

154 FERC ¶ 61,247  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;  
Cheryl A. LaFleur, and Colette D. Honorable.

Midcontinent Independent System  
Operator, Inc.

Docket No. ER16-675-000

ORDER ON PROPOSAL AND PROVIDING GUIDANCE

(Issued March 29, 2016)

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1. On December 31, 2015, Midcontinent Independent System Operator, Inc. (MISO) submitted, under section 205 of the Federal Power Act (FPA),<sup>1</sup> proposed revisions to its Generator Interconnection Procedures (GIP) and its *pro forma* Generator Interconnection Agreement (GIA) contained in Attachment X of its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff).<sup>2</sup> MISO states that the proposed changes are intended to address backlogs in MISO’s generator interconnection queue, principally by minimizing unscheduled restudies and adding two new cash-at-risk milestone payments at two designated off-ramps that allow an interconnection customer to withdraw its project from the queue on a more structured basis.

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<sup>1</sup> 16 U.S.C. § 824d (2012).

<sup>2</sup> MISO Queue Reform Filing, Docket No. ER16-675-000, Transmittal Letter at 2-4 (filed Dec. 31, 2015) (Filing). Unless indicated otherwise, all capitalized terms shall have the same meaning given them in the MISO Tariff.

2. In this order, we reject without prejudice MISO's proposed Tariff revisions. We recognize that the Filing represents a significant undertaking by MISO to accomplish the important objective of queue reform to support resource adequacy. We understand that addressing resource adequacy shortfalls is an important initiative, and we generally support MISO's efforts to do so. However, we have concerns about the completeness of the Filing. There are unreconciled inconsistencies between the proposed Tariff revisions and the transmittal letter, and there is a general lack of justification for the proposed revisions – several of which are significantly opposed by MISO stakeholders. It is for these reasons that we reject MISO's proposed Tariff revisions, and provide guidance to assist MISO in developing a new proposal, when appropriate. As further discussed below, while we find that the Filing proposes some positive changes to MISO's queue process, we find that MISO has not adequately supported its proposed reforms as just and reasonable and not unduly discriminatory as required by section 205 of the FPA.

3. MISO's proposal largely centers on one aspect of the queue process – the use of milestone payments – to ensure that non-ready projects do not linger in the queue. Indeed, the addition of the M3 and M4 milestone payments reflects MISO's policy view that a willingness to provide higher “cash-at-risk” payments by interconnection customers indicates a higher degree of project viability. We are concerned that the proposal's narrow focus on additional financial milestones ignores other potential causes of MISO's queue backlog, such as study procedures and associated timelines, and thus may be only part of the solution. As such, we find MISO's proposal to be an incomplete solution to the identified queue backlog problem that we believe arises as a result of more than just insufficient “cash-at-risk” requirements. In addition, MISO has not shown that the level of the M2, M3, and M4 milestone payments is not unduly discriminatory. As such, MISO has failed to demonstrate that its proposed deviations from the *pro forma* GIA and GIP meet the “independent entity variation standard,” and that they would accomplish the purposes of Order No. 2003.

4. We also find that MISO has not shown that its transition plan is a just and reasonable method of resolving current backlogs and that MISO's proposed removal of section 8.2 of the GIP is unsupported. We further discuss issues related to the structure of the revised GIP, MISO's request for waiver of sections 11.3.1 and 11.3.2 in all existing GIAs, and other miscellaneous aspects of the Filing.

## I. Background

### A. History of Interconnection Queue Issues

5. In Order No. 2003,<sup>3</sup> the Commission issued standardized large generator interconnection procedures (LGIP) and a standardized large generator interconnection agreement (LGIA). The Commission's goal was to minimize opportunities for undue discrimination and expedite the development of new generation, while protecting reliability and ensuring that rates are just and reasonable.<sup>4</sup>

6. In its compliance filing to Order Nos. 2003 and 2003-A, MISO stated that the geographic expanse of its footprint made it inefficient to process interconnection requests according to time of receipt, without regard for geography; thus, MISO proposed revisions to the *pro forma* LGIP in order to use a "group study" approach to queue processing. MISO also sought changes to the *pro forma* LGIP and LGIA that would permit MISO to study individual interconnection requests out-of-queue order based upon: (1) the electrical remoteness of the generating facility; or (2) the request of the interconnection customer, when MISO concurs with the request and has the resources to perform the study, and if the interconnection customer accepts the financial risk of restudy and reassignment of upgrades when the interconnection request become the next in the queue.<sup>5</sup> The Commission accepted MISO's proposal to process interconnection requests in groups and out-of-queue order, as proposed, conditioned on MISO meeting timing requirements in Order Nos. 2003 and 2003-A.

7. In 2008, the Commission held a technical conference regarding interconnection queuing practices and queue related issues that emerged after the issuance of Order No. 2003 and issued an order directing Regional Transmission Organizations (RTOs) and

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<sup>3</sup> *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 No. 2003-A), *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 (2008).

<sup>4</sup> Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at P 7.

<sup>5</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 108 FERC ¶ 61,027, at PP 122-123, *order on reh'g*, 109 FERC ¶ 61,085, at PP 25-28 (2004).

Independent System Operators (ISOs) to develop and propose their own solutions to issues related to delays and backlogs in processing queues.<sup>6</sup>

8. To remedy this situation, MISO, along with its stakeholders, created the Interconnection Practices Task Force to identify and correct the parts of its queue management procedures that were not functioning well. As a result of this stakeholder process, MISO proposed, and the Commission largely accepted, revisions to Attachment X of the Tariff in order to reform MISO's interconnection queue.<sup>7</sup> Those revisions modified MISO's GIP to limit delays caused by inactive projects in the queue. Among other things, MISO revised its procedure for processing interconnection applications from a "first-come, first-served" approach to an approach based on the progress that the generation project makes towards commercial operation, essentially a "first-ready, first-served" approach. Under these procedures, an interconnection customer entered the Pre-Queue Phase, during which MISO performs a Feasibility Study to determine whether the transmission system can accommodate the interconnection request and whether the project could move directly to the second phase of the queue – the Definitive Planning Phase (DPP) – or whether it should proceed to the first phase of the queue – the System Planning and Analysis phase – for additional study. If a project was not eligible to proceed to the DPP, the customer then entered the System Planning and Analysis phase and underwent a System Impact Study. After receiving its study results, the customer would then have to decide whether to fulfill the M2 milestone<sup>8</sup> to enter the DPP. In the DPP, the customer would receive a System Impact Study Review that would give it an approximation of the type and cost of upgrades that would have to be funded to facilitate its interconnection request. After receiving this information, the customer would then have to decide whether to fulfill the M3 milestone<sup>9</sup> to undergo a Facilities Study. Upon completion of the Facilities Study Review, the interconnection customer would then have the opportunity to negotiate an interconnection agreement. Projects that had not yet started a Facilities Study as of the effective date of the new GIP

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<sup>6</sup> *Interconnection Queuing Practices*, 122 FERC ¶ 61,252, at PP 8-9 (2008) (Conference Order).

<sup>7</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 124 FERC ¶ 61,183 (2008) (MISO First Queue Reform Order), *order on reh'g*, 127 FERC ¶ 61,294 (2009).

<sup>8</sup> The M2 milestone refers to a set of requirements that an interconnection customer must meet before entering the DPP. These requirements include a study deposit based upon the historical study cost data and a series of specific accomplishments the customer must fulfill.

<sup>9</sup> The M3 milestone refers to the requirements that an interconnection customer must meet in order to obtain a Facilities Study.

were subject to all provisions of the new GIP; projects that had started a Facilities Study were only subject to revisions relating to suspension.

9. In 2009, MISO proposed, and the Commission accepted, additional revisions to its GIP that it characterized as the second phase of its interconnection queue reform.<sup>10</sup> MISO stated that its revisions were intended to address physical constraints that were delaying the interconnection of new generation in many areas of MISO's footprint and streamline the processing of interconnection requests. To address these concerns, MISO put in place two new *pro forma* agreements in the GIP: a facilities construction agreement for a single interconnection customer and a facilities construction agreement for multiple interconnection customers.

10. In 2012, the Commission conditionally accepted, subject to further compliance, additional revisions to MISO's GIP that it characterized as the third phase of its interconnection queue reform.<sup>11</sup> The reforms were intended to extend the idea of "first-ready, first-served" in the queuing process by removing timelines for interconnection customers in order to allow them to proceed at their own pace. The Commission found that MISO's proposed transition provisions were reasonable in light of the issues that MISO was experiencing in the queue.<sup>12</sup> Specifically, the Commission accepted MISO's proposal to eliminate the timelines for exiting the System Planning and Analysis phase, such that the interconnection customer may remain in this phase indefinitely so long as it refreshes its study once every 18 months. The Commission also accepted MISO's proposal to limit the modifications that can be made after an interconnection customer enters the DPP. The Commission further accepted MISO's proposal to implement two new payments, subject to MISO revising its Tariff to address certain issues identified by the Commission. Thus, under the revised procedures, the interconnection customer may move to the DPP at a time of its choosing by providing a study deposit, providing necessary information, and making the M2 "cash-at-risk" payment (M2 milestone payment). As in the System Planning and Analysis phase, an interconnection customer is required to complete and execute an interconnection study review form. Once in the DPP, most modifications by the interconnection customer would be deemed to be

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<sup>10</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 129 FERC ¶ 61,301 (2009).

<sup>11</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233 (MISO Third Queue Reform Order), *order on reh'g and compliance*, 139 FERC ¶ 61,253 (2012) (MISO Third Queue Reform Rehearing Order).

<sup>12</sup> MISO Third Queue Reform Order, 138 FERC ¶ 61,233 at P 100. The Commission found, however, that the transition provisions did not give MISO authority to unilaterally amend existing GIAs in order to apply its queue reform to certain existing interconnection requests without prior Commission approval. *Id.* P 105.

Material Modifications. Additionally, an interconnection customer is required to make an Initial Payment toward its network upgrade costs within 30 days following the execution of its GIA or the filing of an unexecuted GIA with the Commission. In particular, the interconnection customer is required to either pay a certain percentage of the total cost of its network upgrades or to provide security equal to 100 percent of the cost of network upgrades.

**B. MISO's Filing**

11. MISO states that interconnection queue reform is needed to ensure that MISO is well equipped to handle new infrastructure challenges, such as significant renewable and gas investment in its footprint, as well as projected reserve margin shortages in 2020.<sup>13</sup> MISO states that it has experienced significant delays in its generator interconnection queue, particularly in the DPP, and that these delays are often the result of numerous unplanned restudies due to higher-queued projects exiting the queue. MISO explains that whenever a higher-queued project withdraws from the queue, the assumptions change for every lower-queued project. This change in assumptions necessitates a restudy under the current *pro forma* GIA, which may then change the assumptions for another lower-queued project, necessitating another restudy, in a cascading effect. MISO asserts that these cascading restudies delay the execution of GIAs and extend the uncertainty in project costs. Additionally, MISO states that projects that are unready to proceed to the GIA phase have little incentive to voluntarily exit the queue; instead, they may linger in the queue as long as possible, often exiting when the impact of their withdrawal on other projects is at its height.

12. MISO states that the Filing builds on previous queue reform efforts and is consistent with the Commission's standing directive to "address identified inefficiencies in its GIP."<sup>14</sup> MISO proposes several changes to the GIP to optimize the restudy process and to address other concerns identified through the MISO stakeholder process. Principally, MISO proposes to minimize restudies by: (1) subdividing the DPP into three sequential phases to provide for a structured restudy process; (2) creating two designated off-ramps for interconnection customers to withdraw projects that are not ready to proceed; and (3) restricting restudies after the GIA stage.<sup>15</sup> MISO's restructured three-phase DPP would include two new milestone payments, the M3 and M4 payments. In

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<sup>13</sup> Filing, Transmittal Letter at 2.

<sup>14</sup> *Id.* (citing MISO Third Queue Reform Order, 138 FERC ¶ 61,233 at P 72).

<sup>15</sup> *Id.* at 3.

addition to the proposed Tariff revisions, MISO developed a plan that outlines transition procedures for currently pending interconnection requests. These proposals, along with several additional revisions to the GIP, are discussed in further detail below.

## **II. Notice and Responsive Pleadings**

13. Notice of the Filing was published in the *Federal Register*, 81 Fed. Reg. 933 (2016), with interventions and protests due on or before January 29, 2016.<sup>16</sup>

14. Timely motions to intervene were filed by: the NRG Companies;<sup>17</sup> the ITC Companies;<sup>18</sup> Consumers Energy Company; E.ON Climate & Renewables North America, LLC; Renewable Energy Systems Americas Inc.; the Iowa Utilities Board; Project Resources Corporation; EDP Renewables North America LLC (EDP Renewables); the Ameren Companies;<sup>19</sup> Tradewind Energy, Inc.; American Municipal Power, Inc.; the Rochester Public Utility Board; the Midwest TDUs;<sup>20</sup> Wisconsin Public Service Corporation and Wisconsin Electric Power Company; and Hoopston Wind, LLC. Hoopston Wind LLC subsequently filed a notice of withdrawal of its motion to intervene. Timely motions to intervene and comments or protests were filed by: NextEra Energy Resources, LLC (NextEra); Invenergy Thermal Development LLC, Invenergy Wind Development LLC, and Invenergy Solar Development LLC (collectively, Invenergy); the Entergy Operating Companies;<sup>21</sup> Apex Clean Energy Management, LLC;

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<sup>16</sup> The notice originally provided for a comment due date of January 21, 2016, but the Commission subsequently issued a notice that corrected the comment due date and extended it to January 29, 2016.

<sup>17</sup> For purposes of this proceeding, the NRG Companies are NRG Power Marketing LLC and GenOn Energy Management, LLC.

<sup>18</sup> For purposes of this proceeding, the ITC Companies are International Transmission Company d/b/a ITCTransmission, Michigan Electric Transmission Company, LLC, and ITC Midwest LLC.

<sup>19</sup> Ameren Services Company files the motion to intervene on behalf of its affiliated public utility operating companies, Ameren Illinois Company and Union Electric Company d/b/a Ameren Missouri (collectively, the Ameren Companies).

<sup>20</sup> For purposes of this proceeding, the Midwest TDUs are Madison Gas & Electric Company, Missouri River Energy Services, and WPPI Energy.

<sup>21</sup> For purposes of this proceeding, the Entergy Operating Companies are Entergy Services, Inc., Entergy Arkansas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., and Entergy Texas, Inc.

Xcel Energy Services Inc. (Xcel);<sup>22</sup> the MISO Transmission Owners;<sup>23</sup> Great River Energy; Alliant Energy Corporate Services, Inc. (Alliant); MidAmerican Energy Company (MidAmerican); SOO Green Renewable Rail LLC (SOO Green); and the American Wind Energy Association and Wind on the Wires (collectively, AWEA/WOW). The Renewable Generation Developers<sup>24</sup> submitted a protest on January 29, 2016.

15. The Minnesota Public Utilities Commission filed a notice of intervention and comments on January 21, 2016. The Arkansas Public Service Commission filed a notice of intervention on January 29, 2016. The Organization of MISO States filed a notice of intervention and comments on January 29, 2016 and an amended notice of intervention and comments on February 2, 2016.

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<sup>22</sup> Xcel files the motion to intervene and comments on behalf of its utility operating company affiliates Northern States Power Company, a Minnesota corporation and Northern States Power Company, a Wisconsin corporation (collectively, the NSP Companies).

<sup>23</sup> The MISO Transmission Owners for this proceeding consist of: Ameren Services Company, as agent for Union Electric Company d/b/a Ameren Missouri, Ameren Illinois Company d/b/a Ameren Illinois and Ameren Transmission Company of Illinois; American Transmission Company LLC; Big Rivers Electric Corporation; Central Minnesota Municipal Power Agency; City Water, Light & Power (Springfield, IL); Cleco Power LLC; Dairyland Power Cooperative; Duke Energy Business Services, LLC for Duke Energy Indiana, Inc.; East Texas Electric Cooperative; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Indianapolis Power & Light Company; International Transmission Company d/b/a *ITC Transmission*; ITC Midwest LLC; Michigan Electric Transmission Company, LLC; Minnesota Power (and its subsidiary Superior Water, L&P); Montana-Dakota Utilities Co.; Northern Indiana Public Service Company; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Prairie Power Inc.; South Mississippi Electric Power Association; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company (d/b/a Vectren Energy Delivery of Indiana); Southern Minnesota Municipal Power Agency; Wabash Valley Power Association, Inc.; and Wolverine Power Supply Cooperative, Inc.

