191 FERC ¶ 61,051
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Mark C. Christie, Chairman;
Willie L. Phillips, David Rosner,
Lindsay S. See, and Judy W. Chang.

Arizona Public Service Company Docket No. ER24-330-001

ORDER ON COMPLIANCE

(Issued April 17, 2025)

1. On May 9, 2024, Arizona Public Service Company (APS) submitted proposed revisions to its Open Access Transmission Tariff (Tariff) in compliance with the requirements of Order Nos. 2023 and 2023-A[1] and with the Commission's order on compliance issued on March 21, 2024[2] (Second Compliance Filing). As discussed below, we find that APS's Second Compliance Filing partially complies with the requirements of Order Nos. 2023 and 2023-A and with the Commission's directives in the Initial Compliance Order. Accordingly, we accept APS's Second Compliance Filing in part, effective December 4, 2023, and direct APS to submit a further compliance filing within 60 days of the date of this order.

I. Background

2. On July 14, 2023, in Docket No. ER23-2398-000, APS submitted proposed revisions to its interconnection procedures and *pro forma* agreements to transition from a first-come, first-served cluster study process to a first-ready, first-served cluster study process (Queue Reform). On September 29, 2023, the Commission issued an order accepting in part and rejecting in part APS's Queue Reform, subject to compliance, effective September 30, 2023.[3]

[1] *Improvements to Generator Interconnection Procs. & Agreements*, Order No. 2023, 184 FERC ¶ 61,054, *order on reh'g*, 185 FERC ¶ 61,063 (2023), *order on reh'g*, Order No. 2023-A, 186 FERC ¶ 61,199, *errata notice*, 188 FERC ¶ 61,134 (2024).

[2] *Ariz. Pub. Serv. Co.*, 186 FERC ¶ 61,201 (2024) (Initial Compliance Order).

[3] *Ariz. Pub. Serv. Co.*, 184 FERC ¶ 61,188 (2023) (Queue Reform Order). On October 17, 2023, as amended on October 31, 2023, and November 6, 2023, APS submitted its compliance filing to the Queue Reform Order, which the

3. On July 28, 2023, the Commission issued Order No. 2023. Order No. 2023 requires all public utility transmission providers to adopt revised *pro forma* LGIPs, *pro forma* LGIAs, *pro forma* SGIPs, and *pro forma* SGIAs. These revisions ensure that interconnection customers are able to interconnect to the transmission system in a reliable, efficient, transparent, and timely manner, and will prevent undue discrimination.[4] In Order No. 2023, the Commission adopted a comprehensive package of reforms in three general categories: (1) reforms to implement a first-ready, first-served cluster study process; (2) reforms to increase the speed of interconnection queue processing; and (3) reforms to incorporate technological advancements into the interconnection process.

4. On November 3, 2023, in Docket No. ER24-330-000, APS submitted proposed revisions to its Tariff to comply with the requirements of Order No. 2023 (Initial Compliance Filing). On March 21, 2024, the Commission found that APS's Initial Compliance Filing partially complied with the requirements of Order No. 2023. Accordingly, the Commission accepted APS's Initial Compliance Filing in part, effective December 4, 2023, and directed APS to submit a further compliance filing within 30 days of the publication of Order No. 2023-A in the *Federal Register*.[5] Specifically, the Commission directed further revisions to APS's Tariff to comply with the following requirements of Order Nos. 2023 and 2023-A: (1) cluster study process; (2) allocation of cluster study costs; (3) allocation of cluster network upgrade costs; (4) study deposits; (5) site control; (6) commercial readiness; (7) LGIA deposit; (8) withdrawal penalties; (9) transition process; (10) co-located generating facilities; (11) availability of surplus interconnection service; (12) operating assumptions for interconnection studies; (13) incorporation of the enumerated alternative transmission technologies; and (14) modeling and ride-through requirements for non-synchronous generating facilities.[6] The Commission also directed APS to either justify any unexplained variations as consistent with or superior to the Commission's *pro forma* procedures and agreements or adopt without modification the Commission's *pro forma* procedures and agreements.[7]

Commission accepted, effective September 30, 2023. *Ariz. Pub. Serv. Co.*, 186 FERC ¶ 61,059 (2024).

[4] *See* Order No. 2023, 184 FERC ¶ 61,054 at P 1.

[5] Initial Compliance Order, 186 FERC ¶ 61,201 at P 1.

[6] *Id.* PP 39, 42, 45, 50, 55, 68, 74, 75, 80, 90, 109, 135, 142, 147, 153, 163.

[7] *Id.* P 23.

II. APS's Second Compliance Filing

5. APS states that it has incorporated the *pro forma* LGIP, *pro forma* LGIA, *pro forma* SGIP, and *pro forma* SGIA reforms as required by Order Nos. 2023 and 2023-A. APS requests that the proposed Tariff revisions become effective on July 9, 2024.

III. Notice and Responsive Pleadings

6. Notice of APS's Second Compliance Filing was published in the *Federal Register*, 89 Fed. Reg. 42872 (May 16, 2024), with interventions and protests due on or before May 30, 2024. Cordelio Services LLC filed a timely motion to intervene. AES Clean Energy Development, LLC (AES) filed a timely motion to intervene and protest. On June 3, 2024, Clearway Energy Group LLC (Clearway) filed a motion to intervene out of time. On June 7, 2024, APS filed an answer to AES's protest. On June 11, 2024, AES filed a notice of withdrawal of its protest.[8]

IV. Discussion

A. Procedural Matters

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2024), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

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

9. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2024), prohibits an answer to a protest unless otherwise ordered by the decisional authority. Because AES has withdrawn its protest, we reject APS's answer.

B. Substantive Matters

10. As discussed below, we find that APS's Second Compliance Filing partially complies with the requirements of Order Nos. 2023 and 2023-A. Accordingly, we accept APS's Second Compliance Filing in part, effective December 4, 2023, and direct APS to submit a further compliance filing within 60 days of the date of this order.

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[8] Because AES withdrew its protest, this order addresses neither AES's protest nor APS's answer in response to it.

11. As a preliminary matter, we find that APS has complied with the following requirements of Order Nos. 2023 and 2023-A by proposing to adopt without modification the *pro forma* LGIP, *pro forma* LGIA, *pro forma* SGIP, and *pro forma* SGIA provisions:[9] (1) LGIA deposit;[10] (2) affected system study process and modeling requirements;[11]

[9] Although APS submitted the *pro forma* language of Order Nos. 2023 and 2023-A without modification regarding the reform categories noted in this paragraph, to the extent that a specific section or article appears in this paragraph as well as in another determination section below, the Commission's determinations below concerning that specific section or article govern.

[10] *See* Order No. 2023, 184 FERC ¶ 61,054 at PP 693, 714, 717; *pro forma* LGIP §§ 1, 11.3; *pro forma* LGIA art. 1, 11.5; APS, FERC Elec. Tariff, Vol. No. 2, attach. O, § 1 (Definitions) (12.0.0), LGIA Deposit (Proposed Open Access Transmission Tariff); *id.* § 11 (LGIA) (9.0.0), § 11.3 (Execution and Filing); *id.* app. 6, art. 1 (Definitions) (12.0.0), LGIA Deposit.

[11] *See* Order No. 2023, 184 FERC ¶ 61,054 at PP 1110, 1112-1113, 1119-1120, 1123-1124, 1133, 1135, 1138, 1154, 1157-1159, 1149, 1165, 1169-1171, 1276; Order No. 2023-A, 186 FERC ¶ 61,199 at PP 498, 500; *see pro forma* LGIP §§ 1, 3.6, 3.6.1, 3.6.2, 3.6.3, 9.1, 9.2, 9.2.2, 9.3, 9.4, 9.5, 9.6, 9.7, 9.8, 9.9, 9.10, 9.11, 11.2.1; Proposed Open Access Transmission Tariff, attach. O, § 1 (Definitions) (12.0.0), Affected System Interconnection Customer; *id.* § 3 (12.0.0), §§ 3.6.1 (Initial Notification), 3.6.2 (Notification of Cluster Restudy), 3.6.3 (Notification of Cluster Restudy Completion); *id.* § 9 (8.0.0), §§ 9.2 (Response to Notifications), 9.2.1 (Response to Initial Notification), 9.2.2 (Response to Notification of Cluster Restudy), 9.3 (Affected System Queue Position), 9.4 (Affected System Study Agreement/Multiparty Affected System Study Agreement), 9.5 (Execution of Affected System Study Agreement/Multiparty Affected System Study Agreement), 9.6 (Scope of Affected System Study), 9.7 (Affected System Study Procedures), 9.8 (Meeting with Transmission Provider), 9.9 (Affected System Cost Allocation), 9.10 (Tender of Affected System Facilities Construction Agreement/Multiparty Affected System Facilities Construction Agreement), 9.11 (Restudy); *id.* § 11 (9.0.0.), § 11.2.1 (Delay in LGIA Execution, or Filing Unexecuted, to Await Affected System Study Report).

(3) affected system *pro forma* agreements;[12] (4) co-located generating facilities;[13] (5) availability of surplus interconnection service;[14] and (6) modeling and ride-through requirements.[15]

12. We address the remaining compliance requirements below.

1. Proposed Variations

13. As discussed further below, APS has proposed certain variations from the Commission's requirements in Order Nos. 2023 and 2023-A. The Commission explained in Order No. 2023 that such variations filed by a non-Regional Transmission Organization (RTO)/Independent System Operator (ISO) transmission provider would be reviewed under the same "consistent with or superior to" standard allowed by Order Nos. 888, 890, 2003, 2006, and 845.[16] In Order No. 2003, when adopting the *pro forma*

[12] *See* Order No. 2023, 184 FERC ¶ 61,054 at PP 1171, 1232-1233; Order No. 2023-A, 186 FERC ¶ 61,199 at P 533; *pro forma* LGIP, apps. 9, 10, 11, 12; Proposed Open Access Transmission Tariff, attach. O, app. 12 (Two-Party Affected System Facilities Construction Agreement) (1.0.0); *id.* app. 13 (Multiparty Affected System Facilities Construction Agreement) (1.0.0).

[13] *See* Order No. 2023, 184 FERC ¶ 61,054 at PP 1346, 1351-1352, 1355; *pro forma* LGIP § 3.1.2; Proposed Open Access Transmission Tariff, attach. O, § 3 (12.0.0), § 3.1.2 (Submission).

[14] *See* Order No. 2023, 184 FERC ¶ 61,054 at PP 1436-1437, 1445, 1447; *pro forma* LGIP § 3.3.1; Proposed Open Access Transmission Tariff, attach. O, § 3 (12.0.0), § 3.3.1 (Surplus Interconnection Service Requests).

[15] *See* Order No. 2023, 184 FERC ¶ 61,054 at PP 1659-1660, 1715, 1733, 1735; *see pro forma* LGIP §§ 1, 4.4.4, app. 1, attach. A; *pro forma* LGIA art. 1, 9.7.3; *pro forma* SGIP, § 1.4, attach. 2; *pro forma* SGIA art. 1.5.7; Proposed Open Access Transmission Tariff, attach. O, § 1 (Definitions) (12.0.0), Balancing Authority; *id*. § 4 (11.0.0), § 4.4.4; *id.* app. 1 (13.0.0), attach. A; *id*. app. 6, art. 1 (Definitions) (12.0.0), Balancing Authority; *id*. app. 6, art. 9 (13.0.0), art. 9.7.3 (Ride Through Capability and Performance); *id.* attach. P (SGIA), art. 1 (Scope and Limitations of Agreement) (11.0.0), art. 1.5.7.

[16] Order No. 2023, 184 FERC ¶ 61,054 at P 1764 (citing *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission on Servs. by Pub. Utils.; Recovery of Stranded Costs by Pub. Utils. & Transmitting Utils.*, Order No. 888, FERC Stats. & Regs. ¶ 31,036, at 31,769-70 (1996) (cross-referenced at 75 FERC ¶ 61,080), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048 (cross-referenced at 78 FERC ¶ 61,220), *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248

LGIP and *pro forma* LGIA, the Commission permitted transmission providers to seek variations from the *pro forma* LGIP and/or *pro forma* LGIA if they were "consistent with or superior to" the terms of the *pro forma* LGIP and *pro forma* LGIA.[17] A transmission provider seeking a "consistent with or superior to" variation must demonstrate why its proposal is consistent with or superior to the *pro forma* LGIP and/or *pro forma* LGIA and/or *pro forma* SGIP and/or *pro forma* SGIA.[18] The Commission also explained in Order No. 2023 that, consistent with Order Nos. 888, 890, 2003, 2006, and 845, transmission providers may justify a variation to the *pro forma* LGIP and/or *pro forma* LGIA and/or *pro forma* SGIP and/or *pro forma* SGIA based on established reliability requirements using the regional differences rationale.[19] The Commission required

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(1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Pol'y Study Grp. v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. N.Y. v. FERC*, 535 U.S. 1 (2002); *Preventing Undue Discrimination & Preference in Transmission Serv.*, Order No. 890, 118 FERC ¶ 61,119, at P 109, *order on reh'g*, Order No. 890-A, 121 FERC ¶ 61,297 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009); *Standardization of Generator Interconnection Agreements & Procs.*, Order No. 2003, 104 FERC ¶ 61,103, at P 825 (2003), *order on reh'g*, Order No. 2003-A, 106 FERC ¶ 61,220, *order on reh'g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004), *order on reh'g*, Order No. 2003-C, 111 FERC ¶ 61,401 (2005), *aff'd sub nom. Nat'l Ass'n of Regul. Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007); *Standardization of Small Generator Interconnection Agreements & Procs*., Order No. 2006, 111 FERC ¶ 61,220, at PP 546-547, *order on reh'g*, Order No. 2006-A, 113 FERC ¶ 61,195 (2005), *order granting clarification*, Order No. 2006-B, 116 FERC ¶ 61,046 (2006); *Reform of Generator Interconnection Procs. & Agreements*, Order No. 845, 163 FERC ¶ 61,043, at P 43 (2018), *order on reh'g*, Order No. 845-A, 166 FERC ¶ 61,137, *order on reh'g*, Order No. 845-B, 168 FERC ¶ 61,092 (2019)).

[17] Order No. 2003, 104 FERC ¶ 61,103 at P 26.

[18] *See, e.g.*, *Nev. Power Co.*, 167 FERC ¶ 61,086, at P 3 (2019).

