167 FERC ¶ 61,275
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Cheryl A. LaFleur, Richard Glick,
and Bernard L. McNamee.

Southwest Power Pool, Inc. Docket No. ER19-1579-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued June 28, 2019)

1. On April 16, 2019, Southwest Power Pool, Inc. (SPP) submitted, under section 205 of the Federal Power Act (FPA),[1] proposed revisions to its Generator Interconnection Procedures (GIP) and *pro forma* Generator Interconnection Agreement (GIA) contained in Attachment V of its Open Access Transmission Tariff (Tariff). In this order, we accept SPP's proposed Tariff revisions, to be effective July 1, 2019, as discussed below.

I. Background

A. Generator Interconnection Queue Reforms

2. In Order No. 2003,[2] the Commission issued standardized interconnection procedures and agreements for the interconnection of large generating facilities. The Commission's goal was to reduce undue discrimination and expedite the development of new generation, while protecting reliability and ensuring that rates are just and

[1] 16 U.S.C. § 824d (2012).

[2] *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 104 FERC ¶ 61,103 (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 Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. 1230 (2008).

reasonable.[3] The Commission accepted SPP's Order No. 2003 compliance filing in 2004.[4]

3. In the years after the issuance of Order No. 2003, many Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs), including SPP, experienced backlogs of generator interconnection requests. In response, the Commission held a technical conference in December 2007 to address these issues and propose solutions to interconnection queuing problems. In the order on the technical conference,[5] the Commission declined to require any particular solutions. However, the Commission noted that some regions may benefit from moving from a "first-come, first-served" queue processing approach, as established under Order No. 2003, to a "first-ready, first-served" approach, in which transmission providers would prioritize the processing of interconnection requests for customers who demonstrate the greatest ability to move forward with project development. The Commission encouraged RTOs and ISOs to work with their stakeholders to develop consensus proposals based on regional needs,[6] noting that it would review any variations from Order No. 2003 under the "independent entity variation standard."[7]

4. In 2009, to address its queue backlog, SPP proposed reforms to its GIP and *pro forma* GIA that transitioned its interconnection study process to a "first-ready, first-served" model. As part of this queue reform, SPP streamlined its study process, put further restrictions on the ability to suspend projects, and discouraged speculative projects from entering later stages of the study process by increasing deposits and requiring project readiness milestones. Further, SPP converted its study process from a serial study process to one based on cluster studies. SPP also converted its single interconnection study queue into three queues: (1) the feasibility study queue (feasibility queue), (2) the preliminary interconnection system impact study queue (preliminary

[3] Order No. 2003, 104 FERC ¶ 61,103 at P 7.

[4] *Sw. Power Pool, Inc.*, 106 FERC ¶ 61,254, *order on compliance*, 107 FERC ¶ 61,286, *order on compliance*, 108 FERC ¶ 61,186 (2004).

[5] *Interconnection Queueing Practices*, 122 FERC ¶ 61,252 (2008) (Conference Order).

[6] *Id.* PP 8, 13.

[7] Order No. 2003, 104 FERC ¶ 61,103 at PP 822-827; Order No. 2003-A, 106 FERC ¶ 61,220 at P 759.

queue), and (3) the definitive interconnection system impact study queue (definitive queue). The Commission accepted the proposed reforms.[8]

5. Subsequently, in 2013, SPP proposed additional reforms to its GIP that included, among other things, increased milestone requirements (to enter the definitive queue and continue with a facilities study) and a requirement to post a financial milestone upon execution of a GIA. The Commission accepted these aspects of SPP's proposal.[9]

B. SPP's Current Generator Interconnection Study Process

6. SPP's current interconnection study process begins with an interconnection customer submitting an interconnection request in the form of Appendix 1 to the GIP, which includes certain technical information about the request and a $10,000 application fee. After receiving the interconnection request, SPP validates the data and assigns the interconnection request a queue position based on the submission date of the request. In SPP's cluster study process, all interconnection requests submitted during the same cluster study window are given the same queue priority.[10] Within 30 days of submission of an interconnection request, SPP holds a scoping meeting with the transmission owner and interconnection customer to discuss the request.[11]

7. The interconnection customer has the choice of entering the feasibility, preliminary, or definitive queues. If electing to enter the feasibility queue, the interconnection customer submits a feasibility study agreement along with a $10,000 study deposit.[12] SPP then performs a feasibility study, which gives an interconnection customer a rough estimate of its anticipated network upgrade cost responsibility. If the interconnection customer enters the preliminary queue, the interconnection customer submits a preliminary interconnection system impact study agreement along with a demonstration of site control, a study deposit based on the size of the interconnection

[8] *See Sw. Power Pool, Inc.*, 128 FERC ¶ 61,114, *order on compliance*, 129 FERC ¶ 61,226 (2009), *order on compliance,* 133 FERC ¶ 61,139 (2010).

