

171 FERC ¶ 61,112  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;  
Richard Glick, Bernard L. McNamee,  
and James P. Danly.

PacifiCorp

Docket Nos. ER20-924-000  
ER20-924-001

ORDER ON TARIFF REVISIONS

(Issued May 12, 2020)

1. On January 31, 2020, as amended March 13, 2020, PacifiCorp submitted, under section 205 of the Federal Power Act (FPA),<sup>1</sup> proposed revisions to modify PacifiCorp's Large Generator Interconnection Procedures (LGIP) and Small Generator Interconnection Procedures (SGIP) and the associated appendices, including the Large Generator Interconnection Agreement (LGIA) and Small Generator Interconnection Agreement (SGIA), of the PacifiCorp Open Access Transmission Tariff (Tariff).<sup>2</sup> In this order, we accept the proposed Tariff revisions, effective April 1, 2020, subject to condition, as discussed below.

**I. Background**

2. PacifiCorp currently employs a serial interconnection process in which it evaluates interconnection requests in accordance with the *pro forma* LGIP and SGIP. PacifiCorp states that it has received a high volume of interconnection requests leading to a large backlog and that, as of October 28, 2019, it has 161 Commission-jurisdictional LGIP requests in its interconnection queue for a total of 37,393 megawatts (MW).

3. PacifiCorp notes that about 75% of all interconnection requests ultimately withdraw from the queue and that withdrawals are a significant cause of delays in the interconnection process, as withdrawals trigger restudies. PacifiCorp argues that the current process encourages speculative projects to enter the queue because it does not

---

<sup>1</sup> 16 U.S.C. § 824d (2018).

<sup>2</sup> PacifiCorp Tariff, Parts IV and V, §§ 36-52; *id.*, Part IV, app. 6; *id.*, Part V, app. 9.

require any progress toward commercial viability and does not penalize withdrawals from the queue.

## **II. Notices and Responsive Pleadings**

4. Notice of PacifiCorp's January 31, 2020 filing was published in the *Federal Register*, 85 Fed. Reg. 7544 (Feb. 10, 2020), with interventions and protests due on or before February 21, 2020.<sup>3</sup> Utah Division of Public Utilities and Oregon Public Utility Commission (Oregon Commission) filed notices of intervention. Timely motions to intervene were filed by: Xcel Energy Services Inc.; Calpine Corporation; Renewables North America LLC; Renewable Northwest; Interwest Energy Alliance (Interwest); Solar Energy Industries Association (SEIA); Avangrid Renewables, LLC; Coalition Advocates for Entrepreneurial Clean Energy (Coalition Advocates); NewSun; Community Renewable Energy Association (CREA); BayWa r.e. Solar Projects, LLC (BayWa); Renewable Energy Coalition (REC); EDF Renewables Development, Inc.; and American Wind Energy Association. Motions to intervene and comments were filed by: Enyo Renewable Energy, LLC (Enyo); BluEarth Renewables US LLC (BluEarth) and Innergex Renewable Energy, Inc. (Innergex); Northwest and Intermountain Power Producers Coalition (NIPPC); RWE Renewables Americas (RWE); Western Power Trading Forum (WPTF); and Intermountain Wind, LLC. Comments were filed by: REC and CREA; Interwest; BayWa; Renewable Northwest; Oregon Commission; and NewSun. Protests were filed by: Coalition Advocates and SEIA. Utah Associated Municipal Power Systems (UAMPS) and Clearway Renew LLC (Clearway) filed motions to intervene out of time.

5. Notice of PacifiCorp's March 13, 2020 Deficiency Response was published in the *Federal Register*, 85 Fed. Reg. 15,772 (Mar. 19, 2020), with interventions and protests due on or before April 3, 2020. On March 17, 2020, NewSun filed a request for extension of time. On March 23, 2020, the Commission issued a notice granting extension of time to and including April 10, 2020.<sup>4</sup>

6. Hydrostor, Inc. filed a timely motion to intervene and comments. Renewable Northwest and BluEarth filed comments. Protests were filed by: WPTF; Coalition Advocates; NewSun; CREA; SEIA; UAMPS; and NIPPC. On April 17, 2020, UAMPS filed an answer. On April 24, 2020, PacifiCorp filed an answer to comments and protests.