[19] Order No. 2023, 184 FERC ¶ 61,054 at P 1764 (citing Order No. 888, FERC Stats. & Regs. ¶ 31,036, at 31,770; Order No. 890, 118 FERC ¶ 61,119 at P 109; Order No. 2003, 104 FERC ¶ 61,103 at P 826 ("[I]f on compliance a non-RTO or ISO Transmission Provider offers a variation from the Final Rule LGIP and Final Rule LGIA, and the variation is in response to established (i.e., approved by the Applicable Reliability Council) reliability requirements, then it may seek to justify its variation using the regional difference rationale."); Order No. 2006, 111 FERC ¶ 61,220 at PP 546-547; Order No. 845, 163 FERC ¶ 61,043 at P 43).

transmission providers submitting such regional reliability variations to the Commission for approval to identify the proposed variations and explain why such variations are necessary.[20] We evaluate APS's proposed variations from the requirements of Order Nos. 2023 and 2023-A accordingly.

a. APS's Second Compliance Filing

14. APS proposes various unexplained variations throughout its LGIP, *pro forma* LGIA, SGIP, and *pro forma* SGIA, including, but not limited to, the following examples: (1) revised section 11.3 (Execution and Filing) of its LGIP to provide that an interconnection customer must provide a demonstration for continued site control pursuant to section "8.2(2)" of the LGIP rather than "8.1(2)"; (2) maintained the existing definition of "commercial readiness deposit" in section 1 (Definitions) of its LGIP, which includes a reference to section "7.6" rather than "7.5"; (3) revised section 3.7.1.2.2 (Assessment of Network Upgrade Costs Previously Shared with Withdrawn Interconnection Customers in the Same Cluster) of its LGIP uses the term "subsection" rather than "section"; (4) revised section 3.7.1.2.3.1 of its LGIP uses the term "has" rather than "have" and includes a reference to section "4.2.2," which does not exist in its LGIP; (5) maintained existing section numbers "3.7.1.2.3.1" and "3.7.1.2.3.2" rather than section numbers "3.7.1.2.3(a)" and "3.7.1.2.3(b)," respectively; (6) maintained the existing definition of "withdrawal penalty" in section 1 of its LGIP, which uses the term "queue" rather than "interconnection queue"; (7) revised section 9.3 of its LGIP omits the phrase "of this LGIP" after the second reference to "Section 9.7"; (8) revised section 9.4 of its LGIP refers to section "9.2" rather than "9.2.1"; (9) revised section 9.9 of its LGIP refers to section "4.2.2" rather than "4.2.1(1)(b)"; and (10) revised section 3.3.1 provides that surplus interconnection service requests may be made once "an" interconnection customer has "fully" executed the LGIA.

b. Commission Determination

15. The Commission explained in Order No. 2023 that variations proposed in compliance filings submitted by transmission providers that are not RTOs/ISOs will be reviewed under the "consistent with or superior to" standard, meaning that a transmission provider seeking a variation from the *pro forma* provisions must demonstrate why its proposal is consistent with or superior to the Commission's *pro forma* LGIP, *pro forma*

[20] Order No. 2023, 184 FERC ¶ 61,054 at P 1764 (citing Order No. 888, FERC Stats. & Regs. ¶ 31,036 at 31,770; Order No. 890, 118 FERC ¶ 61,119 at P 109; Order No. 2003, 104 FERC ¶ 61,103 at P 826; Order No. 2006, 111 FERC ¶ 61,220 at PP 546-547; Order No. 845, 163 FERC ¶ 61,043 at P 43).

LGIA, *pro forma* SGIP, and/or *pro forma* SGIA.[21] We expect that many of APS's unexplained variations are simply typographical or other minor errors that APS inadvertently included in its Second Compliance Filing. Therefore, we direct APS to submit, within 60 days of the date of this order, a further compliance filing that either adjusts the relevant proposed variations to reflect the Commission's *pro forma* procedures and agreements without modification or justifies the proposed variations as consistent with or superior to the Commission's *pro forma* procedures and agreements.

2. Cluster Study Process

16. In Order No. 2023, the Commission revised the *pro forma* LGIP and *pro forma* LGIA to require transmission providers to study interconnection requests in clusters. The Commission added several new, and revised several existing, defined terms to facilitate this change.[22]

17. The Commission adopted section 3.1.2 (Submission)[23] of the *pro forma* LGIP to require an interconnection customer to select a definitive point of interconnection when executing the cluster study agreement.[24] The Commission adopted section 3.4.1 (Cluster Request Window), section 3.4.4 (Deficiencies in Interconnection Request), and section 3.4.5 (Customer Engagement Window) of the *pro forma* LGIP to provide a process for interconnection customers to submit a cluster study interconnection request.[25] The Commission adopted section 3.4.6 (Cluster Study Scoping Meetings) of the *pro forma* LGIP to require transmission providers to hold a scoping meeting with interconnection customers in the cluster.[26] The Commission revised section 3.5.2 (Requirement to Post Interconnection Study Metrics) of the *pro forma* LGIP to require transmission providers

[21] Order No. 2023, 184 FERC ¶ 61,054 at PP 16, 1764; *see, e.g.*, *Nev. Power Co.*, 167 FERC ¶ 61,086 at P 3.

[22] Order No. 2023, 184 FERC ¶ 61,054; *see pro forma* LGIP § 1 (Definitions); *see also pro forma* LGIA art. 1 (Definitions).

[23] We note that the section or article title appears in parentheticals following the first usage of that section or article in this order.

[24] Order No. 2023, 184 FERC ¶ 61,054 at P 200; *see pro forma* LGIP § 3.1.2.

[25] Order No. 2023, 184 FERC ¶ 61,054 at P 223; *see pro forma* LGIP §§ 3.4.1, 3.4.4, 3.4.5.

[26] Order No. 2023, 184 FERC ¶ 61,054 at P 245; *see pro forma* LGIP § 3.4.6.

to post metrics for cluster study and restudy processing time.[27] Additionally, the Commission required the transmission provider to include the number of calendar days after the conclusion of the transition process that the initial cluster request window will open, as well as the month and date of the opening of the annual cluster request window, in *pro forma* LGIP section 3.4.1.

18. The Commission adopted several revisions to the *pro forma* LGIP related to the process by which an interconnection customer can make an interconnection request. The Commission revised section 4.1 (Queue Position) of the *pro forma* LGIP to provide that all interconnection requests within a cluster be considered equally queued and accordingly modified the definition of "queue position."[28] The Commission renamed and revised section 4.2 (General Study Process) of the *pro forma* LGIP to require transmission providers to perform interconnection studies within the cluster study process.[29] The Commission revised section 4.4 (Modifications) of the *pro forma* LGIP to provide that moving a point of interconnection shall result in the loss of a queue position if it is deemed a material modification by the transmission provider.[30] The Commission also revised section 4.4.1 of the *pro forma* LGIP to incorporate the material modification process as part of the cluster study process.[31] The Commission revised section 4.4.5 of the *pro forma* LGIP to require that an interconnection customer receive an extension of fewer than three cumulative years of the generating facility's commercial operation date without requiring it to request such an extension from the transmission provider.[32]

19. The Commission adopted revisions to the *pro forma* LGIP to implement several cluster study provisions. The Commission revised section 7 (Cluster Study) of the *pro forma* LGIP to set out the requirements and scope of the cluster study agreement, as well as the cluster study and restudy procedures.[33] The Commission revised *pro forma* LGIP section 7.1 (Cluster Study Agreement) to provide that the transmission provider must tender to each interconnection customer that submitted a valid interconnection request a cluster study agreement no later than five business days after the close of the cluster

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[27] Order No. 2023, 184 FERC ¶ 61,054 at P 259; *see pro forma* LGIP § 3.5.2.

[28] Order No. 2023, 184 FERC ¶ 61,054 at PP 277, 283; *see pro forma* LGIP § 4.1.

[29] Order No. 2023, 184 FERC ¶ 61,054 at P 278; *see pro forma* LGIP § 4.2.

[30] Order No. 2023, 184 FERC ¶ 61,054 at P 283; *see pro forma* LGIP § 4.4.

[31] Order No. 2023, 184 FERC ¶ 61,054 at P 285; *see pro forma* LGIP § 4.4.1.

[32] Order No. 2023, 184 FERC ¶ 61,054 at P 293; *see pro forma* LGIP § 4.4.5.

[33] Order No. 2023, 184 FERC ¶ 61,054 at P 317; *see pro forma* LGIP § 7.

request window.[34] The Commission revised *pro forma* LGIP section 7.2 (Execution of Cluster Study Agreement) to provide that, if the interconnection customer does not provide technical data when it delivers the cluster study agreement, the transmission provider must notify the interconnection customer of the deficiency within five business days, and the interconnection customer must cure the deficiency within 10 business days.[35] The Commission modified *pro forma* LGIP section 7.3 (Scope of Cluster Study Agreement) to provide that the stability analysis, power flow analysis, and short circuit analysis will be conducted on a clustered basis.[36]

20. The Commission also modified *pro forma* LGIP section 7.4 (Cluster Study Procedures) to provide that the transmission provider shall complete the cluster study within 150 calendar days, using subgroups if it chooses. Within 10 business days of simultaneously furnishing a cluster study report and draft facilities study agreement to each interconnection customer and posting such report on its Open Access Same-Time Information System (OASIS), the transmission provider shall convene an open meeting to discuss the study results.[37] The Commission revised *pro forma* LGIP section 7.5 (Cluster Study Restudies) to require that the interconnection customer must provide, within 20 calendar days after the cluster study report meeting, a study deposit, demonstration of site control, and a commercial readiness deposit. The Commission also required the transmission provider to complete any cluster restudy within 150 calendar days.[38]

21. The Commission revised section 8.5 (Restudy) of the *pro forma* LGIP to make clear that restudies can be triggered by the withdrawal or modification by a higher- or equally-queued interconnection request.[39] The Commission revised sections 11.1 (Tender) and 11.3 (Execution and Filing) of the *pro forma* LGIP regarding the tendering,

[34] Order No. 2023, 184 FERC ¶ 61,054 at P 317; *see pro forma* LGIP § 7.1.

[35] Order No. 2023, 184 FERC ¶ 61,054 at P 317; *see pro forma* LGIP § 7.2.

[36] Order No. 2023, 184 FERC ¶ 61,054 at P 317; *see pro forma* LGIP § 7.3.

[37] Order No. 2023, 184 FERC ¶ 61,054 at P 317; *see pro forma* LGIP § 7.4.

[38] Order No. 2023, 184 FERC ¶ 61,054 at P 317; *see pro forma* LGIP § 7.5.

[39] Order No. 2023, 184 FERC ¶ 61,054 at P 335; *see pro forma* LGIP § 8.5.

execution, and filing of the LGIA to incorporate the site control demonstrations and LGIA deposit requirements of Order No. 2023.[40]

22. The Commission also revised Appendix 2 (formerly Appendix 3) (Cluster Study Agreement) from the *pro forma* interconnection system impact study agreement to the new *pro forma* cluster study agreement.[41]

23. In Order No. 2023-A, the Commission modified the *pro forma* LGIP and *pro forma* LGIA definitions of "stand alone network upgrades" and *pro forma* LGIA article 5.1.3 (Option to Build) to allow an interconnection customer to exercise the option to build whether the stand alone network upgrade is attributable to a single interconnection customer, or multiple interconnection customers in a single cluster study that agree to exercise this option.[42]

24. The Commission also modified *pro forma* LGIP section 3.4.5 to clarify that any interconnection request for which the interconnection customer has not executed a cluster study agreement by the end of the customer engagement window will be deemed withdrawn from the interconnection queue.[43] The Commission also modified *pro forma* LGIP section 3.4.4 to clarify that all items in *pro forma* LGIP section 3.4.2 (Initiating an Interconnection Request) must be received during the cluster request window and, if they are not, the interconnection request will be deemed withdrawn.[44]

25. The Commission modified *pro forma* LGIP sections 7.3 and 8.1 (Interconnection Facilities Study Agreement) to remove the requirement for the transmission provider to tender an interconnection facilities study agreement simultaneously with the issuance of a cluster study (or restudy) report and instead add a requirement for the transmission provider to tender the interconnection facilities agreement within five business days after

[40] Order No. 2023, 184 FERC ¶ 61,054 at P 344; *see pro forma* LGIP §§ 11.1, 11.3.

[41] *See pro forma* LGIP, app. 2.

[42] Order No. 2023-A, 186 FERC ¶ 61,199 at PP 141-143; *see pro forma* LGIP § 1; *see also pro forma* LGIA arts. 1, 5.1.3.

[43] Order No. 2023-A, 186 FERC ¶ 61,199 at P 159; *see pro forma* LGIP § 3.4.5.

[44] Order No. 2023-A, 186 FERC ¶ 61,199 at P 161; *see pro forma* LGIP § 3.4.4.

the transmission provider notifies the interconnection customers that no further restudies are required.[45]

26. The Commission modified sections 3.4.2, 5.1.1.1 (Transitional Serial Study), 5.1.1.2 (Transitional Cluster Study), 7.5, and 8.1 of the *pro forma* LGIP to reflect that acceptable forms of security for the commercial readiness deposit and deposits prior to the transitional serial study, the transitional cluster study, the cluster restudy, and the interconnection facilities study should include not only cash or an irrevocable letter of credit, but also surety bonds or other forms of financial security that are reasonably acceptable to the transmission provider.[46]

27. Finally, the Commission also revised *pro forma* LGIP sections 3.4.6, 3.5.2.4 (Interconnection Service Requests Withdrawn from Interconnection Queue), and 7.5, as well as the *pro forma* LGIP definition of "interconnection study," to remove inadvertent errors and add minor clarifying edits.[47]

a. Initial Compliance Order

28. In the Initial Compliance Filing, APS proposed deviations to LGIP sections 3.1.2, 3.4.1, 3.4.1.3, 3.4.2, 3.4.2.1, 3.5.2.1, 3.5.2.2, 4, 4.1.1, 4.2, 4.4, 4.4.5, 7.1, 7.2, 7.3, 7.4, 7.5, 8.5, and 11.3, and Appendix 2, as well as certain definitions in its LGIP section 1 and *pro forma* LGIA, by maintaining certain existing Tariff language or proposing unexplained modifications from Order No. 2023.[48] Specifically, APS proposed to maintain a multi-

[45] Order No. 2023-A, 186 FERC ¶ 61,199 at P 163; *see pro forma* LGIP §§ 7.3, 8.1.

[46] Order No. 2023-A, 186 FERC ¶ 61,199 at P 185; *see pro forma* LGIP §§ 3.4.2, 5.1.1.1, 5.1.1.2, 7.5, 8.1.