[9] *See Sw. Power Pool, Inc.*, 147 FERC ¶ 61,201 (2014), *order on reh'g and compliance,* 151 FERC ¶ 61,235 (2015).

[10] SPP Filing, Ex. SPP-001 at 3-4, 16.

[11] SPP Tariff, Attachment V, Section 3.3.4.

[12] SPP Tariff, Attachment V, Section 6.1.

request, and other technical data.[13] SPP then performs a preliminary system impact study, which gives an interconnection customer a better estimate of anticipated network upgrade costs. Both the feasibility and preliminary queues are optional stages of the SPP interconnection study process.

8. The definitive queue is the only required queue in the SPP interconnection study process. To enter the definitive queue, the interconnection customer selects a point of interconnection and submits a demonstration of site control and security deposit equal to $1,000/MW of the size of the generating facility, as well as other technical information and a study deposit.[14] SPP performs a system impact study consisting of a short-circuit analysis, a stability analysis, and a power flow analysis, and the GIP specifies that SPP should use reasonable efforts to complete the study in 120 calendar days.[15]

9. The facilities study, which SPP conducts in a serial fashion, follows the definitive system impact study and requires the interconnection customer to post an additional security deposit equal to $3,000/MW of the size of the generating facility.[16] According to the GIP, SPP should make reasonable efforts to complete the study and issue a draft facilities study report in 90 calendar days.[17] The interconnection customer then has 30 calendar days to provide comments on the draft facilities study report. After receiving comments from the interconnection customer, SPP issues the final facilities study report within 15 business days. Upon the conclusion of the facilities study, the interconnection customer, transmission owner, and SPP commence negotiation of a GIA for the proposed project. SPP's Tariff currently provides that an interconnection customer shall receive a refund of financial security upon withdrawal of its interconnection request if the network upgrade cost estimate in the facilities study exceeds the cost estimate in the definitive system impact study by 25 percent or more.[18] The Tariff also provides that SPP shall

[13] SPP Tariff, Attachment V, Section 7.2.

[14] SPP Tariff, Attachment V, Section 8.2.

[15] SPP Tariff, Attachment V, Sections 8.4.2 and 8.5(a).

[16] SPP Tariff, Attachment V, Section 8.9.

[17] SPP Tariff, Attachment V, Section 8.11.a.

[18] SPP Tariff, Attachment V, Section 8.9.a.2.

apply the definitive system impact study and facilities study security deposits to the initial payment required to obtain a GIA.[19]

10. SPP states that its current GIP provides for a study process that is 435 days in duration, from the start of the definitive system impact study to the execution of a GIA. However, in practice, SPP states that this time frame is rarely realized due to the need for multiple restudies.[20]

II. SPP's Filing

11. SPP indicates that its interconnection study queue currently contains over 440 interconnection or modification requests comprising 81,000 MW of new generation capacity. SPP states that from 2013 to 2017, it experienced a significant increase in the number of interconnection requests submitted to the queue, but it did not design its study process to accommodate such an influx of interconnection requests. SPP states that, as a result, it has experienced numerous delays in its interconnection study process due to project withdrawals leading to frequent, *ad hoc* restudies. SPP explains that when projects withdraw late in the study process, the withdrawals trigger the need to restudy the definitive queue of the withdrawing request, as well as all lower-queued definitive queues. SPP adds that these *ad hoc* restudies have caused resources to be diverted from processing new interconnection requests to determining the impact of project withdrawals on lower-queued projects, which causes studies to overlap and creates uncertainty for interconnection customers.[21]

12. In order to address these delays, SPP proposes to move to a sequential, three-stage study process, with completion of each stage required for an interconnection customer to receive a GIA. SPP will require the posting of financial security to enter each stage of the process, with financial security deposits tied to the cost of network upgrades required by the interconnecting project. After the completion of each study stage, termed a decision point, the interconnection customer has the choice to withdraw its request or continue to the next study stage, with posted financial security becoming further "at-risk"

[19] The initial payment, due within 30 days of the execution of the GIA, is equal to the greater of (1) 20 percent of the total cost of network upgrades, shared network upgrades, transmission owner interconnection facilities, and/or distribution upgrades listed in Appendix A of the GIA, or (2) $4,000/MW of the size of the generating facility. SPP Tariff, Attachment V, Appendix 6, Article 11.6.

