



Federal Energy Regulatory Commission
March 19, 2015
Open Commission Meeting
Staff Presentation
Item E-1

"Good morning, Chairman and Commissioners,

"E-1 is a draft Final Rule on Open Access and Priority Rights on Interconnection Customer's Interconnection Facilities. These facilities are often referred to as generator lead lines or generator tie lines, and are generally constructed to enable one or more generation facilities to transmit power to the integrated transmission grid.

"Interconnection Customers with these facilities often request certain transmission tariff waivers, and the Commission routinely grants such waivers. However, in a series of recent cases, issues have arisen regarding the extent to which, if at all, third parties should be able to have open access for transmission on these facilities. In these cases, the Commission has required the Interconnection Customer to provide open access transmission service over its facilities, but has also given the Interconnection Customer an opportunity to reserve excess capacity on these facilities for its own future use, provided it adequately demonstrates its plans to use such capacity. While the Commission has processed scores of requests for transmission tariff waivers in recent years, a third party has requested service, and thus required the Interconnection Customer to file a tariff, in only four instances total.

"Following a Notice of Proposed Rulemaking in May 2014, as well as a technical conference, a Notice of Inquiry, and informal industry outreach, the draft Final Rule finds that the Commission's policies of treating Interconnection Customer's Interconnection Facilities the same as other transmission facilities for OATT purposes, including the requirement to file an OATT following a third-party request, creates an undue burden for the Interconnection Customer without a corresponding enhancement of access given the Interconnection Customer's typical ability to establish priority rights. As such, the draft Final Rule finds that the Commission requirements for achieving not unduly discriminatory access over Interconnection Customer's Interconnection Facilities should be reformed to reduce regulatory burdens and promote development of generating facilities while continuing to ensure open access to transmission facilities by eligible transmission customers.

"The draft Final Rule largely adopts the Proposed Rule. The draft Final Rule would, first, give a blanket waiver of the Open Access Transmission Tariff, Open Access Same-Time Information System, and Standards of Conduct requirements to any public utility that is subject to such requirements solely because it owns, controls, or operates Interconnection Customer's Interconnection Facilities. Second, the draft Final Rule finds that those seeking service over Interconnection Customer's Interconnection Facilities may follow procedures applicable to requests for interconnection and transmission service under sections 210, 211, and 212 of the Federal Power Act. And third, the draft Final Rule would establish a five year safe harbor period during which there would be a rebuttable presumption that it is in the public interest for an entity subject to the blanket waiver to preserve use of any excess capacity on its Interconnection Customer's Interconnection Facilities to serve its own or its affiliates' future phased generator additions or expansions. The draft Final Rule modifies certain elements of the Proposed Rule, by broadening the defined set of facilities to which the reforms apply, establishing a means to extend the reforms to a broader set of entities, clarifying that the reforms will apply to separate generation affiliates of public utility transmission providers, modifying the date on which the safe harbor begins, and removing the rebuttable presumption for expansion during the safe harbor.

"This concludes our presentation of E-1. We are happy to answer any questions you may have."