[47] Order No. 2023-A, 186 FERC ¶ 61,199 at P 167; *see pro forma* LGIP §§ 1, 3.4.6, 3.5.2.4, 7.5.

[48] Proposed Open Access Transmission Tariff, attach. O, § 1 (Definitions) (11.0.0), Interconnection Study; *id*. § 3 (11.0.0), §§ 3.1.2 (Submission), 3.4.1 (Cluster Request Window), 3.4.1.3 (Deficiencies in Interconnection Request), 3.4.2 (Customer Engagement Window), 3.4.2.1 (Cluster Study Scoping Meeting), 3.5.2.1 (Interconnection Cluster Study Processing Time), 3.5.2.2 (Cluster Re-Studies Processing Time); *id*. § 4 (Interconnection Request Evaluation Process) (10.0.0), §§ 4.1.1 (Assignment of Queue Position), 4.2 (General Study Process), 4.4 (Modifications), 4.4.5; *id*. § 7 (9.0.0), §§ 7.1 (Cluster Study Agreement), 7.2 (Execution of Cluster Study Agreement), 7.3 (Scope of Cluster Study), 7.4 (Cluster Study Procedures), 7.5 (Cluster Study Re-Studies); *id*. § 8 (9.0.0), § 8.5 (Re-Study); *id*. § 11 (8.0.0), § 11.3 (Execution and Filing); *id.* app. 2

phase cluster study process, accepted in its Queue Reform filing.[49] APS also proposed to maintain its existing Tariff language specifying that cluster request windows open annually between April 1 and May 15.[50]

29. In the Initial Compliance Order, the Commission found that APS's proposed deviations to LGIP sections 3.1.2, 3.4.1, 3.4.1.3, 3.4.2, 3.4.2.1, 3.5.2.1, 3.5.2.2, 4, 4.1.1, 4.2, 4.4, 4.4.5, 7.1, 7.2, 7.3, 7.4, 7.5, 8.5, and 11.3, as well as certain other proposed definitions in its LGIP section 1 and its *pro forma* LGIA, only partially complied with the requirements of Order No. 2023 because APS proposed significant deviations without justifying how such deviations satisfied the consistent with or superior to standard.[51] The Commission therefore directed APS to submit a further compliance filing that either justified the proposed deviations as consistent with or superior to the Commission's *pro forma* LGIP and *pro forma* LGIA or adopted without modification the Commission's *pro forma* LGIP and *pro forma* LGIA language in Order No. 2023. The Commission further stated that if APS proposed to maintain the term "initial deposit," it must demonstrate that the term is consistent with or superior to the Commission's *pro forma* interconnection procedures and agreements and apply consistent capitalization of the term throughout its Tariff.[52]

b. APS's Second Compliance Filing

30. APS proposes revisions to sections 3.4.1, 3.5.2, 3.5.2.4, 4.1 (formerly section 4), 4.1.1, 4.2, 7.1, 8.1, and 11.3 of its LGIP, and article 5.1.3 of its *pro forma* LGIA, to incorporate without modification the cluster study process framework adopted in Order Nos. 2023 and 2023-A.[53] APS proposes deviations from other *pro forma* provisions of

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(Cluster Study Agreement) (10.0.0); *id.* app. 6 (LGIA), art. 1 (Definitions) (11.0.0), Interconnection Study, Queue Position.

[49] Initial Compliance Order, 186 FERC ¶ 61,201 at P 34.

[50] Proposed Open Access Transmission Tariff, attach. O, § 3 (11.0.0), § 3.4.1 (Cluster Request Window).

[51] Initial Compliance Order, 186 FERC ¶ 61,201 at P 39.

[52] *Id.* P 42.

[53] Proposed Open Access Transmission Tariff, attach. O, § 3 (12.0.0), §§ 3.4.1 (Cluster Request Window), 3.5.2 (Requirements to Post Interconnection Study Metrics), 3.5.2.4 (Interconnection Service Requests Withdrawn from Interconnection Queue); *id.* § 4 (11.0.0), §§ 4.1 (Queue Position), 4.1.1, 4.2; *id.* § 7 (10.0.0), § 7.1; *id.* § 8 (10.0.0),

Order No. 2023 related to the cluster study process in its LGIP sections 1, 3.1.2, 3.4.1.1, 3.4.2, 3.4.2.1, 3.5.2.1, 3.5.2.2, 3.5.2.3, 3.5.4, 4.4, 4.4.5, 7.2, 7.3, 7.4, 7.5, 8.2, and 8.5, Appendix 2, and article 1 of its *pro forma* LGIA.[54]

31. Specifically, APS proposes to establish a 75-day (rather than 60-day) customer engagement window to allow for additional communication with its interconnection customers. APS asserts that this proposal is consistent with or superior to the *pro forma* LGIP because it provides transparency and additional time for interconnection customers to cure deficiencies in technical data provided. Further, APS proposes to maintain language under sections 3.4.2 and 7.2 of its LGIP that states that interconnection requests for which interconnection customers do not cure deficiencies before the close of the customer engagement window will be deemed withdrawn. APS asserts that this proposal is consistent with or superior to the *pro forma* LGIP because it prevents delays in the cluster study process created by interconnection customers that do not cure deficiencies in a timely manner.[55] APS also proposes to maintain its existing LGIP section 3.1.2 to remove the requirement for a transmission provider to notify the interconnection customer of changes to the requested point of interconnection "within the customer engagement window."

32. APS proposes in its LGIP section 3.4.1 that its initial cluster request window will open on April 1, 2024, after the conclusion of the transition process and its annual cluster request window will open on April 1 every year thereafter.[56] Furthermore, APS proposes to maintain the multi-phase cluster study process accepted in its Queue Reform filing, which consists of a 45-day cluster request window, a 75-day customer engagement

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§ 8.1 (Interconnection Facilities Study Agreement); *id*. § 11 (9.0.0), § 11.3; *id.* app. 6 (LGIA), art. 5 (12.0.0), art. 5.1.3 (Option to Build).

[54] *Id.* attach. O, § 1 (Definitions) (12.0.0), Interconnection Study; *id.* § 3 (12.0.0), §§ 3.1.2 (Submission), 3.4.1.1 (Initiating an Interconnection Request), 3.4.2 (Customer Engagement Window), 3.4.2.1 (Cluster Study Scoping Meeting), 3.5.2.1 (Interconnection Cluster Study Processing Time), 3.5.2.2 (Cluster Re-Studies Processing Time), 3.5.2.3 (Interconnection Facilities Studies Processing Time), 3.5.4; *id*. § 4 (11.0.0), §§ 4.4 (Modifications), 4.4.5; *id*. § 7 (10.0.0), §§ 7.2 (Execution of Cluster Study Agreement), 7.3 (Scope of Cluster Study), 7.4 (Cluster Study Procedures), 7.5 (Cluster Study Re-Studies); *id*. § 8 (10.0.0), §§ 8.2 (Scope of Interconnection Facilities Study), 8.5 (Restudy); *id.* app. 2 (Cluster Study Agreement) (11.0.0); *id.* app. 6 (LGIA), art. 1 (Definitions) (12.0.0), Interconnection Study, Queue Position.

[55] Transmittal at 9.

[56] Proposed Open Access Transmission Tariff, attach. O, § 3 (12.0.0), § 3.4.1 (Cluster Request Window).

window, a 195-day cluster study consisting of two phases with distinct reliability analyses, and a 90-day cluster restudy (if necessary). APS asserts that its multi-phase cluster study process is consistent with or superior to the *pro forma* LGIP because it provides additional information to interconnection customers earlier in the cluster study process, which will expedite the process, reduce administrative costs, and lessen the need for cluster restudies.[57]

33. APS also proposes to maintain its existing Tariff provisions requiring small generators subject to the SGIP, except for those in the "fast track" or inverter processes, to be studied in the same clusters as large generating facilities.[58] APS asserts that while the LGIP and SGIP offer separate procedures for interconnecting large and small generating facilities, they are interdependent upon each other as both large and small generating facilities interconnect to the APS transmission system. According to APS, small generators face many of the same issues as large generators and cannot be treated as completely separate in many instances. APS states that, without considering both large and small generating facilities connecting to the same transmission system, any system impact study would not provide an accurate outlook on available capacity or the need for Network Upgrades. APS states that, given this relationship, it currently studies small generator interconnection requests in the same cluster as large generating facilities.[59]

c. Commission Determination

34. We find that APS's proposed revisions partially comply with the requirements of Order Nos. 2023 and 2023-A. Specifically, we find that, with the exception of unexplained variations discussed in section IV.B.1 above, APS's proposed revisions to sections 3.4.1, 3.5.2, 3.5.2.4, 4.1, 4.1.1, 4.2, 7.1, 8.1, and 11.3 of its LGIP, and article 5.1.3 of its *pro forma* LGIA, comply with the requirements of Order Nos. 2023 and 2023-A because APS adopts the Commission's *pro forma* LGIP and *pro forma* LGIA without modification.

35. We also find that APS has complied with the Commission's requirement for the transmission provider to include in section 3.4.1 of its LGIP the number of calendar days after the conclusion of the transition process that the cluster request window will open, as well as the month and date of the opening of the annual cluster request window. Furthermore, we find that APS's proposed multi-phase cluster study process and timelines are consistent with or superior to the Commission's *pro forma* LGIP. We find

[57] Transmittal at 10-11.

[58] *See* Queue Reform Order, 184 FERC ¶ 61,188 at PP 72-74.

[59] Transmittal at 12.

that APS's proposed windows to join a cluster and execute a Cluster Study Agreement in LGIP sections 3.4.2, 3.4.2.1, and 7.2 are consistent with or superior to the Commission's *pro forma* LGIP because APS's revisions enhance transparency and allow additional time for customers to cure any deficiencies in their interconnection requests. Likewise, we find that APS's proposed timeframes to cure deficiencies in LGIP sections 3.4.2 and 7.2 are consistent with or superior to the Commission's *pro forma* LGIP because they may benefit both APS and its interconnection customers by giving them additional time to evaluate and identify any deficiencies in information provided before APS starts the first phase of the cluster study. We also find that APS's proposed multi-phase cluster study process in LGIP sections 3.5.2.1, 3.5.2.2, 3.5.2.3, 3.5.4, 7.3, 7.4, 7.5, and 8.2 is consistent with or superior to the Commission's *pro forma* LGIP because APS's multi-phase analyses may inform interconnection customers of upgrade costs earlier in the cluster study process so that they may determine whether to proceed with their interconnection request.

36. However, we find that APS's proposed LGIP sections 3.1.2, 3.4.1.1, 4.4, 4.4.5, and 8.5, Appendix 2, as well as the definition of "interconnection study" in LGIP section 1 and its *pro forma* LGIA article 1 and the definition of "queue position" in its *pro forma* LGIA article 1, only partially comply with the requirements of Order No. 2023 because APS proposes deviations from the Commission's *pro forma* LGIP and *pro forma* LGIA in these sections without demonstrating how such deviations are consistent with or superior to the Commission's *pro forma* LGIP and *pro forma* LGIA. Accordingly, we direct APS to submit, within 60 days of the date of this order, a further compliance filing that either justifies the proposed deviations as consistent with or superior to the Commission's *pro forma* LGIP and *pro forma* LGIA or adopts without modification the Commission's *pro forma* LGIP and *pro forma* LGIA language in Order No. 2023.

37. Further, as noted above,[60] under APS's existing Tariff provisions, APS includes small generators not in the fast track or inverter process in the same cluster study process as large generators. The Commission previously accepted these provisions in the Queue Reform Order.[61] However, we find that APS's SGIP does not provide sufficient clarity regarding which requirements of its LGIP apply to small generating facilities that participate in the LGIP's cluster study process. Specifically, section 1.1.1 of APS's SGIP states only that "Small Generating Facilities that are subject to the study process in Section 3 shall be required to participate in the Transmission Provider's Cluster process

[60] *See supra* P 33.

[61] Queue Reform Order, 184 FERC ¶ 61,188 at P 73 ("[W]e expect that the cluster study process will afford small generator customers greater certainty in a shorter and less complex interconnection process than the serial study process in the *pro forma* SGIP.").

pursuant to Attachment O, [LGIP] except as otherwise provided in Section 3 of this SGIP."[62] Similarly, section 3.1 of APS's SGIP states that small generating facilities that are larger than 2 MW but no larger than 20 MW, are not certified, or are certified but did not pass the fast track or inverter processes, "shall be studied by Transmission Provider in accordance with the Cluster Study process discussed in Sections 7 and 8 of the LGIP, as further modified below for purposes of Small Generating Facilities."[63] We are concerned that it is not clear whether a small generator participating in the cluster study per APS's SGIP sections 1.1.1 and 3 would be required to meet other requirements of the LGIP, such as submitting a demonstration of 90% site control as part of its interconnection request, paying a withdrawal penalty when withdrawing from the study process, or executing an LGIA instead of an SGIA at the conclusion of the study process. Accordingly, we direct APS to submit, within 60 days of the date of this order, a further compliance filing that revises its Tariff to specify which LGIP requirements apply to small generators participating in the LGIP cluster study.

3. Allocation of Cluster Study Costs

38. In Order No. 2023, the Commission revised section 13.3 (Obligation for Study Costs) of the *pro forma* LGIP to allow each transmission provider to propose its own ratio for allocating the shared costs of cluster studies, provided that between 10% and 50% of study costs must be allocated on a per capita basis, with the remainder (between 50% and 90%) allocated pro rata by MW.[64]

a. Initial Compliance Order

39. In its Initial Compliance Filing, APS proposed revisions to section 13.3 of its LGIP to allocate cluster study costs on a pro rata basis dependent upon the size of the proposed generating facility.[65] In the Initial Compliance Order, the Commission found that this proposed allocation method failed to comply with Order No. 2023, which allowed transmission providers to allocate between 10% and 50% of study costs on a per capita basis to ensure that interconnection customers proposing smaller generating facilities or submitting multiple interconnection requests "adequately contribute to study

[62] Proposed Open Access Transmission Tariff, attach. P, § 1 (9.0.0), § 1.1.1.

[63] *Id.* attach. P, § 3 (8.0.0), § 3.1 (Applicability).

[64] Order No. 2023, 184 FERC ¶ 61,054 at P 416; *see pro forma* LGIP § 13.3.