[20] SPP Filing, Ex. SPP-001 at 37.

[21] SPP Filing, Transmittal at 5, 10.

at later decision points in the process. SPP also proposes to eliminate the feasibility and preliminary queues from the GIP.[22]

13. Under SPP's proposal, the interconnection customer will submit a signed application and study agreement, study deposit, demonstration of site control, other technical information, and a payment, deemed Financial Security One, as part of its interconnection request.[23] SPP proposes that Financial Security One be equal to $2,000/MW based on the size of the generating facility. SPP proposes a five-month open season window for the submission of interconnection requests, followed by a one-month review period of application materials.[24] All requests submitted during the same open season window are grouped together into a cluster with equal queue priority.

A. Three-Phase Process

14. After meeting the initial application and submission requirements, an interconnection request enters the first stage of the proposed three-stage study process, the Definitive Interconnection System Impact Study Phase One (Phase One). SPP proposes that Phase One include a clustered system impact study consisting of a power flow analysis and calculation of the short-circuit ratio.[25] The proposed timeline for Phase One is 90 calendar days, after which the interconnection customer enters Decision Point One, a period of 15 business days[26] during which the interconnection customer can review the results of the Phase One study and opt to either withdraw its request or proceed to the next study phase.[27] During Decision Point One, the interconnection customer may reduce the size of its original interconnection request by up to 50 percent,

[22] SPP Filing, Ex. SPP-001 at 14-15.

[23] Proposed SPP Tariff, Attachment V, Section 8.2.

[24] Proposed SPP Tariff, Attachment V, Section 4.2.1.

[25] Proposed SPP Tariff, Attachment V, Section 8.4.2.

[26] Each decision point will be extended an additional 10 business days if SPP updates the allocated costs, including any cost of upgrades required to mitigate impacts to affected systems, during the decision point. Proposed SPP Tariff, Attachment V, Sections 8.5.1, 8.5.2, and 8.11.c.

[27] SPP proposes to include the costs associated with impacts on affected systems with the Phase One study results, if available.

change its request from Network Resource Interconnection Service (NRIS)[28] to Energy Resource Interconnection Service (ERIS),[29] and/or modify certain technical parameters associated with the request.[30] Prior to the end of Decision Point One, the interconnection customer must provide a second payment, deemed Financial Security Two, to enter the next study phase. SPP proposes Financial Security Two as equal to the greater of: (1) 10 percent of the Financial Security Two cost factor,[31] less the amount of Financial Security One; or (2) $2,000/MW.[32]

15. The second stage of the proposed study process is the Definitive Interconnection System Impact Study Phase Two (Phase Two). SPP proposes that Phase Two will include a clustered system impact study consisting of short circuit and stability analyses.[33] SPP also proposes to re-conduct the thermal and voltage aspects of the power flow analysis to account for any withdrawals after Phase One. The proposed timeline for Phase Two is 120 calendar days. At the end of Phase Two, the interconnection customer enters Decision Point Two, a period of 15 business days during which the interconnection customer can review the results of the Phase Two study and opt to either withdraw its request or proceed to the next study phase.[34] During Decision Point Two, the

[28] NRIS is defined as "an Interconnection Service that allows the Interconnection Customer to integrate its Generating Facility with the Transmission System in a manner comparable to that in which the Transmission Owner integrates its generating facilities to serve Native Load Customers as a Network Resource." SPP Tariff, Attachment V, Section 1 (Definitions).

[29] ERIS is defined as "an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission System on an as available basis." SPP Tariff, Attachment V, Section 1 (Definitions).

[30] For example, technical parameters that may be modified include turbine or inverter changes.

[31] The calculation of the cost factor can be found in proposed section 8.5.1 of Attachment V of the Tariff.

[32] Proposed SPP Tariff, Attachment V, Section 8.5.1.

[33] Proposed SPP Tariff, Attachment V, Section 8.4.2.

