

108 FERC ¶ 61,020
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Entergy Services, Inc.

Docket Nos. ER04-763-000
ER04-763-001

ORDER CONDITIONALLY ACCEPTING AND SUSPENDING IN PART AND
REJECTING IN PART PROPOSED MODIFICATIONS TO PRO FORMA LARGE
GENERATOR INTERCONNECTION PROCEDURES

(Issued July 8, 2004)

1. On April 26, 2004, as revised on May 5, 2004, Entergy Services, Inc. (Entergy) submitted for filing on behalf of Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc., and Entergy New Orleans, Inc. (collectively, Entergy Companies) revised tariff language as permitted by Order No. 2003¹ that reflects variations from the *pro forma* Large Generator Interconnection Procedures (LGIP). Entergy states that the proposed variations are based on existing regional reliability standards applicable to the Southeastern Electric Reliability Council (SERC), of which Entergy Companies are members. In this order, the Commission accepts and suspends Entergy's filing in part and rejects Entergy's filing in part, to be effective April 26, 2004, subject to refund. The proposed modifications are accepted in part. 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).

Background

2. In Order No. 2003, pursuant to its responsibility under sections 205 and 206 of the Federal Power Act (FPA)² to remedy undue discrimination, the Commission required all public utilities that own, control, or operate facilities for transmitting electric energy in interstate commerce to append to their open access transmission tariffs (OATT) a Final Rule LGIP and Final Rule Large Generator Interconnection Agreement (LGIA). In order to obtain greater standardization of interconnection terms and conditions, Order No. 2003 required such public utilities to file revised OATTs containing the *pro forma* LGIP and LGIA by January 20, 2004.³ The Commission left it to Transmission Providers⁴ to justify any variation to the *pro forma* LGIP or LGIA based on regional reliability requirements.⁵
3. In its May 5, 2004 filing, Entergy proposed certain variations based on existing regional reliability standards applicable to SERC members, which includes Entergy. Entergy justified the proposed variations by citing the regional reliability requirements upon which the variations are based.

Proposed Variations

4. Entergy proposes three variations to the pro forma LGIP, each to sections 3.2.1.2 and 7.3.
5. Section 3.2.1.2 (The Study) of the pro forma LGIP sets forth the study requirements for the Energy Resource Interconnection Service. The Study is required to consist of short circuit/fault duty, steady state (thermal and voltage), and stability analyses. Section 7.3 (Scope of Interconnection System Impact Study), among other things, sets forth the types of analyses that would be conducted in their Interconnection Impact Study. It requires that the study consist of a short circuit analysis, a stability analysis, and a power flow analysis. Entergy proposes sections 3.2.1.2 and 7.3 be revised to require that Entergy also perform a regional transfer capability analysis. Entergy states

² 16 U.S.C. §§ 824d, 824e (2000).

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.

that the SERC I.C. Planning Standards to the North American Electric Reliability Council (NERC) Planning Standards require that impact studies include an analysis of transfer capability.

6. Entergy's second proposed variation is to amend sections 3.2.1.2 and 7.3 to incorporate into the Energy Resource Interconnection Service study procedures and the Interconnection System Impact Study procedures the requirement that an Interconnection Customer perform a reactive power analysis of its proposed generating facility and provide such study's results to Entergy concurrent with Entergy's performance of and delivery of the results of the Interconnection System Impact Study. Entergy asserts that it is appropriate that the Interconnection Customer, rather than the Transmission Provider, perform the reactive power analysis because certain Interconnection Customers have complex facilities that affect the reactive power analysis. Entergy asserts that the SERC supplement to the NERC Planning Standards - namely SERC I.C. Planning Standard 11 - justifies this required modification to the LGIP.

7. Entergy's third proposed variation is to revise sections 3.2.1.2 and 7.3 of the LGIP to require the performance of a nuclear plant off-site power analysis as part of the Interconnection System Impact Study process, if applicable. Entergy asserts that the requirement that it be permitted to perform such a study with respect to the interconnection of nuclear powered generation appears in the Nuclear Regulatory Commission's regulations, codified at 10 C.F.R. Part 50 Appendix A (General Design Criteria), Criterion No. 17 (Electric Power Systems).

Notice and Responsive Pleadings

8. Notice of the May 5, 2004 filing was published in the *Federal Register*, 69 Fed. Reg. 29,294 (2004), with interventions and protests due on or before May 26, 2004. On May 26, the Council of the City of New Orleans filed a motion to intervene. On June 1, 2004, Tenaska, Inc. (Tenaska) filed a motion for leave to intervene out of time and comments. On June 16, 2004, Entergy filed an answer to Tenaska's comments.

9. Tenaska raises two issues. First, Tenaska contends that the results of the Regional Transfer Capability Analysis should be used for informational purposes only, and not for determining Network Upgrades. Tenaska asserts that the analysis is not something that should be incorporated in the System Impact Study portion of an interconnection study because it is used to assess transmission deliverability, not interconnection.

