

108 FERC ¶ 61,239
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Florida Power & Light Company

Docket No. ER04-1034-000

ORDER ACCEPTING IN PART AND REJECTING IN PART
PROPOSED MODIFICATIONS TO *PRO FORMA*
LARGE GENERATOR INTERCONNECTION PROCEDURES AND *PRO*
FORMA LARGE GENERATOR INTERCONNECTION AGREEMENT

(Issued September 16, 2004)

I. Introduction

1. On July 21, 2004, pursuant to Order No. 2003¹ and section 205 of the Federal Power Act (FPA)², Florida Power & Light Company (FP&L) submitted for filing redlined tariff language reflecting proposed variations from the *pro forma* Large Generator Interconnection Procedures (LGIP) and from the *pro forma* Large Generator Interconnection Agreement (LGIA). We accept in part and reject in part FP&L's filing, without suspension or hearing. 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.

¹ 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) *reh'g pending*; *see also*, Notice Clarifying Compliance Procedures, 106 FERC ¶ 61,009 (2004).

² 16 U.S.C. § 824d (2000).

II. Background

2. Pursuant to its ongoing effort to remedy undue discrimination, the Commission in Order No. 2003 directed all public utilities that own, control, or operate jurisdictional transmission facilities to append to their open access transmission tariffs (OATT) a Final Rule LGIP and Final Rule LGIA. Order No. 2003 required these public utilities to file revised OATTs containing the *pro forma* LGIP and LGIA by January 20, 2004.³ The Commission left open the option for Transmission Providers⁴ to propose variations to the *pro forma* LGIP or *pro forma* LGIA as long as the proposed variations were based on established regional reliability requirements or were “consistent with or superior to” the *pro forma* LGIP or *pro forma* LGIA.⁵

III. Proposed Variations

3. FP&L proposes two modifications to the *pro forma* LGIA and the *pro forma* LGIP. First, FP&L proposes to revise the power factor requirements in *pro forma* LGIA section 9.6.1. Second FP&L proposes to revise *pro forma* LGIP sections 3.1, 3.2.1.2, 3.2.2.2 and 7.3 and *pro forma* LGIA section 9.1 to include regional reliability and study criteria used in the studies for Network Resource Interconnection Service (NRIS) and Energy Resource Interconnection Service (ERIS).

4. FP&L asserts that these modifications are necessary because of the unique electrical topology of its control area and existing regional reliability standards applicable to the Florida Reliability Coordinating Council (FRCC), of which it is a member. FP&L also asserts that the proposed variations satisfy the “consistent with or superior to” standard. In addition, FP&L argues that its proposed variations are consistent with

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

⁴ 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.”

⁵ See Order No. 2003 at P 826.

Southern Company Services, Inc., 106 FERC ¶ 61,311, *order on compliance*, 107 FERC ¶ 61,317 (2004) (*Southern*).⁶

A. Power Factor Requirements

5. FP&L proposes to revise article 9.6.1 of the *pro forma* LGIA, which addresses the obligation to supply reactive power. FP&L proposes to establish power factor requirements for base load units⁷ at 0.95 leading and 0.90 lagging. For peaking units⁸, FP&L proposes to establish power factor requirements at 0.90 lagging with no specific leading capability requirement. FP&L states that it is not proposing specific leading requirements for peaking units and therefore will set the leading power factor at 1.0 because during peak load conditions these units are expected to produce reactive power in order to maintain system reliability (*i.e.*, meet the lagging power factor of 0.90) but FP&L will not require them to absorb reactive power (*i.e.*, meet the leading power factor of 1.0). Conversely, base load units typically operate during intermediate or low load conditions, and are required to absorb reactive power to prevent excessively high voltage that could overstress equipment and lead to failure. FP&L argues that the dimensions and characteristics of the State of Florida, as well as its control area, are such that power factor requirements need to be tailored for safe, reliable, and effective operation of its system. FP&L also proposes other variations to article 9.6.1 relating to the obligation to supply reactive power, including requiring the Interconnection Customer to install alternative reactive power resources to meet design standards identified in the LGIA and to adhere to all applicable reliability criteria, protocols and directives of the Transmission Provider and the FRCC. FP&L explains that these variations are tailored to FP&L's unique peninsular characteristics and minimize the impact of the power factor requirements on unit design.