[34] SPP proposes to include impacts on affected systems in the Phase Two study results if the information is available.

interconnection customer may reduce the size of its original interconnection request by up to 10 percent, but the interconnection customer is not permitted to make any other changes. Prior to the end of Decision Point Two, the interconnection customer must provide a third payment, deemed Financial Security Three, to enter the next study phase. SPP proposes that Financial Security Three be equal to 20 percent of the total upgrade costs allocated to the interconnection request, less the amount of financial security already deposited with SPP.[35]

16. In the final stage of the proposed study process, the facilities study phase, SPP may re-conduct the Phase One and Phase Two analyses to account for the impact of any requests that withdrew after the end of Decision Point Two, if SPP deems it necessary. The proposed timeline to complete the study and issue a draft facilities study report is 135 calendar days. The next business day after SPP posts the results of the facilities study, the interconnection customer enters Decision Point Three, a period of 15 business days during which the interconnection customer can review the results of the draft facilities study report and opt to withdraw its request or proceed to the GIA negotiation and execution phase. Upon entering the negotiation and execution phase, the interconnection customer and the transmission owner have 75 calendar days to negotiate the terms of a GIA. SPP proposes to issue the final facilities study report within 15 business days of receiving the interconnection customer's comments or promptly upon receiving the interconnection customer's statement that it will not issue comments.[36] SPP estimates the total time from the start of Phase One to the execution of the GIA to be 485 days.[37]

B. Financial Security

17. SPP proposes changes to the eligibility for refunds of financial security. SPP proposes that an interconnection customer may receive a full refund of Financial Security One if the interconnection request is withdrawn at any point before the end of Decision Point One; otherwise, SPP will retain Financial Security One. Similarly, an interconnection customer may receive a full refund of the Financial Security Two and Financial Security Three payments if the request is withdrawn at any point after payment but before the end of Decision Point Two; otherwise, SPP will retain both payments.

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[35] Proposed SPP Tariff, Attachment V, Section 8.5.2.

[36] SPP may reasonably extend the 15-day period if the interconnection customer's comments require SPP to perform additional analyses or make other modifications prior to the issuance of the final facilities study report. Proposed SPP Tariff, Attachment V, Section 8.11.c.

[37] SPP Filing, Ex. SPP-001 at 37.

SPP also proposes to refund all three financial security payments after the end of Decision Point Two if no equally-queued or lower-queued requests are subject to increased costs as a result of the interconnection customer's withdrawal. In addition, SPP's proposed revisions provide for SPP to refund Financial Security One if the costs assigned to the withdrawing request, including from affected systems,[38] have increased from Phase One to Phase Two by 25 percent or greater and $10,000/MW or greater.[39] SPP will refund Financial Security One, Two, and Three if the costs assigned to the withdrawing request, including from affected systems, have increased from Phase Two to the facilities study by 35 percent or greater and $15,000/MW or greater.[40]

18. SPP asserts that the proposed milestones are just and reasonable because they are matched closely with the initial payment, while the overall financial exposure is comparable to the current procedures. SPP also asserts that tying milestone payments to actual upgrade costs gives project developers an appropriate price signal, helping customers make well-informed decisions about the commercial viability of their projects. SPP notes that the Commission accepted a similar financial milestone application as part of Midcontinent Independent System Operator, Inc.'s (MISO) 2017 queue reform proceeding.[41]

C. Additional Proposals

19. To transition from the current GIP to the revised GIP SPP proposes that interconnection requests in the feasibility or preliminary queues at the time of SPP's requested effective date (July 1, 2019) will transition to the revised GIP upon the completion of the relevant study, if the study commenced prior to the effective date. For interconnection requests in the feasibility or preliminary queues for which a study has not commenced as of the effective date of the revised GIP, SPP proposes to terminate those requests and refund deposits. Under the proposed revisions, interconnection requests in the definitive queue for which a system impact study is in progress will proceed to completion under the existing procedures. Following the posting of results, these interconnection customers will enter Decision Point One and will be required to satisfy

[38] An affected system is an electric system other than the transmission provider's transmission system that may be affected by the proposed interconnection. *See* Order No. 2003, 104 FERC ¶ 61,103 at P 29 n.32.

[39] Proposed SPP Tariff, Attachment V, Section 8.14.d.

[40] Proposed SPP Tariff, Attachment V, Section 8.14.e.