<sup>24</sup> For purposes of this proceeding, the Renewable Generation Developers are Apex Clean Energy Management, LLC, E.ON Climate & Renewables North America, LLC, and Tradewind Energy, Inc.

16. Geronimo Energy, LLC (Geronimo) filed a motion to intervene out-of-time on February 8, 2016.

17. The MISO Transmission Owners filed an answer to the comments of NextEra, AWEA/WOW, and Invenergy on February 16, 2016. MISO submitted an answer to the comments and protests on February 19, 2016. Apex, EDP Renewables, Renewable Generation Developers, Invenergy, and AWEA/WOW filed answers to MISO's answer.

### **III. Discussion**

#### **A. Procedural Matters**

18. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the notices of intervention and 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) (2015), the Commission will grant the late-filed motion to intervene of Geronimo, given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

19. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2015), prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We will accept the answers filed by the MISO Transmission Owners, MISO, Apex, EDP Renewables, Renewable Generation Developers, Invenergy, and AWEA/WOW because they have provided information that assisted us in our decision-making process.

#### **B. Standard of Review**

20. The Commission applies an independent entity standard to evaluate RTOs and ISOs proposals for revisions to the procedures outlined in Order No. 2003.<sup>25</sup> Under that standard, independent entities, such as RTOs and ISOs, are afforded more flexibility in proposing variations than are non-independent entities, primarily because they do not have affiliated generation and thus are less likely than non-independent entities to favor one generator over another.<sup>26</sup> Under the independent entity standard, MISO must

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<sup>25</sup> Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at PP 822-827; Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 at P 759. *See also* MISO First Queue Reform Order, 124 FERC ¶ 61,183 at P 31; Conference Order, 122 FERC ¶ 61,252 at P 13.

<sup>26</sup> Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at PP 548, 827; MISO Third Queue Reform Order, 138 FERC ¶ 61,233 at P 28.

demonstrate that its proposed variations are just and reasonable and not unduly discriminatory, and that they would accomplish the purposes of Order No. 2003.<sup>27</sup>

**C. Substantive Issues**

**1. Need for Reform and Stakeholder Involvement**

**a. Filing**

21. MISO states that, consistent with the Commission's requirement that MISO address identified inefficiencies in its GIP, its current proposal is intended to build on its prior interconnection queue efforts and offer important GIA improvements to address concerns identified by MISO and its stakeholders.<sup>28</sup> Specifically, MISO proposes reforms to its restudy process and indicates that it is experiencing new issues in the years following its previous interconnection reform effort in 2012.<sup>29</sup> MISO states that, in its joint effort with stakeholders to study and address challenges to resource adequacy in the MISO footprint, stakeholders consistently identified the misalignment between the resource adequacy construct and the GIP as a top priority for consideration.<sup>30</sup> MISO explains that, because interconnection customers are financially responsible for the cost of interconnection studies, the number of studies and restudies that must be performed directly impact a project's costs.<sup>31</sup> MISO contends that current study delays interfere with an interconnection customer's ability to timely execute a GIA and, potentially, receive timely accreditation under MISO's resource adequacy construct.<sup>32</sup> MISO states that it jointly conducted a survey on resource adequacy along with the Organization of MISO States and that the study, which was intended to identify potential generation shortfalls for the 2020 timeframe, found that the majority of the identified 30 GW of

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<sup>27</sup> Conference Order, 122 FERC ¶ 61,252 at P 13, n.10.

<sup>28</sup> Filing, Transmittal Letter at 2-3 (citing MISO Third Queue Reform Order, 138 FERC ¶ 61,233 at P 72).

<sup>29</sup> *Id.*, Aliff Test. at 4.

<sup>30</sup> *Id.* at 13.

<sup>31</sup> *Id.* at 12.

<sup>32</sup> *Id.* at 6-7.

planned resource additions for 2020 are on hold or in preliminary studies.<sup>33</sup> Implementing its proposed process now, MISO explains, would allow for longer lead time resources to meet projected need within the identified 2020 timeframe.<sup>34</sup>

22. MISO states that, while its last queue reform effort provided positive results, restudies have plagued MISO and caused unforeseen delays.<sup>35</sup> As required by its Tariff, MISO explains that it must identify network upgrade costs that are required solely for the reliable interconnection of each generation interconnection request and that it must also determine if a restudy is required as projects are withdrawn from the queue.<sup>36</sup> MISO explains that restudies of lower-queued projects are often necessary, and this is exacerbated when higher-queued projects choose to withdraw later in the interconnection queue process. In addition, MISO contends that the “cash-at-risk” M2 milestone payment, a condition for entering the DPP, incentivizes interconnection customers to linger in the queue until the very last moment, often when the impact of their withdrawal on other projects is greatest.<sup>37</sup> MISO asserts that, if a restudy identifies new network upgrade requirements for the interconnection customers remaining in the queue, it may cause additional withdrawals; MISO contends that this process diverts MISO’s and MISO transmission owners’ resources from processing new interconnection queue requests toward evaluating the impact of withdrawals on lower-queued projects and affected systems.<sup>38</sup>

23. MISO states that it conducts two study cycles each year, starting in February and in August, with between six and 47 projects in the queue.<sup>39</sup> MISO explains that delays caused by restudies create an average DPP length of greater than 180 days, and thus the

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<sup>33</sup> *Id.* at 6 (citing 2015 Organization of MISO States MISO Survey Results at 12 (2015), <https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/SAWG/2015/20150709/20150709%20SAWG%20Item%20002%202015%20OMS-MISO%20Survey%20Results.pdf>).

<sup>34</sup> *Id.* at 14.

<sup>35</sup> *Id.* at 6.

<sup>36</sup> *Id.* at 7-8.

<sup>37</sup> *Id.* at 4.

<sup>38</sup> *Id.* at 8, Transmittal Letter at 8.

<sup>39</sup> *Id.*, Transmittal Letter at 7, Aliff Test. at 9.

two study cycles necessarily overlap.<sup>40</sup> MISO states that it took 207 calendar days to complete the System Impact Study for the August 2012 DPP, 224 calendar days to complete the System Impact Study for the February 2013 DPP, and 128 calendar days to complete the System Impact Study for the August 2013 DPP.<sup>41</sup> In addition, MISO states that there has been a significant increase in the number of projects entering the DPP, from six projects in the February 2014 study cycle to 29 projects in the February 2015 study cycle.<sup>42</sup> MISO explains that the August 2012 West Region DPP required five restudies, which ultimately delayed 50 percent of the projects in the August 2012 West Region DPP from reaching a GIA for over three years.<sup>43</sup> These restudies, MISO contends, also caused cascading delays of subsequent DPP cycles, causing a nine month delay of the February 2014 West Region DPP and a four month delay of the current August 2015 West Region DPP.<sup>44</sup>

24. MISO urges the Commission to accept its queue reform proposal, as the problem with unscheduled restudies impacts MISO's ability to bring new generation online in a timely fashion and creates a misalignment between the GIP and MISO's resource adequacy construct.<sup>45</sup> MISO states that implementing the proposed reforms now would allow new generation resources, irrespective of their fuel type, to meet the projected need within the 2020 resource adequacy timeframe.

25. MISO states that the Filing is the product of a year-long collaboration between MISO and its stakeholders,<sup>46</sup> the bulk of which has taken place within the meetings of MISO's stakeholder committee dedicated to GIP matters (the Interconnection Process Task Force).<sup>47</sup> MISO states that it first discussed queue issues in relation to the interface and alignment of generator interconnection and resource adequacy beginning in January 2015, and that queue reforms were first discussed in June 2015. MISO states that it presented a queue reform strawman proposal to stakeholders in August 2015, with

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<sup>40</sup> *Id.*, Transmittal Letter at 7.

<sup>41</sup> *Id.*, Aliff Test. at 9.

<sup>42</sup> *Id.* at 10.

<sup>43</sup> *Id.* at 11.

<sup>44</sup> *Id.* at 12.

<sup>45</sup> *Id.*, Transmittal Letter at 5.

<sup>46</sup> *Id.* at 9.

<sup>47</sup> *Id.* at 4.

a timeline indicating the intent to make a filing with the Commission prior to the end of 2015. MISO asserts that draft redline Tariff sheets of Attachment X were made available to stakeholders in advance of October, November, and December 2015 meetings, with subsequent drafts taking into account stakeholder comments. MISO states that its queue reform proposal as filed was presented at a meeting of its Planning Advisory Committee on December 16, 2015.

**b. Comments and Protests**

26. Several parties are generally supportive of MISO's proposal and agree that changes are necessary to improve the processing of generator interconnection requests, although they call for additional clarity of and revisions to MISO's proposed reforms (as discussed below) or additional reforms beyond MISO's proposal to improve the MISO generator interconnection process.<sup>48</sup>

27. Some protesters oppose MISO's proposal as unsupported and unneeded. Specifically, they argue that there is no basis to find that the current GIP is insufficient.<sup>49</sup> AWEA/WOW and Renewable Generation Developers assert that the existing queue backlog is a legacy issue resulting from MISO's previous queue reform effort where multiple DPP groups were combined into one in the August 2012 DPP cycle.<sup>50</sup> AWEA/WOW and Renewable Generation Developers contend that the projects in MISO's queue have already dropped dramatically, suspended projects are no longer an issue, and there is no showing of huge withdrawals.<sup>51</sup> Renewable Generation Developers add that where there has been a withdrawal, there has been no restudy impact.<sup>52</sup> Renewable Generation Developers contend that MISO is catching up on its queue backlog, as MISO is currently processing DPP 2014 or 2015 in all four sub-regions, and the February 2013 DPP through the August 2014 DPP were each completed in about one

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<sup>48</sup> *E.g.*, Alliant Comments at 5-6; Entergy Comments at 2; Great River Energy Comments at 2; MidAmerican Protest at 3; MISO Transmission Owners Comments at 5-6; NextEra Comments at 4; Organization of MISO States Comments at 2-3; and Xcel Comments at 2. The Minnesota Public Utilities Commission states that it does not take a position on the Filing at this time. *See* Minnesota Public Utilities Comments at 1-2.

<sup>49</sup> AWEA/WOW Protest at 2; Apex Protest at 8.

<sup>50</sup> AWEA/WOW Protest at 2; Renewable Generation Developers Protest at 2.

<sup>51</sup> AWEA/WOW Protest at 2; Renewable Generation Developers Protest at 12-13.

<sup>52</sup> Renewable Generation Developers Protest at 13.

year.<sup>53</sup> Renewable Generation Developers add that the presence of a larger number of projects in a particular DPP cycle, as expected in the February 2016 DPP, is not reflective of a systematic queue problem that requires reform.<sup>54</sup> Renewable Generation Developers ask the Commission to convene a technical conference to discuss the proposed reforms.<sup>55</sup>

28. In addition, Apex contends that MISO has provided no evidence, analysis or support to indicate that its proposal, which creates unjust and unreasonable barriers to entry, will prevent late withdrawals of projects.<sup>56</sup> Similarly, Invenergy asserts that MISO has not demonstrated that its proposal is reasonable or necessary to meet its objectives.<sup>57</sup> Apex asserts that MISO did not provide stakeholders sufficient time to comment on its proposal and MISO had very little time to consider stakeholder's concerns.<sup>58</sup>

29. Some protesters indicate that MISO's proposal fails to consider other issues that have led to delays in the generator interconnection queue.<sup>59</sup> For example, Invenergy states that other RTOs tend to engage transmission owners and affected systems earlier and more systematically in the generator interconnection review process. Invenergy contends that early engagement and management of the process can go a long way toward avoiding queue delays.<sup>60</sup> Some protesters assert that timely processing of interconnection requests and improved coordination with neighboring regions are necessary elements of an efficiently managed generator interconnection queue.<sup>61</sup> Specifically, NextEra requests that the Commission require MISO to provide evidence that it has the resources, personnel and technology to meet its proposed 325-day timeline. Moreover, Alliant lists a number of areas for reform it believes will allow the generator interconnection queue process to produce a good outcome, such as: (1) re-evaluating the capacity accreditation process; (2) creating a process for re-fueling or replacing existing

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<sup>53</sup> *Id.* at 6, 10.

<sup>54</sup> *Id.* at 11-12.

<sup>55</sup> *Id.* at 6, 16.

<sup>56</sup> Apex Protest at 4-5, 8.

<sup>57</sup> Invenergy Protest at 8.

<sup>58</sup> Apex Protest at 8-9.

<sup>59</sup> *Id.* at 7-8; AWEA/WOW Protest at 2-3; Invenergy Protest at 8, 10-11.

<sup>60</sup> Invenergy Protest at 10-11.

<sup>61</sup> *Id.* at 15; Alliant Comments at 6; NextEra Comments at 5.

units; (3) providing clarity around the retention of interconnection rights from existing units; and (4) addressing methodology-related issues including how specific studies are conducted, how the studies relate to each other, consistency amongst studies, and what data is appropriate for use in the studies.<sup>62</sup> Alliant argues that MISO should continue to work with its stakeholders to address outstanding interconnection issues to ensure that the process is fair, efficient and effective.<sup>63</sup>

**c. Answers**

30. MISO reiterates the urgency of its proposed reform and cites many of the arguments from its Filing. MISO asserts that the evidence provided in its Filing shows that potential generation shortages are looming and it is critical that MISO's existing GIP be streamlined as soon as possible.<sup>64</sup> MISO contends that commenter requests that the Commission require MISO to study the issue further are unreasonable and would leave MISO and its stakeholders dangerously exposed.<sup>65</sup> In addition, MISO asserts that protesters advocating for a technical conference, further delay and more process could benefit from such delays at the expense of other generator types, as longer lead time technologies will be disadvantaged.<sup>66</sup> MISO contends that stakeholders identified generator interconnection queue reform as one of the three top initiatives for MISO to address resource adequacy concerns beyond 2020; moreover, MISO states that AWEA/WOW petitioned the Commission for queue reform throughout the country, specifically citing delays faced in the MISO region.<sup>67</sup>

31. Contrary to commenter assertions that MISO's previous queue reform effort is working, MISO argues that the existing M2 milestone payment has not proven to be an effective deterrent to queue withdrawals and in fact encourages projects to linger in the queue.<sup>68</sup> MISO asserts that the Commission has specifically recognized the need to reduce "queue churn" as a legitimate ground for queue reform, including strengthening

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<sup>62</sup> Alliant Comments at 7.

<sup>63</sup> *Id.* at 7-8.

<sup>64</sup> MISO Answer at 2-3.

<sup>65</sup> *Id.* at 3.

<sup>66</sup> *Id.* at 9.

<sup>67</sup> *Id.* at 7.

<sup>68</sup> *Id.* at 8.

the milestone payments to ensure that they remain an effective deterrent.<sup>69</sup> MISO argues that while there was some reduction in the number of projects in the queue between 2012 and 2015, unscheduled restudies continue to be a serious issue.<sup>70</sup> MISO asserts that the structure of its GIP leaves the queue on the precipice of another cascading restudy, as experienced after its third queue reform.

32. MISO argues that comparing MISO's generator interconnection queue against other RTO generator interconnection queues is meaningless, because each RTO uses a different process. MISO explains, for example, that PJM Interconnection LLC (PJM) does not have a two track process like the MISO System Planning and Analysis Phase and the DPP, thus this is not a balanced comparison. The DPP, MISO explains, is intended to be a pathway for ready projects to move expeditiously through the queue and receive a GIA, not a sandbox for developers to perform due diligence.<sup>71</sup>

33. In its answer, Apex reiterates that it believes MISO's proposed queue reform is premature.<sup>72</sup> Apex claims that the development of the proposal was rushed, and that the stakeholder process was not given adequate time. Specifically, Apex claims that stakeholders were not made aware of the scope of the proposed reforms until a stakeholder meeting that occurred in August 2015, a mere four months prior to the filing.