B. ERIS/NERIS Study Criteria

6. Section 3.1 (General) of the *pro forma* LGIP sets forth the general requirements for processing interconnection request. FP&L proposes to modify this section so that the Transmission Provider is required to use the regional reliability criteria adopted by the

⁶ In *Southern*, the Commission accepted for filing similar variations that were adopted in the regional reliability standards of Southeastern Electric Reliability Council, of which Southern and its operating companies are members.

⁷ Base load units are units that operate more than 1500 hours on an annual basis.

⁸ Peaking units are units that operate less than 1500 hours on an annual basis.

FRCC. FP&L argues that this modification should be permitted since FRCC regional practices are already utilized in interconnection feasibility studies.

7. Section 3.2.1.2 of the *pro forma* LGIP outlines the requirements for Energy Resource Interconnection Service studies. Section 7.3 (Scope of Interconnection System Impact Study), among other things, states the assumptions to be used to conduct these studies. The studies are required to address short circuit/fault duty, steady state (thermal and voltage), and stability analyses.

8. FP&L proposes to modify sections 3.2.1.2 and 7.3 to also require a grounding review, a reactive power analysis, a regional transfer capability analysis, and a nuclear plant off-site power analysis (where applicable). FP&L points out that these proposed requirements are included in the FRCC Florida Reliability Handbook. Thus, FP&L argues that these modifications are permissible because they are FRCC regional practices. Moreover, FP&L asserts that the use of regional reliability factors for study requirements was accepted by the Commission in *Southern*.

9. Section 3.2.2.2 (Network Resource Interconnection Service) of the *pro forma* LGIP outlines the study requirements for this service. This section requires that the Interconnection Study, as a general matter, include analysis of 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.

10. FP&L proposes to modify section 3.2.2.2 by adding the phrase "and/or non-peak load" in order to permit analyses at various load levels. FP&L also proposes to require that it provide further evidence, upon customer request, of the need to study interconnection at other than peak loads. FP&L states that this modification follows the Commission's direction in *Southern*; is a generally accepted practice in FRCC; and has been used to study FP&L and non-FP&L generation interconnections.

11. Similar to the proposed changes in section 3.1 of the Commission *pro forma* LGIP, FP&L proposes to add an identical provision to article 9.1 (Operations-General) that requires the Transmission Provider to use regional reliability criteria adopted by the FRCC. FP&L argues that this modification should be permitted because FP&L incorporates FRCC regional practices in its operations.

IV. Notice and Responsive Pleadings

12. Notice of the July 21, 2004 filing was published in the *Federal Register*, 69 Fed. Reg. 47,138 (2004), with interventions and protests due on or before August 11, 2004. Seminole Electric Cooperative, Inc. and Florida Municipal Power Agency (collectively, Customers) filed a timely motion to intervene with comments.

13. Customers, without opposing the proposed modifications, express concern that FP&L may believe that the attachments included in the filing⁹, can be amended without Commission approval and would be controlling as to FP&L's interconnection procedures. They request that the Commission clarify that any substantive changes to these attachments, in order to be effective under the FP&L OATT, must be filed with the Commission and noticed for comment.

14. In addition, Customers are concerned that these attachments purport to address generation behind the meter at less than 20 MW and not just large interconnection requirements. Customers refer to Attachment C, which specifically references "generators with a nameplate rating greater than 20 MVA" in those few instances where FPL is intending to limit the coverage of the requirements in the attachment (*e.g.*, Attachment C, pp. 13, 15). They argue section III.P of Attachment C (p. 23) addresses generation behind the meter with no distinction as to the generator's size. Customers state that their failure to object to the filing, with the attachments, is contingent upon the Commission accepting these attachments as applicable only to the interconnection of large generators, as defined by the Commission.

V. Discussion

15. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2004), the timely, unopposed motion to intervene serves to make Customers parties to the proceeding.

16. We accept in part and reject in part FP&L's filing without suspension or hearing.

17. We accept certain of the proposed modification to *pro forma* LGIA article 9.6. Under *pro forma* LGIA article 9.6.1, a Transmission Provider can utilize power factor requirements different from those contained in the *pro forma* LGIA as long as those

⁹ Specifically, the FRCC Florida Regional Reliability Handbook, FP&L's Facility Connection Requirements and FP&L's Transmission Facility Rating Methodology.

power factor requirements apply to all generators on a comparable basis.¹⁰ Because FP&L's proposed power factor requirements will apply to all generators in FP&L's control area on a comparable basis, we will accept them. All other proposed variations to article 9.6.1 (*i.e.*, all variations aside from those that specifically set forth the leading and lagging power factor criteria for peak load and base load units) are rejected because FP&L has not provided adequate support. On compliance, FP&L should remove the rejected variations from article 9.6.1.

