

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Southern Company Services, Inc.

Docket No. ER04-459-000

ORDER CONDITIONALLY ACCEPTING AND SUSPENDING IN PART AND  
REJECTING IN PART PROPOSED MODIFICATIONS TO PRO FORMA LARGE  
GENERATOR INTERCONNECTION PROCEDURES

(Issued March 29, 2004)

1. On January 20, 2004, Southern Company Services (Southern) submitted for filing on behalf of Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Savannah Electric and Power Company (collectively, Southern Companies) redlined tariff language as permitted by Order No. 2003<sup>1</sup> that reflect variations from the pro forma Large Generator Interconnection Procedures (LGIP). Southern states that the proposed variations are based on existing regional reliability standards applicable to the Southeastern Electric Reliability Council (SERC), of which Southern Companies are members. In this order, the Commission conditionally accepts and suspends Southern's filing in part and rejects Southern's filing in part, to be effective January 20, 2004, subject to refund. The proposed modifications are accepted in part. This order benefits customers because it ensures that the terms, conditions, and rates for interconnection service are just and reasonable and thus encourages more competitive markets.

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<sup>1</sup> Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003, 68 Fed. Reg. 49,845 (Aug. 19, 2003), FERC Stats. & Regs., Regulations Preambles ¶ 31,146 (2003) (Order No. 2003), order on reh'g, Order No. 2003-A, 69 Fed. Reg. 15,932 (March 26, 2004), FERC Stats. & Regs., Regulations Preambles ¶ 31,160 (2004) (Order No. 2003-A); see also Notice Clarifying Compliance Procedures, 106 FERC ¶ 61,009 (2004).

## **I. Background**

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

## **II. Proposed variations**

4. In its January 20, 2004 filing, Southern proposes three variations to the pro forma LGIP, sections 3.2.1.2, 3.2.2, 6.2, and 7.3.
5. Section 3.2.2 (Network Resource Interconnection Service) of the pro forma LGIP sets forth the study requirements for this service. It requires that the Interconnection Study assure that, as a general matter, the Interconnection Customer's Large Generating Facility's interconnection is studied with the Transmission Provider's Transmission System at peak load, under a variety of severely stressed conditions. The Interconnection Study helps determine whether, with the Large Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load on the Transmission Provider's Transmission System, consistent with the Transmission Provider's reliability criteria and procedures. Southern proposes that section 3.2.2.2 (The Study) be revised to remove the phrase "at peak load" in order to permit analyses at

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<sup>2</sup> 16 U.S.C. §§ 824d, 824e (2000).

<sup>3</sup> See Notice Clarifying Compliance Procedures, 106 FERC ¶ 61,009 (2004).

<sup>4</sup> The "Transmission Provider" is the entity with which the Generating Facility is interconnecting. The term "Generating Facility" means the specific device (having a capacity of more than 20 megawatts) for which the Interconnection Customer has requested interconnection. The owner of the Generating Facility is referred to as the "Interconnection Customer."

<sup>5</sup> See Order No. 2003 at P 826.

various load levels. Southern states that the SERC regional requirement for such studies is referenced in the existing SERC Supplement to the NERC Planning Standards I.A.S1, namely, SERC I.A. Planning Standards, at 6, 8.

6. Section 3.2.1.2 (The Study) of the pro forma LGIP sets forth the study requirements for the Energy Resource Interconnection Service. The Study is required to consist of short circuit/fault duty, steady state (thermal and voltage), and stability analyses. Section 7.3 (Scope of Interconnection System Impact Study), among other things, sets forth the types of analyses that would be conducted in the Interconnection Impact Study. It requires that the study consist of a short circuit analysis, a stability analysis, and a power flow analysis. Southern proposes that sections 3.2.1.2 and 7.3 be amended to require a grounding review, a reactive power analysis, a regional transfer capability analysis, and a nuclear plant off-site power analysis (where applicable). Southern states that the SERC regional requirement for such analyses is referenced in the existing SERC Supplement to the NERC I.C Planning Standards, namely, SERC I.C. Planning Standards, at 6, 10, 11. Southern also states that such analysis of nuclear plant off-site power system reliability is found in the Nuclear Regulatory Commission's regulations, codified at 10 C.F.R. Part 50, Appendix A (General Design Criteria), Criterion No. 17 (Electric Power Systems).

7. Sections 6.2 (Scope of Interconnection Feasibility Study) and 7.3 (Scope of Interconnection System Impact Study) set forth, among other things, the assumptions that should be used to conduct these studies. These sections require that the studies consider the Base Case as well as all Generating Facilities (and identified Network Upgrades) that, on the date the study begins, (i) are directly interconnected to the Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request; and (iv) have no queue position but have executed an LGIA or requested that an unexecuted LGIA be filed with this Commission. Southern proposes to modify sections 6.2 and 7.3 to incorporate the requirement that the studies also consider all confirmed and/or pending higher queued transmission delivery service requests. Southern offers no regional reliability standard to support this variation from the pro forma LGIP.

