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FERC Amends Pro Forma SGIP and SGIA

Reforms are expected to reduce the time and cost required to process small generator requests for Interconnection Customers while maintaining reliability, increasing energy supply, and removing barriers to the development of new distributed resources.

The Federal Energy Regulatory Commission (FERC) issued a Final Rule¹ on November 22 amending the pro forma Small Generator Interconnection Procedures (SGIP) and pro forma Small Generator Interconnection Agreement (SGIA). The SGIP and SGIA govern the interconnection of Small Generating Facilities with a public utility's transmission facilities or its FERC-jurisdictional distribution facilities and apply to facilities with capacity up to 20 megawatts (MW). The SGIP and SGIA also include special "fast track" provisions for Small Generating Facilities (no larger than 2 MW) as well as inverter-based facilities up to 10 kilowatts (kW).

FERC concluded that the reforms adopted in the Final Rule will reduce the time and cost required to process small generator requests for Interconnection Customers, maintain reliability, increase energy supply, and remove barriers to the development of new distributed resources. The effective date of the Final Rule is 60 days after its publication in the *Federal Register*. As detailed below, Transmission Providers are required to make compliance filings within six months of the effective date of the Final Rule.

Preapplication Report

As part of the Final Rule, FERC adopted a proposal included in its Notice of Proposed Rulemaking that requires Transmission Providers to provide Interconnection Customers with an opportunity to request preapplication reports. FERC concluded that preapplication reports will help Interconnection Customers make more informed siting decisions and may diminish the practice of making multiple interconnection requests for a single project. Transmission Providers are required to provide a preapplication report within 20 business days of an initial request. A preapplication report will apply only to a single Point of Interconnection.

To facilitate the preparation of the report, an Interconnection Customer is required to complete a preapplication report request form. This form is set forth in section 1.2.2 of the pro forma SGIP and requests, among other things, the following information from the Interconnection Customer:

- Type and size of generator
- Single- or three-phase generator configuration
- Whether the generator is stand-alone or serves on-site load
- Whether the project requires new service or is an expansion of existing service
- For single-phase circuits, the distance of the Point of Interconnection from the three-phase circuit

FERC believes the preapplication report request form will expedite the preapplication report process and resolve uncertainty about the precise location of a requested Point of Interconnection.

1. Small Generator Interconnection Agreements and Procedures, Order No. 792, 145 FERC ¶ 61,159 (2013), available at <http://www.ferc.gov/whats-new/comm-meet/2013/112113/E-1.pdf> [hereinafter Final Rule].

In response to concerns raised by a number of commenters, FERC clarified the data a Transmission Provider must provide and prepare for the preapplication report. A Transmission Provider must provide only data that is “readily available,” meaning “information that the Transmission Provider currently has on hand.” The Transmission Provider is not required to create new data, but it must gather and summarize information that it has readily available, such as available capacity or an estimate of available capacity, and must perform simple calculations using this information. The Transmission Provider is also required to provide reasonable clarifications but is not required to conduct any studies or analyses after issuing the report unless the Interconnection Customer makes a formal interconnection request.

FERC adopted a default fixed preapplication report fee of \$300, which it found would often be sufficient to recover a Transmission Provider’s costs of preparing the report. FERC rejected proposals to index the report fee or include an annual adjustment. However, Transmission Providers may propose a different fixed cost-based fee by providing a cost justification as part of the compliance filing required by the Final Rule.

Both the pro forma SGIP and the preapplication report will include a disclaimer that the information provided in the preapplication report is nonbinding and that the Transmission Provider will not be held liable if the information is no longer accurate. FERC added this disclaimer in response to comments that the report should be for informational purposes only, given the dynamic nature of system conditions. FERC adopted another disclaimer that would provide that the bank or circuit selected by the Transmission Provider in the preapplication report does not necessarily indicate the circuit to which the Interconnection Customer will ultimately connect.

Fast Track Process Eligibility

Under the Fast Track Process, technical screens are used to quickly identify reliability or safety issues. If the proposed interconnection passes the screens, the Transmission Provider must offer the Interconnection Customer an SGIA without further study. If the proposed interconnection fails the screens, but the Transmission Provider nonetheless determines that the proposed interconnection will not affect the safety and reliability of the system, the Transmission Provider must provide an SGIA to the Interconnection Customer. Otherwise, the Transmission Provider must give the Interconnection Customer the opportunity to attend a customer options meeting to discuss how to proceed.

FERC adopted a number of reforms to the Fast Track eligibility thresholds proposed by the stakeholder working group. For inverter-based machines, Fast Track eligibility will be based on individual system and generator characteristics as set forth in the table below.

Line Voltage	Fast Track Eligibility Regardless of Location	Fast Track Eligibility on a Mainline and S 2.5 Electrical Circuit Miles from Substation
< 5 kilovolt (kV)	≤ 500 kW	≤ 500 kW
≥ 5 kV and < 15 kV	≤ 2 MW	≤ 3 MW
≥ 15 kV and < 30 kV	≤ 3 MW	≤ 4 MW
≥ 30 kV and ≤ 69 kV	≤ 4 MW	≤ 5 MW

However, all projects interconnecting to lines greater than 69 kV are now ineligible for the Fast Track Process. FERC adopted language in section 2.1 of the pro forma SGIP reminding small generators that Fast Track

eligibility is different from the Fast Track Process and that eligibility does not imply that the project will pass the Fast Track Process or supplemental review process.

Synchronous and induction machines will continue to be subject to the 2 MW Fast Track threshold. FERC explained that there are important technical differences between these generators and inverter-based generators. However, synchronous and induction machines may be interconnected under the Fast Track Process if they are interconnected to the Transmission Provider's system through a certified inverter or if they have been reviewed or tested by the Transmission Provider and determined to be safe to operate.