34. Renewable Generation Developers state that MISO has not provided evidence that a queue reform is necessary, and that in previous reforms, MISO has shown such data.<sup>73</sup> They go on to state that recent delays and backlogs have been exclusively the result of the transition during MISO's third queue reform, and that the current generator interconnection process has not been evaluated independent from the transition to the third queue reform.<sup>74</sup> Finally, they state that they have submitted evidence that MISO's queue is clearing, the M2 milestone payment is working, and there are now fewer withdrawals and restudies.<sup>75</sup> AWEA/WOW state that MISO has not shown that

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<sup>69</sup> *Id.* (citing MISO Third Queue Reform Order, 138 FERC ¶ 61,233 at P 64).

<sup>70</sup> *Id.* at 10.

<sup>71</sup> *Id.* at 11.

<sup>72</sup> Apex Answer to MISO's Answer at 2-4.

<sup>73</sup> Renewable Generation Developers Answer to MISO's Answer at 2.

<sup>74</sup> *Id.* at 3.

<sup>75</sup> *Id.* at 4-5.

interconnection customer behavior is the reason for queue delays.<sup>76</sup> AWEA/WOW note that MISO could explore other ways to address resource adequacy, such as innovations in grid technology that are allowing variable generation to contribute to a greater share of resource adequacy needs (i.e., hybrid interconnections).<sup>77</sup>

**d. Commission Determination**

35. Given the evidence provided by MISO and protesters, we agree with MISO that its interconnection process could be improved to address lingering inefficiencies in MISO's generator interconnection queue that cause restudies that could lead to resource adequacy shortfalls.<sup>78</sup> Nevertheless, we are concerned that the proposed reforms appear to place the onus for the existing queue backlog and any potential future delays fully on "speculative" projects and that the proposed reforms fail to consider other potential factors. As indicated by protesters, other factors may have led to the current backlog, none of which are addressed in the Filing. For example, protesters state that the timely processing of interconnection requests and improved coordination with neighboring regions are important aspects of an efficiently-managed generator interconnection queue, and that MISO's proposal does not address actions MISO and MISO transmission owners could take to ensure studies are completed in accordance with the proposed timelines.<sup>79</sup> In addition, as discussed below, aspects of MISO's proposal are unclear in their effect on ready projects as well as non-ready projects. Finally, while we recognize that each RTO/ISO region may use different processes to address generator interconnection, we believe that lessons can be learned from the methods employed by other RTOs/ISOs to create more efficient processing of generator interconnection queues. For example, we

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<sup>76</sup> AWEA/WOW Answer to MISO's Answer at 5.

<sup>77</sup> *Id.* at 6.

<sup>78</sup> We note that AWEA has petitioned the Commission in Docket No. RM15-21-000 to conduct a rulemaking to implement interconnection queue reform throughout the country. In that docket, concurrently with this order, the Commission issued a notice that a technical conference will be held to discuss the issues raised by the petition. *See Review of Generator Interconnection Agreements and Procedures*, Docket No. RM16-12-000 issued Mar. 29, 2016 (Notice of Technical Conference).

<sup>79</sup> *See* Alliant Energy Comments at 6; Invenergy Protest at 10, 11 and 15; NextEra Comments at 5.

note that some other RTOs engage transmission owners and affected systems earlier and more systematically in the generator interconnection review process; Invenergy contends that early engagement and management of the process can go a long way toward avoiding queue delays.<sup>80</sup>

## 2. DPP Structure

### a. Filing

36. The majority of the queue reforms proposed by MISO relate to changes in the structure of the DPP. Currently, an interconnection customer first enters the Pre-Queue Phase, during which MISO performs a Feasibility Study to determine whether the transmission system can accommodate the interconnection request. After the Feasibility Study, the project can move directly to the DPP or it can remain in the first phase of the queue – the System Planning and Analysis Phase – for additional study. If the project is not eligible to proceed to the DPP, the customer enters the System Planning and Analysis Phase and undergoes a System Impact Study. After receiving its study results, the customer would then have to decide whether to fulfill the M2 milestone<sup>81</sup> in order to enter the DPP. Once in the DPP, the customer receives a System Impact Study Review that gives it an approximation of the type and cost of upgrades that would have to be funded in order to facilitate its interconnection request. After receiving this information,

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<sup>80</sup> Invenergy Protest at 10; *See, e.g.*, Southwest Power Pool, Inc., FERC Electric Tariff, Open Access Transmission Tariff, Sixth Revised Volume No. 1, Attachment V, Section 3.3.4 (“Within ten (10) Business Days after receipt of a valid Interconnection Request, Transmission Provider shall establish a date agreeable to the Transmission Owner and the Interconnection Customer for the Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.”); PJM Interconnection, L.L.C., Intra-PJM Tariffs, OATT IV. INTERCONNECTIONS WITH THE TRANSMISSION SYSTEM, Section 36.1.5 (“Transmission Provider shall provide each Interconnection Customer with an opportunity for a scoping meeting among the Transmission Provider, the prospective Interconnected Transmission Owner and the Interconnection Customer.”)

<sup>81</sup> The M2 milestone refers to a set of requirements that an interconnection customer must meet before entering the DPP. These requirements include a study deposit based upon the historical study cost data and a series of specific accomplishments the customer must fulfill.

the customer then decides whether to fulfill the M3 milestone<sup>82</sup> in order to undergo a Facilities Study. Upon completion of the Facilities Study Review, the interconnection customer would then have the opportunity to negotiate an interconnection agreement.

37. The new queue structure first removes the requirement in sections 11.3.1 and 11.3.2 of the *pro forma* GIA that a customer with a completed GIA undergo a restudy due to a change in a higher-queued project.<sup>83</sup> MISO states that under the new GIP, restudies of customers with completed GIAs would only occur on Commission order. MISO's proposal next eliminates the System Planning and Analysis Phase entirely and alters the existing Pre-Queue Phase by replacing the existing mandatory Feasibility Study with an optional, non-binding Pre-Queue Feasibility Study (MISO now refers to this as the Pre-Queue Feasibility Phase). MISO explains that the new Pre-Queue Feasibility Study will help interconnection customers understand their level of readiness to enter and complete the GIP.<sup>84</sup> MISO states that the optional Pre-Queue Feasibility Study, which is a non-binding study performed by MISO upon request from the interconnection customer, is designed to provide a preliminary analysis of system impacts from a proposed project, so that the interconnection customer may have the benefit of such information prior to submitting an interconnection request. MISO's proposed Tariff language states that an interconnection customer requesting a Pre-Queue Feasibility Study shall submit a study deposit of \$60,000 and a desired schedule to complete the studies.<sup>85</sup>

38. MISO next proposes to split the existing DPP into three phases, which will provide a structured study process. The customer may enter DPP Phase I by submitting a valid interconnection request, study deposits, and the M2 milestone payment.<sup>86</sup> In this phase, MISO conducts the preliminary System Impact Study, after which the customer will encounter Interconnection Customer Decision Point I, a period of 20 days.<sup>87</sup> At this point, the customer is free to leave the queue and will be refunded its M2 milestone payment. If the customer decides to continue in the queue process, it must then pay the

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<sup>82</sup> The M3 milestone refers to the requirements that an interconnection customer must meet in order to obtain a Facilities Study.

<sup>83</sup> Filing, Transmittal Letter at 3.

<sup>84</sup> *Id.* at 16.

<sup>85</sup> See MISO FERC Electric Tariff, Attachment X § 5.3 (Pre-Queue Feasibility Study), Appendix 5 (Pre-Queue Feasibility Study Agreement) § 6.0 (31.0.0).

<sup>86</sup> Filing, Transmittal Letter at 17.

<sup>87</sup> *Id.* at 18.

M3 milestone payment to enter DPP Phase II. The customer may choose to reduce the size of its interconnection request before it proceeds to DPP Phase II. Upon entry to DPP Phase II, all projects undergo another System Impact Study that takes into account any changed facts and assumptions that arose during DPP Phase I, after which customers are confronted with Interconnection Customer Decision Point II, another 20-day window. If the customer chooses to withdraw from the queue at this point, it is refunded the M3 milestone payment. The M2 milestone payment, however, is forfeited and used to reimburse other customers for increased upgrade costs that result from the customer's withdrawal. If the customer instead chooses to proceed in the queue, it must make the M4 milestone payment and enter DPP Phase III, at which point it is again subjected to a final System Impact Study that takes into account any changed facts and assumptions that arose during DPP Phase II. In this phase there is no further Decision Point, and all payments have become "cash-at-risk." During DPP Phase III, the customer will also undergo an Interconnection Facilities Study. Upon completion of the System Impact Study, the Interconnection Facilities Study, and the GIP in general, the customer is now free to seek a GIA. Furthermore, once a GIA is executed and the Initial Payment is satisfied, the customer will be refunded its M2, M3, and M4 milestone payments.

**b. Comments and Protests**

39. Xcel, the Organization of MISO States, Alliant, and the MISO Transmission Owners support MISO's proposed "off-ramp" decision points.<sup>88</sup> The MISO Transmission Owners and the Organization of MISO States believe the proposal will bring needed structure to the restudy process and ensure the interconnection customers choosing to remain in the queue will have greater certainty because the new M3 and M4 milestone payments will incentivize projects that are not ready to exit at the designated decision off-ramps.<sup>89</sup> Alliant believes the existing M2 milestone payment has not created a high enough readiness threshold, as evidenced by the number of restudies that continue to persist in the process, and states that the new M3 and M4 milestone payments will help create higher readiness standards and increase certainty for interconnection customers. Alliant states that MISO's proposed reforms to include the new M3 and M4 milestone payments are not unreasonable requirements for interconnection customers ready and motivated to build, and the reforms also provide an incentive for non-ready projects to

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<sup>88</sup> Xcel Comments at 7-8; Organization of MISO States Comments at 3; Alliant Comments at 5-6; MISO Transmission Owner Comments at 6.

<sup>89</sup> MISO Transmission Owner Comments at 6; Organization of MISO States Comments at 3.

exit the process and allow other, ready projects to progress through the queue.<sup>90</sup> Apex agrees with MISO that the proposed off-ramps will significantly reduce the need for unscheduled restudies; however, Apex also believes that such off-ramps would be effective without the addition of the M3 and M4 milestone payments.<sup>91</sup>

40. However, several protesters make the point that, while the addition of the off-ramps and the new System Impact Study in DPP Phase II will help manage the queue and may lead to fewer delays, MISO has not proposed to provide more information at an earlier point in the queue from its existing process. According to Invenergy, MISO is asking for increased money at risk, with no realistic expectation of changes in MISO's approach to conducting studies that will result in more efficient service.<sup>92</sup> Renewable Generation Developers state that under MISO's current proposal, neither of the System Impact Studies at Decision Points I and II provide a full and complete understanding of network upgrade costs such that customers can make informed decisions about whether to continue in the queue and put more cash at risk.<sup>93</sup> Renewable Generation Developers state that the DPP Phase III System Impact Study only shows system impact and planning level network upgrades, and customers will not have a full and complete picture of network upgrade costs until after the Facilities Study is performed with the involvement of the transmission owner.<sup>94</sup>

41. Renewable Generation Developers request that MISO allow developers to reduce their project size at Decision Point II, in addition to Decision Point I.<sup>95</sup> They argue that there is no reason not to allow developers to right-size their projects as information becomes available through study results. They argue that by allowing customers to reduce their project size, MISO will save processing time and study results will be increasingly accurate. They state that it is unjust and unreasonable to require customers to make the M4 milestone payment, which is based on the size of the project, for a project size that does not accurately reflect what the developer intends to build. Finally, they argue that it is unjust and unreasonable to require a customer to pay for network upgrade costs that do not accurately reflect the size of the final project.

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<sup>90</sup> Alliant Comments at 6.

<sup>91</sup> Apex Protest at 13.

<sup>92</sup> Invenergy Protest at 15-16.

<sup>93</sup> Renewable Generation Developers Protest at 36.

<sup>94</sup> *Id.* at 36-37.

<sup>95</sup> *Id.* at 47.

42. Renewable Generation Developers, Invenergy, and AWEA/WOW support MISO's proposal to provide its optional Pre-Queue Feasibility Study model to interconnection customers, but they state that MISO proposes to charge \$5,000 per request, and that this amount is not reasonable. Protesters assert that the fee for obtaining the study models should be more in line with other RTOs/ISOs that provide models for free or for just a few hundred dollars.<sup>96</sup>

**c. MISO Answer**

43. MISO defends the need for the proposal, stating that the GIP currently does not provide a structured restudy process within the DPP and that MISO and its interconnection customers have become caught up in iterative restudy cycles triggered by withdrawing projects.<sup>97</sup> MISO reiterates that potential generation shortages are looming and that MISO's existing queue procedures must be streamlined as soon as possible.<sup>98</sup>

44. Regarding requests that MISO allow customers to downsize their projects at other points besides Decision Point I, MISO states that it currently does not allow interconnection customers to alter the size of their projects in the queue process at all.<sup>99</sup> MISO argues that it has already introduced flexibility into the system and that introducing more flexibility may place an undue burden on the other customers in the queue. Without certainty of the size of the other projects, MISO argues that study results may become even less certain, and other customers would bear the burden of picking up the slack when a customer decreased the size of its facility. MISO finally argues that the Commission should not allow interconnection customers to use the queue as a way to do their due diligence.

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<sup>96</sup> *Id.* at 49; Invenergy Protest at 17; AWEA/WOW Protest at 11; AWEA/WOW Answer to MISO's Answer at 4. For instance, Renewable Generation Developers note that Southwest Power Pool (SPP) charges \$200 for the first model request and \$100 thereafter. Invenergy states that PJM provides study models to interconnection customers free of charge, so long as they have filed an interconnection request. We note that MISO's proposed Tariff language lists the fee as \$60,000 and not \$5,000. *See* MISO FERC Electric Tariff, Attachment X § 5.3 (Pre-Queue Feasibility Study), Appendix 5 (Pre-Queue Feasibility Study Agreement) § 6.0 (31.0.0).

<sup>97</sup> MISO Answer at 2.

<sup>98</sup> *Id.* at 4, 7.

<sup>99</sup> *Id.* at 39-40.

45. Regarding arguments against the optional Pre-Queue Feasibility Study deposit, MISO states that the \$5,000 non-refundable deposit is reasonable, as it offsets the cost to MISO of creating and maintaining the study models.<sup>100</sup> MISO states that it originally proposed to allow interconnection customers to have access to the models without submitting an interconnection request by submitting “the required \$60,000 study deposit,” and that MISO agreed to lower this amount based on stakeholder comments.<sup>101</sup> MISO states that its study models contain Critical Energy Infrastructure Information, and that MISO has a duty to protect this and other confidential information. MISO asserts that “the [i]nterconnection [r]equest has FERC-approved non-disclosure agreements that will allow MISO to give [i]nterconnection [c]ustomers the study models” and that “[t]he deposit amount, while higher than SPP, is already one of the Commission-approved amounts required to join the MISO queue.”<sup>102</sup> MISO states that section 6.2.1 of MISO’s proposed Tariff language allows MISO to accept the interconnection request without all requisite milestones and states that the interconnection customer will be considered in the Pre-Queue Feasibility Phase of MISO’s GIP.<sup>103</sup> MISO proposes to further clarify in its Business Practice Manual that interconnection customers are required to submit an interconnection request and the non-refundable \$5,000 deposit to join the new Pre-Queue Feasibility Phase and have access to MISO’s study models. MISO argues that simply because the amount is higher than the “nominal” fee charged by other RTOs does not make MISO’s proposal unjust and unreasonable.

