

# NAVIGATING THE INTERCONNECTION PROCESS: A STRATEGIC APPROACH

Jay Matson & Richard Lorenzo

**MYTH:** With the adoption of Order No. 2003 and subsequent decisions designed to standardize the interconnection process, the era of Transmission Provider obstructionism has passed.

**FACT:** Standardization does not ensure a painless interconnection process. Transmission Providers have nearly all the leverage and no incentive to accommodate Developer needs. RTOs should be facilitating interconnections, but often they are not.

## LEVERAGE

### How Much Bargaining Strength You Have

#### Time: Advantage – Transmission Provider

The Developer has committed time and money to the project. In many cases, the Developer needs timely cash flow (unless it sells the project). Usually, the Transmission Provider has no particular interest in when the project is completed.

#### Cost: Advantage – Transmission Provider

The Developer bears the cost of the project, including on-going costs, which can include A&G, O&M and taxes. The Transmission Provider has no particular interest in keeping costs low.

#### Importance: Advantage – Transmission Provider

Whether the Developer ultimately operates the project or sells it, the value of the project is intimately tied to the ability to deliver power, which requires a viable interconnection. The Transmission Provider looks at the interconnection as an insignificant piece of its overall delivery system or, worse, a source of added risk that yields little profit.

#### Experience: Advantage – Transmission Provider

The Transmission Provider knows well the transmission system, the regulators and governmental entities that review the interconnection, its own tariff and contract provisions, and applicable precedent. It will use this knowledge to its advantage during the process. A Developer may have general experience from other projects, maybe even some specific experience from a previous project in this territory, but significantly less experience than the Transmission Provider.

#### Procedural Rights: Advantage - Even

The Developer can stand on its rights as established in the interconnection procedures accepted by FERC, but the Transmission Provider has rights in those procedures too.

## CRITICAL AUTHORITIES The Rules Of The Game

**Open Access Tariff:** Interconnection Provisions

**Order No. 2003:** Interconnection Procedures - Large Generators

**Order No. 2006:** Interconnection Procedures - Small Generators

**Order No. 661:** Interconnection Issues - Wind Units

**Adjudicatory Orders:** Addressing Interconnection Issues

## TIME LINE\*

### How Long The Interconnection Process Can Take

<b>Day 1</b>	Developer Submits Interconnection Request
<b>Day 31</b>	Scoping Meeting Takes Place
<b>Day 36<sup>1</sup></b>	Developer specifies alternative Points of Interconnection
<b>Day 41<sup>1</sup></b>	Transmission Provider tenders signed Interconnection Feasibility Study Agreement
<b>Day 71</b>	Developer returns signed Interconnection Feasibility Study Agreement (with deposit)
<b>Day 116</b>	Interconnection Feasibility Study completed and report provided; Transmission Provider tenders an Interconnection System Impact Study Agreement
<b>Day 126<sup>1</sup></b>	Project Developer and Transmission Provider meet to discuss the Interconnection Feasibility Study
<b>Day 129<sup>1</sup></b>	Transmission Provider estimates cost/timeframe for completing the Interconnection System Impact Study
<b>Day 146</b>	Developer returns signed Interconnection System Impact Study Agreement (with deposit)
<b>Day 236</b>	Interconnection System Impact Study completed and report provided (unless the Transmission Provider is not done); Transmission Provider tenders an Interconnection Facilities Study Agreement
<b>Day 246<sup>1</sup></b>	Developer and Transmission Provider meet to discuss the Interconnection System Impact Study
<b>Day 249<sup>1</sup></b>	Transmission Provider estimates cost and timeframe for completing the Interconnection Facilities Study
<b>Day 266</b>	Project Developer returns signed Interconnection Facilities Study Agreement (with deposit)
<b>Day 356/446</b>	Interconnection Facilities Study completed and report provided (90 Calendar Days if Developer wants a cost estimate within 20 percent, 180 Calendar Days if Developer wants a cost estimate within 10 percent); Transmission Provider tenders a draft LGIA
<b>Day 386/476</b>	Developer provides written comments to include in the Interconnection Facilities Study final report; Transmission Provider tenders appendices to draft LGIA
<b>Day 396/486<sup>1</sup></b>	Developer and Transmission Provider meet to discuss the Interconnection Facilities Study
<b>Day 401/491</b>	Transmission Provider issues Interconnection Facilities Study final report
<b>Day 461/551</b>	Negotiations regarding disputed provisions in LGIA's appendices
<b>Day 471/561</b>	The LGIA is filed at FERC. If filed unexecuted, additional time (at least sixty days) will pass while the matter is considered by FERC

\* Dates are based on the pro forma procedures that FERC adopted in Order No. 2003. The time line does not consider the possibility of re-studies.

<sup>1</sup> These due dates are calculated in terms of "Business Days" rather than "Calendar Days."

## PITFALLS AND STRATEGIES Questions To Ask Yourself and Options To Consider

How does your project promote the policy goals adopted by FERC or the State?

What accommodations did the Transmission Provider previously make for itself or other interconnection customers?

Do the State and local authorities support your project?

Tariff: Dispute Resolution Procedures

FERC: Hotline

FERC: Protest and Litigate

Can you walk away from this project if interconnection becomes problematic and at what point is that no longer possible?

Insist on in-person attendance by all parties, and that any persons necessary to the decision-making process be available by telephone.

Insist that the terms and conditions of the interconnection process, as described in the applicable tariff be followed; but you have to appear willing to follow the same rules

The RTO might act as intermediary; but is it predisposed to support you or the Transmission Provider?

FERC: Meet With Staff

**Interconnection Request**

**Scoping Meeting**

**Feasibility Study**

**System Impact Study**

**Facilities Study**

**Interconnection Agreement**

Have you thought through all the alternative points of interconnection?

Overhead or Underground?

Scope of the study – how detailed will the analysis be regarding the Attachment Facilities?

Do you really need a Facilities Study?

Should you sign the Interconnection Agreement?

Can you interconnect with another Transmission Provider's system?

What if the Transmission Provider will not address the Attachment Facilities?

Are you willing to jeopardize your queue position?

If possible, select a commercial operations date that forces the Transmission Provider to accept the Alternate Option (you get liquidated damages if the Transmission Provider is late)

Are you prepared to fight the matter at FERC?

Is interconnection at the distribution level viable?

What rights do you have under state law to pursue the interconnection without the Transmission Provider's assistance?

What does the Transmission Provider not know about your proposed interconnection that might render your preferred Point of Interconnection unworkable?

Cost versus time: which is more important?

Are you disputing matters addressed in pro forma provisions or appendices?