

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
Nora Mead Brownell, Joseph T. Kelliher,  
and Suedeem G. Kelly.

Southern Company Services, Inc.

Docket No. ER04-459-001

ORDER ON COMPLIANCE FILING AND CONDITIONALLY ACCEPTING  
PROPOSED MODIFICATIONS TO PRO FORMA LARGE GENERATOR  
INTERCONNECTION PROCEDURES

(Issued June 25, 2004)

1. On April 28, 2004, Southern Company Services (Southern) submitted for filing on behalf of Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Savannah Electric and Power Company (collectively, Southern Companies) revisions in compliance with the Commission's March 29, 2004 order (March 29 Order)<sup>1</sup> and with Order Nos. 2003 and 2003-A.<sup>2</sup> It also submitted proposed additional variations from the *pro forma* Large Generator Interconnection Procedures (LGIP) as a result of Order No. 2003-A. In this order, the Commission conditionally accepts certain tariff sheets as in compliance with the March 29 Order, to be effective January 20, 2004. We reject certain of the newly proposed variations. This order benefits customers because it ensures that the terms, conditions, and rates for interconnection service are just and reasonable and thus encourages more competitive markets.

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<sup>1</sup> Southern Company Services, Inc., 106 FERC ¶ 61,311 (2004) (March 29 Order).

<sup>2</sup> Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003, 68 Fed. Reg. 49,845 (Aug. 19, 2003), FERC Stats. & Regs. ¶ 31,146 (2003) (Order No. 2003), *order on reh'g*, Order No. 2003-A, 69 Fed. Reg. 15,932 (Mar. 26, 2004), FERC Stats. & Regs. ¶ 31,160 (2004) (Order No. 2003-A), *reh'g pending*; *see also* Notice Clarifying Compliance Procedures, 106 FERC ¶ 61,009 (2004).

## **I. Background**

2. In Order No. 2003, pursuant to its responsibility under sections 205 and 206 of the Federal Power Act (FPA)<sup>3</sup> to remedy undue discrimination, the Commission required all public utilities that own, control, or operate facilities for transmitting electric energy in interstate commerce to append to their open access transmission tariffs (OATT) a *pro forma* Final Rule LGIP and Final Rule Large Generator Interconnection Agreement (LGIA). In order to obtain greater standardization of interconnection terms and conditions, Order No. 2003 required such public utilities to file revised OATTs containing the *pro forma* LGIP and LGIA by January 20, 2004.<sup>4</sup> The Commission left it to Transmission Providers<sup>5</sup> to justify any variation to the *pro forma* LGIP or LGIA based on regional reliability requirements.<sup>6</sup>

3. In its January 20, 2004 filing, Southern proposed three variations from the *pro forma* LGIP, citing regional reliability requirements upon which the variations were based. The Commission accepted the modification to LGIP sections 3.2.1.2 and 7.3, and directed Southern to submit clean and redlined tariff sheets incorporating this variation.<sup>7</sup> The Commission rejected Southern's proposed modification to LGIP sections 6.2 and 7.3, without prejudice to Southern's refile under section 205 of the FPA and explaining how this modification is justified.<sup>8</sup> Regarding Southern's third proposed modification, to

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<sup>3</sup> 16 U.S.C. §§ 824d, 824e (2000).

<sup>4</sup> See Notice Clarifying Compliance Procedures, 106 FERC ¶ 61,009 (2004).

<sup>5</sup> The "Transmission Provider" is the entity with which the Generating Facility is interconnecting. The term "Generating Facility" means the specific device (having a capacity of more than 20 megawatts) for which the Interconnection Customer has requested interconnection. The owner of the Generating Facility is referred to as the "Interconnection Customer." See Order Nos. 2003 and 2003-A for the definitions of capitalized terms in this order otherwise not defined herein.

<sup>6</sup> See Order No. 2003 at P 826.

<sup>7</sup> March 29 Order at P 16. In its April 28, 2004 filing, Southern submits redlined and clean copies of its proposed modifications to Sections 3.2.1.2 and 7.3 of the LGIP, which the Commission accepted in the March 29 Order, at paragraph 16, as being supported by existing regional reliability standards. Southern also complies with the Commission's March 29 Order by submitting its pro forma LGIP and LGIA for inclusion in its OATT.