**d. Commission Determination**

46. We understand that MISO’s proposal would replace unscheduled, *ad hoc* restudies with a phased study process to allow MISO to evaluate the impact of queue withdrawals on a more structured basis and minimize delays in processing new queue requests while alleviating interconnection queue backlogs. In addition, we agree that MISO’s proposal to allow interconnection customers to downsize projects at Decision Point I could benefit the interconnection customer. We agree with MISO that this flexibility must be weighed against the necessary study certainty for other interconnection customers; as such, we understand why MISO’s proposal does not allow customers to change project size at a later stage in the queue, as this could lead to negative consequences for other customers who may have significant finances tied up in the milestone payments at that point. In

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<sup>100</sup> *Id.* at 34.

<sup>101</sup> *Id.*

<sup>102</sup> *Id.* at 34 (referencing the non-refundable study deposit of \$5,000 that is required when the interconnection customer submits an interconnection request).

<sup>103</sup> *Id.* at 34-35.

addition, we believe that the creation of the two proposed “off-ramps” would provide interconnection customers with updated system impact information to assess the viability of their projects. Ideally, the next System Impact Study after a Decision Point would be more accurate without non-ready projects, eliminating the need for unscheduled restudies. These appear to be positive changes to the DPP structure.

47. However, as discussed in this order, we find that MISO has not adequately demonstrated that its proposed reforms result in a just and reasonable and not unduly discriminatory approach to remedying the identified problem – a backlogged queue that may affect resource adequacy. We appreciate that the generator interconnection process is complicated and requires a balancing of objectives and interests; however, we are concerned that MISO’s proposal fails to achieve balance. For example, MISO has not shown that it considered other factors that lead to queue backlogs (besides interconnection customers dropping out of the queue). While we agree with MISO that updating the system impact studies should provide clearer information, involvement from the transmission owners to improve network upgrade cost estimates in DPP Phase I or II could give customers more useful information that provides adequate grounds for determining whether their projects should remain in the queue. This could help to limit the number of projects that withdraw in the late stages, and bring balance to the proposal.

48. In addition, we find that MISO has not provided any support for the proposed fee for the non-binding, informational Pre-Queue Feasibility Study. First, although MISO says that it originally proposed a fee of \$60,000 but agreed to lower this amount to \$5,000, MISO’s Tariff language states that a \$60,000 “study deposit” is required for an interconnection customer to obtain the non-binding Pre-Queue Feasibility Study, and that any unused portion of the study deposit will be refunded following completion of the study.<sup>104</sup> It is not clear from the Filing or from MISO’s answer whether this \$60,000 deposit is a one-time fee to obtain the Pre-Queue Feasibility Study or if it is the same deposit that an interconnection customer would be required to pay after submitting an interconnection request based on new gross nameplate capacity or increase in capacity of an existing generating facility.<sup>105</sup> It is also unclear whether an interconnection customer would be required to submit an interconnection request along with the \$60,000 deposit amount to receive the non-binding Pre-Queue Feasibility Study. In addition, even were MISO to charge \$5,000 for the Pre-Queue Feasibility Study, separate from the study deposits that are required in the DPP, we note that SPP and PJM provide similar information for a fraction of the cost or for free. While MISO is not required to show that its proposed queue reform measures are better than the queue procedures applied by

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<sup>104</sup> See MISO FERC Electric Tariff, Attachment X § 5.3 (Pre-Queue Feasibility Study), Appendix 5 (Pre-Queue Feasibility Study Agreement) § 6.0 (31.0.0).

<sup>105</sup> See *id.* § 6.2.2 (Definitive Planning Phase Study Deposits) (41.0.0).

other RTOs/ISOs, we suggest that MISO provide sufficient justification for the level of any proposed Pre-Queue Feasibility Study fee. Finally, as further discussed below, we find that MISO's proposed M2, M3, and M4 milestone payments have not been supported as just and reasonable. While we reject MISO's proposal, our rejection is without prejudice; MISO may propose further queue reforms that reflect the guidance discussed in this order.

### 3. Milestone Payments

#### a. Filing

49. In the current Tariff, MISO requires a “cash-at-risk” M2 milestone payment to enter the DPP.<sup>106</sup> This payment is calculated through a formula that takes into account the MISO Drive-Through and Drive-Out yearly rate as well as a constant amount per constraint voltage level multiplied by the number of constraints shown in the initial System Impact Study. This payment is capped at \$10,000/MW and a floor has been set at \$2,000/MW. MISO states that this payment was intended to prevent speculative projects from entering the queue, and while it has been partially successful, there are still many unready projects that make the payment, enter the queue, and subsequently withdraw.<sup>107</sup> If a project withdraws, the M2 milestone payment is applied to any network upgrade cost increases experienced by lower-queued customers, and then the remaining balance is refunded. MISO proposes to increase the amount of money that customers must risk to participate in the queue by adding two new payments – the M3 and M4 milestone payments. These two new milestone payments will follow Decision Points I and II under the new DPP, and will be required to maintain the customer's place in the queue. MISO proposes to change the structure of the M2 milestone payment from its current formula to be a flat \$5,000/MW payment. MISO further proposes to use the existing M2 milestone payment formula to calculate the M3 and M4 milestone payments. The M3 milestone payment will apply a minimum charge of \$2000/MW and a maximum charge of \$10,000/MW, while the M4 milestone payment will apply a minimum charge of \$2000/MW and a maximum charge of \$5000/MW. MISO states that these payments will be eligible for refund if the customer withdraws at the next Decision Point; that is, the M2 milestone payment would be refunded if the customer withdraws at Decision Point I, and the M3 milestone payment would be refunded if the customer withdraws at Decision Point II. As with the current M2 milestone payment, any forfeited cash-at-risk milestone

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<sup>106</sup> Filing, Transmittal Letter at 3.

<sup>107</sup> *Id.* at 7.

payments will first be applied to upgrade cost increases that impact other customers resulting from a project's withdrawal, and then the balance will be returned to the customer. Finally, all three milestone payments are refundable upon execution of a GIA and the satisfaction of the Initial Payment.

50. MISO states that the additional milestone payments will ensure that customers that enter the DPP are appropriately incentivized to move forward with their projects.<sup>108</sup> MISO states that the milestones are appropriately balanced by the benefits of increased certainty in the queue and adding two off-ramps for interconnection customers.<sup>109</sup> Additionally, MISO states that the increased milestones are intended to help offset the impact the withdrawing project has on other projects. MISO recognizes that there is risk that a project's Network Upgrades may increase should other projects withdraw in the same cycle, and MISO believes having substantial M3 and M4 milestone payments will best protect interconnection customers from these cost shifts. Finally, MISO states that the proposed amounts are a small percentage of the costs required to develop a new generating facility.<sup>110</sup>

**b. Protests**

**i. Milestone Payments**

51. Several protesters believe that, while MISO's proposal to phase the DPP study process and provide off-ramps to receive refunds of milestone payments upon withdrawing from the DPP has merit, MISO has not sufficiently justified the amounts of the new M2, M3, and M4 milestone payments. Renewable Generation Developers believe the Commission should find the proposed M2, M3 and M4 payments unjust and unreasonable because they are not based on factually supportive evidence of need, provide for no increase in service, and are far outside the zone of reasonableness.<sup>111</sup> Invenergy states that MISO has not demonstrated that the imposition of arbitrarily high milestone payments is necessary in order for an RTO/ISO to efficiently manage its queue.<sup>112</sup> According to Invenergy, MISO is asking for increased money at risk, with no realistic expectation of changes in MISO's approach to conducting studies that will result

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<sup>108</sup> *Id.* at 12.

<sup>109</sup> *Id.* at 19.

<sup>110</sup> *Id.*, Aliff Test. at 30-31.

<sup>111</sup> Renewable Generation Developers Protest at 29.

<sup>112</sup> Invenergy Protest at 15.

in more efficient service. Thus, while MISO's proposal to provide Decision Points which offer refunds on milestone payments has merit, Invenergy believes MISO's proposal to impose such significant milestone payments over the study process has not been shown to be necessary or just and reasonable.<sup>113</sup> AWEA/WOW believe that the increased cash-at-risk requirements are unjust and unreasonable, given that it is not linked to any increase in service for interconnection customers.<sup>114</sup> Apex agrees with MISO that the proposed off-ramps will significantly reduce the need for unscheduled restudies; however, Apex also believes that such off-ramps would be effective without the addition of the M3 and M4 milestone payments.<sup>115</sup>

52. Apex, Invenergy, and Renewable Generation Developers all take issue with the M3 and M4 milestone payment amounts, and believe the current M2 milestone payment is a sufficient cash-at-risk amount. Apex believes that MISO does not justify the need for, or the amount of, the M3 and M4 milestone payments.<sup>116</sup> Therefore, Apex requests that the Commission direct MISO to revise its proposal to either eliminate the M3 and M4 milestone payments or to distribute the current M2 milestone payment evenly over the three milestones.<sup>117</sup> Invenergy suggests that instituting the proposed three-phase DPP structure and requiring projects to pay one-third of the existing M2 milestone payment before each phase would provide sufficient incentive for non-serious projects to withdraw without arbitrarily boosting the cash-at-risk required.<sup>118</sup> However, Invenergy states that if the additional milestone payments are accepted, the M4 milestone payment is still unnecessary because at that point in the DPP, it should be abundantly clear that an interconnection customer is serious about moving forward after posting millions of dollars towards the M2 and M3 milestone payments. Invenergy believes that requiring a developer to then make an additional payment of \$5,000 per MW is simply unnecessary and only serves to make the interconnection process more onerous for independent developers.<sup>119</sup> Therefore, Invenergy requests that the Commission direct MISO to allocate the existing M2 milestone payment amount over the M2 and M3 milestone payments, and provide for refund of the M2 milestone payment if the project is

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<sup>113</sup> *Id.* at 15-16.

<sup>114</sup> AWEA/WOW Protest at 5.

<sup>115</sup> Apex Protest at 13.

<sup>116</sup> *Id.* at 6.

<sup>117</sup> *Id.* at 14-15.

<sup>118</sup> Invenergy Protest at 8.

<sup>119</sup> *Id.* at 13.

withdrawn before the DPP Phase II M3 milestone payment is due and refund of the M3 milestone payment if the project is withdrawn prior to the DPP Phase III commencement of the final System Impact Study.<sup>120</sup>

53. Renewable Generation Developers state that MISO has not substantiated the high M3 and M4 payment amounts because: (1) there is no evidentiary basis that supports patterning M3 and M4 milestone payments on the existing M2 milestone payment; (2) the queue circumstances are not the same as when the third queue reform was adopted; (3) the refundable nature does not make the M3 and M4 milestone payment amounts just and reasonable; (4) interconnection customers do not have a full and complete picture of network upgrade costs when they must decide to put the cash-at-risk; (5) at best, a lower M3 milestone payment should be imposed so the total of the M2 and M3 payments equate to a cap of \$10,000/MW; (6) the M4 milestone payment should be eliminated altogether; and (7) MISO's application of the M2 formula is in need of adjustment.<sup>121</sup> Renewable Generation Developers assert that there is no need to impose additional financial milestones beyond the initial M2 milestone payment in order to have an effective off-ramp.<sup>122</sup> Renewable Generation Developers believe that the current amount of \$2,000/MW should remain as the total floor for all three phases up to the GIA in order to prevent the M2, M3, and M4 milestone payments from being unjustly disproportionate for smaller projects.<sup>123</sup> However, if some increase is deemed necessary and the M2, M3 and M4 paradigm is accepted, then Renewable Generation Developers believe the M2 floor should remain at \$2,000/MW, the M3 floor should be \$500/MW, and the M4 floor should be \$500/MW, totaling \$3,000/MW. According to Renewable Generation Developers, this comports with MISO's claims that historically, on average, the M2 milestone payment for projects greater than 50 MW has been \$4,000/MW, and \$2,000/MW to \$3,000/MW follows historical data for projects 50 MW and smaller.<sup>124</sup> Renewable Generation Developers believe that MISO's rationale for a flat fee of \$5000/MW for M2 is flawed and advocate for a \$2000/MW or a \$3000/MW flat fee.<sup>125</sup>

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<sup>120</sup> *Id.* at 16.

<sup>121</sup> Renewable Generation Developers Protest at 39.

<sup>122</sup> *Id.* at 18.

<sup>123</sup> *Id.* at 31-32.

<sup>124</sup> *Id.* at 32.

<sup>125</sup> *Id.* at 32-34.

54. Apex, AWEA/WOW, and Invenergy are concerned that the significant increase in the cash-at-risk required will have a detrimental impact on development of new generation in MISO, create barriers to entry, and bias the interconnection process. They believe that tripling the cash-at-risk required by MISO interconnection customers will negatively impact resource adequacy by discouraging commercially viable projects from entering the queue, will drive interconnection customers to develop in regions where there is less risk of forfeiture of millions of dollars in investment, or will raise unnecessary barriers to entry that will drive independent development from the market.<sup>126</sup> They state that MISO's proposal will bias the interconnection process in favor of utility-owned generators that are able to use ratepayer funds to pay their milestone deposits, and away from independent developers that must use their own capital to pay the milestone deposits. Apex requests that the Commission reject the proposed queue reforms and direct MISO to reinitiate the stakeholder proceeding to evaluate alternative queue reforms that adequately address the concerns of independent developers.<sup>127</sup>

55. Apex states that the current M2 milestone payment already represents the highest "cash-at-risk" required by any RTO to proceed through its respective interconnection study process.<sup>128</sup> Invenergy states that arbitrarily high milestone payments are not required in order to avoid queue processing delays, noting that the milestone requirements of SPP and PJM are much lower and that those entities have far fewer queue delays.<sup>129</sup> According to Invenergy: (1) PJM has processed approximately seven times more requests than MISO and SPP has processed twice as many; (2) SPP and PJM both have more interconnection requests currently under study; (3) PJM had 12 times as many withdrawals as MISO and SPP had four times as many withdrawals; and (4) PJM and SPP have completed more interconnection requests than MISO.<sup>130</sup> Invenergy believes that part of the reason for the success of other RTOs/ISOs in managing their respective queues is that they tend to engage the transmission owners earlier in the process, ensuring that everyone is actively involved from the outset. Invenergy states that these other ISOs/RTOs involve affected systems earlier and more systematically into the interconnection review process, while MISO leaves easy and inexpensive solutions on the table in lieu of expensive and inefficient ones. Invenergy asserts that experience in other RTOs/ISOs shows that early engagement and management of the process can go a

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<sup>126</sup> Apex Protest at 6; AWEA/WOW Protest at 5; Invenergy Protest at 14-15.

<sup>127</sup> Apex Protest at 13.

<sup>128</sup> *Id.* at 6.

<sup>129</sup> Invenergy Protest at 9-10.

<sup>130</sup> *Id.* at 10.

long way toward avoiding queue delays, and imposing onerous milestone requirements on interconnection customers is not necessary to effectively manage an interconnection queue and acts as a barrier to entry.<sup>131</sup>

56. According to Invenergy, MISO states that unrefunded milestone payments will be applied to offset cost increases caused by the withdrawal. Invenergy believes that if there are no such costs to offset, MISO should not be permitted to retain these funds.<sup>132</sup> In other words, Invenergy suggests that if a project's withdrawal will not cause other projects in the queue to incur costs for upgrades that were not previously identified, the interconnection customer withdrawing the project should receive a full refund of its milestone payments, less the cost of any studies already run by MISO. MidAmerican states that the Tariff should clarify when one interconnection customer's forfeited milestone payments are to be applied to the interconnection costs of other interconnection customers.<sup>133</sup> MidAmerican states that section 7.8.i of the GIP describes *why* a refund is made, but it does not address *when* or *how* a refund is made. MidAmerican believes it is reasonable to make this payment at the same time the interconnection customer receives a refund of its own milestone payments.

ii. **Application of Milestone Payments to the Initial Payment**

57. MISO does not address application of milestone payments to an interconnection customer's Initial Payment in the Filing, but this proposal was discussed by multiple protesters. MISO's proposed Tariff language at section 7.7.2 of its GIP states that "[a]ll three DPP milestones (M2, M3 and M4) will be refunded to interconnection customer upon satisfaction of the Initial Payment milestone pursuant to Article 11.5 of the GIA." The interconnection customer is required to provide its Initial Payment to the transmission owner prior to being refunded any milestone payments.