### **III. Notice and Responsive Pleadings**

8. Notice of the January 20, 2004 filing was published in the Federal Register, 69 Fed. Reg. 5851 (2004), with interventions and protests due on or before February 10, 2004. On February 10, 2004, Tenaska, Inc. (Tenaska) filed a motion to intervene and comments on Southern's filing. Also on February 10, 2004, South Carolina Electric & Gas Company (SCE&G) filed a motion to intervene.

9. Tenaska contends that Southern's proposed modification to section 3.2.2 could result in unnecessary study costs and longer study times. Tenaska also contends that

considering all “pending” transmission requests, as Southern proposes in its modification to sections 6.2 and 7.3, may overstate the amount of power using transmission on the system. Tenaska does not oppose the concept behind Southern’s proposed modification, but states that if the tariff language is too broad, the studies will not produce accurate results.

#### **IV. Discussion**

10. Pursuant to Rule 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2003), the timely, unopposed motions to intervene serve to make the entities that filed them parties to the proceeding.

11. The Commission conditionally accepts and suspends Southern’s filing in part and rejects Southern’s filing in part, to be effective January 20, 2004, subject to refund, as discussed below.

12. The Commission intends to supplement rather than supplant the work that regional reliability groups have already undertaken regarding interconnection. Accordingly, a Transmission Provider, on compliance, generally may offer variations based on existing regional reliability requirements. The Transmission Provider must show that each such proposed variation is in response to established (*i.e.*, approved by the Applicable Reliability Council) reliability requirements.<sup>6</sup>

13. In Order No. 2003, the Commission further specified that changes to section 3.2.2.2 of the pro forma LGIP (requiring a study of a Network Resource Interconnection Service request to be “at peak load, under a variety of severely stressed conditions”) must be shown to be consistent with or superior to the pro forma LGIP, not based solely on a regional reliability requirement.<sup>7</sup> Likewise in Order No. 2003, the Commission explained that the study requirement in the pro forma LGIP (“at peak load, under a variety of severely stressed conditions”) ensures reliability and deters the Transmission Provider from delaying an interconnection by subjecting competing Interconnection Customers, in the name of reliability, to more stringent study requirements than it would require for its own or its affiliates’ interconnections. Thus, as explained in Order No. 2003, for variations from this particular provision, the Commission requires more than an established reliability standard.

14. Two of the three proposed variations submitted by Southern are based on established SERC regional reliability standards. The first two proposed modifications to the LGIP, sections 3.2.1.2, 3.2.2.2, and 7.3, are based on existing reliability requirements.

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<sup>6</sup> See Order No. 2003 at P 823-24, 826.

<sup>7</sup> Order No. 2003 at P 785.

While Southern purports to justify all of its modifications based on regional reliability standards, Southern cites no such standard to justify the third proposed variation to sections 6.2 and 7.3.

15. With respect to Southern's first proposed modification, to section 3.2.2.2 of the LGIP, the Commission will direct Southern to make the showing required by Order No. 2003 with regard to this particular variation.<sup>8</sup> For example, Southern's proposal may be consistent with or superior to a study "at peak load, under a variety of severely stressed conditions" if Southern explains how and why it is useful or necessary to examine non-peak conditions. Because the Commission is requiring Southern to make a further showing with regard to this proposed modification, Tenaska can raise any arguments once Southern has filed to make that showing.

16. The Commission will accept Southern's second proposed modification, to sections 3.2.1.2 and 7.3 of the LGIP, because it is sufficiently supported by existing regional reliability standards.

17. The Commission will reject the third proposed modification to the LGIP, sections 6.2 and 7.3, without prejudice to Southern's refiling under Section 205 of the FPA and justifying the proposed variation.<sup>9</sup> Southern must demonstrate that this third proposed variation is consistent with or superior to the pro forma LGIP, or must point to an existing regional reliability standard. The Commission's rejection of Southern's proposed modification to sections 6.2 and 7.3 effectively makes moot Tenaska's argument in opposition.

18. Furthermore, this filing is technically deficient insofar as Southern did not submit redlined and clean copies of its proposed tariff sheets. Moreover, Southern has not submitted the pro forma LGIP and LGIA for inclusion in its OATT in compliance with Order No. 2003.<sup>10</sup> As ordered below, the Commission will accept Southern's proposed variations, except for the third proposal, subject to the filing of its tariff sheets.

The Commission orders:

(A) The Commission hereby conditionally accepts and suspends Southern's filing in part and rejects Southern's filing in part, to be effective January 20, 2004, subject to refund, as discussed in the body of this order.

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<sup>8</sup> See Order No. 2003 at P 785.

<sup>9</sup> 16 U.S.C. § 824d (2000).

<sup>10</sup> See Notice Clarifying Compliance Procedures, 106 FERC ¶ 61,009 (2004).

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

(C) To the extent Southern has not filed tariff sheets to incorporate the pro forma LGIP and LGIA in its OATT, it is hereby directed to do so in the compliance filing ordered in ordering paragraph (B).

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.