<sup>8</sup> *Id.* P 17.

LGIP section 3.2.2.2, involving studies under non-peak load conditions, the Commission directed Southern to make a showing that its proposal is consistent with or superior to the LGIP.<sup>9</sup>

4. In the April 28 filing, Southern argues that its changes to LGIP section 3.2.2.2 are consistent with or superior to our LGIP. Southern states that this proposed variation would be unnecessary if the Commission accepts Southern's proposed study procedures and criteria for Network Resource Interconnection Service (NRIS), as discussed below.<sup>10</sup>

5. As the Commission suggested in Order No. 2003-A,<sup>11</sup> Southern proposes a Study Procedure for NRIS be included as a new Attachment J-1 to its tariff. Under this proposal, Southern would perform two analyses that it states are pursuant to the *pro forma* LGIP sections 3.2.2.1 and 3.2.2.2. First, Southern proposes a "Comparable Manner Analysis," which would study the generating facility requesting NRIS in the same manner as Southern studies Network Resources on its system (including its own generation). Southern states that this analysis evaluates various load levels other than peak load. Second, Southern proposes an "Aggregate Deliverability Analysis," which would determine whether the output of a generating facility requesting NRIS can be delivered along with the aggregate of generation in the local area to the aggregate of load. Southern avers that its proposed NRIS study is consistent with or superior to the *pro forma* LGIP. As noted above, Southern states that, as long as it is allowed to evaluate various load levels in its proposed Comparable Manner Analysis, the proposed change to evaluate non-peak load levels in section 3.2.2.2 is unnecessary.

6. Southern also proposes modifications to LGIA article 4.1.2.2, which it states are consistent with the clarification provided by the Commission in Order No. 2003-A, at paragraph 544.

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<sup>9</sup> *Id.* P 15; *see also* Order No. 2003 at P 785.

<sup>10</sup> The NRIS is an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers or (2) in an RTO or ISO with market-based congestion management, in the same manner as all other Network Resources. Order No. 2003 at Section 1.

<sup>11</sup> Order No. 2003-A at P 532.

7. Finally, Southern proposes that its previous interconnection procedures (replaced by the LGIP) will now apply on an interim basis to Small Generators (20 megawatts or less), pending the Commission's final rule on Small Generators.<sup>12</sup> Southern submits a redlined and clean copy of the first page of its previous interconnection procedures making clear that they now apply only to Small Generators.

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

8. Notice of the April 28, 2004 filing was published in the Federal Register, 69 Fed. Reg. 26,584 (2004), with interventions and protests due on or before May 19, 2004. On May 19, 2004, North Carolina Electric Membership Corporation (North Carolina) filed a motion to intervene.

## **III. Discussion**

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2003), the timely, unopposed motion to intervene serves to make North Carolina a party to the proceeding.

10. The Commission conditionally accepts Southern's tariff sheets reflecting revised sections 3.2.1.2 and 7.3 of its LGIP as in compliance with the Commission's March 29 Order; the Commission also conditionally accepts Southern's submission of the *pro forma* LGIP and LGIA, subject to correcting the tariff sheets to reflect the effective date of January 20, 2004.

11. Southern has provided explanation of the affidavit previously submitted, showing that it needs to study non-peak conditions. Therefore, upon further review and subject to our condition (below), Southern's proposal to delete the phrase "at peak load" from LGIP section 3.2.2.2 is consistent with or superior to the *pro forma* LGIP, as discussed in Order No. 2003, at paragraph 785, and in compliance with the March 29 Order. We will, however, condition our approval of Southern's proposal to study non-peak conditions on Southern, if requested by the customer, providing in writing to the customer a justification that non-peak load based contingencies warrant such studies for reliability purposes. Southern is directed to file revised tariff sheets that reflect that condition.

