

139 FERC ¶ 61,155
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
and Cheryl A. LaFleur.

Public Service Company of New Mexico

Docket No. ER11-3522-002

ORDER DENYING REHEARING

(Issued May 24, 2012)

1. On October 20, 2011, Gallo Canyon Wind, LLC, Vaughn Wind LLC and First Wind New Mexico Holdings, LLC (collectively, First Wind) filed a request for limited and clarifying rehearing of a Commission order conditionally accepting tariff revisions.¹ In that order, the Commission conditionally accepted Public Service Company of New Mexico's (PNM) revisions to its Large Generator Interconnection Procedures (LGIP) transitioning its interconnection study process from a serial study approach to a cluster study approach. In this order we deny First Wind's request for rehearing.

Background

2. Over the last several years PNM has experienced a significant surge in generation interconnection requests. PNM explained that it had 44 large generator interconnection requests totaling 14,918 megawatts (MW) in its balancing authority area, which has a historic peak load of approximately 2,600 MW. PNM asserted that the magnitude of requests in its queue overwhelmed PNM's manpower resources and led to a significant backlog in the study process. PNM employed a serial process for studying interconnection requests and found this unfeasible in managing the interconnection queue backlog.

3. PNM found that there were viable projects in the queue that could be placed in service sooner if such requests could be processed more quickly by implementing a first-ready, first-served LGIP study approach. Accordingly, PNM proposed a cluster study approach to process its current backlog and prevent future ones.

¹ *Public Service Co. of New Mexico*, 136 FERC ¶ 61,231 (2011) (September 30 Order).

4. PNM proposed to conduct cluster interconnection studies via two interconnection queues: (1) the preliminary interconnection system impact study queue; and (2) the definitive interconnection system impact study queue. To transition between the existing serial study process and the newly adopted cluster study, the Commission accepted PNM's proposed limited transition stage. This transition provided that: (1) interconnection requests for which a facilities study agreement had been executed would not be required to participate in the revised LGIP; and (2) interconnection requests for which a facilities study agreement had not been executed as of the effective date of the revised LGIP would be subject to the revised LGIP.

Rehearing Request

5. First Wind argues that the Commission failed to include in the transition those projects for which a feasibility study had been initiated, so that they could continue in the serial study queue instead of being moved into the cluster study process. First Wind states that since PNM's original filing, the feasibility study for Vaughn Wind has been completed and a system impact study agreement has been executed. Additionally, First Wind stated that it has demonstrated site control and paid the requisite deposit. First Wind states that as of October 2011, the parties were on track to have completed the system impact study and execute a facilities study agreement by the end of 2011.

6. First Wind states it was notified by PNM that under the new cluster process the first cluster study group would not close until after November 29, 2011 and the definitive interconnection system studies would not be completed until at least 13 months thereafter.² First Wind argues that since the Commission was unaware of the progress PNM and First Wind has made on the Vaughn Wind project, it should reconsider its decision and allow the Vaughn Wind project to continue in the serial queue transition process instead of moving to the cluster study process.

Commission Determination

7. In this order we deny First Wind's request for rehearing of the September 30 Order. In the September 30 Order we found the transition procedures proposed by PNM to be consistent with or superior to the *pro forma* LGIP. Furthermore, we found that the transition process would facilitate a timely and orderly processing of interconnection requests – reducing the current backlog in a timely fashion.

8. Given the unusually large number of interconnection requests PNM received, processing under PNM's serial approach based upon the date of the interconnection requests presented PNM with significant complications in processing requests in a timely

² First Wind rehearing request at 3.

manner. The result was an enormous backlog in the interconnection queue. The Commission suggested, in the Technical Conference Order³ that “there may be approaches to prioritizing queue processing that provide protection against discrimination comparable to the first-come, first-serve approach. For example, there may be merit in a first-ready, first-served approach, whereby customers who demonstrate the greatest ability to move forward with project development are processed first.”⁴ This is one method that could speed up queue processing while remaining faithful to the goals of Order No. 2003. The Commission also stated that it would consider methods of clustering interconnection requests other than an approach that is based on a first-come, first-served paradigm provided in Order No. 2003. We find that PNM’s revised LGIP process is consistent with the findings in the Technical Conference Order.

9. PNM’s transition process, which required a project to have an executed facilities study agreement, allows more advanced projects to move forward in an efficient and timely fashion under the serial approach. Those projects, like Vaughn Wind, which did not yet have an executed facilities study agreement, would be required, under the transition process, to proceed under the cluster approach. While we recognize that moving from the serial approach to the cluster study approach could cause some initial delay for projects midway in the process, it is necessary in order to resolve current backlogs.⁵ As stated in the September 30 Order, we find that customers will benefit overall from PNM’s proposal and on balance the cluster study approach will result in an overall reduction in interconnection queue processing delays.

10. As we stated in the September 30 Order, to allow Vaughn Wind, or other such projects only in the feasibility study process, to remain in the existing serial queue would upset the balance struck by PNM in effectively transitioning from a serial to a clustering approach. We affirm our findings in the September 30 Order that the cutoff chosen by PNM for customers to be eligible to continue with the serial study approach, was reasonable and the result is a just and reasonable transition process.

³ *Interconnection Queuing Practices*, 122 FERC ¶ 61,252 (2008) (Technical Conference Order).

⁴ *Id.* P 18.

⁵ *Id.* P19.

The Commission orders:

First Wind's request for rehearing of the September 30 Order is denied, as discussed in the body of the order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.