[41] SPP Filing, Transmittal at 12 (citing *Midcontinent Indep. Sys. Operator, Inc.*, 158 FERC ¶ 61,003, at PP 37-43 (2017) (*MISO*)).

the requirements of Phase Two to continue. On the effective date of the new procedures, the next definitive cluster in queue priority whose open season has ended but has not commenced study will begin the first Phase One cluster study. Later-queued definitive clusters will remain on hold until the posting of the Phase Two study report for the definitive cluster queued immediately prior to it. Interconnection requests that have executed facilities study agreements will continue to be processed under the terms of the existing GIP.[42]

20. SPP proposes to temporarily modify the definitive queue cluster windows as part of the transition plan. On the effective date of the new procedures, SPP will combine the current open season for new interconnection requests with the following open season, so that all requests received during both open seasons will comprise one cluster. SPP states that this will result in an open season of 11 months, with a one-month review period during the transition period. This will continue until the latest on-hold study posts its Phase One report. SPP asserts that combining the open seasons will reduce the number of studies it will need to perform, which will help expedite the processing of the queue backlog. SPP states that it does not have concerns that combining open seasons will result in queues that are too large to study, noting that, in its experience, the length of an open season does not vary the number of interconnection requests submitted. SPP estimates that the modified windows will continue through the end of 2022.[43]

21. SPP also proposes combining the study agreements for all three phases of the study process, along with the initial interconnection request, into one agreement called the Generator Interconnection Study Agreement.[44] SPP asserts that this simplified, streamlined process will reduce redundancies and result in the more efficient use of its administrative time. SPP also proposes to combine the application fee and study deposit into a single amount (referred to jointly as the study deposit) due at the time an interconnection customer submits a Generator Interconnection Study Agreement. Finally, SPP proposes removing the requirement for a scoping meeting for each interconnection request and making such meeting optional, at the request of the interconnection customer, transmission owner, or SPP.[45]

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[42] SPP Filing, Ex. SPP-001 at 43-45 and 47.

[43] *Id.* at 45-47.

[44] *Id.* at 17-18.

[45] Proposed SPP Tariff, Attachment V, Section 3.3.4.

III. Notice and Responsive Pleadings

22. Notice of SPP's filing was published in the *Federal Register*, 84 Fed. Reg. 16,667 (2019), with interventions and protests due on or before May 7, 2019. Timely motions to intervene were filed by: ITC Great Plains, LLC; NextEra Energy Resources, LLC; Westar Energy, Inc., Kansas City Power & Light Company, and KCP&L Greater Missouri Operations Company; EDP Renewables North America LLC; Sunflower Electric Power Corporation; Mid-Kansas Electric Power Company, Inc.; Apex Clean Energy Management, LLC; Western Area Power Administration; American Wind Energy Association; and Advanced Power Alliance. Xcel Energy Services Inc. (Xcel), on behalf of Southwestern Public Service Company, filed a timely motion to intervene and supporting comments. Enel Green Power North America, Inc. and EDF Renewables, Inc. (together, SPP Generation Developers) filed a timely motion to intervene and adverse comments. On June 4, 2019, SPP filed an answer to the adverse comments of SPP Generation Developers.

A. Xcel Comments

23. In its comments, Xcel states that there is a need for improvement in the SPP interconnection study process and that the Commission should approve SPP's proposed Tariff revisions as the next logical step in continuing to improve SPP's GIP. Xcel asserts that the proposed Tariff revisions will provide interconnection customers with estimated upgrade costs earlier in the study process so that interconnection customers can make more informed decisions on whether to proceed with their interconnection requests. Xcel further states that modifications to the at-risk financial milestones should encourage non-speculative projects to move through the queue, alleviating the queue backlog and associated harm to these projects.[46] Xcel also notes that the Commission has approved similar revisions to the MISO GIP to address similar concerns.[47]

B. SPP Generation Developers Comments

24. SPP Generation Developers state that they largely support the three-stage process proposed by SPP. However, SPP Generation Developers contend that SPP has not demonstrated that it has the staff and resources to accomplish all components of its proposed Tariff revisions. SPP Generation Developers assert that multi-year delays in the existing facilities study queue will ultimately impede SPP from clearing out its queue

[46] Xcel Comments at 5-6.