[65] Proposed Open Access Transmission Tariff, attach. O, § 13 (9.0.0), § 13.3 (Obligation for Study Costs).

costs."[66] The Commission therefore directed APS to submit a further compliance filing that either justified its cluster study cost allocation proposal as consistent with or superior to the Commission's *pro forma* LGIP or proposed a cluster study cost allocation ratio that allocates between 10% and 50% of cluster study costs on a per capita basis.[67]

b. APS's Second Compliance Filing

40. APS proposes to revise its LGIP section 13.3 to allocate 50% of cluster study costs on a per capita basis among interconnection customers in the cluster, and 50% of cluster study costs on a pro rata basis by MW among interconnection customers in the cluster.[68]

c. Commission Determination

41. We find that APS's proposed revisions to its LGIP section 13.3 comply with the requirements of Order Nos. 2023 and 2023-A to allocate between 10% and 50% of study costs on a per capita basis, with the remainder (between 50% and 90%) allocated on a pro rata basis.

4. Allocation of Cluster Network Upgrade Costs

42. In Order No. 2023, the Commission required transmission providers to allocate system network upgrade[69] costs based on a proportional impact method.[70] Specifically, the Commission added *pro forma* LGIP section 4.2.1 (Cost Allocation for Interconnection Facilities and Network Upgrades) to require a transmission provider to: (1) allocate the costs of network upgrades located at substations equally among each generating facility interconnecting to the same substation (i.e., on a per

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[66] Initial Compliance Order, 186 FERC ¶ 61,201 at P 45 (citing Order No. 2023, 184 FERC ¶ 61,054 at P 418).

[67] *Id*.

[68] Proposed Open Access Transmission Tariff, attach. O, § 13 (10.0.0), § 13.3 (Obligation for Study Costs).

[69] The *pro forma* LGIP defines system network upgrades as "Network Upgrades that are required beyond the substation located at the Point of Interconnection." *Pro forma* LGIP § 1.

[70] The *pro forma* LGIP defines proportional impact method as "a technical analysis conducted by Transmission Provider to determine the degree to which each Generating Facility in the Cluster Study contributes to the need for a specific System Network Upgrade." *Id.*

capita basis); and (2) direct the transmission provider on compliance to provide tariff provisions that describe, for each type of system network upgrade that a transmission provider would identify in the cluster study process, how the costs of each system network upgrade type will be allocated among the interconnection customers within the cluster.[71] The Commission added to the *pro forma* LGIP and *pro forma* LGIA definitions for "proportional impact method," "substation network upgrades," and "system network upgrades" and modified the existing definition of "stand alone network upgrades."[72] The Commission required the transmission provider's revisions on compliance to provide that costs for a discrete network upgrade identified in the cluster study process are allocated to only the interconnection customers in the cluster that are shown through technical analyses to contribute to the need for that discrete network upgrade.[73] The Commission also required transmission providers to allocate the costs of interconnection facilities (i.e., both the interconnection customer's interconnection facilities and transmission provider's interconnection facilities) on a per capita basis. The Commission further provided that interconnection customers may agree to share interconnection facilities, that the per capita cost allocation will apply only where interconnection customers agree to share interconnection facilities, and that interconnection customers may choose a different cost sharing arrangement upon mutual agreement.[74] Finally, the Commission revised Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades) of the *pro forma* LGIA to include substation network upgrades and system network upgrades.[75]

43. In Order No. 2023-A, the Commission clarified that cost allocation for substation network upgrades is based on the number of interconnection facilities connecting to the substation at the point of interconnection. The transmission provider must first allocate the costs of substation network upgrades on a per capita basis for each interconnection facility connecting to the substation, and then allocate those costs on a per capita basis between each generating facility using the interconnection facility. In conjunction, the Commission revised *pro forma* LGIP section 4.2.1.1.a to clarify that substation network upgrade costs shall be allocated first to interconnection facilities interconnecting to the

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[71] Order No. 2023, 184 FERC ¶ 61,054 at PP 453, 461; *see pro forma* LGIP § 4.2.1.

[72] Order No. 2023, 184 FERC ¶ 61,054 at PP 458, 460; *see pro forma* LGIP § 1; *see also pro forma* LGIA art. 1.

[73] Order No. 2023, 184 FERC ¶ 61,054 at P 461.

[74] *Id.* P 454.

[75] *Pro forma* LGIA, app. A.

substation at the same voltage level, and then per capita to each generating facility sharing the interconnection facility.[76]

a. Initial Compliance Order

44. In its Initial Compliance Filing, APS proposed to maintain existing language in section 4.2.2.2 to describe the proportional impact method cost allocation for each facility type designated as a network upgrade.[77] APS also proposed revisions to sections 4.2.2.1, 4.2.2.2, and 4.2.2.3 of its LGIP to maintain certain existing Tariff language and to provide the framework for the cost allocation for interconnection facilities and network upgrades.[78] Specifically, APS proposed to allocate the cost of substation network upgrades on a per capita basis, and to include non-conforming language to clarify that multiple interconnection customers connecting through a single connection point would be considered one connection. APS also proposed to assign the costs of transmission provider interconnection facilities directly to the interconnection customers using the facilities, with the costs of shared facilities allocated based on the number of generating facilities sharing the facility on a per capita basis.

45. In the Initial Compliance Order, the Commission found that APS's proposed revisions to sections 4.2.2.1, 4.2.2.2, and 4.2.2.3 of its LGIP failed to fully comply with Order No. 2023, because APS proposed significant deviations from the Commission's *pro forma* LGIP without justifying how such deviations satisfied the consistent with or superior to standard.[79] The Commission therefore directed APS to submit a further compliance filing that either justified the proposed deviations as consistent with or superior to the Commission's *pro forma* LGIP or adopted without modification the Commission's *pro forma* LGIP language in Order No. 2023.

b. APS's Second Compliance Filing

46. APS asserts that it adopts the *pro forma* LGIP language without modification.[80] APS proposes revisions to its LGIP sections 4.2.1, 4.2.1.1 (formerly 4.2.2), 4.2.1.1.1 (formerly 4.2.2.1.1), 4.2.1.1.2 (formerly 4.2.2.1.2), and 4.2.1.2 (formerly 4.2.2.4), to

[76] Order No. 2023-A, 186 FERC ¶ 61,199 at PP 177-178; *see pro forma* LGIP § 4.2.1.1.a.

[77] Proposed Open Access Transmission Tariff, attach. O, § 4 (10.0.0), § 4.2.2.2.

[78] *Id.* attach. O, § 4 (10.0.0), §§ 4.2.2.1, 4.2.2.2, 4.2.2.3.

[79] Initial Compliance Order, 186 FERC ¶ 61,201 at P 50.

[80] Transmittal at 4.

incorporate without modification the *pro forma* revisions adopted in Order Nos. 2023 and 2023-A.[81] APS proposes, without explanation, to delete "and/or System Network Upgrades" from section 4.2.1.1.3 (formerly 4.2.2.3) of its LGIP to indicate that interconnection customers shall only be entitled to transmission credits for funding substation network upgrades.[82]

c. Commission Determination

47. We find that, with the exception of unexplained variations discussed in section IV.B.1 above, APS's proposed revisions to its LGIP sections 4.2.1, 4.2.1.1, 4.2.1.1.1, 4.2.1.1.2, and 4.2.1.2 comply with the requirements of Order Nos. 2023 and 2023-A because APS adopts the Commission's *pro forma* LGIP provisions without modification. However, we find that APS's LGIP section 4.2.1.1.3 only partially complies with the requirements of Order No. 2023 because APS proposes deviations from the Commission's *pro forma* LGIP without justifying how such deviations are consistent with or superior to the Commission's *pro forma* LGIP. Accordingly, we direct APS to submit, within 60 days of the date of this order, a further compliance filing that either justifies the proposed deviations as consistent with or superior to the Commission's *pro forma* LGIP or adopts without modification the Commission's *pro forma* LGIP language in Order No. 2023.

5. Study Deposits

48. In Order Nos. 2023 and 2023-A, the Commission adopted the following study deposit framework in section 3.1.1.1 (Study Deposit) of the *pro forma* LGIP:[83]

Size of Proposed Generating Facility Associated with Interconnection Request under the *pro forma* LGIP	Amount of Deposit
< 80 MW	$35,000 + $1,000/MW
≥ 80 MW < 200 MW	$150,000

[81] Proposed Open Access Transmission Tariff, attach. O, § 4 (11.0.0), §§ 4.2.1 (Cost Allocation for Interconnection Facilities and Network Upgrades), 4.2.1.1, 4.2.1.1.1, 4.2.1.1.2, 4.2.1.2 (11.0.0).

[82] *Id.* attach. O, § 4 (11.0.0), § 4.2.1.1.3. This language deviates from the *pro forma* LGIP, which entitles transmission credits for substation network upgrades and/or system network upgrades.

[83] Order No. 2023, 184 FERC ¶ 61,054 at PP 502-503; Order No. 2023-A, 186 FERC ¶ 61,199 at P 188; *see pro forma* LGIP § 3.1.1.1.

Size of Proposed Generating Facility Associated with Interconnection Request under the *pro forma* LGIP	Amount of Deposit
≥ 200 MW	$250,000

49. The Commission required the interconnection customer to submit a non-refundable application fee of $5,000 and a refundable study deposit upon the interconnection customer's entry into the cluster.[84]

50. In Order No. 2023, the Commission deleted section 8.1.1 of the *pro forma* LGIP to remove the requirement for the transmission provider to invoice interconnection customers on a monthly basis for the work conducted on the interconnection facilities study. Accordingly, the Commission also deleted from article 5.0 of Appendix 3 (Interconnection Facilities Study Agreement) to the *pro forma* LGIP language including the monthly invoicing requirement.[85]

51. In Order No. 2023-A, the Commission modified section 13.3 of the *pro forma* LGIP to remove language pertaining to using previous study deposits to offset the cost of a subsequent study because Order No. 2023 established only an initial study deposit at the beginning of the study process to be used for all studies under the cluster study process.[86]

a. Initial Compliance Order

52. In its Initial Compliance Filing, APS proposed to maintain existing tariff language in section 3.1.1 (Study Deposits) of its LGIP to require an interconnection customer to provide a refundable initial study deposit of $100,000, which deviated from the study deposit framework in the Commission's *pro forma* LGIP adopted in Order No. 2023.[87]

53. In the Initial Compliance Order, the Commission found that APS's proposed revisions related to study deposits partially complied with the requirements of Order No. 2023. Specifically, the Commission found that APS's proposal to maintain its

[84] Order No. 2023, 184 FERC ¶ 61,054 at P 505; Order No. 2023-A, 186 FERC ¶ 61,199 at P 189; *see pro forma* LGIP § 3.1.1.1.

[85] Order No. 2023, 184 FERC ¶ 61,054 at P 506; *see pro forma* LGIP, app. 3, art. 5.0.

[86] Order No. 2023-A, 186 FERC ¶ 61,199 at P 189; *see pro forma* LGIP § 13.3.

[87] Initial Compliance Order, 186 FERC ¶ 61,201 at P 54.

existing LGIP section 3.1.1 did not comply with the requirements of Order No. 2023 because APS did not adopt the Commission's *pro forma* language or demonstrate that its proposed deviation satisfied the consistent with or superior to standard. Accordingly, the Commission directed APS to submit a further compliance filing that either justified the proposed variations as consistent with or superior to the Commission's *pro forma* LGIP or adopted without modification the Commission's *pro forma* language in Order No. 2023.[88]

b. APS's Second Compliance Filing

54. APS proposes to maintain language in section 3.1.1 of its LGIP that deviates from the Commission's *pro forma* LGIP revisions adopted in Order Nos. 2023 and 2023-A. Specifically, rather than adopt the tiered study deposit framework in the Commission's *pro forma* LGIP, APS proposes that an interconnection customer provide a refundable initial study deposit of $100,000 to be applied to the cost of studies, plus a non-refundable application fee of $5,000.[89] The proposed language provides that "all deposit funds outside the application fee will be refundable minus actual costs incurred through all phases of the study process."[90] APS asserts that its proposal is consistent with or superior to the Commission's *pro forma* LGIP because the proposed $105,000 deposit better reflects APS's historical study costs. APS states that its LGIP previously included a tiered deposit system similar to the one contemplated in the Commission's *pro forma* LGIP and, under that prior framework, the refundable portion of an interconnection customer's study deposit upon either completing all studies or otherwise withdrawing was two to three times the cost of the actual studies. APS argues that it is unnecessary for an interconnection customer to provide a study deposit that is not indicative of actual study costs, only to have the excess amount be refunded, with interest, at a later date.[91]

55. APS also proposes revisions to section 13.3 of its LGIP to incorporate without modification the study deposit framework adopted in Order Nos. 2023 and 2023-A.[92]

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[88] *Id*. P 55.

[89] Proposed Open Access Transmission Tariff, attach. O, § 3 (12.0.0), § 3.1.1 (Study Deposits).

[90] *Id.*

[91] Transmittal at 8-9.

[92] Proposed Open Access Transmission Tariff, attach. O, § 13 (10.0.0), § 13.3 (Obligation for Study Costs).

c. Commission Determination

56. We find that APS's proposed revisions in section 13.3 of its LGIP concerning study deposits comply with the requirements of Order Nos. 2023 and 2023-A because APS adopts the Commission's *pro forma* LGIP provisions without modification.

57. We further find that APS's proposed variations in section 3.1.1 of its LGIP are consistent with or superior to the Commission's *pro forma* LGIP because, according to APS, the proposed $105,000 deposit better reflects APS's historical study costs regardless of the size of the generating facility.[93] We find that APS's proposed approach should reduce the number of instances in which an interconnection customer submits an upfront study deposit that ultimately exceeds its actual study costs and APS must then refund those excess amounts.

6. Site Control

58. In Order No. 2023, the Commission revised the definition of "site control" in section 1 of the *pro forma* LGIP and article 1 of the *pro forma* LGIA.[94] The definition, as modified, states that site control may be demonstrated by documentation establishing: (1) ownership of, a leasehold interest in, or a right to develop a site of sufficient size to construct and operate the generating facility; (2) an option to purchase or acquire a leasehold site of sufficient size to construct and operate the generating facility; or (3) any other documentation that clearly demonstrates the right of an interconnection customer to exclusively occupy a site of sufficient size to construct and operate the generating facility.