58. Protesters contend that, given the increase in funds that interconnection customers are required to provide under MISO's propose queue reform, the milestone payments – M2, M3 and M4 – should be applied toward network upgrade security deposits (i.e., the Initial Payment).<sup>134</sup> Renewable Generation Developers assert that requiring an

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<sup>131</sup> *Id.* at 10-11.

<sup>132</sup> *Id.* at 19-20.

<sup>133</sup> MidAmerican Protest at 9-10.

<sup>134</sup> Apex Protest at 7; AWEA/WOW Protest at 6; Invenergy Protest at 20; Renewable Generation Developers Protest at 44.

interconnection customer to provide funds for the milestone payments and then the 20 percent required for the Initial Payment has a huge impact on a generation developer's credit and access to funds. In addition, Renewable Generation Developers argue that this impact is multiplied when a developer has other projects proceeding through the MISO queue.<sup>135</sup>

59. While MISO states that a project's milestone payments are fully refundable, Invenenergy asserts that, in its experience, receiving this refund can take up to two months. Invenenergy adds that MISO pays no interest on these funds and the interconnection customer has no certainty as to when it will receive a refund of its milestone payments; this administrative delay creates uncertainty for customers and ties up funds that an interconnection customer could otherwise apply to its Initial Payment.<sup>136</sup>

60. Renewable Generation Developers explain that, during the stakeholder process, generation developers urged MISO to apply the milestone payments to the Initial Payment, but that MISO refused. Renewable Generation Developers state that MISO considers this an administrative burden; MISO treats the milestone payments separately from the funds given to the interconnecting transmission owner for the Initial Payment.<sup>137</sup> AWEA/WOW contend that applying the milestone payments to the Initial Payment is a simple administrative accounting task and Renewable Generation Developers argue that MISO is able to make the administrative adjustment.<sup>138</sup> By way of example, protesters state that SPP currently applies an interconnection customer's milestone funds to the Initial Payment and refunds the remainder to the interconnection customer.<sup>139</sup>

61. Renewable Generation Developers assert that at the point of the Initial Payment an interconnection customer has likely provided over a million dollars to MISO.<sup>140</sup> In addition, Renewable Generation Developers contend that MISO proposes changes to the

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<sup>135</sup> Renewable Generation Developers Protest at 44-45.

<sup>136</sup> Invenenergy Protest at 20.

<sup>137</sup> Renewable Generation Developers Protest at 44.

<sup>138</sup> *Id.*; AWEA/WOW Protest at 6.

<sup>139</sup> AWEA/WOW Protest at 6; Invenenergy Protest at 20; Renewable Generation Developers Protest at 46 (citing SPP Tariff, Attachment V, section 8.9.c ("Following 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"))).

<sup>140</sup> Renewable Generation Developers Protest at 44.

process following the tendering of a draft GIA, which effectively reduces the timing from when an interconnection customer learns of the necessary network upgrades to making its Initial Payment by 35 days. Thus, Renewable Generation Developers argue that under MISO's proposal, not only would an interconnection customer be required to put up significantly more milestone funds, but it would need to make the Initial Payment in less time. Renewable Generation Developers contend this is not just and reasonable.

62. Invenenergy requests that MISO commit to refunding an interconnection customer's milestone payments prior to the date the initial payment to the transmission owner is due under the GIA (generally within 30 days of execution) or simply apply those funds to the Initial Payment.<sup>141</sup>

**c. Answers**

**i. Milestone Payments**

63. MISO states that the existing M2 milestone payment has not proven to be an effective deterrent to withdrawals by projects that are not ready to proceed and that the adverse impact of an unscheduled restudy on lower-queued projects is directly tied to the amount of time a withdrawing project stays in the DPP.<sup>142</sup> MISO argues that, because the M2 milestone payment is required upon entry to the DPP and is essentially non-refundable for many projects that are already in the DPP, it has the effect of encouraging projects to linger in the queue. Along these lines, MISO notes that it has seen seven projects withdraw from the DPP since October 1, 2015 and that one of these projects was queued in the August 2013 DPP Cycle.<sup>143</sup> Finally, MISO states that assuming, arguendo, that the queue has been improving substantially, the structure of MISO's current GIP leaves the queue on the precipice of another cascading restudy.

64. MISO asserts that the Commission considered and rejected many of the protesters' arguments in the third queue reform proceedings, including: (1) that the then-proposed M2 milestone payment would not demonstrate project readiness, was not shown to be necessary, and would unduly discriminate against independent generators while favoring vertically-integrated utilities; (2) that project developers would be unable to obtain financing; (3) that the M2 milestone payment would place a large economic burden on smaller-scale projects; and (4) that the refund provisions had to be revised.<sup>144</sup> MISO

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<sup>141</sup> Invenenergy Protest at 20.

<sup>142</sup> MISO Answer at 8.

<sup>143</sup> *Id.* at 10.

<sup>144</sup> *Id.* at 12-13 and 22-23.

states that the Commission should follow its third queue reform precedent and decline the protesters' invitation to revisit the milestone issues that were resolved as part of that proceeding.<sup>145</sup>

65. MISO states that protesters' claims that the milestone payments are unreasonable should be rejected because the protestors ignore that the proposed milestones are an integral part of a multi-phase mechanism that balances the money at risk with the opportunity to exit the queue and receive a refund, which substantially mitigates the claimed financial impact of the milestones.<sup>146</sup> MISO also contends that the protestors' arguments ignore the purpose of the proposed milestone payments and how they work within the process, which is to mitigate cost increases in network upgrades caused by withdrawing projects. MISO notes in particular that the M2/M3/M4 milestone payments are not sunk costs; rather, they are refunded to the interconnection customer upon the execution of the GIA and the satisfaction of the Initial Payment. Likewise, states MISO, any portion of the "at risk" funds that are not used to offset costs caused by a withdrawn project will be refunded to those withdrawn interconnection customers.<sup>147</sup>

66. MISO also takes issue with protesters' assertions that the M2/M3/M4 milestone payments are not supported. MISO states that the M2/M3/M4 milestone payments, like other payments or penalties that are at risk, do not require cost support<sup>148</sup> and that a penalty charge must be sufficiently high to deter the unwanted behavior.<sup>149</sup> MISO notes that a penalty must be tailored to its purpose, cannot result in windfall, and must be capable of being calculated before its application to an interconnection customer<sup>150</sup> and argues that proposed M2/M3/M4 milestone payments satisfy these criteria. MISO notes that the specific amounts for M3 and M4 milestone payments are based on the

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<sup>145</sup> *Id.* at 14.

<sup>146</sup> *Id.* at 15-16.

<sup>147</sup> *Id.* at 16.

<sup>148</sup> *Id.* (citing *Algonquin Gas Transmission, LLC*, 115 FERC ¶ 61,067, at P 16 (2006) and *Carolina Power & Light Co.*, 95 FERC ¶ 61,429, at 62,597 (2001)).

<sup>149</sup> *Id.* (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 153 FERC ¶ 61,230, at P 28 (2015) (finding that a capacity deficiency penalty needs to be significantly higher than the cost of obtaining capacity resources in order to ensure that load-serving entities have the incentive to achieve resource adequacy)).

<sup>150</sup> *Id.* at 17 (citing *Entergy Servs., Inc.*, 109 FERC ¶ 61,095, at P 44 (2004) and *PJM Interconnection, L.L.C.*, 151 FERC ¶ 61,208, at P 160 (2015)).

Commission-approved formula that is currently in use for M2 milestone payment and that the M3 and M4 payment amounts equal less than one percent of the typical total capital costs to develop and construct a natural gas plant.<sup>151</sup>

67. MISO states that Renewable Generation Developers' protest of the reasonableness of the M2 milestone payment floor amount as it is currently used in the Tariff should be rejected as a collateral attack on the third queue reform proceeding.<sup>152</sup> Also, MISO rejects the Renewable Generation Developers' argument that MISO should lower the M2 milestone payment amount to \$2000/MW, because Renewable Generation Developers claim that the DPP Phase I System Impact Study results will drive the interconnection customer's decision to proceed to DPP Phase II, regardless of whether the M2 milestone payment is set at \$2,000/MW or \$5000/MW.<sup>153</sup> MISO asserts that Renewable Generation Developers misunderstand the purpose of the M2 milestone payment. MISO claims that the M2 milestone payment serves two purposes: (1) as a reasonable hurdle to prevent non-ready projects from entering the queue; and (2) as the first payment that will be "at risk" should the interconnection customer move to DPP Phase II. MISO asserts that lowering the M2 milestone payment will make the results of DPP Phase I less meaningful as additional, lower capitalized and unready projects are able to enter the queue, and will also increase the risk that remaining projects will not be made whole.<sup>154</sup>

68. MISO states that queue statistics about the number of projects and withdrawals that PJM face are, as Renewable Generation Developers put it, "an apples to everything-in-the-refrigerator" comparison because PJM does not have a two-track queue process like MISO's existing System Planning and Analysis Phase and the DPP.<sup>155</sup> MISO states that it is not required to show that its proposal is the best tool in the box, but merely that it is a reasonable tool.

69. With regard to MidAmerican's request that MISO clarify in the Tariff when one interconnection customer's "at risk" milestone payments are to be applied to affected interconnection requests, MISO agrees.<sup>156</sup> MISO states that if so directed by the Commission, MISO would clarify section 7.8 as suggested by MidAmerican, such that

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<sup>151</sup> *Id.* at 14-18.

<sup>152</sup> *Id.* at 19.

<sup>153</sup> *Id.* at 20.

<sup>154</sup> *Id.* at 20-21.

<sup>155</sup> *Id.* at 11.

<sup>156</sup> *Id.* at 26.

the payment should be made upon satisfaction of the Initial Payment milestone, pursuant to section 11.5 of the GIA, the same time the interconnection customer receives a refund of its own milestone payment.

70. In response to MISO's answer, Invenergy argues that the addition of decision points and predetermined restudies should go a long way in addressing the restudy problems in MISO without the need for milestone payments that are four times as high as the current payment.<sup>157</sup> AWEA/WOW argue that the high milestone payments would drive up an interconnection customer's development budget, which is much smaller than a financing budget, by 500 percent or more in some cases, preventing some developers from being able to do business in MISO.<sup>158</sup> Invenergy and AWEA/WOW protest MISO's attempts to analogize the milestone payments to penalties that do not require cost support, because milestone payments are paid by customers seeking service from MISO, not by customers they are renegeing on commitments that affect reliability.<sup>159</sup>

71. Invenergy and AWEA/WOW note that serious projects will face the loss of significant milestone payments if forced to withdraw because of MISO's processing delays, and asks the Commission to require MISO to refund all milestone payments if an interconnection customer withdraws in the face of excessive study delays.<sup>160</sup> Specifically, Invenergy states that: (1) if the DPP Phase II revised System Impact Study is not completed within 90 days, both the M2 and M3 milestone payments should be refunded to a withdrawing customer; and (2) if the DPP Phase III final System Impact Study and Facilities Study are not completed within 200 days, all milestone payments would be refundable.

72. Apex states that the imposition of the M3 and M4 milestone payments would block all but the most well-financed developers from participating in the MISO market.<sup>161</sup> Apex and Renewable Generation Developers argue that, just because the Commission accepted the formula for the M2 milestone payment, it does not automatically guarantee that the M3 and M4 milestone payments are just and reasonable

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<sup>157</sup> Invenergy Answer to MISO's Answer at 5-6.

<sup>158</sup> AWEA/WOW Answer to MISO's Answer at 7-8.

<sup>159</sup> *Id.* at 3; Invenergy Answer to MISO's Answer at 6-7.

<sup>160</sup> Invenergy Answer to MISO's Answer at 11; AWEA/WOW Answer to MISO's Answer at 5.

<sup>161</sup> Apex Answer to MISO's Answer at 6; Renewable Generation Developers Answer to MISO's Answer at 7-8.

even if they use the same formula.<sup>162</sup> Apex further requests more transparency on how the “at risk” payments will be applied if they are forfeited, such as information on the causes for the increased costs to the remaining projects, the accounting of those costs, and the *pro-rata* allocation of the remaining funds to the withdrawn projects.<sup>163</sup>

73. Renewable Generation Developers argue that MISO’s “off-ramps” do not outweigh the burden that would result from the extraordinarily high level of MISO’s proposed milestone payments.<sup>164</sup> They argue that there has, to their knowledge, only been one instance of a milestone payment under the current GIP being used to offset increases in network upgrade costs. They state that because MISO has hardly used the provision to date, it is questionable if there would be any benefit from the proposed M2, M3, and M4 milestone payments.<sup>165</sup> Renewable Generation Developers state that MISO identifies no increase in service that will accompany the higher milestone payments, and in fact, they note that MISO is proposing to move from a two-phased study format to a three-phased study format without providing any indication that it has the resources or ability to perform these studies in a timely manner.<sup>166</sup>

ii. **Application of Milestone Payments to the Initial Payment**

74. MISO states that the Commission previously rejected the idea of applying the milestone payments to the Initial Payment.<sup>167</sup> MISO and the MISO Transmission Owners believe that there is no need for MISO to interfere with the relationship between the interconnection customer and the transmission owner.<sup>168</sup> Furthermore, the MISO

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<sup>162</sup> Apex Answer to MISO’s Answer at 6-7.

<sup>163</sup> *Id.* at 7.

<sup>164</sup> Renewable Generation Developers Answer to MISO’s Answer at 7.

<sup>165</sup> *Id.* at 7.

<sup>166</sup> *Id.* at 8-9.

<sup>167</sup> MISO Answer at 25 (citing MISO Third Queue Reform Rehearing Order, 139 FERC ¶ 61,253 at P 80).

<sup>168</sup> *Id.*; Limited Answer of the MISO Transmission Owners at 10-11.

Transmission Owners state that the milestone payments and the Initial Payment are for different purposes and are due to different parties; therefore, the milestone payments should not be translated into the Initial Payment.<sup>169</sup>

75. Invenergy and Apex ask the Commission to direct MISO to allow customers to apply their milestone payments to the Initial Payment.<sup>170</sup> Invenergy argues that there is no impediment to implementing a process to transfer monies held for milestone payments to be used for security, and that failing to do so would force the interconnection customer to post duplicative amounts for extensive periods of time.<sup>171</sup> Apex believes that allowing customers to apply their milestone payments to their Initial Payments would create an opportunity for independent developers to either (1) reduce the amount of financing they need to procure from investors to construct their projects, or (2) finance their milestone costs.<sup>172</sup>

**d. Commission Determination**

**i. Milestone Payments**

76. We find that MISO has not sufficiently supported the level of the proposed M2, M3, and M4 milestone payments. MISO has not shown that the proposed milestone payments will not create barriers to entry for smaller developers, and in doing so, could inadvertently negatively impact resource adequacy. MISO has not shown that the level of the proposed milestone payments is a just and reasonable and not unduly discriminatory method of accomplishing MISO's intended purpose of preventing projects that are not ready to be interconnected from entering or lingering in the queue.

77. We find that the proposed milestone payments may create barriers to entry for smaller developers, bias the queue in favor of utility-owned generation, and may negatively impact resource adequacy. Protesters have suggested alternative milestone payments that also include off-ramps for interconnection customers to exit the queue before the GIA phase. Protesters appear open to the concept of off-ramps, but are concerned that the significant increase in milestone payments will have unintended negative impacts on resource adequacy. Thus, we find that there could be a middle

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<sup>169</sup> Limited Answer of the MISO Transmission Owners at 11.

<sup>170</sup> Invenergy Answer to MISO's Answer at 9-10; Apex Answer to MISO's Answer at 10.

<sup>171</sup> Invenergy Answer to MISO's Answer at 10.