10. Second, Tenaska argues that the requirement that the Interconnection Customer provide Entergy with a reactive power analysis of its generation facility should be modified to allow the Interconnection Customer to provide the data to Entergy in order to allow Entergy to perform such an analysis, rather than having to do the analysis itself.

11. On June 16, 2004, Entergy filed an answer to Tenaska's comments. Entergy argues that the problem with Tenaska's suggestion that a generator have the option of having the Transmission Provider perform the reactive power analysis is that the Transmission Provider is rarely in the position to perform such a study. Entergy asserts that Interconnection Customers have dominion over many of the inputs necessary to perform the analysis, making it difficult for a Transmission Provider to perform the study in the manner required by SERC standards.

Discussion

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2003), the timely, unopposed motions to intervene serve to make the entities that filed them parties to the proceeding. We will grant Tenaska's motion to intervene out-of-time given its interest in the proceeding, the early stage of the proceeding and the absence of any undue prejudice or delay. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2003), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept Entergy's answer because it has provided information that assisted us in our decision-making process.

13. The Commission conditionally accepts and suspends Entergy's filing in part and rejects Entergy's filing in part, to be effective April 26, 2004, subject to refund, as discussed below.

14. The Commission intends to supplement rather than supplant the work that regional reliability groups have already undertaken regarding interconnection. Accordingly, a Transmission Provider, on compliance, generally may offer variations based on existing regional reliability requirements. The Transmission Provider must show that each proposed variation is in response to established (*i.e.*, approved by the applicable reliability council) reliability requirements.⁶

15. Entergy has submitted three proposed variations that it states are based on established SERC regional reliability standards. The first and third proposed modifications to the LGIP included in sections 3.2.1.2 and 7.3 are based on existing reliability requirements relating to impact study requirements for facility connection

⁶ See Order No. 2003 at P 823-24, 826.

(transfer capability), and nuclear facility electric power systems. We find that these variations are sufficiently supported by existing regional reliability standards, and have previously been approved by this Commission.⁷

16. The Commission will reject Entergy's second proposed variation (to sections 3.2.1.2 and 7.3) of the LGIP that would require interconnection customers to perform reactive power analyses and provide the results to the transmission provider. Reactive power is an ancillary service provided by transmission providers to transmission customers, and reactive power analyses have traditionally been the responsibility of the transmission provider. Entergy has provided no justification based on existing reliability requirements for shifting the burden of preparing such an analysis to interconnection customers. Transmission providers, not generators, are best situated to determine system-wide reactive power requirements. Entergy is directed to file revised tariff sheets which remove this rejected proposed revision within 30 days of the date of this order.

17. This rejection of Entergy's proposed modification is without prejudice to Entergy's refiling under section 205 of the FPA justifying the proposed variation.⁸ Entergy must demonstrate that requiring interconnection customers to prepare a reactive power analysis is consistent with or superior to the *pro forma* LGIP, or must point to an existing regional reliability standard. The Commission's rejection of Entergy's proposed modification effectively makes moot Tenaska's protest.

18. We note that Entergy claims on pp. 3-4 of its filing that it was not required to make the ministerial filing of the Commission's *pro forma* LGIA and LGIP with this filing because it was not due until April 27, 2004, the day after this filing was made. However, our January 8, 2004 Notice Clarifying Compliance Procedures⁹ (Notice) clearly stated that public utilities were required to make the ministerial filing "in their next filing with the Commission." Entergy's argument that it was not required to make the filing until after the effective date of Order No. 2003-B – an order that had not even been issued when we issued our notice – is incorrect.

⁷ See Southern Company Services, Inc., 106 FERC ¶ 61,311 (2004) (approving variations based on SERC Supplement to NERC Planning Standard I.C and Nuclear Regulatory Commission regulations codified at 10 C.F.R. Part 50, Appendix A (General Design Criteria) Criterion No. 17).

⁸ 16 U.S.C. § 824d (2000).

⁹ 106 FERC ¶ 61,009 (2004).

19. Finally, we note that several other utilities that are members of SERC have filed requests for regional reliability variations that they state SERC rules require. They have proposed variations to section 3.2.2.2 (to permit studies of various load levels) and to sections 3.2.1.2 and 7.3 (to require a grounding review).¹⁰ Entergy should explain why it has not requested these variations, since these other entities state that SERC rules *require* them to adopt these variations. Entergy should inform the Commission, within 30 days of the date of issuance of this order, as to why it did not feel it is necessary to have these variations.

The Commission orders:

(A) The Commission hereby conditionally accepts and suspends Entergy's filing in part and rejects Entergy's filing in part, to be effective April 26, 2004, subject to refund, as discussed in the body of this order.

(B) Entergy is hereby directed to file revised tariff sheets within 30 days of the date of this order, as discussed in the body of this order.

(C) Entergy should file additional information, within 30 days of the date of issuance of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Linda Mitry,
Acting Secretary.

¹⁰ See Southern Company Service, Inc., 106 FERC ¶ 61,311 (2004); South Carolina Electric and Gas Co., 108 FERC ¶ 61,018 (2004); and South Carolina Public Service Authority, 108 FERC ¶ 61,019 (2004).