



FERC Interconnection Ruling: The First Domino in Transmission Reform

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Panelists and Moderator

Panelists:

- **Devin Hartman**, R Street Institute
Policy Director, Energy and Environmental Policy
- **Liz Delaney**, New Leaf Energy
Vice President, Utility-Scale Policy and Business Development
- **Brian George**, Google
Global Energy Market Development and Policy, US Federal Lead

Moderator:

- **Caitlin Marquis**, Advanced Energy United
Managing Director, Wholesale Markets

How We Got Here

- In July 2021 FERC released an **Advanced Notice of Proposed Rulemaking** (RM21-17) addressing issues to create “more holistic transmission planning and cost allocation and generator interconnection processes”
- FERC separated the proposals into separate proceedings, releasing a **Notice of Proposed Rulemaking related to interconnection queue management in June 2022** (AD22-14); a separate NOPR on transmission planning and cost allocation was issued in April 2022 is still pending
- **FERC released Order 2023 on July 27, 2023**, enshrining many of the proposals in the NOPR, some with modification
- Requests for rehearing will be filed later this month; Compliance Filings are due to be filed **90 days** after No. Order 2023 is published in the Federal Register

FERC Proposed and Finalized Three Areas of Reform

1

Transitioning from a first-come first-serve serial queue process to a first-ready first-serve cluster study process

2

Reforms to speed queue processing

3

Incorporating technological advancements into the interconnection process

1

Transitioning from a first-come first-serve serial queue process to a first-ready first-serve cluster study process

- **Information access:**
 - Requires publicly posted information to inform decisions by interconnection customers (does not adopt NOPR proposal for informational interconnection study)
- **Sets parameters for new cluster study process:**
 - 45-day cluster request window, 60-day customer engagement window, 150-day cluster study, 150 day re-study, and 60-day Interconnection Agreement negotiation period
 - New procedures for allocating study costs and network upgrade costs, with significant discretion left to transmission providers
 - Enhanced financial commitments and readiness requirements for developers (does not adopt NOPR proposal to include non-financial commercial readiness requirements)
- **Requirements for transitioning to the new cluster study process**

2

Reforms to speed queue processing

- **Repeals the Reasonable Efforts Standard**
 - Imposes interconnection study deadline and penalty requirements for transmission providers
 - Penalty amounts were increased from NOPR proposal, but their implementation was pushed back from 1st cluster study after transition to the 3rd
- **Adopts a standardized "affected systems" study process**
 - Sets deadlines (150 days for study, 60 days for restudy) and requires use of ERIS study assumptions for affected systems studies
 - Does not allow for any withdrawal exemption if affected systems cost estimates increase by any threshold

3

Incorporating technological advancements into the interconnection process

- **Accommodates hybrid and storage resources:**
 - Allows more than one generating facility to co-locate on a shared site behind a single point of interconnection and share a single interconnection request
 - Allows addition of a generating facility at the same POI without triggering material modification if the original interconnection service level does not change
 - Allows use of operating assumptions for storage that reflect proposed charging behavior
- **Requires consideration of Alternative Transmission Technologies:**
 - Synchronous condensers, voltage source converters, advanced conductors, tower lifting
 - Does not require consideration of Dynamic Line Ratings or storage as transmission

Future Interconnection Policy Priorities

These policies were highlighted in Commissioner Clements concurrence:

- “Deeper Reforms”
 - Linking the interconnection process to overall transmission planning
 - Align the interconnection process with competitive resource solicitations
 - Facilitate a “focused” interconnection process
- “General Improvements”
 - Refine study assumptions including ERIS/NRIS and energy injection by resource type
 - Improve interconnection efficiency with automation, including web-based application process and automated data submissions
 - Reduction in delays and cost overruns in network upgrades

Panel Discussion

Transforming Policy. Expanding Markets.

Thank You

Questions?

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