[47] *Id.* at 6 (citing *MISO*, 158 FERC ¶ 61,003 at PP 23-32).

backlog.[48] SPP Generation Developers further argue that it is unjust and unreasonable to subject interconnection customers to higher—and potentially non-refundable—financial security and a longer queue process if SPP cannot demonstrate that it has the necessary staff and resources to process studies in an efficient manner. Accordingly, SPP Generation Developers request that the Commission issue a deficiency letter requiring SPP to demonstrate that it has sufficient staff and resources to implement the proposed Tariff revisions.[49] SPP Generation Developers also suggest that the Commission require SPP to provide information on the total number of requests that are waiting for a facilities study and when SPP will complete each study.[50]

25. SPP Generation Developers allege that SPP does not provide sufficient information on affected system costs to interconnection customers during the interconnection study process. SPP Generation Developers contend that an interconnection customer cannot make an informed business decision to move through the queue without knowing affected system costs. SPP Generation Developers request that the Commission require SPP to include affected system cost information with the Phase Two study and facilities study results.[51]

26. SPP Generation Developers take issue with the proposed start point of Decision Point Three, which begins when SPP issues the draft facilities study report to the interconnection customer. SPP Generation Developers argue that draft facilities study reports can change and may not reflect final network upgrade cost estimates and timing. Therefore, SPP Generation Developers contend that Decision Point Three should begin when SPP provides the final facilities study report to the interconnection customer.[52] SPP Generation Developers also assert that SPP should provide more meaningful and

[48] SPP Generation Developers Comments at 5-7. As an example, SPP Generation Developers note that 24 of the 45 interconnection requests in definitive queue cluster DISIS-2016-001-4 have experienced a two-year delay in receiving a facilities study report. *Id.* at 5.

[49] *Id.* at 4.

[50] *Id.* at 9.

[51] *Id.* at 11-12.

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

detailed study results at the facilities study stage, including detailed drawings, equipment lists, itemized equipment and labor costs, and generic construction costs.[53]

27. Further, SPP Generation Developers request that the Commission require SPP to provide its study models to interconnection customers early in the study process to help identify errors, similar to MISO's practice. SPP Generation Developers argue that interconnection customers need these models so they can run their own stand-alone analyses throughout the definitive system impact study.[54]

28. SPP Generation Developers take issue with SPP's current practice of processing its interconnection queue on a regional basis using the same timeline. SPP Generation Developers point to MISO's practice of dividing its region into sub-regions for study purposes, with different study schedules for each sub-region, which SPP Generation Developers contend is a more efficient practice. SPP Generation Developers request that the Commission direct SPP to study interconnection requests on a sub-regional basis.[55]

29. Finally, SPP Generation Developers request that the Commission convene a technical conference to discuss the development of better generator interconnection and transmission planning models to aid load-serving entities in meeting resource adequacy and state renewable portfolio standard needs, as well as to address the impacts of retiring, older generation resources. SPP Generation Developers criticize what they view as the Commission's piecemeal approach on these matters and believe that better models exist to address these issues.[56]

C. SPP Answer

30. In response to SPP Generation Developers' claim that SPP lacks the resources to implement the proposed reforms, SPP argues that the Commission gives deference to entities in conducting their own business affairs and determining the level of resources needed to carry out their responsibilities.[57] Notwithstanding, SPP asserts that it expects to have the resources and staffing necessary to implement the proposed reforms. SPP explains that in the past two years, it has expanded its engineering and support staff to

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[53] *Id*. at 10.

[54] *Id*. at 10-11.

[55] *Id*. at 3.

[56] *Id*. at 3 n.4.

[57] SPP Answer at 4 (citing, e.g., *Entergy Servs., Inc.*, 123 FERC ¶ 61,043 (2008)).

better meet the demand for new interconnection service in the SPP footprint. SPP explains that it has also expanded its use of outside consultants in order to allow SPP staff to focus on newly submitted interconnection requests.[58]

31. SPP argues that the delays in the current GIP are not due to SPP's lack of resources but are instead the result of the high volume of interconnection requests received and the late-stage withdrawals of higher-queued interconnection requests, which triggers the need for restudies of lower-queued interconnection requests.[59] SPP argues that the proposed reforms will serve to reduce the burden on SPP's resources by reducing the number of re-studies required and by reducing the scope of initial studies to those requests that are in a position to move forward.[60]

32. In response to several of SPP Generation Developers' requests, SPP states that it must show its proposed Tariff revisions to be just and reasonable and that they accomplish the purposes of Order No. 2003; it is not required to demonstrate, nor is the Commission required to find, that the proposed methodology is superior to all other potential methodologies.[61] SPP asserts that its proposed reforms meet this standard.