18. It is Commission policy to supplement, rather than supplant, the work that regional reliability groups have already undertaken regarding interconnection. Thus, pursuant to Order Nos. 2003 and 2003-A, a Transmission Provider may propose 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.¹¹ In Order No. 2003-A, the Commission further specified that the Transmission Provider may impose supplemental interconnection requirements not specified in the Applicable Reliability Council requirements, as long as the Applicable Reliability Council requirements provide for the inclusion of such additional requirements and the Transmission Provider imposes those requirements on itself and all other interconnection customers, including its affiliates.¹² If the Transmission Provider wishes to impose additional operational requirements, such as those related to system protection and safety that are not contained in or referenced in the Applicable Reliability Council requirements, it must submit the additional requirements in a separate Appendix to its compliance filing.¹³

19. We accept FP&L's proposed modifications to *pro forma* LGIP section 3.1 and *pro forma* LGIA article 9.1 that reference the use of existing regional reliability criteria of the FRCC in processing interconnection requests and operating facilities. *Pro forma* LGIA article 9.1 already requires compliance with Applicable Reliability council requirements. In this filing FP&L merely clarifies the council's name.

¹⁰ See Order No. 2003 at P 542.

¹¹ See Order No. 2003 at P 823-24, 826.

¹² See Order No. 2003-A at P 399.

¹³ *Id.*

20. We accept FP&L's proposed variations to *pro forma* LGIP sections 3.2.1.2 and 7.3. We find that these variations are consistent with existing FRCC regional reliability standards.

21. We accept FP&L's proposed variations to *pro forma* LGIP section 3.2.2.2 that permit FP&L to require studies under non-peak conditions. Order No. 2003 stated that changes to *pro forma* LGIP section 3.2.2.2¹⁴ must be shown to be consistent with or superior to the *pro forma* LGIP, and not based solely on a regional reliability requirement.¹⁵ According to Order No. 2003, the study requirement in the *pro forma* LGIP ensures reliability and deters the Transmission Provider from delaying an interconnection by subjecting competing Interconnection Customers to more stringent study requirements than it requires for its own or its affiliates' interconnections.

22. We find that the variation that requires studies of non-peak conditions on FP&L's system is consistent with or superior to the *pro forma* LGIP.¹⁶ We point out that FP&L thoroughly explains the need for the non-peak studies. We also note that if a customer requests, FP&L agrees to provide written justification of the need for studies based on non-peak load contingencies.¹⁷

23. In regards to Customers' concern that FP&L must file substantive changes to the regional reliability requirements in order to be effective under the OATT, we clarify that changes in Regional Reliability requirements need not be automatically filed with the Commission nor codified in the FP&L OATT. However, pursuant to Order No. 2003, FP&L must continue to file and justify with the Commission, all variations to the *pro forma* LGIP or the *pro forma* LGIA based on changes in regional reliability requirements. We are not accepting these documents as an appendix to the *pro forma* LGIP or the *pro forma* LGIA; rather, we are using them as a reference that supports certain variations to the *pro forma* LGIP and the *pro forma* LGIA. Further, in the interest of full disclosure, we direct FP&L to make the documents available for public inspection on a permanent basis.

¹⁴ This section of the *pro forma* LGIP requires that a study of a Network Resource Interconnection Service be "at peak load, under a variety of severely stressed conditions".

¹⁵ See Order No. 2003 at P 785.

¹⁶ See Order No. 2003, at P 785.

¹⁷ See also *Southern*, 107 FERC ¶ 61,317 at P 11.

24. We note that FP&L also proposes to add language to *pro forma* LGIP section 3.1 and *pro forma* LGIA section 9.1 that states “[t]he Transmission Provider will use regional reliability criteria developed and implemented by the Florida Reliability Coordinating Council.” We do not interpret this language to provide automatic approval to incorporate future changes in regional reliability criteria into the *pro forma* LGIA or the *pro forma* LGIP, without Commission approval. Rather, we interpret this language as putting interested parties on notice of the starting place for future proposed variations that must be filed with the Commission for approval.

25. Lastly, as Customers request, we clarify that our ruling here only addresses the requirements for the interconnection of large generators.

The Commission Orders:

(A) FP&L’s proposed variations are hereby accepted in part and rejected in part, as discussed in the body of this order. The accepted provisions are effective January 20, 2004.

(B) FP&L 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.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.