12. Since the Commission is conditionally accepting Southern's proposal to change LGIP section 3.2.2.2 to permit studies under non-peak conditions, we find the proposed new Study Procedure for NRIS (Attachment J-1), which includes Comparable Manner and Aggregate Deliverability Analyses, to be unnecessary. Furthermore, as discussed below, the Commission finds that several of the provisions of the proposed NRIS

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<sup>12</sup> Standardization of Small Generator Interconnection Agreements and Procedures, Notice of Proposed Rulemaking, 104 FERC ¶ 61,104 (2003).

procedures, in Attachment J-1, are not consistent with or superior to the *pro forma* LGIP and LGIA. Therefore, the Commission will reject, without prejudice, Southern's proposed Attachment J-1.

13. Southern's proposed NRIS procedures raise a number of concerns. First, the Comparable Manner Analysis in Attachment J-1 improperly mixes study requirements for transmission delivery service with those required for interconnection service. In particular, the language of proposed Attachment J-1, section 2.2.1 might require that the Large Generating Facility be designated as a Network Resource before the Commercial Operation Date in order to obtain Network Integration Transmission Service. This violates article 4.1.2.2 of the LGIA. Second, section 2.2.2 states that the analysis will not consider power flows associated with generating facilities from which there is no existing request for long-term firm transmission delivery service. This provision might jeopardize the NRIS status of Generating Facilities that have previously qualified for this interconnection service.

14. Attachment J-1, section 4 would establish a priority scheme for new transmission capacity created by Interconnection Customer upgrades that may unduly discriminate against those customers. An Interconnection Customer must receive first priority to request transmission delivery service using any new transmission capacity—beyond what is needed for Interconnection Service—that is created by the Network Upgrades required for the interconnection of the customer's Generating Facility. This first priority, however, would not extend beyond the Commercial Operation Date of the Large Generation Facility.

15. Another problem raised by Southern's proposed NRIS procedures is that the future studies described in Attachment J-1, section 5 could jeopardize the NRIS status of an existing Generating Facility when other customers request transmission service. The NRIS status of existing Generating Facilities must be preserved when studies are conducted to provide interconnection service or transmission delivery service to other customers.

16. The Commission also rejects Southern's proposed modifications to LGIA article 4.1.2.2. Southern contends that these proposed changes make section 4.1.2.2 consistent with the Commission's clarification in Order No. 2003-A, paragraph 544. We find that the Commission's clarification in Order No. 2003-A is adequate. Southern has not shown that its proposed rewrite is needed. Accordingly, Southern must file revised tariff sheets that remove this proposed modification and include the original language for this provision.

17. The Commission will accept Southern's proposal to modify its OATT to make clear that Southern's interconnection procedures that previously applied to all generators will now apply only to Small Generators, to be effective April 26, 2004. While Southern may keep the Small Generator interconnection provisions in its OATT until the Commission issues a final rule on Small Generator interconnection in Docket No. RM02-12-000, we do not intend Small Generators to be disadvantaged by the fact that our Small Generator interconnection rulemaking is not yet final. If any Small Generator believes that Southern is treating it in an unduly discriminatory manner, it can file a complaint with this Commission under section 206 of the FPA.

The Commission orders:

(A) The Commission accepts the tariff sheets that propose modifications to LGIP Section 3.2.2.2 as in compliance with the March 29 Order, subject to correcting the effective date to read January 20, 2004.

(B) The Commission accepts Southern's submission of the *pro forma* LGIP and LGIA to be included in its OATT, as in compliance with Order No. 2003 and the March 29 Order, subject to correcting the effective dates on the tariff sheets to read January 20, 2004.

(C) The Commission accepts the tariff sheets that propose modifications to LGIP sections 3.2.1.2 and 7.3 as in compliance with the March 29 Order, subject to correcting the effective date to read January 20, 2004.

(D) The Commission rejects Southern's proposed Study Procedure for NRIS (Attachment J-1), as discussed in the body of this order.

(E) The Commission rejects Southern's proposed modifications to LGIA section 4.1.2.2, as discussed in the body of this order.

(F) The Commission accepts the tariff sheets that propose modifications to the first page of Southern's previous interconnection procedures in order to designate them as Attachment J-2 to Southern's OATT, and to make clear that such procedures now apply only to Small Generators on an interim basis, subject to correcting the effective date to read April 26, 2004.

(G) Southern is directed to make a compliance filing to be submitted within 30 days of the date of this order, as discussed in the body of this order.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.