33. SPP argues that the timing of when it will receive affected system cost information is not within its control. SPP explains that if affected system information is available at the conclusion of Phase Two and the facilities study, it will include this information with these study results. However, SPP states that it and its stakeholders did not see a need to withhold the results of the Phase Two study and facilities study until affected systems cost information was available. SPP asserts that the penalty-free withdrawal provisions in proposed Sections 8.14(d) and 8.14(e) of the GIP address any financial impacts that could result from this information not being readily available.[62]

34. In response to SPP Generation Developers' position that Decision Point Three should begin when SPP provides the final facilities study report, SPP points out that Section 8.14(f) of the proposed GIP affords an interconnection customer an additional 15 business days to withdraw and receive a refund if the facilities study results are subsequently revised and the costs increase above the threshold provided for under

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[58] *Id*. at 5.

[59] *Id*.

[60] *Id*. at 10.

[61] *Id*. at 3-4 (citing, e.g., *Entergy Servs., Inc.*, 116 FERC ¶ 61,275, at P 32 (2006)).

[62] *Id*. at 12.

Section 8.14(e) of the GIP. SPP states that this would include changes between the draft facilities study report and the final facilities study report. SPP contends that this provision addresses concerns that an interconnection customer could be locked into the draft facilities study report cost estimate even if this estimate is significantly different than the one in the final facilities study report.[63]

35. In response to SPP Generation Developers' comments regarding the facilities study, SPP notes that it has added and repurposed staff to provide more focus on these studies and to provide additional support to the transmission owners who are conducting the studies. SPP asserts that its proposed revisions will directly address part of the issues delaying facilities studies by reducing the need to perform definitive queue restudies caused by withdrawals.[64] SPP also contends that its facilities study report provides all of the items required by Section 8.10 of its GIP and that a request to enhance the facilities study report would need to be proposed and vetted through the SPP stakeholder process.[65]

36. Additionally, SPP asserts that it complies with the requirements in Sections 8.5(b), 8.11(c), and 13.4 of its GIP to provide information, including models, used in the definitive queue and facilities study processes. SPP notes that these sections specifically state that such information is provided "on request," and SPP contends that it has been responsive to every request by customers for study models. SPP adds that as part of its Order No. 845[66] compliance filing, it will make base models available to interconnection customers through a secure website.[67]

IV. Discussion

A. Procedural Matters

37. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2018), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

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[63] *Id*. at 13-14.

[64] *Id*. at 10-11.

[65] *Id*. at 11.

[66] *Reform of Generator Interconnection Procedures and Agreements*, Order No. 845, 163 FERC ¶ 61,043 (2018), *order on reh'g*, Order No. 845-A, 166 FERC ¶ 61,137 (2019).

[67] SPP Answer at 12.

38. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2018), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept the answer filed by SPP because it has provided information that assisted us in our decision-making process.

B. Substantive Issues

39. We find that SPP's proposed Tariff revisions represent a just, reasonable, and not unduly discriminatory method for restructuring and streamlining SPP's interconnection study process. We also find that SPP's proposed deviations from the Commission's *pro forma* GIP and GIA, permitted under the independent entity variation standard, accomplish the purposes of Order No. 2003.[68] SPP proposes a three-stage study process, with each phase followed by a designated decision point that provides the interconnection customer with the option to move to the next study phase or withdraw its request.[69] We find that SPP's proposed reforms should help alleviate the need for *ad hoc* restudies in SPP's queue by providing a more controlled and less disruptive withdrawal and restudy process.

40. We find that SPP has demonstrated its financial security payment proposal to be just and reasonable. Under SPP's design, the total financial security an interconnection customer will pay is roughly 20 percent of its estimated network upgrade cost responsibility, which is the total payment required for SPP's existing initial payment; thus, we do not find these financial outlays to be excessive. SPP also proposes to separate the total financial security into three payments, which are due before each phase of the study process and become further at-risk as the interconnection customer progresses through the queue. We find that this payment structure should help dissuade more speculative projects from entering later study phases, which should decrease the number of late-stage, disruptive withdrawals. We note that SPP proposes the use of a cost factor to calculate the Financial Security Two payment, which SPP states that it designed to ensure that projects that contribute significantly to the need for a network upgrade pay larger financial security payments. We find that SPP's use of this cost factor should help shield smaller projects from disproportionate financial security payments by

[68] The Commission applies an independent entity standard to evaluate RTO and ISO proposals for revisions to the procedures outlined in Order No. 2003. *See* Order No. 2003, 104 FERC ¶ 61,103 at PP 822-827; Order No. 2003-A, 106 FERC ¶ 61,220 at P 759.

