

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Interconnection Queue Practices**

**Docket No. AD08-2-000**

**December 11, 2007 Technical Conference  
Comments of Dennis Desmarais  
Manager, Transmission Services, PacifiCorp**

**Introduction**

Thank you for allowing PacifiCorp the opportunity to participate in today's conference and present our views on existing practices and potential alternative approaches to enhancing interconnection queue management. PacifiCorp welcomes the Commission's exploration of possible methods to address current queue management challenges while still honoring the foundational goals underlying Order No. 2003. PacifiCorp approaches this issue as both a transmission provider operating one of the largest investor-owned open-access transmission systems in the Western United States, and as a load serving entity required by our state regulators to add significant renewable resources over time. With this perspective in mind, I'd like to offer several observations about the state of interconnection queue management on our system and put forward several recommendations as the Commission considers possible changes to the standard queue management approach laid out in Order No. 2003.

**PacifiCorp's Perspective**

Compared to the interconnection queue logjam and other challenges that transmission providers and project developers alike are facing in certain regions, PacifiCorp's situation can best be described as stressed, but manageable. In our view, queue management largely works as Order No. 2003 intended, particularly with respect

to long lead time resources, and our interconnection customer base is generally satisfied with the current tariff process. To put our views in context, since the implementation of Order No. 2003, we have interconnected 22 generating facilities totaling 2,200 MW. Most but not all of that development consisted of the conventional generation sources that were almost exclusively being developed on our system at the time Order No. 2003 was issued. More recently, however, we've witnessed a dramatic evolution in the make-up, volume and nature of our queue requests. The number of large generation interconnection requests in our six-state service territory has nearly tripled in two years, from 30 at the end of 2005 to 78 currently, totaling 10,000 MW. Our queue is now predominantly wind (75%), followed by natural gas (17%) and the remainder other resources, including coal. With that said, since May 2006 we have still managed to complete more than 90% of our feasibility, system impact and facility studies within Order No. 2003 and tariff-prescribed timelines. This is not to say our customers would not like to have them completed faster. We know they would. As you might expect, we have had instances where our customers desire an even faster process.

However, PacifiCorp is fortunate not to share the queue management struggles experienced elsewhere in meeting the tariff-prescribed timelines. We believe this is in large part due to the nature of our expansive service territory in the West, the built-in flexibility provided for in Order No. 2003 and the changes we've made to our transmission business practices that offer some flexibility to shorten the overall process. Three efficiency-enhancing accommodations allowed by Order No. 2003 are particularly worth highlighting: (1) the option to skip a feasibility study when requested by the interconnection customer; (2) executing an engineering and procurement agreement prior

to the facility study, and therefore prior to execution of a large generator interconnection agreement; and (3) allowing the interconnection customer to build facilities, typically interconnection substations, that PacifiCorp will own. Such accommodations generally provide customers with the ability to accelerate the interconnection process to meet projected in-service dates and the ability to appropriately accept construction risk where the transmission provider is not able to meet the desired in-service dates.

In our view, the uniform first-come, first-served approach generally remains reasonable as a default industry practice. Under the sequential study process, the withdrawal of higher queued requests has not significantly hampered our re-study efforts for lower queued projects. Certainly it takes resources to study all requests, but the reality is that many projects will withdraw. We do not know which requests are going to go forward and which ones will withdraw, but assume higher queued projects are in place when performing the studies for lower queued projects, and we adjust if requirements change.

Among the alternatives receiving attention as potential improvements, PacifiCorp has had only limited success evaluating interconnection requests with a cluster-like approach. For this reason, PacifiCorp is not supportive of the imposition of any mandatory requirements for clustering interconnection requests or the imposition of rigid time periods or geographic proximity cluster study requirements, which could just as easily backfire by including or excluding certain projects that make sense to be studied with others. Likewise, PacifiCorp does not see any advantages to requiring open season-like processes in the interconnection queue. The biggest challenge we see with open

seasons is completing them in a timely manner and getting interested parties to make commitments while conducting re-studies as queue customers drop out.

In short, our queue management experience makes us very skeptical that material revisions to the Commission's current Order No. 2003 standardized tariff approach would yield superior customer service outcomes on all transmission provider systems. That said, minor adjustments, such as accepting proposals that deviate from the standard queue priority process and encouraging transmission providers and project developers to fully avail themselves of the beneficial tariff flexibilities provided under Order No. 2003, are two practical ways the Commission could accelerate the process. Voluntary project clustering should continue to be encouraged in those regions and on those systems where they hold the greatest promise, enjoy broad stakeholder support and can be reasonably accommodated by the transmission provider. But as the entity best positioned to determine the cluster procedures it can accommodate, each transmission provider should be allowed to continue to develop its own clustering procedures and should retain the authority to determine when and if a cluster approach is appropriate.

### **Conclusion**

Again, thank you for the chance to contribute our perspective. I look forward to answering any questions you may have.