
FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426



NEWS RELEASE

NEWS MEDIA CONTACT:

Barbara A. Connors
(202) 502-8680

FOR IMMEDIATE RELEASE

July 23, 2003
Docket Nos. RM02-1-000 and
RM02-12-000

COMMISSION SETS NEW GENERATOR INTERCONNECTION STANDARDS, PROPOSES EXPEDITED PROCEDURES FOR SMALL GENERATORS; ACTIONS WILL FACILITATE INFRASTRUCTURE DEVELOPMENT

The Federal Energy Regulatory Commission issued today standard procedures and a standard agreement for the interconnection of generators larger than 20 megawatts – actions designed to facilitate development of needed infrastructure for the nation's electric system. The Commission also proposed expedited procedures for small generators.

The rule covering the larger generators will reduce interconnection time and cost, help preserve reliability, increase energy supply, and lower wholesale prices for the nation's customers by increasing the number and variety of independent generators that can compete in the wholesale electricity markets, the Commission said.

The rule requires public utilities that offer transmission services also to offer non-discriminatory, standardized interconnection service. It amends Order No. 888's pro forma tariff to help remedy remaining undue discrimination under the open access required by Order No. 888.

FERC Chairman Pat Wood, III said: "Adequate infrastructure, balanced market rules and vigilant market oversight are critical to fully competitive energy markets. Interconnection is a critical factor for open access transmission service and its standardization will encourage needed investment in new infrastructure. As the electric power industry continues the transition to a more competitive marketplace, the Commission is intent on having clear rules of the road in place that will bring lower-cost, reliable energy supplies to the nation's energy customers."

R-03-32

(More)

(2)

The rule clarifies who pays for interconnection costs when the transmission provider is not independent. The generator pays for facilities on its side of the point of interconnection. The cost of upgrades to the transmission provider's transmission system to accommodate the new generator is initially funded by the generator. The transmission provider then refunds the amounts paid by the generator during the five years following commercial operation of the generator.

The rule sets out standard large generator interconnection procedures that the transmission provider and an interconnection customer must follow throughout the interconnection process. Included in the procedures are a standard application form and procedures for studies that would be conducted to assess the proposed interconnection's effect on the transmission system. The standard large generator interconnection agreement sets out the legal rights and obligations of the parties, including cost responsibility, milestones for the project's completion, and a process for resolving disputes.

The rule would apply to any new generator larger than 20 megawatts in capacity that wants to interconnect to a public utility's transmission system. The rule does not require changes to individual interconnection agreements filed with the Commission prior to the effective date of today's rule.

The rule would apply to Independent Transmission Providers, such as Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs), as well as non-independent Transmission Providers. Independent Transmission Providers would be allowed more flexibility in proposing alternative interconnection policies for both pricing and non-pricing matters.

The final rule is effective 60 days after its publication in the *Federal Register*.

In a companion order issued today, the Commission proposed a rule that would apply to the interconnection of small generators no larger than 20 megawatts. The proposed rule should expedite the interconnection of small generators, many of which use alternative fuels such as wind and solar, and innovative technologies. The rule should preserve reliability, increase energy supply, and increase the number and variety of new generation sources, including the use of non-polluting alternative energy sources, the Commission said. The Commission also believes that the proposed rule contains

(3)

procedures and provisions that state regulators could use for generator interconnections under their authority.

The proposed rule was issued in response to comments filed in the large generator interconnection proposed rule last year. In reviewing the comments submitted by stakeholders in that proceeding, the Commission was convinced that a separate rulemaking effort was needed to specifically address the unique needs of small generators. Commission staff then worked extensively with representatives from the small generator community, transmission utilities, and state regulators to seek agreement on the best features for an effective, streamlined small generator interconnection agreement and procedures. The proposed rule builds on those agreements.

The proposed standards would apply to all public utilities that own, operate, or control transmission facilities in interstate commerce.

The proposed rule includes small generator interconnection procedures that the public utility transmission provider and an interconnection customer must follow throughout the interconnection process. It includes:

- super-expedited procedures for interconnecting pre-certified generators 2 MW or less to a low voltage electric system;
- expedited procedures for interconnecting generators between 2 and 10 MW to a low voltage electric system; and,
- expedited procedures for interconnecting small generators to a high voltage electric system – 69 kilovolts and above – and for generators larger than 10 MW to a low voltage electric system.

The proposed small generator interconnection agreement establishes the legal rights and obligations of each party, addresses cost responsibility, lays out milestones for completing the project, and sets forth a process for dispute resolution.

Comments on the proposed rule should be sent to the Federal Energy Regulatory Commission within 45 days of the NOPR's publication in the *Federal Register*. Comments may be filed electronically via the eFiling link on the Commission's website at <http://www.ferc.gov>.