<sup>172</sup> Apex Answer to MISO's Answer at 10.

ground, consisting of off-ramps to exit the queue before the GIA phase and increased milestone payments, that will result in the desired outcome of preventing non-ready projects from lingering in the queue and causing significant delays in the queue process without creating barriers to entry. While MISO is not required to justify why its proposal is better than the protesters' suggested alternatives to achieve the desired outcome, MISO is required to demonstrate under FPA section 205 how its proposal is just and reasonable, and not unduly discriminatory. It is reasonable that part of that demonstration would include how the proposed reforms address the underlying problem (and not just a symptom), and why the proposal is just and reasonable. MISO should further show that any proposal will not result in the unintended consequences discussed by the protesters, such as creating barriers to entry or introducing bias into the queue.

78. In light of claims that MISO's proposal creates barriers to entry that do not exist in neighboring RTOs/ISOs,<sup>173</sup> we find that MISO has not shown why the increased cash-at-risk milestone payments are a just and reasonable solution for MISO to address its interconnection queue delays. We suggest that MISO consider elements of the generator interconnection procedures used in other RTOs to improve MISO's interconnection queue delays.<sup>174</sup>

ii. **Application of Milestone Payments to the Initial Payment**

79. We find that allowing an interconnection customer to use its milestone payments towards its Initial Payment would lessen the impact of an increase in milestone payments on customers. While there are administrative difficulties inherent in this concept, other RTOs have shown that it is feasible for the RTO to transfer the milestone payments from the RTO to the transmission owner.<sup>175</sup> We suggest that MISO consider applying an interconnection customer's milestone payments to its Initial Payment following the execution of a GIA or the filing of an unexecuted GIA at the Commission. It is unclear

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<sup>173</sup> See Invenergy Protest at 10.

<sup>174</sup> See *supra* n.80.

<sup>175</sup> See Invenergy Protest at 20; AWEA/WOW Protest at 6; Renewable Generation Developers Protest at 46 (citing SPP Tariff, Attachment V, section 8.9.c ("Following 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")).

from this record why either of these actions could not be implemented. We find that this step may help to alleviate concerns about undue burdens being imposed on smaller generators.<sup>176</sup>

#### 4. Transition Plan

##### a. Filing

80. MISO states that it considered three different transition alternatives and chose the one that gives priority to existing projects over future interconnection requests.<sup>177</sup> Interconnection customers will not be subject to the new GIP if: (1) they have executed a non-provisional GIA or have requested that MISO file a non-provisional GIA unexecuted by the requested effective date of the new Tariff provisions (that date is March 30, 2016); (2) they have GIA negotiations ongoing or have a completed network upgrade Facilities Study for a project by March 30, 2016; or (3) they have network upgrade Facilities Studies ongoing by March 30, 2016.

81. MISO states that it will complete the studies for interconnection requests where System Impact Studies are underway at the time of the effective date of the revised Tariff provisions.<sup>178</sup> MISO will place all such projects in DPP Cycle 1 at Decision Point II in DPP Phase II, where there are two possible paths. First, the interconnection customer may choose to proceed straight to DPP Phase III by making the M4 milestone payment (but not the M3 milestone payment). MISO states that this path will allow projects that have already started System Impact Studies to reach the GIA stage sooner.<sup>179</sup> MISO also states that the M4 milestone payment at this stage will ensure that the non-ready projects in the current queue do not proceed further and lead to study delays. Second, the interconnection customer may choose to be combined with DPP Cycle 2 projects (those beginning in the Fall of 2016), which would be considered lower-queued to DPP Cycle 1 projects. The customer would make the M3 and M4 milestone payments as it moves through Decision Points I and II. MISO states that this path will allow the interconnection customer to slow its interconnection process and review impacts from

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<sup>176</sup> Although the Commission previously stated that MISO's failure to apply the M2 milestone payment to the Initial Payment did not make its proposal unjust and unreasonable, MISO's current proposal involves significantly more cash-at-risk requirements from interconnection customers.

<sup>177</sup> Filing, Transmittal Letter at 12-13.

<sup>178</sup> *Id.* at 13, Aliff Test. at 39.

<sup>179</sup> *Id.*, Aliff Test. at 40-41.

higher-queued projects.<sup>180</sup> MISO asserts that in neither case would customers be required to make the M2 milestone payment, because they would have already paid it, and MISO would not require the previous payment to be trued up to the new M2 milestone payment amount.

82. MISO explains that any customer not falling into the above categories would be required to make the M2 milestone payment and transition to the revised GIP within 180 calendar days if (1) it has a new request in 2016 or (2) it does not have a System Impact Study commenced as of March 30, 2016 with respect to a pending project.

83. MISO explains that projects currently in the System Planning and Analysis Phase will be moved to the Pre-Queue Feasibility Phase, where they will no longer be required to update their study results every 18 months, and remain there as long as they choose.<sup>181</sup> Once they move to the DPP, they will be subject to the new procedures. MISO states that it will offer provisional GIAs to requesting interconnection customers that have made the M2 milestone payment and entered the queue prior to March 30, 2016.

84. MISO asserts that this transition plan avoids the problem with the transition plan in the previous queue reform, where all projects that had not reached the GIA phase were lumped into the same large study group for August 2012, causing many project to withdraw, which in turn led to many restudies.<sup>182</sup> MISO contends that the transition plan minimizes the impact of the queue reform changes on any specific project by providing multiple paths.<sup>183</sup>

#### **b. Protests**

85. Several protesters take issue with MISO's decision to apply the new Tariff procedures to interconnection requests where System Impact Studies are not underway at the time of the effective date of the revised Tariff provisions. They state that this approach will merge projects from the 2014, 2015, and February 2016 DPP cycles into one large study group for the Fall 2016 DPP, where they would be required to start the GIP process anew in Phase I.<sup>184</sup> They argue that this transition plan does not respect

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<sup>180</sup> *Id.* at 41.

<sup>181</sup> *Id.*

<sup>182</sup> *Id.*

<sup>183</sup> *Id.* at 42.

<sup>184</sup> Renewable Generation Developers Protest at 54-55; MISO Transmission Owners Protest at 8-9; MidAmerican Protest at 4-5; Xcel Protest at 8-9.

current queue position and that it disadvantages projects that were submitted in accordance with MISO's established deadlines.<sup>185</sup> They argue that this creation of a single large group of projects could result in the same type of glut that was created when MISO transitioned to its revised August 2012 queue reform procedures, as the volume of interconnection requests to be processed in the Fall 2016 DPP will be unprecedented and will take a significant amount of time to complete.<sup>186</sup> Renewable Generation Developers assert that the creation of one large study group will prevent generation developers from meeting certain construction and operation milestones that will fully qualify them for the Production Tax Credit.<sup>187</sup> The MISO Transmission Owners state that the large Fall 2016 study group will further be compounded by the fact that MISO initially set a deadline of January 4, 2016 for entry into the February 2016 queue, but that MISO is now proposing to re-open the February 2016 queue and establish a new deadline of September 2, 2016.<sup>188</sup> Invenenergy notes that, under MISO's existing study calendar, MISO is scheduled to commence System Impact Studies for projects currently pending in the February 2016 DPP cycle by February 2, 2016, and so MISO would complete the studies and provide the projects the option of proceeding straight to DPP Phase III of the new GIP under its proposed transition plan.<sup>189</sup> However, Invenenergy asserts that MISO advised stakeholders that it will not begin studying projects in the February 2016 DPP cycle until October 2016, which means that they will be held over for study in Phase I of the new GIP in Fall 2016. Protesters assert that MISO has not provided any assurances that generation projects included in the previous queues will retain their queue positions after they are lumped in with all projects for which MISO has failed to initiate a study, and argue that MISO should prioritize interconnection customers who have entered the DPP under the existing Tariff over projects that have not yet entered the queue.<sup>190</sup> AWEA/WOW argue

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<sup>185</sup> MISO Transmission Owners Protest at 8-9; Invenenergy Protest at 21-22.

<sup>186</sup> MISO Transmission Owners Protest at 10; Renewable Generation Developers Protest at 54-55. MISO Transmission Owners note that the largest study group to date was the August 2012 DPP, which had 27 projects totaling 2891.75 MW of capacity, and that took several years to complete. In comparison, they state that the August 2016 DPP could potentially include over 40 projects with over 6000 MW of capacity.

<sup>187</sup> Renewable Generation Developers Protest at 55.

<sup>188</sup> MISO Transmission Owners Protest at 9.

<sup>189</sup> Invenenergy Protest at 21-22.

<sup>190</sup> *Id.* at 22; MidAmerican Protest at 7-8; MISO Transmission Owners Protest at 9-10.

that MISO's proposal to combine the February 2016 and Fall 2016 study groups is not appropriate for all regions in MISO because some regions, such as MISO East, are not as behind as others in processing their August 2012 queues and do not have a large backlog that needs to be addressed.<sup>191</sup>

86. Protesters state that the February 2016 and earlier DPP group studies should be completed individually under the current process and not combined with subsequent group studies whose projects are yet to be identified.<sup>192</sup> The MISO Transmission Owners request that the Commission order MISO to study generation projects that have submitted interconnection requests before the deadline for the February 2016 DPP under the existing process.<sup>193</sup> Invenenergy asks the Commission to require MISO to promptly commence the study process for the February 2016 DPP cycle and, if MISO does not do so, require MISO to delay the Fall 2016 DPP cycle.<sup>194</sup> Xcel notes that MISO has not begun System Impact Studies for projects submitted in the August 2015 cycle, and asks the Commission to require that MISO commence these studies before the effective date of the new process so that those projects are eligible to transition into DPP Phase III of the new procedures.<sup>195</sup> Xcel states that this is a fair request because the projects in the August 2015 cycle submitted applications, study deposits and milestone payments prior to July 6, 2015, before any substantive details on the new queue reform were available. If MISO is unable to commence these studies, Xcel requests that the Commission extend the effective date of the new GIP until such studies are initiated.<sup>196</sup> AWEA/WOW argue that the new procedures should not apply to projects in the August 2015 DPP, even if no System Impact Studies have commenced for those projects by March 30, because those interconnection customers had no notice of this transition proposal and were planned

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<sup>191</sup> AWEA/WOW Protest at 6.

<sup>192</sup> MidAmerican Protest at 4-5; Renewable Generation Developers Protest at 55; MISO Transmission Owners Protest at 11.

<sup>193</sup> MISO Transmission Owners Protest at 11.

<sup>194</sup> Invenenergy Protest at 23.

<sup>195</sup> Xcel Protest at 9.

<sup>196</sup> *Id.* at 10.

carefully to navigate the then-existing rules.<sup>197</sup> Indeed, AWEA/WOW state that MISO did not mention its transition plan alternatives until November 2015, very late in the stakeholder process. AWEA/WOW state that it would be unjust and unreasonable to force these projects into a combined and delayed study group beginning in Fall 2016.<sup>198</sup>

87. MISO Transmission Owners also argue that MISO has failed to accurately define the point in time at which a System Impact Study will be considered to have been initiated by MISO, and therefore given a choice to enter into Phase III of the new GIP or be combined with Cycle 2 projects beginning in Fall 2016.<sup>199</sup> They state that MISO merely indicated at stakeholder meetings that model review does not qualify as starting the System Impact Study. The MISO Transmission Owners disagree, and contend that model review does constitute initiating the study. The MISO Transmission Owners contend that it is not just and reasonable to deny queue priority to projects because of potentially unclear terms or MISO's failure to timely commence studies.<sup>200</sup>

88. MidAmerican argues that elements of the transition plan are unclear or internally inconsistent.<sup>201</sup> For instance, MidAmerican notes that MISO's transmittal letter states that the new GIP requirements would not apply to interconnection customers that have asked MISO to file an unexecuted non-provisional GIA by March 30, but that section 4.1.1 of the proposed Tariff language appears to address only customers having an executed GIA. Second, MidAmerican states that the transmittal letter and testimony provide that MISO will complete System Impact Studies and place all such projects in the Decision Point II of Cycle 1, but the corresponding Tariff section 4.1.3 contains an important exemption not explained in the Filing: such treatment would not apply to projects in the February 2016 DPP group. Third, MidAmerican states that the transmittal explains an option whereby an interconnection customer could be combined with Cycle 2 projects beginning in Fall of 2016, which would be considered lower-queued to DPP Cycle 1 projects, but that the Tariff language does not mention either "Fall of 2016" or

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<sup>197</sup> AWEA/WOW Protest at 7.

<sup>198</sup> *Id.* at 8.

<sup>199</sup> MISO Transmission Owners Protest at 10.

<sup>200</sup> Entergy Operating Companies support the protest of the MISO Transmission Owners with respect to the transition plan. Entergy Operating Companies Comments at 4-5. They note that MISO did not conduct an adequate stakeholder process for the plan, as MISO proposed three alternative transition plans, none of which received any stakeholder consensus. *Id.* at 5 n. 5.

<sup>201</sup> MidAmerican Protest at 5.

queue priority. Fourth, MidAmerican states that the Tariff language does not make clear at what point in time a System Impact Study will have begun or when a project will have entered the DPP. Fifth, MidAmerican asserts that MISO's testimony and transmittal references two study cycles, one in February and one in August, but Attachment C to the Filing refers to a DPP October 2016 Cycle not defined elsewhere. Finally, MidAmerican asserts that the Tariff language is not clear which DPP groups will be combined for study.

89. In order to remedy its identified flaws, MidAmerican proposes its own transition plan.<sup>202</sup> MidAmerican contends that projects in the February 2015 DPP group study should be studied under the existing procedures and not combined with other groups. MidAmerican states that this is just and reasonable because the projects were submitted over a year ago and the group study has already commenced. MidAmerican also states that projects in the August 2015 DPP group study should be studied under the new procedures without combining with other groups. MidAmerican states that these projects were submitted almost one year ago and should not be forced to give up their queue positions; however, they did have reasonable warning that GIP revisions were under consideration and have not yet made a non-refundable milestone payment, therefore the revised GIP should apply. MidAmerican contends that projects in the February 2016 DPP group study should be studied under the new procedures without combining with other groups. MidAmerican asserts that it would similarly be unfair for these projects to give up their queue positions, and it would be unfair to combine the previously-queued projects from the August 2015 group study with the large February 2016 group. Finally, MidAmerican states that projects in the August 2016 DPP group study could be combined for study with the February 2017 group if necessary under the new procedures. MidAmerican notes that these projects were not previously queued, and combining these groups might allow MISO to reduce its study backlog without jeopardizing a project's existing queue position.

**c. Answers**

90. MISO states that its proposed transition plan is an improvement over the transition plan that was accepted for its third queue reform, because it provides interconnection customers with additional options to customize the transition process.<sup>203</sup> MISO argues that, contrary to stakeholders' assertions, its proposed plan respects a project's queue position by grouping projects into certain "buckets" based on how far they have advanced through the queue; thus, certain projects will not be impacted by the proposed changes, while others will be given options on where to enter the new GIP process.<sup>204</sup> MISO

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<sup>202</sup> *Id.* at 7-8.

<sup>203</sup> MISO Answer at 28.

<sup>204</sup> *Id.* at 29.

asserts that its proposal strikes a reasonable balance between the impacts caused by the proposed changes and the benefits derived from fewer withdrawing projects and a more efficient queue process. MISO argues that, if projects in the queue are not required to transition to the proposed GIP, the problems MISO is attempting to address will continue to affect the queue. In addition, MISO states that simultaneously administering two different sets of interconnection procedures would be overly complicated and would place an unreasonable burden on MISO's resources. MISO also notes that transitioning to the proposed GIP could result in a GIA in less time than if the current process was to continue, because unready projects would have the opportunity to leave the queue, paving a clearer path to the GIA for ready projects.<sup>205</sup> Similarly, MISO states that ready projects that have begun their System Impact Studies also have the option to enter DPP Phase III, rather than DPP Phase I, and advance toward the completion of the System Impact Study.