59. The Commission revised section 3.4.2 of the *pro forma* LGIP to require interconnection customers to demonstrate 90% site control at the time of submission of the interconnection request.[95] The Commission further revised sections 8.1 and 11.3 of the *pro forma* LGIP to require interconnection customers to provide evidence of 100% site control for the generating facility at the time of execution of the facilities study agreement and when executing, or requesting the unexecuted filing of, the LGIA.[96] The

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[93] *See* Transmittal at 8-9; *see also* Queue Reform Order, 184 FERC ¶ 61,188 at P 4 n.8 (noting that, according to APS, lowering the study deposit to $100,000 for generating facilities, regardless of size, is appropriate due to the typical costs of the studies).

[94] Order No. 2023, 184 FERC ¶ 61,054 at P 584; *see pro forma* LGIP § 1; *see also pro forma* LGIA art. 1.

[95] Order No. 2023, 184 FERC ¶ 61,054 at P 594; *see pro forma* LGIP § 3.4.2.

[96] Order No. 2023, 184 FERC ¶ 61,054 at P 594; *see pro forma* LGIP §§ 8.1, 11.3.

Commission also revised sections 3.4.2 and 11.3 of the *pro forma* LGIP to state that, if an interconnection customer cannot demonstrate the requisite level of site control at the relevant milestone of the interconnection process, its interconnection request will be deemed withdrawn and it could be subject to withdrawal penalties under certain circumstances.[97]

60. The Commission modified section 3.4.2 of the *pro forma* LGIP to provide that site control for a generating facility that is co-located with one or more generating facilities on the same site and behind the same point of interconnection must be demonstrated by a contract or other agreement that allows for shared land use for all generating facilities that are co-located that meets the provisions of the site control definition.[98]

61. The Commission required a transmission provider to establish per-MW acreage requirements for each generating facility technology type and to publicly post these acreage requirements.[99] The Commission modified the *pro forma* LGIP and *pro forma* LGIA definitions of "generating facility" and "generating facility capacity" to clarify that these definitions include hybrid generating facilities, and stated that a transmission provider's per-MW acreage requirements for each generating facility technology-type must include specific requirements for hybrid generating facilities.[100] The Commission further clarified that generating facilities that are co-located on the same site and behind the same point of interconnection are subject to the technology-specific acreage requirements based on the generating facilities' technology-type.

62. The Commission eliminated the interconnection customer's options to: (1) provide a deposit in lieu of site control demonstration, except in limited circumstances where an interconnection customer demonstrates a regulatory limitation to obtaining site control; and (2) post $250,000 of non-refundable security in lieu of site control at LGIA execution. The Commission revised section 3.4.2 of the *pro forma* LGIP to provide that interconnection customers with regulatory limitations may submit an initial deposit in lieu of site control of $10,000 per MW, subject to a floor of $500,000 and a ceiling of $2 million, which shall be refundable but may not be applied toward interconnection studies or withdrawal penalties, if applicable. The Commission stated that, when an interconnection customer facing regulatory limitations provides a deposit in lieu of site

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[97] *See infra* P 78.

[98] Order No. 2023, 184 FERC ¶ 61,054 at P 586; *see pro forma* LGIP § 3.4.2.

[99] Order No. 2023, 184 FERC ¶ 61,054 at P 595; *see pro forma* LGIP §§ 3.4.2, 11.3.

[100] Order No. 2023, 184 FERC ¶ 61,054 at P 603; *see pro forma* LGIP § 1; *see also pro forma* LGIA art. 1.

control, the deposit will be accepted and held by the transmission provider until the interconnection customer can demonstrate 90% site control prior to execution of the facilities study agreement or 100% site control at execution of the facilities study agreement or thereafter. The Commission also modified Appendix B (Milestones) of the *pro forma* LGIA to clarify that an interconnection customer facing qualifying regulatory limitations must demonstrate 100% site control within 180 calendar days of the effective date of the LGIA; if it cannot, the LGIA may be terminated per article 17 (Default) of the *pro forma* LGIA and the interconnection customer may be subject to withdrawal penalties.[101]

63. The Commission required each transmission provider to define regulatory limitations relevant to its service territory, to publicly post the definition, and to provide a narrative description of how it defines regulatory limitations as part of its compliance filing.[102] The Commission did not require a uniform definition of regulatory limitations for all transmission providers, but clarified that a regulatory limitation is generally a federal, state, Tribal, or local law that makes it practically infeasible to obtain site control within the time frame detailed in the *pro forma* LGIP.

a. Initial Compliance Order

64. In its Initial Compliance Filing, APS proposed revisions to sections 3.4.1.1 and 11.3 of its LGIP, and a proposed definition of "generating facility" in section 1 of its LGIP, which deviated from the Commission's *pro forma* LGIP adopted in Order No. 2023.[103] Further, APS did not provide, as part of its compliance filing, a narrative description of how it defines regulatory limitations, nor did it indicate whether it will publicly post its definition of regulatory limitations relevant to its service territory.[104]

65. In the Initial Compliance Order, the Commission found that APS's proposed revisions concerning site control in its LGIP and its *pro forma* LGIA partially complied with the requirements of Order No. 2023. The Commission found that APS's proposal to maintain existing language in its LGIP definition of "generating facility" and its LGIP sections 3.4.1.1 and 11.3 did not comply with the requirements of Order No. 2023

[101] Order No. 2023, 184 FERC ¶ 61,054 at P 605; *see pro forma* LGIA, app. B.

[102] Order No. 2023, 184 FERC ¶ 61,054 at P 607.

[103] Initial Compliance Order, 186 FERC ¶ 61,201 at PP 62, 64-65 (citing Proposed Open Access Transmission Tariff, attach. O, § 1 (Definitions) (11.0.0), Generating Facility; *id.* § 3 (11.0.0), § 3.4.1.1 (Initiating an Interconnection Request); *id.* § 11 (8.0.0), § 11.3 (Execution and Filing)).

[104] *Id.* P 66.

because APS did not adopt the Commission's *pro forma* LGIP language or justify why its proposed deviations satisfy the consistent with or superior to standard. The Commission found, moreover, that APS failed to comply with the directive in Order No. 2023 requiring each transmission provider to define regulatory limitations relevant to its service territory, to publicly post the definition, and to provide a narrative description of how it defines regulatory limitations as part of its compliance filing.[105] The Commission therefore directed APS to submit a further compliance filing that: (1) either justifies the proposed deviations in its LGIP as consistent with or superior to the Commission's *pro forma* LGIP or adopts without modification the Commission's *pro forma* language in Order No. 2023; and (2) provides the narrative description of how APS will define regulatory limitations relevant to its service territory and explains where APS will publicly post such definition.[106]

b. APS's Second Compliance Filing

66. APS proposes revisions to the definition of "generating facility" in section 1 of its LGIP to incorporate without modification the definition set forth in the *pro forma* LGIP adopted in Order Nos. 2023 and 2023-A.[107] APS also proposes revisions related to site control in section 11.3 of its LGIP that largely incorporate the *pro forma* LGIP revisions adopted by the Commission in Order Nos. 2023 and 2023-A.[108]

67. Further, in its transmittal, APS states that an updated Site Control Business Practice on its OASIS website currently defines a regulatory limitation. APS states that a regulatory limitation may exist for projects developed on federal, state, or tribal lands where the process required to achieve or demonstrate an exclusive right to develop the property cannot be achieved in a timely manner prior to submitting an interconnection request. APS states that a valid demonstration of site control consists of a final, non-appealable permit, license, or other right to use the property from the entity having the jurisdiction and authority to grant such land use rights, along with sufficient detail to confirm that: (1) the land rights conveyed are for the purpose of installing and operating the generating facility; and (2) sufficient acreage is provided for the installation. APS explains that if an interconnection customer cannot provide these due to the nature of a federal, state, or tribal restriction, they may qualify for a regulatory limitation. APS further states that the Site Control Business Practice also identifies minimum

[105] *Id.* P 68 (citing Order No. 2023, 184 FERC ¶ 61,054 at P 607).

[106] *Id.*

[107] Proposed Open Access Transmission Tariff, attach. O, § 1 (Definitions) (12.0.0), Generating Facility.

[108] *Id.* attach. O, § 11 (9.0.0), § 11.3 (Execution and Filing).

requirements that projects on federal, state, and tribal lands qualifying for a regulatory limitation are taking the necessary steps to attain exclusive site control.[109]

68. However, APS proposes to maintain language in section 3.4.1.1 of its LGIP that deviates from the *pro forma* site control reforms adopted in Order Nos. 2023 and 2023-A. Specifically, APS proposes, without explanation, to maintain language providing that: (1) an interconnection customer shall promptly inform the transmission provider "in writing" of any material change to the demonstration of site control; (2) if the interconnection customer no longer satisfies the site control requirement, the transmission provider shall give the interconnection customer 10 business days to "demonstrate the applicable requirement to Transmission Provider's satisfaction"; and (3) absent such demonstration, the transmission provider shall deem the "subject" interconnection request withdrawn.[110]

c. Commission Determination

69. We find APS's proposed revisions to section 1 of its LGIP comply with the requirements of Order Nos. 2023 and 2023-A because APS adopts the Commission's *pro forma* LGIP definition of "generating facility" without modification. Further, we find that, with the exception of unexplained variations discussed in section IV.B.1 above, APS's revisions to section 11.3 of its LGIP comply with the requirements of Order Nos. 2023 and 2023-A because APS adopts the Commission's *pro forma* LGIP provisions without modification. We also find that APS has met the Commission's requirement to define regulatory limitations relevant to its service territory, to publicly post the definition, and to provide a narrative description of how it defines regulatory limitations as part of its compliance filing.

70. However, we find that APS's proposed section 3.4.1.1 of its LGIP does not comply with the requirements of Order Nos. 2023 and 2023-A because APS does not adopt the Commission's *pro forma* LGIP language or justify why its proposed deviations are consistent with or superior to the Commission's *pro forma* LGIP. Further, we note that APS's proposed LGIP sections 7.4(d) and 8.1(2) incorrectly include cross-references to the site control requirements in its LGIP section "3.4.2," rather than section 3.4.1.1. Accordingly, we direct APS to submit, within 60 days of the date of this order, a further compliance filing that: (1) either justifies the proposed deviations in its LGIP section 3.4.1.1 as consistent with or superior to the Commission's *pro forma* LGIP or adopts without modification the Commission's *pro forma* LGIP language adopted in Order

[109] Transmittal at 5.

[110] Proposed Open Access Transmission Tariff, attach. O, § 3 (12.0.0), § 3.4.1.1 (Initiating an Interconnection Request).

Nos. 2023 and 2023-A; and (2) corrects the erroneous cross-references in its LGIP sections 7.4(d) and 8.1(2).

7. Commercial Readiness

71. In Order No. 2023, the Commission revised section 1 of the *pro forma* LGIP to define "commercial readiness deposit" and sections 3.4.2, 7.5, 8.1, and 11.3 of the *pro forma* LGIP to require interconnection customers to submit commercial readiness deposits to help reduce the submission of speculative, commercially non-viable interconnection requests into interconnection queues.[111] For the initial commercial readiness deposit submitted with its interconnection request, the interconnection customer must pay a deposit of two times its study deposit to enter the cluster study.[112] The commercial readiness deposit to enter the cluster restudy is the amount required to bring the total amount of the interconnection customer's commercial readiness deposit to 5% of the interconnection customer's network upgrade cost assignment identified in the cluster study,[113] and the commercial readiness deposit to enter the facilities study is the amount required to bring the total amount of the interconnection customer's commercial readiness deposit to 10% of the interconnection customer's network upgrade cost assignment identified in the cluster study or restudy, as applicable.[114]

a. Initial Compliance Order

72. In its Initial Compliance Filing, APS proposed to maintain existing commercial readiness language in sections 1, 3.4.1.1, 3.4.2, 3.7 (Withdrawal), 5.1.1.1 (Transitional Cluster Study), 5.1.1.2 (Transitional Facilities Study), 7.6 (Commercial Readiness Milestones), 7.6.1 (Commercial Readiness Milestone 1), 7.6.2 (Commercial Readiness Milestone 2), 7.6.3 (Commercial Readiness Milestone 3), 7.6.4 (Commercial Readiness Milestone 4), 7.6.5 (Commercial Readiness Milestone 5), 7.6.6 (Security Requirements), 8.1, 8.3 (Interconnection Facilities Study Procedures), and 11.3, as well as Appendix 1, of its LGIP, which deviated from the *pro forma* LGIP revisions adopted by the Commission

[111] Order No. 2023, 184 FERC ¶ 61,054 at P 690; *see pro forma* LGIP §§ 1, 3.4.2, 7.5, 8.1, 11.3.

[112] Order No. 2023, 184 FERC ¶ 61,054 at P 692; *see pro forma* LGIP § 3.4.2.

[113] Order No. 2023, 184 FERC ¶ 61,054 at P 693; *see pro forma* LGIP § 7.5.

[114] Order No. 2023, 184 FERC ¶ 61,054 at P 693; *see pro forma* LGIP § 8.1.

in Order No. 2023.[115] APS also proposed to add "commercial readiness deposit" as a defined term in its LGIP.[116]

73. In the Initial Compliance Order, the Commission found that APS had not demonstrated that its proposed commercial readiness provisions in its LGIP sections 1, 3.4.1.1, 3.4.2, 3.7, 5.1.1.1, 5.1.1.2, 7.6, 7.6.1, 7.6.2, 7.6.3, 7.6.4, 7.6.5, 7.6.6, 8.1, 8.3, and 11.3 and Appendix 1 comply with the requirements of Order No. 2023 because APS proposed deviations from the Commission's *pro forma* LGIP without demonstrating how such deviations satisfy the consistent with or superior to standard. Accordingly, the Commission directed APS to submit a further compliance filing that either justifies the proposed variations as consistent with or superior to the Commission's *pro forma* LGIP or adopts without modification the Commission's *pro forma* language in Order No. 2023.[117]

b. APS's Second Compliance Filing

74. APS proposes revisions to sections 1, 3.4.1.1, 3.4.2, 8.1, and 11.3 of its LGIP, and proposes to retain language in section 3.7 of its LGIP, to incorporate without modification the Commission's *pro forma* LGIP commercial readiness revisions adopted in Order Nos. 2023 and 2023-A.[118] APS also proposes to delete existing language that deviates from the Commission's *pro forma* LGIP in sections 1, 7.6, 7.6.1, 7.6.2, 7.6.3, 7.6.4, 7.6.5, 7.6.6, and 8.3 of its LGIP.[119]

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[115] Initial Compliance Order, 186 FERC ¶ 61,201 at P 70.

[116] *Id.*

[117] *Id.* P 74.

