⁹ Invenenergy Protest at 12-13.

²²⁰ E.ON Protest at 20-24.

²²¹ AWEA/Wind Coalition May 5 Protest at 5.

134. Protesters assert that the reason the Feasibility and Preliminary Queues are rarely used is because they provide little value. AWEA/Wind Coalition assert that the feasibility and preliminary queue studies employ scenarios that do not model realistic futures and their results are generally far removed from the results of the Definitive Study and Interconnection Facilities Study. E.ON contends the results provide little information about the interconnection landscape because the studies do not consider the impacts of projects that have moved directly to the Definitive Queue. E.ON further contends that with the first-in-time priority process, an interconnection customer faces risk if it first proceeds to the Feasibility and Preliminary Queues.²²²

135. Invenergy and AWEA/Wind Coalition²²³ also contend that SPP should adopt a *de minimis* threshold for allowing increases in capacity, as was recently proposed by the New York Independent System Operator, Inc. (NYISO).²²⁴

b. Answer

136. SPP agrees with NextEra that the instant filing does not address the impact of the Integrated Marketplace on the GIP. SPP states that it does not anticipate that any Tariff changes will be required for the GIP as a result of the implementation of the Integrated Marketplace. SPP contends that its GIP takes into account the generator's ability to participate in SPP's markets. According to SPP, the current Network Resource Interconnection Service is the closest approximation to the deliverability concept sought by AWEA/Wind Coalition and that consideration of a potential future enhancement should not delay the current reform.²²⁵ SPP clarifies that the variability evaluated in wind generation studies is based on the location of the wind generation within geographic areas and is not affected by Balancing Authority Areas.²²⁶

²²² AWEA/Wind Coalition January 17 Protest at 13; E.ON Protest at 3-4.

²²³ AWEA/Wind Coalition January 17 Protest at 17-18; Invenergy at 13-14.

²²⁴ In Docket No. ER14-627-000, NYISO proposed to change the definition of interconnection request to clarify that only material increases in the capacity of an existing facility will require a new interconnection request. NYISO's proposal was accepted for filing by delegated letter order. *New York Indep. Sys. Operator, Inc.*, Docket No. ER14-627-000 (Jan. 23, 2014) (delegated letter order).

²²⁵ SPP February 4 Answer at 7-9.

²²⁶ *Id.* at 7-8.

137. In addition, SPP contends that the crediting provisions of Attachments Z1 and Z2 are not at issue in this proceeding and it is therefore inappropriate to delay the implementation of SPP's proposed GIP revisions because of protests that are beyond the scope of this proposal.²²⁷

138. In response to E.ON's request that SPP should be required to reimburse interconnection customers for late delivery of studies, SPP contends that such a requirement is inappropriate. SPP argues that it is a non-profit entity and that interconnection customers are responsible for all costs associated with the studies SPP performs for their interconnection requests. SPP reiterates that it has not missed a single deadline for Definitive Studies since its 2009 Queue Reform and that restudies are more complex and can take much more time than the initial Definitive Study.²²⁸

139. SPP contends that because the NYISO proposal to adopt a *de minimis* threshold appeared before the Commission only four days before SPP made the instant filing and nearly two months after SPP concluded its stakeholder process, it has not had time to thoroughly review the NYISO proposal and assess its applicability to the SPP Generator Interconnection Procedures. SPP contends that such a modification would have to be addressed in a subsequent stakeholder process.²²⁹

c. Commission Determination

140. As discussed herein, we find that SPP's proposal, as modified, is just and reasonable. We agree with SPP that the implementation of the Integrated Marketplace does not affect SPP's proposed revisions to the GIP and, therefore, we deny the request of NextEra that SPP provide information as to how the SPP Integrated Marketplace will affect the GIP. Moreover, we are not persuaded that SPP should be required to change how it models wind energy generators. In addition, we will not direct SPP to revise any Tariff provisions in Attachment Z1 or Z2 of the Tariff regarding refunds of network upgrade costs owed to interconnection customers as these provisions are beyond the scope of the instant filing.

141. We further find that SPP need not reimburse interconnection customers for late delivery of studies. Interconnection customers are responsible for all study costs associated with their interconnection requests. If E.ON believes that SPP is late in its

²²⁷ *Id.* at 15; SPP May 20 Answer at 6.

²²⁸ SPP February 4 Answer at 20-21.

²²⁹ *Id.* at 16.

delivery of studies and by doing so is violating the terms of the SPP Tariff, then E.ON may file a complaint pursuant to section 206 of the Federal Power Act.²³⁰ We will also not direct SPP to include language in its Tariff that would require SPP to complete the Interconnection Facilities Study Agreement in a certain amount of time. AWEA/Wind Coalition has not provided adequate evidence to support the assertion that the timing of the completion of the Interconnection Facilities Study Agreement poses a material harm on interconnection customers; SPP bases the determination of the Interconnection Queue Position on the completion of all of the requirements section 8.9 of the Tariff by an interconnection customer.

142. We also are not persuaded to direct SPP to adopt a *de minimis* threshold for allowing small increases in capacity as proposed in NYISO.

143. While SPP has not provided any further clarification about protesters' concerns regarding the Feasibility Queue and the Preliminary Queue, SPP did not propose any revisions to these studies in the instant filing, and therefore protesters' concerns are beyond the scope of the instant filing.

The Commission orders:

(A) The proposed Tariff revisions are hereby conditionally accepted in part and rejected in part, to become effective March 1, 2014, as requested, as discussed in the body of this order.

(B) SPP is hereby directed to submit a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

²³⁰ 16 U.S.C. § 824e (2012).