91. In response to requests that MISO clarify the start of the System Impact Study for purposes of the transition plan, MISO states that a study start date is the date upon which the study actually begins (and not the date when model review or point of interconnection review occur).<sup>206</sup> In response to protestors' claims that the proposed transition plan is unclear and inconsistent with MISO's current interconnection queue timelines, MISO clarifies that January 4, 2016 is the deadline under the existing GIP for projects to join the February 2016 DPP cycle.<sup>207</sup> MISO proposes to transition those projects, should their studies not be started by March 30, 2016, to the new queue process. MISO concedes that the effect of this could combine the February 2016 DPP cycle with projects that would queue up for MISO's proposed fall cycle beginning in October 2016. MISO also notes that it is not proposing to re-open the February 2016 DPP cycle, but the current deadline to join the fall cycle is September 2, 2016. MISO further states that its transition plan recognizes that MISO's studies are based regionally and that certain regions are more delayed than others; for example, all August 2015 DPP studies will have been started except for the West region. Thus, MISO states, the August 2015 West region DPP projects would be treated differently than other projects in that DPP cycle under the transition plan. MISO asserts that this treatment is not inconsistent because each of the regions has been separated to allow for faster processing of projects where applicable.

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<sup>205</sup> *Id.* at 30.

<sup>206</sup> *Id.*

<sup>207</sup> *Id.* at 31.

92. MISO argues that, contrary to the claim of AWEA/WOW, MISO stakeholders had adequate notice of the proposed transition plan.<sup>208</sup> MISO avers that it notified stakeholders as early as August 2015 that it planned to file the proposed reforms with the Commission by December 31, 2015, and stakeholders should have been aware that a transition plan was needed from prior queue reforms. While MISO concedes that its transition plan was not available to stakeholders until early December 2015, MISO states that stakeholders were aware of the transition plan associated with its third queue reform and none presented an alternative plan for stakeholder discussion, even after MISO openly called for suggestions at two stakeholder meetings.<sup>209</sup>

93. In response to MISO's answer, Invenergy notes that it believes MISO has no intention of initiating any February 2016 DPP cycle studies by March 30, 2016, such that all such projects will be transitioned into the new GIP.<sup>210</sup> EDP Renewables argues that MISO has failed to initiate studies for August 2015 West DPP project, and that these projects will be moved to the large Fall 2016 study group.<sup>211</sup> EDP Renewables states that these projects will lose their queue priority even though they posted their M2 milestone payments and entered the DPP in good faith without knowledge of the pending queue reform proposal, and the continued delay in the study process will hinder these projects from securing firm offtake arrangements and obtaining equity investors.<sup>212</sup> EDP Renewables states that other August 2015 DPP projects will be given the opportunity to obtain a GIA without additional delay, but that MISO's delay in initiating studies for the August 2015 West DPP projects amounts to discriminatory treatment of similarly situated customers.<sup>213</sup>

94. Apex asks the Commission to direct MISO to commence the System Impact Studies for the August 2015 DPP before the effective date of the revised GIP.<sup>214</sup> Apex states that projects within the August 2015 cycle entered the queue without any understanding as to the potential increase in milestone costs under, or delays associated with transitioning to, the new GIP. Apex further states that by directing MISO to

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<sup>208</sup> *Id.*

<sup>209</sup> *Id.* at 32.

<sup>210</sup> Invenergy Answer to MISO's Answer at 8.

<sup>211</sup> EDP Renewables Answer to MISO Answer at 7.

<sup>212</sup> *Id.* at 7-8.

<sup>213</sup> *Id.* at 8-9.

<sup>214</sup> Apex Answer to MISO's Answer at 10-11.

commence the System Impact Studies for projects in the August 2015 cycle before the effective date of the revised GIP, projects within the August 2015 cycle can advance directly to DPP Phase III, which will create both efficiency and certainty in the queue process.

**d. Commission Determination**

95. The Commission has previously recognized that reforms affecting interconnection requests in the later stages of the interconnection process create special circumstances that require careful considerations, because such reforms can significantly disrupt the activities of customers who may have relied upon the existing process.<sup>215</sup> However, the Commission also recognized that it may be necessary in some circumstances to apply reforms to late-stage interconnection requests to resolve current backlogs.<sup>216</sup> Here, we agree with protesters that MISO has not shown that its proposed transition plan is a just and reasonable method of resolving current backlogs. Moreover, it is unclear how the proposal can be implemented. Therefore, we reject MISO's proposed transition plan without prejudice.

96. Specifically, we have concerns with MISO's proposal to apply the new Tariff procedures to interconnection requests where System Impact Studies are not underway at the time of the effective date of the revised Tariff provisions. It is unclear under MISO's approach how many projects from the 2014, 2015, and February 2016 DPP cycles will be merged into one large study group for the Fall 2016 study group. Indeed, MISO concedes in its answer that its proposed plan could combine the February 2016 DPP cycle with projects that would queue up for MISO's proposed Fall 2016 cycle. We agree with protesters that this creation of a large group of projects for study is similar to the unwieldy study group that was created when MISO transitioned to its revised August 2012 queue reform procedures, as the volume of interconnection requests to be processed in Fall 2016 may be quite high and may therefore take a significant amount of time to complete. For instance, the February 2016 DPP alone already includes 43 projects totaling 8200 MW of capacity; in comparison, the August 2012 DPP included 47 projects totaling 6400 MW of capacity.<sup>217</sup> We suggest that MISO propose a transition plan that

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<sup>215</sup> MISO 2012 Queue Reform Order, 138 FERC ¶ 61,233 at P 106.

<sup>216</sup> *Id.* (accepting MISO's proposal to apply the revised GIP to outstanding interconnection requests because MISO submitted evidence indicating that there was a backlog in its queue and that a substantial number of terminations in the queue were at or beyond the point of entering the DPP).

<sup>217</sup> See MISO Transmission Owners Protest at 10 and <https://www.misoenergy.org/Planning/GeneratorInterconnection/Pages/InterconnectionQueue.aspx> for a list of February 2016 DPP projects.

avoids study backlogs similar to those that were created by the formation of the large August 2012 study group, and we encourage MISO to provide stakeholders with a meaningful chance to review and react to the development of a transition plan that follows the guidance set forth below.

97. We note that, although we reject the proposed Tariff language, there appear to be some inconsistencies between the transmittal letter and the Tariff language. For instance, MISO's transmittal letter states that the new GIP requirements would not apply to interconnection customers that have asked MISO to file an unexecuted non-provisional GIA by March 30, but section 4.1.1 of the proposed Tariff language appears to address only customers having an executed GIA. Second, the transmittal letter and testimony provide that MISO will complete System Impact Studies and place all such projects in the Decision Point II of Cycle 1, but the corresponding Tariff section 4.1.3 contains an important exemption not explained in the Filing: such treatment would not apply to projects in the February 2016 DPP group. We suggest that MISO ensure that any proposed Tariff language matches up with the description of such Tariff language.

98. Due to the concerns noted above, we reject the transition plan without prejudice. Any revised transition plan filed by MISO should: (1) avoid the creation of an unwieldy Fall 2016 study group that may cause further backlog in the queue or alternatively shows that MISO has the resources to study such a group without delays; (2) provide more precise information about the projects that will be grouped together for study and explains in more detail the timing of these studies; and (3) avoid discrepancies between the proposed Tariff language and the description of such Tariff language in MISO's transmittal filing to the Commission.

## **5. Waiver of Sections 11.3.1 and 11.3.2 of Existing GIAs**

### **a. Filing**

99. Sections 11.3.1 and 11.3.2 of MISO's existing *pro forma* GIA currently provide that a restudy may be required for an executed GIA when changes to a higher-queued project affect the project associated with the GIA; for instance, if the higher-queued interconnection request is withdrawn, terminated, or delayed, or if changes have occurred in the facilities required to accommodate the higher-queued project.<sup>218</sup> The *pro forma* GIA also currently provides that the Commission may order a restudy. These restudies may result in the modification of the network upgrades, system protection facilities, or distribution upgrades that are required to accommodate the generating facility. MISO has

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<sup>218</sup> MISO FERC Electric Tariff, Attachment X (Generator Interconnection Procedures), Appendix 6 (Generator Interconnection Agreement), Sections 11.3.1 and 11.3.2 (31.0.0).

now proposed to amend its *pro forma* GIA so that, going forward, restudies of customers with completed GIAs will only occur pursuant to a Commission order. MISO requests waiver of sections 11.3.1 and 11.3.2 of all GIAs that were in effect prior to the effective date of the new GIP to similarly allow it to perform a restudy of existing GIAs only if directed by the Commission.<sup>219</sup> MISO states that this waiver is needed to break the link between higher-queued assumptions and lower-queued projects and end cascading restudies. Without such waiver, MISO states that it would be required to amend executed GIAs to revise contingent facilities for units in operation and cascading down to each queue cycle until the first cycle under the new GIP (where the GIA would be executed without the restudy requirement). No party protested MISO's requested waiver.

100. MISO states that the requested waiver meets the Commission's four criteria for Tariff waivers because: (1) MISO acted in good faith in seeking the waiver, as such waiver is needed to fully remedy the cascading effect of restudies and to provide certainty to existing and future projects; (2) the waiver is of limited scope, as it applies to a finite number of GIAs issued by MISO; (3) the cascading effect of restudies is a concrete problem that needs to be remedied; and (4) waiver will not have undesirable consequences and in fact will grant greater certainty to existing and future projects.

101. MISO "proposes to negotiate, execute, and report the existing and conforming *pro forma* GIAs in its Electronic Quarterly Reports."<sup>220</sup> MISO states that it will not provide the revised *pro forma* GIA to interconnection customers until the Commission approves MISO's new process, which will prevent MISO from needing to amend executed GIAs should the Commission modify or reject MISO's proposed revisions to its *pro forma* GIA.

**b. Commission Determination**

102. We reject MISO's request for waiver as inconsistent with Commission precedent and otherwise unsupported. The Commission has granted waivers where the filing entity has requested a limited, one-time waiver of a specific tariff provision.<sup>221</sup> Here, MISO's

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<sup>219</sup> Filing, Transmittal Letter at 24.

<sup>220</sup> *Id.*

<sup>221</sup> See, e.g., *Southwest Power Pool, Inc.*, 151 FERC ¶ 61,059 (2015) (granting SPP a limited, one-time waiver of certain provisions in the SPP Tariff to enable SPP to modify the study schedule for its Integrated Transmission Planning process); *ISO New England Inc.*, 117 FERC ¶ 61,171 (2006) (granting a temporary change to ISO New England's financial assurance policy); *Great Lakes Gas Transmission Limited Partnership*, 102 FERC ¶ 61,331 (2003) (granting an emergency waiver of a Tariff provision requiring gas deliveries, such waiver to be applicable during a curtailment

(continued ...)

requested waiver is not a limited, one-time waiver, as it would apply to every existing GIA and would prevent restudies on potentially multiple occasions. MISO's request amounts to a blanket waiver of language contained in all currently-filed GIAs. In addition, MISO has not shown that the waiver is necessary to remedy a problem, as it has not provided information on how many GIAs are currently filed and whether potential restudies of those GIAs under sections 11.3.1 and 11.3.2 will cause the type of significant delays in the MISO queue process that its Filing is intended to address. MISO has also not explained whether or how, if it no longer conducts restudies, it will determine whether interconnection customers' cost responsibility for network upgrades will change under an existing GIA when there has been a change to a higher-queued project, or whether any increased network upgrade costs will be shifted to other parties (such as the transmission customers). If MISO wishes to revise or remove sections 11.3.1 and 11.3.2 from each of its currently-filed GIAs, MISO could make filings under FPA section 205 to amend each of those agreements accordingly.

**6. Removal of the 25 Percent Threshold for Milestone Payment Refunds**

**a. Filing**

103. Section 8.2 of MISO's currently effective GIP grants a refund of the M2 DPP entry milestone if the network upgrade cost estimates increase by more than 25 percent between the System Impact Study and the Facilities Study.<sup>222</sup> It reads: "The Definitive Planning Phase entry milestone will be refunded to [the] [i]nterconnection [c]ustomer... in the event the total [n]etwork [u]pgrade cost estimates in the Interconnection Facilities Study increased by more than twenty-five percent (25%) over the [n]etwork [u]pgrade cost estimates in the Interconnection System Impact Study in the Definitive Planning Phase."<sup>223</sup> MISO proposes to delete this provision from the GIP, citing other opportunities the proposal creates for milestone payment refunds through Decision Points I and II. MISO claims that keeping this provision would allow interconnection customers to withdraw in DPP Phase III, which would perpetuate late-stage restudies and defeat the essential element of the proposed reform. MISO also states that the 25 percent

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resulting from a *force majeure* event); *TransColorado Gas Transmission Co.*, 102 FERC ¶ 61,330 (2003) (granting a one-time waiver of a Tariff provision governing calculation of the annual fuel gas reimbursement percentage); *Northern Border Pipeline Co.*, 76 FERC ¶ 61,141 (1996) (granting one-time waiver of the facility cost calculation contained in a rate schedule due to the magnitude of proposed facility costs).

<sup>222</sup> Filing, Transmittal Letter at 20.

<sup>223</sup> Section 8.2 of Attachment X to the MISO Tariff.

differential could be as small as a few thousand dollars and that it is not reasonable to provide a risk-free withdrawal opportunity to the interconnection customer at such a late stage in the process over potentially small amounts of dollars, but which will cause great harm to other customers.

**b. Protests**

104. Several protesters take issue with MISO's proposal to remove the provision granting refunds of the DPP milestone if network upgrade cost estimates increase by more than 25 percent between the System Impact Study and the Facilities Study. AWEA/WOW and NextEra disagree with MISO's assertion that it is reasonable to remove this provision because the GIP contains other opportunities for off-ramps.<sup>224</sup> AWEA/WOW state that the proposed off-ramps are unrelated to the discrepancies that can occur between MISO cost estimates in the System Impact Study and actual costs provided by transmission owners at the facility study phase. NextEra states that the Decision Points in MISO's proposal simply do not provide the same kind of protection as the 25 percent trigger. AWEA/WOW and NextEra believe that the 25 percent safeguard provides accountability for transmission providers and should help incentivize MISO to provide more accurate information so that the interconnection process will ultimately proceed more smoothly and fewer customers will withdraw.<sup>225</sup>

105. NextEra recommends that the 25 percent trigger be maintained, but agrees with MISO that *de minimis* financial increases should not give interconnection customers the right to withdraw and receive a DPP milestone refund. NextEra believes that a minimum level of cost increase should be required for an interconnection customer to be able to withdraw with a refund in order to safeguard against withdrawals for relatively small cost increases that nevertheless reach the 25 percent increase level. NextEra suggests this amount should be \$250,000 or more.<sup>226</sup>

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<sup>224</sup> AWEA/WOW Protest at 8; NextEra Protest at 9.

<sup>225</sup> AWEA/WOW Protest at 8-9; NextEra Protest at 9.

<sup>226</sup> NextEra Protest at 9-10.

106. Renewable Generation Developers believe it is unjust and unreasonable for MISO to increase the milestone cash-at-risk and eliminate the 25 percent network upgrade cost safeguard.<sup>227</sup> Renewable Generation Developers believe that the Commission should: (1) reject MISO's proposal to remove this 25 percent safeguard; and (2) order MISO to make it clear in its Tariff that the 25 percent standard is measured from DPP System Impact Study I.<sup>228</sup>

107. Apex and Invenergy note that other RTOs/ISOs, such as the California Independent System Operator Corporation and SPP, have similar provisions.<sup>229</sup> Apex also states that the ability of interconnection customers to receive a refund of the M2 milestone payment in the event of significant increases in the estimated costs of network upgrades caused by withdrawing customers was a central component of the third queue reform, and there is no reason why MISO should not extend the same off-ramp opportunity to the M3 and M4 milestone payments.<sup>230</sup> Invenergy believes that this is an important provision because it provides developers with a range of cost certainty in the System Impact Study results, and it appropriately balances a developer's interest in cost certainty with MISO's interest in queue stability.<sup>231</sup>

108. Invenergy also notes that by submitting all required milestone payments along the way, an interconnection customer would have demonstrated its good faith intent to move forward with the project. Additionally, Invenergy highlights that a cost increase exceeding 25 percent would most likely be due to factors outside the developer's control, such as other projects dropping out or errors in previous studies, and that these events can significantly alter the economic viability of the project. Thus, Invenergy states that MISO's proposal to impose this risk entirely on the developer is unfair, and serves only to advantage utility-sponsored projects that would be able to recover the costs of unrefunded milestones from their ratepayers.<sup>232</sup>

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<sup>227</sup> Renewable Generation Developers Protest at 41.