[118] Proposed Open Access Transmission Tariff, attach. O, § 1 (Definitions) (12.0.0), Commercial Readiness Deposit; *id.* § 3 (12.0.0), §§ 3.4.1.1 (Initiating an Interconnection Request), 3.4.2 (Customer Engagement Window), 3.7 (Withdrawal); *id.* § 8 (10.0.0), § 8.1 (Interconnection Facilities Study Agreement); *id.* § 11 (9.0.0), § 11.3 (Execution and Filing).

[119] *Id.* attach. O, § 1 (Definitions) (12.0.0), Commercial Readiness Demonstration; *id.* § 7 (10.0.0), §§ 7.6 (Commercial Readiness Milestones), 7.6.1 (Commercial Readiness Milestone 1 ("M1")), 7.6.2 (Commercial Readiness Milestone 2 ("M2")), 7.6.3 (Commercial Readiness Milestone 3 ("M3")), 7.6.4 (Commercial Readiness Milestone 4 ("M4")), 7.6.5 (Commercial Readiness Milestone 5 ("M5")), 7.6.6 (Security Requirements); *id.* § 8 (10.0.0), § 8.3 (Interconnection Facilities Study Procedures).

75. APS proposes not to adopt the Commission's *pro forma* LGIP commercial readiness requirements in sections 5.1.1.1 and 5.1.1.2 of its LGIP.[120] APS explains that it proposes to continue using the existing commercial readiness milestones for the transitional cluster process previously accepted in the Queue Reform Order.[121] APS also proposes revisions to section 7.5 of its LGIP that deviate from the Commission's *pro forma* LGIP commercial readiness revisions adopted in Order Nos. 2023 and 2023-A. Specifically, APS omits, without explanation, the *pro forma* LGIP language providing that the interconnection customer must provide a commercial readiness deposit within 20 calendar days after the cluster study report meeting.[122] APS further proposes revisions related to commercial readiness in article 8 of Appendix 1 of its LGIP that deviate from the Commission's *pro forma* revisions adopted in Order Nos. 2023 and 2023-A. Specifically, APS adds, without explanation, the following sentence to article 8: "Commercial Readiness Deposit as specified in the LGIP."[123]

c. Commission Determination

76. We find that, with the exception of unexplained variations discussed in section IV.B.1 above, APS's proposed revisions concerning commercial readiness in sections 1, 3.4.1.1, 3.4.2, 3.7, 8.1, and 11.3 of its LGIP, as well as the proposed deletions in sections 1, 7.6, 7.6.1, 7.6.2, 7.6.3, 7.6.4, 7.6.5, 7.6.6, and 8.3 of its LGIP, comply with the requirements of Order Nos. 2023 and 2023-A because APS adopts the Commission's *pro forma* LGIP provisions without modification.

77. We further find that APS's proposed variations from the Commission's *pro forma* LGIP commercial readiness requirements in sections 5.1.1.1 and 5.1.1.2 of its LGIP are consistent with or superior to the Commission's *pro forma* LGIP adopted in Order Nos. 2023 and 2023-A because they align with APS's existing transition process, as discussed further below.[124] However, we find that APS's proposed revisions to section 7.5 and article 8 of Appendix 1 of its LGIP do not comply with the requirements of Order Nos. 2023 and 2023-A because APS does not adopt the Commission's *pro forma* LGIP

[120] *Id.* attach. O, § 5 (10.0.0), §§ 5.1.1.1 (Transitional Cluster Study), 5.1.1.2 (Transitional Facilities Study).

[121] Transmittal at 7-8.

[122] Proposed Open Access Transmission Tariff, attach. O, § 7 (10.0.0), § 7.5 (Cluster Study Re-Studies).

[123] *Id.* attach. O, app. 1 (Interconnection Request for a Large Generating Facility) (13.0.0), art. 8.

[124] *See infra* section IV.B.9.

language or justify why its proposed deviations are consistent with or superior to the Commission's *pro forma* LGIP. Accordingly, we direct APS to submit, within 60 days of the date of this order, a further compliance filing that either justifies the proposed deviations in section 7.5 and article 8 of Appendix 1 of its LGIP as consistent with or superior to the Commission's *pro forma* LGIP or adopts without modification the Commission's *pro forma* language in Order Nos. 2023 and 2023-A.

8. Withdrawal Penalties

78. In Order No. 2023, the Commission added the term "withdrawal penalty" to section 1 of the *pro forma* LGIP and article 1 of the *pro forma* LGIA.[125] The Commission revised section 3.7 (Withdrawal) of the *pro forma* LGIP and added sections 3.7.1 (Withdrawal Penalty), 3.7.1.1 (Calculation of the Withdrawal Penalty), and 3.7.1.2 (Distribution of the Withdrawal Penalty) related to withdrawal penalties to the *pro forma* LGIP.[126] The Commission required transmission providers to apply withdrawal penalties to an interconnection customer if: (1) the interconnection customer withdraws its interconnection request at any point in the interconnection process; (2) the interconnection customer's interconnection request has been deemed withdrawn by the transmission provider at any point in the interconnection process; or (3) the interconnection customer's generating facility does not reach commercial operation (such as when an interconnection customer's LGIA is terminated prior to reaching commercial operation).[127]

79. However, a withdrawal penalty must only be assessed if the withdrawal has a material impact on the cost or timing of any interconnection request with an equal or lower queue position. The Commission stated that the interconnection customer will also be exempt from paying a withdrawal penalty if: (1) the interconnection customer withdraws its interconnection request after receiving the most recent cluster study report and the network upgrade costs assigned to the interconnection customer's request have increased 25% compared to the previous cluster study report; or (2) the interconnection customer withdraws its interconnection request after receiving the individual facilities study report and the network upgrade costs assigned to the interconnection customer's

[125] Order No. 2023, 184 FERC ¶ 61,054 at P 780; *see pro forma* LGIP § 1; *see also pro forma* LGIA art. 1.

[126] Order No. 2023, 184 FERC ¶ 61,054 at P 780; *see pro forma* LGIP §§ 3.7, 3.7.1, 3.7.1.1, 3.7.1.2.

[127] Order No. 2023, 184 FERC ¶ 61,054 at P 783.

request have increased by more than 100% compared to costs identified in the cluster study report.[128]

80. The Commission added *pro forma* LGIP section 3.7.1.1 to require a transmission provider to assess a withdrawal penalty on an interconnection customer with a proposed generating facility that does not reach commercial operation based either on the actual study costs or on a percentage of the interconnection customer's assigned network upgrade costs, depending on in which phase the interconnection customer withdraws its interconnection request.[129] Thus, the withdrawal penalty for an interconnection customer will be calculated as the greater of the study deposit or: (1) two times the study cost if the interconnection customer withdraws during the cluster study or after receipt of a cluster study report; (2) 5% of the interconnection customer's identified network upgrade costs if the interconnection customer withdraws during the cluster restudy or after receipt of any applicable restudy reports; (3) 10% of the interconnection customer's identified network upgrade costs if the interconnection customer withdraws during the facilities study, after receipt of the individual facilities study report, or after receipt of the draft LGIA; or (4) 20% of the interconnection customer's identified network upgrade costs if, after executing, or requesting to file unexecuted, the LGIA, the interconnection customer's LGIA is terminated before its generating facility achieves commercial operation.

81. The Commission also added *pro forma* LGIP section 3.7.1.2 to require a transmission provider to use the withdrawal penalty funds as follows: (1) to fund studies and restudies in the same cluster; (2) if withdrawal penalty funds remain, to offset net increases in costs borne by other remaining interconnection customers from the same cluster for network upgrades shared by both the withdrawing and non-withdrawing interconnection customers prior to the withdrawal; and (3) if any withdrawal penalty funds remain, they will be returned to the withdrawing interconnection customer.[130]

82. In Order No. 2023-A, the Commission modified *pro forma* LGIP section 3.7.1.2.1 (Initial Distribution of Withdrawal Penalties Prior to Assessment of Network Upgrade Costs Previously Shared with Withdrawn Interconnection Customers in the Same Cluster) to clarify that withdrawal penalties dispersed to remaining interconnection customers cannot exceed the total amount of withdrawal penalties collected from the

[128] *Id.* P 784.

[129] *Id.* P 791; *see pro forma* LGIP § 3.7.1.

[130] Order No. 2023, 184 FERC ¶ 61,054 at P 798; *see pro forma* LGIP § 3.7.1.2.

cluster.[131] The Commission also revised *pro forma* LGIP section 3.7.1 to state that there will be no withdrawal penalty assessed if the withdrawal does not have a material impact on any interconnection request in the same cluster, as well as to add clarifying edits to reference cluster restudies.[132] The Commission modified *pro forma* LGIP section 3.7.1.2.1 to clarify that the interconnection studies referenced in that section include cluster restudies and interconnection facilities studies.[133]

83. Finally, the Commission defined "transitional withdrawal penalty" in *pro forma* LGIP section 1 and modified *pro forma* LGIP sections 5.1.1, 5.1.1.1, and 5.1.1.2 to reference the transitional withdrawal penalty.[134]

a. Initial Compliance Order

84. In its Initial Compliance Filing, APS proposed to deviate from the Commission's *pro forma* LGIP section 3.7.1.1 by including references to Phase 1 and Phase 2 of its multi-phase cluster study framework for purposes of specifying when a withdrawal will be subject to a particular withdrawal penalty. APS also proposed a deviation from the Commission's *pro forma* LGIP section 3.7.1.2 by omitting provisions that require the transmission provider to first apply an interconnection customer's withdrawal penalty to restudy costs.[135]

85. In the Initial Compliance Order, the Commission found that APS's proposed revisions to its LGIP sections 3.7.1.1 and 3.7.1.2 only partially comply with the requirements of Order No. 2023 because APS proposed to include deviations from the Commission's *pro forma* LGIP without explanation. Accordingly, the Commission directed APS to submit a further compliance filing that either justifies the proposed

[131] Order No. 2023-A, 186 FERC ¶ 61,199 at P 231; *see pro forma* LGIP § 3.7.1.2.1.

[132] Order No. 2023-A, 186 FERC ¶ 61,199 at PP 233, 243; *see pro forma* LGIP §§ 3.7.1, 3.7.1.1(a).

[133] Order No. 2023-A, 186 FERC ¶ 61,199 at P 237; *see pro forma* LGIP § 3.7.1.2.1.

[134] Order No. 2023-A, 186 FERC ¶ 61,199 at P 240; *see pr forma* LGIP §§ 1, 5.1.1, 5.1.1.1, 5.1.1.2.

[135] Initial Compliance Order, 186 FERC ¶ 61,201 at PP 84-86.

variations as consistent with or superior to the Commission's *pro forma* LGIP or adopts without modification the Commission's *pro forma* language in Order No. 2023.[136]

b. APS's Second Compliance Filing

86. APS proposes revisions to sections 3.7.1, 3.7.1.2.1, 3.7.1.2.2, 3.7.1.2.3.1, 3.7.1.2.3.2, 3.7.1.2.4, and 3.7.1.2.5 of its LGIP to incorporate without modification the withdrawal penalties revisions adopted in Order Nos. 2023 and 2023-A.[137]

87. However, APS proposes to retain in section 3.7.1.1 of its LGIP the existing references to Phase 1 and Phase 2 of its multi-phase cluster study framework, which deviate from the Commission's *pro forma* revisions adopted in Order Nos. 2023 and 2023-A.[138] APS also proposes to omit from section 1 of its LGIP the Commission's *pro forma* definition of "transitional withdrawal penalty" and references to the transitional withdrawal penalty in sections 5.1.1, 5.1.1.1, and 5.1.1.2 of its LGIP that were adopted in Order Nos. 2023 and 2023-A.[139]

c. Commission Determination

88. We find that, with the exception of unexplained variations discussed in section IV.B.1 above, APS's proposed revisions in sections 3.7.1, 3.7.1.2.1, 3.7.1.2.2, 3.7.1.2.3.1, 3.7.1.2.3.2, 3.7.1.2.4, and 3.7.1.2.5 of its LGIP concerning withdrawal penalties comply with the requirements of Order Nos. 2023 and 2023-A because APS

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[136] *Id.* PP 89-90.

[137] Proposed Open Access Transmission Tariff, attach. O, § 3 (12.0.0), §§ 3.7.1 (Withdrawal Penalty), 3.7.1.2.1 (Initial Distribution of Withdrawal Penalties Prior to Assessment of Network Upgrade Costs Previously Shared with Withdrawn Interconnection Customers in the Same Cluster), 3.7.1.2.2 (Assessment of Network Upgrade Costs Previously Shared with Withdrawn Interconnection Customers in the Same Cluster), 3.7.1.2.3.1 (Impact Calculation for Withdrawals During the Cluster Study Process), 3.7.1.2.3.2 (Impact Calculation for Withdrawals in the Same Cluster After the Cluster Study Process), 3.7.1.2.4 (Amending LGIA to Apply Reductions to Interconnection Customer's Assigned Network Upgrade Costs and Associated Financial Security Requirement with Respect to Withdrawals in the Same Cluster), 3.7.1.2.5 (Final Distribution of Withdrawal Penalty Funds).

[138] *Id.* attach. O, § 3 (12.0.0), § 3.7.1.1 (Calculation of Withdrawal Penalty).

[139] *Id.* attach. O, § 1 (Definitions) (12.0.0), Transitional Withdrawal Penalty; *id.* § 5 (10.0.0), §§ 5.1.1, 5.1.1.1 (Transitional Cluster Study), 5.1.1.2 (Transitional Facilities Study).

adopts the Commission's *pro forma* LGIP and *pro forma* LGIA provisions without modification.

89. Further, we find that APS's proposed variations in section 3.7.1.1 of its LGIP are consistent with or superior to the Commission's *pro forma* LGIP because they accommodate APS's multi-phase cluster study process, discussed above.[140] Similarly, we find that APS's proposal to omit the *pro forma* LGIP withdrawal penalty provisions in sections 5.1.1, 5.1.1.1, and 5.1.1.2 of its LGIP, as well as its proposal to omit the definition of "transitional withdrawal penalty" from section 1 of its LGIP, are consistent with or superior to the Commission's *pro forma* LGIP because APS has proposed to maintain its existing transition process, which, as discussed below,[141] complies with the Commission's directive in the Initial Compliance Order.