Fast Track Customer Options Meeting and Supplemental Review

If a proposed interconnection fails any of the Fast Track technical screens and the Interconnection Customer elects to attend a customer options meeting, the Transmission Provider must, in that meeting, (1) offer to perform facility modifications or minor modifications to its system that would allow the interconnection and to provide a nonbinding good-faith estimate of the cost to make the modifications; (2) offer to perform a supplemental review if the Transmission Provider may determine, through that review, that the Small Generating Facility could continue to qualify for interconnection under the Fast Track Process; or (3) obtain the Interconnection Customer's agreement to continue evaluating the interconnection request under the SGIP Study Process.

FERC added the following three screens to the supplemental review, based in part on supplemental review experience in California: (1) the Minimum Load Screen, (2) the power quality and voltage screen, and (3) the safety and reliability screen. FERC stated that the addition of these three screens will enhance transparency and consistency in the supplemental review process and "strike a balance" between handling the increased volume of small generator interconnection requests and maintaining the safety and reliability of the electric system. The Transmission Provider does not have to perform the Minimum Load Screen if the necessary data is unavailable or if it is unable to calculate, estimate, or determine minimum load, but the Transmission Provider must inform the Interconnection Customer of its reason for not performing the screen.

The Transmission Provider must provide a good-faith estimate of the cost to perform the supplemental review, and the Interconnection Customer is responsible for the actual cost of conducting the supplemental review. If the Interconnection Customer does not agree to pay the supplemental review fee, the Transmission Provider will direct the interconnection request to the section 3 Study Process for evaluation unless the Interconnection Customer withdraws the request.

FERC adopted language that would allow the Interconnection Customer to specify the order in which the supplemental review screens are performed. Additionally, the Transmission Provider is required to notify the Interconnection Customer within two business days if the Small Generating Facility fails any of the screens. The Transmission Provider is also required to obtain permission to continue with the supplemental review for informational purposes or to determine if the interconnection can proceed with minor modifications to the Transmission Provider's system.

If the proposed interconnection passes the supplemental review screens and does not require the Transmission Provider to construct facilities on its system, the Interconnection Customer is provided with an SGIA within 10 business days of being notified of the supplemental review results. If the Transmission Provider must construct interconnection facilities or make minor modifications to its system for the proposed interconnection to pass the supplemental review screens, and the Interconnection Customer agrees to pay for the costs of construction or modification, the Interconnection Customer will receive an SGIA within 15 business days of receiving written notification of the supplemental review results. However, if the proposed interconnection requires more than interconnection facilities or minor modifications, the proposed interconnection does not pass the supplemental review screens and must be evaluated under the Study Process. There is no cost threshold for modifications to fall within the term "minor modifications," but the term includes modifications such as changing meters, fuses, and relay settings.

Review of Required Upgrades

An Interconnection Customer will have the opportunity to review and comment on the upgrades that the Transmission Provider finds necessary for interconnection. Upon request, the Transmission Provider must provide the supporting documentation that is developed to prepare the interconnection facilities study. However, while an Interconnection Customer has a right to review and comment, the Transmission Provider will make the final decision on upgrades required for interconnection because it is responsible for the safety and reliability of its system.

If a Transmission Provider incorporates or proposes to incorporate Interconnection Customer comments through a process that differs from the one included in the Final Rule, the Transmission Provider may submit a compliance filing demonstrating how its process is consistent with or superior to the process set forth in the Final Rule.

Interconnection of Storage Devices

FERC found that the definition of “Small Generating Facility” is broad enough to include storage devices. It revised the definition to specify that it includes “storage for later injection of electricity.”

To explain what capacity a Transmission Provider should use when determining whether a storage device may interconnect under the SGIP instead of under the Large Generator Interconnection Procedures (LGIP) and whether the storage device qualifies for the Fast Track Process, FERC revised the SGIP to clarify that the term “capacity” refers to “the maximum capacity that a device is capable of injecting into the Transmission Provider’s system.” To measure the capacity of a Small Generating Facility, the Transmission Provider must rely on the capacity specified in the interconnection request, which may be less than the maximum capacity the device is capable of injecting into the Transmission Provider’s system. The Transmission Provider must agree that the Interconnection Customer’s proposed method to limit the maximum capacity the device can inject into the Transmission Provider’s system (e.g., a control system or power relays) will not adversely affect the safety and reliability of the system.

Network Resource Interconnection Service

FERC made revisions to the pro forma SGIP to clarify that an Interconnection Customer wishing to interconnect its Small Generating Facility using the Network Resource Interconnection Service must do so under the LGIP and use the Large Generator Interconnection Agreement.

Compliance Filing

Each public utility Transmission Provider is required to submit a compliance filing within six months of the effective date of the Final Rule. A Transmission Provider may seek to demonstrate that previously approved provisions in its SGIP or SGIA are consistent with or superior to the pro forma SGIP or SGIA, as modified by the Final Rule. Any nonpublic utility that has a safe-harbor tariff may amend its SGIA and SGIP so that they conform to or are superior to the pro forma SGIP and SGIA to continue to qualify for safe-harbor treatment.

Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs) will be afforded greater flexibility to propose variations from the provisions of the Final Rule. FERC stated that ISOs and RTOs have different operating characteristics depending on their size and location and that they are less likely to act in an unduly discriminatory manner. On the other hand, a nonindependent transmission provider must justify variations in nonprice terms and conditions by making a request for a “regional reliability variation” that must be supported by references to established reliability requirements or by demonstrating that the variation is “consistent with or superior to” the Final Rule provision if the variation is unrelated to reliability requirements.

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