<sup>228</sup> *Id.* at 42-43.

<sup>229</sup> Apex Protest at 15; Invenergy Protest at 18-19.

<sup>230</sup> Apex Protest at 15.

<sup>231</sup> Invenergy Protest at 18.

<sup>232</sup> *Id.* at 19.

**c. Answers**

109. MISO's answer reiterates that with the overall reform to the GIP, the 25 percent clause is no longer necessary.<sup>233</sup> Specifically, MISO states that the proposed off-ramps should take the place of this clause, and that some protestors misperceive this clause. MISO asserts that this provision does not apply to restudies when projects withdraw, but only to differences between the initial System Impact Study and the final Facilities Study. However, MISO concedes that if the Commission directs it to reinstate this provision, that the Commission should direct MISO to use a threshold method to prevent *de minimis* financial increases from triggering the provision. MISO argues that the appropriate threshold should be one million dollars or the total amount of the M2, M3, and M4 milestone payments for that project, whichever is lower.

110. In response to MISO's answer, Apex asks the Commission to direct MISO to reinstate the 25 percent clause, as it provides developers with some much-needed cost certainty.<sup>234</sup> Apex states that it would support the addition of a threshold dollar amount in place of the 25 percent off-ramp, such as the \$250,000 threshold suggested by NextEra. Finally, Apex states that the justness and reasonableness of a threshold value should not be tied to overall project development costs, and as such, the Commission should reject MISO's proposal to set the threshold at one million dollars. AWEA/WOW state that removing the 25 percent clause provides a disincentive for MISO and the transmission owners to provide accurate network upgrade cost information, since the interconnection customer will have no recourse, even under the most drastic cost increases.<sup>235</sup>

**d. Commission Determination**

111. At the outset, we note that MISO and parties disagree regarding the meaning of the existing Tariff language. MISO asserts that this provision does not apply to restudies when projects withdraw, but only to differences between the initial System Impact Study and the final Facilities Study, while Invenergy suggests that this language would apply as other projects drop out. We suggest that MISO discuss the Tariff proposals with stakeholders in more depth and, if MISO proposes further queue reforms, it should fully explain in its filing how the proposal compares to the existing Tariff language.

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<sup>233</sup> MISO Answer at 27.

<sup>234</sup> Apex Answer to MISO's Answer at 9-10.

<sup>235</sup> AWEA/WOW Answer to MISO's Answer at 7.

112. We agree with the protesters that the 25 percent threshold provision protects interconnection customers from significant cost increases, and we find that MISO has not justified the removal of this provision. MISO states that the increased number of off-ramps that the customer may take as part of the new interconnection procedures should remove the need for this provision. However, MISO has not shown any evidence that this is the case, nor has MISO provided a reason for removing the only cost certainty that an interconnection customer has when entering the queue process. We suggest that MISO consider (1) keeping section 8.2 of the GIP and providing justification for any proposed *de minimis* threshold or (2) providing justification for the removal of this provision and showing the nexus between the removal of the 25 percent threshold provision and the number of off-ramp opportunities.

**7. Provisional GIAs**

**a. Filing**

113. MISO proposes, as part of the new interconnection process, to allow customers that have demonstrated a high level of readiness to enter into provisional GIAs.<sup>236</sup> These customers still must go through the full DPP process. MISO has made available a provisional GIA at the request of the interconnection customer at the time it submits its interconnection request, during Decision Point I, or anytime either Decision Point becomes delayed by more than 90 days.

**b. Protest**

114. Renewable Generation Developers request that MISO allow requests for provisional GIAs at Decision Point II.<sup>237</sup> They argue that, if there is capacity on the system, ready projects should be allowed to obtain provisional GIAs later in the interconnection process than MISO has proposed. They further argue that it may take years for the information in the study process to become available, and that a provisional GIA would be a way for ready projects to obtain service more quickly than waiting through the entire interconnection process. They finally argue that there would be no risk of projects applying for provisional GIAs at this point to be speculative, and that they would be very unlikely to withdraw and affect the queue.

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<sup>236</sup> Filing, Transmittal Letter at 18-19.

<sup>237</sup> Renewable Generation Developers Protest at 50.

**c. MISO Answer**

115. MISO states that Renewable Generation Developers seek to expand the scope of the provisional GIA without reason and without consideration for impacts on the queue. MISO states that the final study in DPP Phase III would complete around the same time as the studies for any customer who requested a provisional GIA in Decision Point II. MISO argues that the expenditure of its resources to provide studies for provisional GIAs in this circumstance would not justify a limited time savings for the customer.<sup>238</sup>

**d. Commission Determination**

116. Although provisional GIAs are not required under Commission policy through Order No. 2003, and MISO is not required to provide them in its interconnection process, we suggest that MISO consider keeping its proposal to allow interconnection customers that have demonstrated a high level of readiness to enter into provisional GIAs if MISO proposes further queue reforms. Provisional GIAs provide flexibility to interconnection customers by allowing the customer to request an interconnection agreement for limited operation of its generating facility prior to completion of the requisite network upgrades. This allows projects that are ready to proceed to use available transmission capacity based upon the results of available studies.<sup>239</sup> We agree with MISO that any marginal time savings for a customer who requested a provisional GIA at Decision Point II is more than offset by the cost to MISO to process the studies for the provisional GIA.

**8. External NRIS**

**a. Filing**

117. MISO currently allows Network Resource Interconnection Service (NRIS) service for either existing generators or generators with an unsuspended GIA that are sited external to MISO's footprint, or "External NRIS" service. MISO does not specifically address any issue related to External NRIS in its transmittal letter, but it does incorporate External NRIS into the proposed Tariff. Section 6.2.5 of MISO's proposed Tariff language states: "Interconnection Customer shall provide to Transmission Provider a Definitive Planning Phase entry milestone (M2) in the amount of \$5,000 per MW of new gross nameplate capacity for a new Generating Facility or increase in capacity of an existing Generating Facility. The Definitive Planning Phase entry milestone may be submitted in cash or as an irrevocable letter of credit reasonably acceptable to

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<sup>238</sup> MISO Answer at 40.

<sup>239</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 131 FERC ¶ 61,285, at P 1 n.2 (2010).

Transmission Provider.” Similar wording is used for the M3 and M4 milestone payment amounts. We note that it is unclear whether this Tariff language applies to existing facilities that would like to change service or interconnect.

**b. Protests**

118. AWEA/WOW and Renewable Generation Developers state that if the Commission approves the GIP proposal, the Commission should require MISO, in a compliance filing, to confirm that External NRIS will be subject to the full three-phase process that MISO proposes here, including the provision of M2, M3 and M4 milestone payments. Without this clarification, they argue that there can be no guarantee of a just and reasonable GIP process, as External NRIS will be given preferential treatment.<sup>240</sup>

**c. Answers**

119. MISO states that it never discussed removing External NRIS service from the Tariff, and it is merely retaining existing Tariff language regarding External NRIS customers.<sup>241</sup> MISO states that AWEA/WOW and Renewable Generation Developers seek to collaterally attack MISO’s existing and already Commission-approved External NRIS language in the GIP. MISO states that the Commission should reject any protests that raise this issue as an attempt to circumvent an open complaint proceeding.<sup>242</sup>

120. In their answer to MISO’s answer, Renewable Generation Developers ask the Commission to direct MISO to clarify in its Tariff that External NRIS will be subject to all facets of MISO’s revised GIP, including the proposed M2, M3, and M4 milestone payments.<sup>243</sup>

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<sup>240</sup> AWEA/WOW Protest at 9-10; Renewable Generation Developers Protest at 53.

<sup>241</sup> MISO Answer at 37.

<sup>242</sup> *Id.* (referencing Docket No. EL15-99-000).

<sup>243</sup> Renewable Generation Developers Answer to MISO’s Answer at 11-12.

**d. Commission Determination**

121. We note that External NRIS milestone payments are the subject of an ongoing complaint.<sup>244</sup> As such, the question of whether milestone payments should apply to External NRIS service will be decided in that proceeding.

**9. Miscellaneous**

122. Some of MISO's Tariff revisions require further explanation or minor revisions, as described in the attached table. If MISO proposes further queue reforms, any future filing should explain all substantive Tariff revisions.

The Commission orders:

(A) MISO's proposed Tariff revisions are hereby rejected without prejudice, as discussed in the body of this order.

(B) MISO's request for waiver is hereby denied, as discussed in the body of this order.

By the Commission. Commissioner Clark is not participating.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>244</sup> See *Internal MISO Generation v. Midcontinent Independent System Operator, Inc.*, 154 FERC ¶ 61,248 (2016). We also note that MISO has filed a *pro forma* service agreement for External NRIS customers, and this agreement is pending in Docket No. ER16-1120.

Location	Tariff Revisions	Problem
<p>Section 3.1.1 "Application of Generator Interconnection Procedures"</p>	<p>"Sections 2 through 13 of the GIP apply to processing an Interconnection Request pertaining to a Generating Facility. The GIP specifically applies when one of the following is proposed by an Interconnection Customer:                      (i) a new Generating Facility at a new Point of Interconnection that does not meet the criteria set forth in Sections 2.1 (b) or (c),  <del>(ii) additional generation at an existing Point of Interconnection,</del>                      (iii) an increase in the capacity of an existing Generating Facility,  <del>(iiiiv) a substantive modification to the operating characteristics on a change in fuel type, operating characteristics, or turbine replacement of an existing Generating Facility, or</del>                      (iv) <u>a new Generating Facility with no increase in existing capacity at the same Point of Interconnection as an existing Generating Facility (Net Zero Interconnection Service)</u><del>evaluations of the replacement of equipment failures at an existing Generating Facility that constitute a Material Modification to the operating characteristics.</del>                      The evaluation in subpart (iiiiv) will be performed expeditiously depending on the specific information regarding any proposed Generating Facility replacement and the existence of an Emergency Condition.</p>	<p>This language was moved from section 2.1 to section 3.1.1; however, the internal references were not updated.</p> <p>MISO did not explain the redlined changes.</p>
<p>Section 3.2 "General Process Overview"</p>	<p>Uses the term "Interconnection Customer Decision Points I and II"</p>	<p>The term "Interconnection Customer Decision Points I and II" is capitalized but is undefined in the definition section.</p>
<p>Section 4.1.3 and Section 4.1.4 Untitled</p>	<p>Section 4.1.3: All Interconnection Requests that have submitted the required M2 Milestone payment prior to the effective date of the revised GIP, excluding Interconnection Requests in the February 2016 DPP cycle or later cycle, undergoing a System Impact Study as of the effective date of the revised GIP shall have the following options:                      1) Be subject to Sections 7.3.2.4.1, 7.3.3, and its related subsections to submit the M4 Milestone Payment by the end of the transition period in Section 4.2 of this GIP to progress through Phase III of the revised Definitive Planning Phase process, or 2) Join the subsequent Definitive Planning Phase cycle by entering Definitive Planning Phase I pursuant to Section 7.3 before the end of the transition period in Section 4.2 of this GIP. Regardless of the option selected, the Interconnection Customer's existing M2 Milestone payment will not be required to be trued-up to match</p>	<p>This new Tariff language does not explain the specific event that defines "...undergoing a System Impact Study" and the specific event that describes "...begun a System Impact Study."</p>

	<p>the revised M2 Milestone payment pursuant to Section 6.2.5 of this GIP.</p> <p>Section 4.1.4: All Interconnection Requests in the Definitive Planning Phase that have not begun a System Impact Study but have submitted the required M2 Milestone payment prior to the effective date of the revised GIP, or are in the February 2016 DPP cycle or later cycles, will be required to conform to Section 7 of this GIP by the end of the transition period in Section 4. 2 to remain in the Definitive Planning Phase, otherwise the Interconnection Request will be placed in the Pre Queue Feasibility Phase.</p>	
Section 4.2 “Transition Period”	<p>“To the extent necessary, Interconnection Customers described in Sections 4.1.2, 4.1.3, and 4.1.4 shall transition to the revised GIP within a reasonable period of time not to exceed one-hundred eighty (180) Calendar Days. An Interconnection Customer of a new transmission owning member of Transmission Provider shall transition to the revised GIP within a reasonable period of time not to exceed ninety (90) Calendar Days from the date when this GIP becomes applicable to that transmission owning member.”</p>	It is unclear why there are two different transition periods and why less time is provided for an interconnection customer of a new transmission owner.
Section 6.3.1 “Scoping Meeting”	<p>If there are questions or concerns about the information, Transmission Owners or Interconnection Customer can request that Transmission Provider establish a date agreeable to Interconnection Customer for the Scoping Meeting, and such date shall be no later than <del>fifteen</del> <u>15</u> <del>thirty</del> <u>(30)</u> Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by Transmission Provider and Interconnection Customer.</p>	This Tariff language was moved from section 3.3.4 to section 6.3.1. MISO did not explain the redlined changes.
Section 6.4 “Deficiencies in Interconnection Request”	<p>Failure by Interconnection Customer to comply with this Section ...will result in <u>rejection of the Interconnection Request.</u> <del>the Interconnection Request not being processed until such deficiency is cured. In the event that the deficiency is not cured, deposits will be held by Transmission Provider until such time that a withdrawal notice is given per Section 3.6.</del></p>	This Tariff language was moved from section 3.3.3 to section 6.4. MISO did not explain the redlined changes.
Section 6.5 “Website or OASIS Posting”	<p>Transmission Provider will maintain on its <u>website or OASIS</u> a list of all Interconnection Requests. ....Interconnection Study reports.... shall be posted to the Transmission Provider’s <u>website or OASIS</u> site prior to the meeting between Interconnection Customer and Transmission Provider to discuss the applicable study results.</p>	This Tariff language was moved from section 3.4 to section 6.5. MISO did not explain the redlined changes.
Section 7.9.1 “Additional	<p><u>These amounts shall be trued-up based on the amount actually calculated as provided in Sections 7.3.1.4.1</u></p>	This new Tariff language is neither reported nor explained.

<p>Definitive Planning Phase Requirements for Provisional Generator Interconnection Agreements”</p>	<p><u>and 7.3.2.4.1 within thirty (30) Calendar Days of those amounts being determined by the Transmission Provider. Failure to true-up any amounts necessary shall result in automatic withdrawal of the Interconnection Request.</u></p>	
<p>Section 7.2 “Eligibility for the Definitive Planning Phase”</p>	<p><u>The Definitive Planning Phase will start on a periodic basis, where an Interconnection Customer may elect to enter the next scheduled Definitive Planning Phase. An Interconnection Customer wishing to join the next Definitive Planning Phase shall submit their Interconnection Request to the Transmission Provider no later than forty-five (45) Calendar Days prior to the start of the next Definitive Planning Phase cycle. Any Interconnection Request received within forty-five (45) Calendar Days of the start of Definitive Planning Phase I shall be applied towards the following Definitive Planning Phase cycle.</u></p>	<p>This Tariff language is new. Given the use of “...will start on a periodic basis,” there is no set start time for this phase. It is unknown how potential interconnection customers will know the scheduling for the next DPP.</p>
<p>Section 7.7 “Refunds”</p>	<p><u>“If the Interconnection Customer withdraws its Interconnection Request any time before the end of Interconnection Customer Decision Point I, the Transmission Provider will refund to the Interconnection Customer any unused portion of the study deposits. Any Interconnection Customer that withdraws its Interconnection Request, or is deemed to be withdrawn, during Definitive Planning Phase I but before Interconnection Customer Decision Point I is responsible for any Interconnection Study costs for Definitive Planning Phase I.”</u></p>	<p>The Tariff language is new and unsupported. It is unclear why an interconnection customer that withdraws its interconnection request <i>before Decision Point I</i> would be responsible for any Interconnection Study costs for Definitive Planning Phase I, while an interconnection customer that withdraws its interconnection request <i>before the end</i> of Decision Point I would be refunded any unused portion of the study deposits.</p>