[69] We note that this interconnection study process design is similar to MISO's three-stage Definitive Planning Phase concept accepted by the Commission in 2017. *See MISO*, 158 FERC ¶ 61,003.

more accurately allocating costs to the projects most responsible for needed network upgrades.

41. We deny SPP Generation Developers' request to issue a deficiency letter requiring SPP to demonstrate that it has sufficient staff and resources to implement its proposed three-stage study process. We are not persuaded to substitute our judgment for SPP's in determining the level of staff and resources that SPP needs to implement its proposal.[70] Furthermore, SPP's proposed reforms, including the elimination of the feasibility and preliminary queues, may reduce redundancies and result in the more efficient use of administrative time that can be devoted to the new study process.

42. SPP Generation Developers raise concerns with respect to delays in receiving affected system study results and the need to make decisions to move forward and post at-risk financial security before receiving those results. We find that SPP proposes a number of reforms that should mitigate these concerns. First, SPP proposes to allow customers to withdraw without penalty if upgrade costs, including from affected systems, increase by a certain amount during any phase of the interconnection process. This allows interconnection customers the flexibility to withdraw if there are significant changes to network upgrade costs that may affect their business models. Second, SPP excludes the cost of network upgrades required to mitigate impacts to affected systems from the calculation of Financial Security Two and Financial Security Three, which potentially reduces the amount of financial outlays interconnection customers must make before executing a GIA. Finally, if interconnection customers learn of any cost increases from affected systems studies during a review period, SPP will extend Decision Point One, Decision Point Two, and/or Decision Point Three by 10 business days to provide additional time for the interconnection customer to consider its options and/or discuss the results of an affected system study with the relevant transmission provider.

43. We find that SPP Generation Developers' request to begin Decision Point Three when SPP issues the final facilities study report is unnecessary. As noted by SPP in its answer, Section 8.14(f) of the proposed GIP allows for an additional 15 business days for interconnection customers to decide to withdraw and receive a refund if the facilities study results are subsequently revised and the costs increase above the threshold provided for under Section 8.14(e). Accordingly, we find that this provision affords interconnection customers additional time to withdraw if the final facilities study results are significantly different than the results in the draft facilities study report.

44. With respect to SPP Generation Developers' request that SPP provide more meaningful and detailed facilities study results, we find that SPP's facilities study meets the requirements set by Order No. 2003. We encourage SPP Generation Developers to work with SPP and its stakeholders through the SPP stakeholder process if they desire

[70] *See, e.g., Entergy Servs., Inc.*, 123 FERC ¶ 61,043 at P 12.

more detail in the reporting of facilities study results, which other interconnection customers may find beneficial. We also deny SPP Generation Developers' request to require SPP to provide information on the total number of requests that are waiting for a facilities study and when SPP will complete them. We note that, as part of the reforms in Order No. 845, the Commission will require transmission providers to post interconnection study metrics to increase the transparency of interconnection study completion time frames on their Open Access Same-Time Information System (OASIS) sites or on a public website.[71] Such posting of information will increase transparency into the timeliness of SPP's processing of the queue.

45. With respect to SPP Generation Developers' request to receive study models earlier in the study process, we note that Order No. 845 requires that transmission providers maintain network models and underlying assumptions on either their OASIS site or a password-protected website, which interconnection customers can use for their own study purposes.[72] Additionally, as noted by SPP in its answer, Sections 8.5(b), 8.11(c), and 13.4 in SPP's GIP currently provide that such models are available upon request.

46. We decline to require SPP to break its interconnection queue into sub-regional study clusters and to study these clusters on different timelines. Such a method may not necessarily result in timelier processing of the queue, and SPP is in the best position to understand which study method is most conducive to facilitating the efficient processing of the queue in its region.

47. Finally, we decline to convene a technical conference on improving generator interconnection and transmission planning models. Such a request is beyond the scope of the instant FPA section 205 proceeding and is not necessary to demonstrate the justness and reasonableness of the proposal submitted by SPP.

[71] Order No. 845, 163 FERC ¶ 61,043 at PP 305, 313. SPP's Order Nos. 845 and 845-A compliance filing, submitted in Docket No. ER19-1954-000, is pending before the Commission.

[72] *Id.* P 236.

The Commission orders:

SPP's proposed Tariff revisions are hereby accepted, effective July 1, 2019, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.