9. Transition Process

90. In Order No. 2023, the Commission established a transition process from a first-come, first-served serial study process to the first-ready, first-served cluster study process in *pro forma* LGIP section 5 (Procedures for Interconnection Requests Submitted Prior to Effective Date of the Cluster Study Revisions).[142] The Commission required transmission providers to offer existing interconnection customers up to three transition options, depending on which phase of the serial study process their interconnection requests are in: (1) a transitional serial study, (2) a transitional cluster study, and (3) withdrawal from the interconnection queue without penalty.[143] The Commission added several new terms related to the transition process to the *pro forma* LGIP, as well as a *pro forma* transitional cluster study agreement in new Appendix 7 (Transitional Cluster Study Agreement) of the *pro forma* LGIP and a *pro forma* Transitional Serial Interconnection Facilities Study Agreement in new Appendix 8 (Transitional Serial Interconnection Facilities Study Agreement) of the *pro forma* LGIP.[144]

91. The Commission required transmission providers to offer the transitional serial study option to interconnection customers that have been tendered a facilities study agreement, even if they have not yet executed the agreement, as of 30 calendar days after the filing date of the transmission provider's initial filing to comply with Order

[140] *See supra* section IV.B.2.

[141] *See infra* section IV.B.9.

[142] Order No. 2023, 184 FERC ¶ 61,054 at P 855; *see pro forma* LGIP §§ 1, 5.

[143] Order No. 2023, 184 FERC ¶ 61,054 at P 855; *see pro forma* LGIP § 5.1.1.

[144] *See pro forma* LGIP § 1, apps. 7, 8.

No. 2023.[145] Similarly, the Commission required transmission providers to offer the transitional cluster study option to interconnection customers with an assigned queue position as of 30 calendar days after the filing date of the transmission provider's initial filing to comply with Order No. 2023. The Commission required the transmission provider to include the filing date for its compliance in *pro forma* LGIP sections 5.1.1, 5.1.1.1, and 5.1.1.2.[146]

92. The Commission also required the transmission provider to tender the appropriate transitional study agreements to eligible interconnection customers no later than the Commission-approved effective date of the transmission provider's compliance filing with Order No. 2023.[147] The Commission adopted a deadline—60 calendar days after the Commission-approved effective date—for an interconnection customer to either exit the queue without penalty or choose a transition option and meet the relevant site control and deposit requirements.[148] Furthermore, the Commission clarified that transmission providers that have already adopted a cluster study process or are currently undergoing a transition to a cluster study process will not be required to implement a new transition process.[149]

93. The Commission also adopted transition process deposits, withdrawal penalties, and deadlines.[150] The Commission required that: (1) interconnection customers electing the transitional serial study must provide a deposit equal to 100% of the interconnection facility and network upgrade costs allocated to the interconnection customer in the system impact study; and (2) interconnection customers electing the transitional cluster study must provide a deposit equal to $5 million.[151]

94. In Order No. 2023-A, the Commission added definitions to the *pro forma* LGIP for the terms "transitional cluster study agreement" and "transitional serial

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[145] Order No. 2023, 184 FERC ¶ 61,054 at P 855; *see pro forma* LGIP §§ 5.1.1.1, 5.1.1.2.

[146] *See pro forma* LGIP §§ 5.1.1, 5.1.1.1, 5.1.1.2.

[147] Order No. 2023, 184 FERC ¶ 61,054 at P 867.

[148] *Id.* P 864; *see pro forma* LGIP §§ 5.1.1, 5.1.1.1, 5.1.1.2.

[149] Order No. 2023, 184 FERC ¶ 61,054 at P 861.

[150] *Id.* P 855.

[151] *Id.* P 859.

interconnection facilities study agreement."[152] The Commission clarified that withdrawals occurring after the 60-day deadline will be subject to the new withdrawal penalties, with certain exceptions. To reflect these clarifications, the Commission also added new *pro forma* LGIP section 5.1.2 (Transmission Providers with Existing Cluster Study Processes or Currently in Transition) establishing that interconnection customers in the queue of a transmission provider not conducting a transition process under *pro forma* LGIP section 5.1.1 must comply with the new readiness requirements proposed by the transmission provider within 60 days of the Commission-approved effective date of the transmission provider's compliance filing.[153]

a. Initial Compliance Order

95. In its Initial Compliance Filing, APS proposed to retain existing transition process provisions in its LGIP sections 1, 5.1 (Procedures for Transitioning to the Cluster Study Process), 5.1.1, 5.1.1.1, 5.1.1.2, and 5.1.1.3 (Interconnection Customers Not Required to Participate in the Transitional Cluster Study Process), which deviated from the Commission's *pro forma* LGIP revisions adopted in Order No. 2023.[154]

96. In the Initial Compliance Order, the Commission found that APS's proposed transition process provisions in its LGIP sections 1, 5.1, 5.1.1, 5.1.1.1, 5.1.1.2, and 5.1.1.3 only partially complied with the requirements of Order No. 2023 because APS proposed to adopt in part the *pro forma* language but also proposed to maintain existing language without demonstrating how such deviations satisfy the consistent with or superior to standard. The Commission noted that, under Order No. 2023, "transmission providers can propose deviations from the requirements adopted in this final rule – including deviations seeking to minimize interference with ongoing transition plans – and demonstrate how those deviations satisfy the standards discussed above, which the Commission will consider on a case-by-case basis."[155] However, the Commission stated that it was unable to determine from the record whether APS had begun implementing the transition process accepted in the Queue Reform Order and, if so, whether it intended to

[152] Order No. 2023-A, 186 FERC ¶ 61,199 at P 263; *see pro forma* LGIP § 1.

[153] Order No. 2023-A, 186 FERC ¶ 61,199 at P 75; *see pro forma* LGIP § 5.1.2.

[154] Initial Compliance Order, 186 FERC ¶ 61,201 at PP 98-100. In the Queue Reform Order, the Commission accepted in part APS's proposal in its Queue Reform filing to commence a transitional study process on November 29, 2023 (60 days after the effective date of APS's revised LGIP). *Id.* P 96.

[155] Initial Compliance Order, 186 FERC ¶ 61,201 at P 107 (quoting Order No. 2023, 184 FERC ¶ 61,054 at P 1765).

implement only that transition process or whether it also sought to implement a second transition process as part of its Order No. 2023 compliance filing.[156]

97. Accordingly, the Commission directed APS to submit a further compliance filing that either: (1) clarifies that it has already implemented the transition process accepted in the Queue Reform Order and reverts its LGIP section 5 to the provisions accepted in the Queue Reform Order; or (2) justifies why the proposed deviations in this compliance filing are consistent with or superior to the Commission's *pro forma* LGIP or adopts without modification the Commission's *pro forma* LGIP language in Order No. 2023.[157]

b. APS's Second Compliance Filing

98. APS proposes to omit the transition process framework that was adopted in Order Nos. 2023 and 2023-A. Specifically, APS proposes to maintain its existing definitions of "transitional cluster study," "transitional cluster study report," and "transitional facilities study," and to add a definition of "transitional facilities study report," in section 1 of its LGIP.[158] APS also proposes to generally revert section 5 of its LGIP to language previously accepted in the Queue Reform Order, with the exception of additional proposed language in section 5.1.1.2, discussed further below.[159] Additionally, APS proposes to omit from its LGIP the Commission's *pro forma* LGIP Appendices 7 and 8.

99. Regarding section 5 of its LGIP, APS states that it implemented a transitional process in the Queue Reform filing in which all valid interconnection requests that wished to retain an existing queue position would be required to participate in the transitional cluster study if their project had not met the following milestones: (1) it had a finalized facilities study report posted to the APS OASIS; (2) it had entered the LGIA drafting/negotiations phase; or (3) it had executed an LGIA or requested an LGIA be filed unexecuted with the Commission. APS states that, in the Queue Reform Order, the Commission accepted some of these transition provisions and rejected others. APS explains that it commenced this transition process on November 30, 2023, as scheduled,

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[156] *Id.* P 108.

[157] *Id.* P 109.

[158] Proposed Open Access Transmission Tariff, attach. O, § 1 (Definitions) (12.0.0), Transitional Cluster Study, Transitional Cluster Study Report, Transitional Facilities Study, Transitional Facilities Study Report.

[159] *Id*. attach. O, § 5 (10.0.0), §§ 5.1 (Procedures for Transitioning to the Revised Cluster Study Process), 5.1.1, 5.1.1.1 (Transitional Cluster Study), 5.1.1.2 (Transitional Facilities Study), 5.1.1.3 (Interconnection Customers not required to participate in the Transitional Cluster Study Process).

requiring only what was approved by the Commission in the Queue Reform Order. According to APS, when it made its Initial Compliance Filing on November 3, 2023, it incorporated revisions to the transition process to match the *pro forma* LGIP under the incorrect assumption that the ongoing transitional cluster study was also subject to Order No. 2023 compliance.[160]

100. APS states that, to avoid delays, it proposes to continue administering its current transitional cluster study, as planned, and to revert the language in sections 5, 5.1, 5.1.1, 5.1.1.1, and 5.1.1.2 in its LGIP to reflect the provisions accepted in the Queue Reform Order and subsequent compliance orders, with one exception. APS explains that, in the Queue Reform filing, section 5.1.1.2 required interconnection customers to provide "Commercial Readiness Demonstration Milestone 4 ('M4')" as described in section 7.6 of its LGIP. APS states that, with this filing however, it is removing section 7.6 and its references to non-financial commercial readiness demonstrations, as it is adopting the *pro forma* commercial readiness requirements contemplated in Order Nos. 2023 and 2023-A. APS states that because it will continue to utilize the commercial readiness milestones for the current transitional cluster, APS now proposes to incorporate into section 5.1.1.2 the existing language from section 7.6.4 that describes the specific requirements for M4. APS asserts that this proposed revision will allow APS to continue its previously approved transition cluster, while adopting the Commission's *pro forma* commercial readiness requirements for all subsequent clusters.[161]

101. APS contends that its proposed approach is consistent with the Commission's guidance in the Initial Compliance Order that APS is not required to implement a new transition process and may choose, in the instant compliance filing, to revert to the previously accepted language in section 5 of its LGIP.[162]

102. However, APS also proposes to omit from its LGIP the Commission's *pro forma* LGIP section 5.1.2, without explanation.

c. Commission Determination

103. We find that APS's proposed omission of the transition process revisions partially complies with the requirements of Order Nos. 2023 and 2023-A and the Commission's directives in the Initial Compliance Order. Specifically, we find that APS's proposal to revert sections 5, 5.1.1, 5.1.1.1, 5.1.1.2, and 5.1.1.3 of its LGIP to previously accepted Tariff language accepted in the Queue Reform Order complies with the Commission's

[160] Transmittal at 7.

[161] *Id.* at 8.

[162] *Id.*

directives. Under Order No. 2023-A, APS is not required to adopt the transition process set forth in Order Nos. 2023 and 2023-A because APS already performs cluster studies.[163]

104. Further, we find that APS's proposed transition-related definitions in section 1 of its LGIP, as well as its omission of the Commission's *pro forma* Appendices 7 and 8, are consistent with or superior to the Commission's *pro forma* LGIP adopted in Order Nos. 2023 and 2023-A because they align with APS's existing transition process.[164] Similarly, we find that APS's proposed additional language in section 5.1.1.2 of its LGIP, setting forth in detail the requirements for M4 rather than referencing section 7.6, is consistent with or superior to the Commission's *pro forma* LGIP because it accounts for the fact that APS has proposed to remove section 7.6 from its LGIP.[165] The M4 milestone consists, broadly speaking, of the following commercial readiness demonstrations: (1) an executed contract for sale of the generator or its energy or ancillary services; (2) reasonable evidence that the generating facility has been selected in a resource plan or resource solicitation plan, is being developed by a load-serving entity, or is being developed for sale to large end-use customer; (3) a provisional LGIA with reasonable evidence that construction has commenced; or (4) evidence of site development.[166]

105. We note, however, that the proposed additional language about M4 in section 5.1.1.2(d) still includes a cross-reference to section "7.6.3(d)," which APS has proposed to remove from its LGIP. Moreover, APS proposes to omit from its LGIP the Commission's *pro forma* LGIP section 5.1.2, which, as noted above, applies to interconnection customers in the queue of a transmission provider that is not conducting a transition process under the Commission's *pro forma* LGIP section 5.1.1. In Order No. 2023-A, the Commission adopted this section to clarify that such interconnection customers must comply with the new readiness requirements proposed by the transmission provider within 60 days of the Commission-approved effective date of the transmission provider's compliance filing.[167] APS proposes to

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[163] Order No. 2023-A, 186 FERC ¶ 61,199 at P 73.

[164] *See* Order No. 2023, 184 FERC ¶ 61,054 at P 861 ("[T]ransmission providers that have already adopted a cluster study process or are currently undergoing a transition to a cluster study process will not be required to implement a new transition process.").

[165] *See supra* section IV.B.7.b.

[166] *See* Proposed Open Access Transmission Tariff, attach. O, § 5 (10.0.0), § 5.1.1.2 (Transitional Facilities Study).

[167] Order No. 2023-A, 186 FERC ¶ 61,199 at P 75; *see pro forma* LGIP § 5.1.2.

omit this section from its LGIP without explanation and, therefore, has not shown that its proposed deviation is consistent with or superior to the Commission's *pro forma* LGIP. Accordingly, we direct APS to submit, within 60 days of the date of this order, a further compliance filing that: (1) corrects the erroneous cross-reference in section 5.1.1.2(d) of its LGIP; and (2) either justifies the proposed omission of section 5.1.2 of the Commission's *pro forma* LGIP as consistent with or superior to the Commission's *pro forma* LGIP or adopts without modification the Commission's *pro forma* LGIP in Order Nos. 2023 and 2023-A.

10. Operating Assumptions for Interconnection Studies

106. In Order No. 2023, the Commission revised sections 3.1.2, 3.2.1.2 (The Study), 3.2.2.2 (The Study), 3.3.1, 3.4.2, 4.4.3, 7.3, 8.2 (Scope of Interconnection Facilities Study), and Appendix 1 (Interconnection Request for a Large Generating Facility) of the *pro forma* LGIP and article 17.2 (Violation of Operating Assumptions for Generating Facilities) and Appendix H (Operating Assumptions for Generating Facility) of the *pro forma* LGIA to require transmission providers, at the request of the interconnection customer, to use operating assumptions in interconnection studies that reflect the proposed charging behavior of electric storage resources (whether standalone, co-located generating facilities, or part of a hybrid generating facility)—i.e., whether the interconnecting generating facility will or will not charge during peak load conditions—unless good utility practice, including applicable reliability standards, otherwise requires the use of different operating assumptions.[168] The Commission required interconnection customers to provide the proposed operating assumptions in the initial interconnection request.[169] The Commission also required that, if a transmission provider finds the interconnection customer's proposed operating assumptions in conflict with good utility practice, the transmission provider must provide the interconnection customer with a written explanation of why the operating assumptions are insufficient or inappropriate no later than 30 calendar days before the end of the customer engagement window and allow the interconnection customer to resubmit the operating assumptions at least 10 calendar days before the end of the customer engagement window.[170] Finally, the Commission added article 17.2 to the *pro forma* LGIA to describe a violation of operating assumptions

[168] Order No. 2023, 184 FERC ¶ 61,054 at P 1509; *see pro forma* LGIP §§ 3.1.2, 3.2.1.2, 3.2.2.2, 3.3.1, 3.4.2, 4.4.3, 7.3, 8.2, app.1; *see also pro forma* LGIA art. 17.2, app. H.

[169] Order No. 2023, 184 FERC ¶ 61,054 at P 1520; *see pro forma* LGIP § 3.4.2(v).

[170] Order No. 2023, 184 FERC ¶ 61,054 at P 1511.

and Appendix H to the *pro forma* LGIA as the location for the interconnection customer to memorialize its operating assumptions.[171]

a. Initial Compliance Order

107. In its Initial Compliance Filing, APS proposed revisions to its LGIP section 3.2.2.2 that incorporated some of the *pro forma* LGIP revisions relating to operating assumptions that the Commission adopted in Order No. 2023, but omitted other *pro forma* LGIP language. APS also proposed to deviate from the *pro forma* LGIP revisions adopted in Order No. 2023 by retaining existing language in sections 3.1 and 7.3 and Appendix 1 of its LGIP.[172]

108. In the Initial Compliance Order, the Commission found that APS's proposed revisions to its LGIP sections 3.1, 3.2.2.2, and 7.3 only partially complied with the requirements of Order No. 2023 because APS proposed to maintain existing language without demonstrating how such deviations satisfy the consistent with or superior to standard. Accordingly, the Commission directed APS to submit a further compliance filing that either justifies the proposed deviations as consistent with or superior to the Commission's *pro forma* LGIP or adopts without modification the Commission's *pro forma* LGIP language in Order No. 2023.[173]

b. APS's Second Compliance Filing

109. APS proposes revisions to section 3.2.2.2 of its LGIP to incorporate without modification the *pro forma* revisions relating to operating assumptions adopted in Order Nos. 2023 and 2023-A.[174] APS also proposes to delete existing language that deviates from the Commission's *pro forma* LGIP in section 3.1.[175] However, APS also proposes to retain, without explanation, existing language in section 7.3 of its LGIP, as well as

[171] *Id.* P 1521; *see pro forma* LGIA art. 17.2, app. H.

[172] Initial Compliance Order, 186 FERC ¶ 61,201 at PP 144-145.

[173] *Id.* PP 146-147.

[174] Proposed Open Access Transmission Tariff, attach. O, § 3 (12.0.0), § 3.2.2.2 (The Study).

[175] *Id.* attach. O, § 3 (12.0.0), § 3.1 (Interconnection Requests).

section 5(k) in Appendix 1 of its LGIP, that deviates from the Commission's *pro forma* revisions adopted in Order Nos. 2023 and 2023-A.[176]

c. Commission Determination

110. We find that APS's proposed revisions concerning operating assumptions in sections 3.1 and 3.2.2.2 of its LGIP comply with the requirements of Order Nos. 2023 and 2023-A because APS adopts the Commission's *pro forma* LGIP provisions without modification.

111. However, we find that APS's proposed section 7.3 and Appendix 1 of its LGIP only partially comply with the requirements of Order Nos. 2023 and 2023-A because APS proposes to maintain existing variations from the Commission's *pro forma* LGIP without explanation and, therefore, has not shown that its proposed variations are consistent with or superior to the Commission's *pro forma* LGIP. Accordingly, we direct APS to submit, within 60 days of the date of this order, a further compliance filing that either justifies the proposed variations as consistent with or superior to the Commission's *pro forma* LGIP or adopts without modification the Commission's *pro forma* LGIP language in Order No. 2023.

11. Incorporating the Enumerated Alternative Transmission Technologies

112. In Order No. 2023, the Commission revised section 7.3 of the *pro forma* LGIP, and sections 3.3.6 and 3.4.10 of the *pro forma* SGIP.[177] The Commission required transmission providers to evaluate the following enumerated list of alternative transmission technologies: static synchronous compensators, static VAR compensators, advanced power flow control devices, transmission switching, synchronous condensers, voltage source converters, advanced conductors, and tower lifting.[178] The Commission revised *pro forma* LGIP section 7.3 to require transmission providers to evaluate the list of alternative transmission technologies enumerated in Order No. 2023 during the cluster study, including any restudies, of the generator interconnection process in all instances (i.e., for all interconnection customers in a cluster), without the need for a request from an interconnection customer. The Commission required transmission providers to evaluate each alternative transmission technology listed in *pro forma* LGIP section 7.3

[176] *Id.* attach. O, § 7 (10.0.0), § 7.3 (Scope of Cluster Study); *id.* app. 1 (Interconnection Request for a Large Generating Facility) (13.0.0).

[177] Order No. 2023, 184 FERC ¶ 61,054 at P 1578; *see pro forma* LGIP § 7.3; *see also pro forma* SGIP §§ 3.3.6, 3.4.10.

[178] Order No. 2023, 184 FERC ¶ 61,054 at P 1578.

and to determine, in the transmission provider's sole discretion, whether it should be used, consistent with good utility practice, applicable reliability standards, and other applicable regulatory requirements. Finally, the Commission required transmission providers to include, in the *pro forma* LGIP cluster study report, an explanation of the results of the evaluation of the enumerated alternative transmission technologies for feasibility, cost, and time savings as an alternative to a traditional network upgrade.

113. The Commission revised sections 3.3.6 and 3.4.10 of the *pro forma* SGIP, consistent with the *pro forma* LGIP requirement, to require transmission providers to evaluate the enumerated alternative transmission technologies when performing interconnection studies for small generating facilities, without the need for a request from an interconnection customer.[179] The Commission required such evaluations to occur during the *pro forma* SGIP feasibility study and system impact study of the generator interconnection process. The Commission found that it is appropriate for these evaluations to occur during the relevant *pro forma* SGIP studies where network upgrades are identified, consistent with the *pro forma* LGIP requirement. The Commission required transmission providers to evaluate each alternative transmission technology listed in *pro forma* SGIP sections 3.3.6 and 3.4.10 and determine, in the transmission provider's sole discretion, whether it should be used, consistent with good utility practice, applicable reliability standards, and other applicable regulatory requirements.

114. In Order No. 2023-A, the Commission added the definitions of "applicable reliability standards" and "applicable laws and regulations" to the *pro forma* SGIP, added the term "applicable reliability standards" to the performance standards in *pro forma* LGIP section 7.3 and *pro forma* SGIP sections 3.3.6 and 3.4.10, and replaced "other applicable regulatory requirements" with the term "applicable laws and regulations" in *pro forma* LGIP section 7.3 and *pro forma* SGIP sections 3.3.6 and 3.4.10.[180] Additionally, the Commission revised *pro forma* LGIP section 7.3 and *pro forma* SGIP sections 3.3.6 and 3.4.10 to clarify that good utility practice, applicable reliability standards, and applicable laws and regulations apply to both the transmission provider's evaluation of the enumerated alternative transmission technologies and the determination to use the technology.[181]

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[179] *Id.* P 1580.

[180] Order No. 2023-A, 186 FERC ¶ 61,199 at PP 623-624; *see pro forma* LGIP § 7.3; *see also pro forma* SGIP §§ 3.3.6, 3.4.10, attach. 1.

[181] Order No. 2023-A, 186 FERC ¶ 61,199 at PP 625-627; *see pro forma* LGIP § 7.3; *see also pro forma* SGIP §§ 3.3.6, 3.4.10.

a. Initial Compliance Order

115. In its Initial Compliance Filing, APS did not propose revisions to its SGIP sections 3.3.6 and 3.4.10, which do not exist in its Tariff. APS explained that its Queue Reform filing revised its Tariff to include small generators not qualifying for the "fast track" or inverter processes to be studied under the cluster study provisions of its LGIP.[182]

116. In the Initial Compliance Order, the Commission found that APS only partially complied with Order No. 2023's requirements relating to alternative transmission technologies because APS proposed to include deviations from the Commission's *pro forma* SGIP (i.e., proposed to omit the Commission's *pro forma* SGIP sections 3.3.6 and 3.4.10), without justifying the deviations as consistent with or superior to the Commission's *pro forma* SGIP. Accordingly, the Commission directed APS to submit a further compliance filing that either justifies the proposed deviations as consistent with or superior to the Commission's *pro forma* SGIP or adopts without modification the Commission's *pro forma* SGIP language in Order No. 2023.[183]

b. APS's Second Compliance Filing

117. APS proposes revisions to section 7.3 of its LGIP and Attachment 1 of its SGIP to incorporate without modification the framework for the enumerated alternative transmission technologies adopted in Order Nos. 2023 and 2023-A.[184]

118. However, APS proposes to omit from its SGIP sections 3.3.6 and 3.4.10 of the Commission's *pro forma* SGIP. APS explains that the Commission generally accepted APS's proposal in the Queue Reform filing to streamline the study process for large and small generating facilities. APS states that "because of this alignment with the LGIP," it has not included the Commission's *pro forma* SGIP language in sections 3.3.6 and 3.4.10 of its SGIP.[185]

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[182] Initial Compliance Order, 186 FERC ¶ 61,201 at PP 150-151.

[183] *Id.* PP 152-153.

[184] Proposed Open Access Transmission Tariff, attach. O, § 7 (10.0.0), § 7.3 (Scope of Cluster Study); *id.* attach. P, attach. 1 (Glossary of Terms) (7.0.0), Applicable Reliability Standards, Applicable Laws and Regulations.

[185] Transmittal at 11-12.

c. Commission Determination

119. We find that APS's proposed revisions in section 7.3 of its LGIP and Attachment 1 of its SGIP relating to alternative transmission technologies comply with the requirements of Order Nos. 2023 and 2023-A because APS adopts the Commission's *pro forma* LGIP and *pro forma* SGIP provisions without modification.

120. Further, we find that APS's proposal to omit sections 3.3.6 and 3.4.10 from its SGIP is consistent with or superior to the requirements of Order Nos. 2023 and 2023-A because the proposed omissions account for APS's existing SGIP, which does not include a feasibility study or system impact study. As APS explains, small generating facilities that are not eligible for the "fast track" or inverter processes in the SGIP are currently subject to the cluster study procedures in APS's LGIP, which, as noted above, incorporates the *pro forma* LGIP requirement to evaluate the enumerated alternative transmission technologies as part of the cluster study process. Because the eligible small generating facilities will be studied under APS's LGIP cluster study process, which includes studying alternative transmission technologies, we find that APS's proposal not to adopt the related provisions in section 3.3.6 and 3.4.10 of its SGIP is consistent with or superior to the *pro forma* SGIP.[186]

12. Other Issues Raised by APS

a. APS's SGIP

121. APS proposes to add the application form contained in Attachment 2 of the Commission's *pro forma* SGIP to its SGIP. APS states that it inadvertently removed the application form in its Initial Compliance Filing. APS states that the proposed revisions adopt the Commission's *pro forma* SGIP language, with the exception of the *pro forma* provision requiring interconnection customers to provide a deposit of $1,000 for the cost of the feasibility study.[187] APS proposes to deviate from this language to instead state that the interconnection customer must submit "a deposit pursuant to Section 3.1.1 of the LGIP."[188] APS states that because it is no longer performing feasibility studies, it modified this language to better align with the combined study process for small and large generators.[189] However, APS also proposes to omit, without explanation, the

[186] *Id*.

[187] *Id.* at 12-13.

[188] Proposed Open Access Transmission Tariff, attach. P, attach. 2 (Small Generator Interconnection Request) (10.0.0).

[189] Transmittal at 13.

"Small Generating Facility Information" and "Interconnection Facilities Information" sections from its proposed Attachment 2 of its SGIP.

b. Commission Determination

122. We find that APS's proposed deviation concerning the study deposit in Attachment 2 of its SGIP is consistent with or superior to the Commission's *pro forma* SGIP because the proposed variation identifies the relevant study deposit provision in the LGIP applicable to small generating facilities. As discussed above, under APS's existing SGIP, certain small generators are studied together with large generators under the LGIP's cluster study process.

123. As noted above, APS states that it inadvertently omitted the application form in Attachment 2 of its SGIP in its Initial Compliance Filing. In the instant filing, APS proposes to reinstate that application form in Attachment 2 of its SGIP.[190] However, we find that APS's omission of the "Small Generating Facility Information" and "Interconnection Facilities Information" sections from the application form in Attachment 2 of its SGIP is not consistent with or superior to the Commission's *pro forma* SGIP because APS does not adopt the Commission's *pro forma* SGIP language or justify why its proposed deviations are consistent with or superior to the Commission's *pro forma* SGIP. Accordingly, we direct APS to submit, within 60 days of the date of this order, a further compliance filing that either justifies those proposed deviations in Attachment 2 of its SGIP as consistent with or superior to the Commission's *pro forma* SGIP or adopts without modification the Commission's *pro forma* language.

13. Effective Date

a. APS's Second Compliance Filing

124. APS proposes an effective date of July 9, 2024, 61 days from the date of filing, for its Second Compliance Filing.

b. Commission Determination

125. We find that APS's proposed effective date may create inconsistency and, therefore, we accept APS's compliance filing, effective December 4, 2023, to align with the effective date of its Initial Compliance Filing.

[190] Transmittal at 12-13; *see* Proposed Open Access Transmission Tariff, attach. P, attach. 2 (Small Generator Interconnection Request) (10.0.0).

14. Other Compliance Directive

126. On August 20, 2024, the Commission issued an Errata Notice, which contained additional revisions to the Commission's *pro forma* LGIP, *pro forma* LGIA, and *pro forma* SGIA.[191] We direct APS to incorporate the revisions made in the Errata Notice when it submits its further compliance filing within 60 days of the date of this order.

The Commission orders:

(A) APS's compliance filing is hereby accepted in part, effective December 4, 2023, subject to a further compliance filing, as discussed in the body of this order.

(B) APS is hereby directed to submit a compliance filing that addresses the directives in this order within 60 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Debbie-Anne A. Reese,
Secretary.

[191] *Improvements to Generator Interconnection Procs. & Agreements*, 188 FERC ¶ 61,134.