---

<sup>3</sup> On February 13, 2020, NewSun Energy LLC (NewSun) filed a motion for extension of time, which was denied. Notice Denying Extension of Time, Docket No. ER20-924-000 (Feb. 20, 2020).

<sup>4</sup> Notice Granting Extension of Time, Docket No. ER20-924-001 (Mar. 23, 2020).

### III. Discussion

7. We accept PacifiCorp's revised interconnection process, subject to condition. As discussed below, we find that certain provisions of PacifiCorp's initial proposal are not consistent with or superior to the procedures promulgated under Order No. 2003.<sup>5</sup> However, we find that the alternate proposals offered by PacifiCorp in its Deficiency Response are consistent with or superior to the procedures promulgated under Order No. 2003, and we therefore direct PacifiCorp to submit a compliance filing within 45 days of the date of this order.

#### A. Procedural Matters

8. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We deny Coalition Advocates' motion to intervene, as it fails to comply with the requirements of the Commission's regulations. The Commission's regulations require that intervenors identify themselves when making a pleading and Coalition Advocates did not do so.<sup>6</sup> While we do not grant Coalition Advocates party status to this proceeding, we will address Coalition Advocates' protest below.

9. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2019), we grant UAMPS's and Clearway's late-filed motions to intervene given their interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

---

<sup>5</sup> *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).

<sup>6</sup> See 18 C.F.R. § 385.203(a)(2) (2019) ("Each pleading and each tariff or rate filing must include . . . [t]he name of each participant for whom the filing is made or, if the filing is made for a group of participants, the name of the group, provided that the name of each member of the group is set forth in a previously filed document which is identified in the filing being made").

10. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2019), prohibits an answer to a protest and/or answer unless otherwise ordered by the decisional authority. We accept UAMPS's and PacifiCorp's answers because they have provided information that assisted us in our decision-making process.

## **B. Substantive Matters**

11. PacifiCorp states that to address issues that have arisen with its serial queue process, it is proposing revisions to its LGIP and SGIP to transition to a "first ready, first-served" interconnection process. PacifiCorp states that it believes its proposal will allow it to process its interconnection queue in a more expeditious manner.<sup>7</sup> PacifiCorp states that its proposal consists of both a revised process to govern new interconnection requests (Prospective Process) and a transition process to govern interconnection requests that are currently in the interconnection queue (Transition Process).<sup>8</sup> PacifiCorp represents that its proposal is consistent with or superior to the *pro forma* Open Access Transmission Tariff (*pro forma* OATT) and builds on interconnection queue reform proposals that the Commission has previously accepted.<sup>9</sup>

### **1. Prospective Process**

#### **a. Overview**

12. PacifiCorp states that its Prospective Process is a clustered approach based on a principle of "first-ready, first-served." As explained in more detail in subsection c. below, PacifiCorp proposes to require large generator interconnection customers to demonstrate commercial readiness by meeting one of several commercial readiness criteria before submitting an interconnection request and entering a Cluster. PacifiCorp states that it will accept interconnection requests from large and small generators during an annual 45-day Cluster Request Window. PacifiCorp will open the first Cluster Request Window on April 1, 2021, and subsequent clusters on every April 1 thereafter. PacifiCorp states that all interconnection requests accepted in a Cluster Request Window will be considered equally queued for purposes of the Cluster Study. PacifiCorp states that opening an annual Cluster Request Window mirrors neighboring California Independent System Operator Corporation's (CAISO) interconnection process. PacifiCorp states an annual Cluster Request Window will ensure that Cluster Studies are complete or near complete by the time the next cluster request window opens.

---

<sup>7</sup> PacifiCorp Transmittal at 6.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at 7 (citing *Pub. Serv. Co. of Colo.*, 169 FERC ¶ 61,182 (2019) (*PSCo*); *Pub. Serv. Co. of N.M.*, 136 FERC ¶ 61,231 (2011) (*PNM*)).

PacifiCorp notes that while Public Service Company of New Mexico (PNM) and Public Service Company of Colorado (PSCo) have semi-annual windows, PacifiCorp has a larger system and that the increased demand puts significant strain on the study process.<sup>10</sup>

13. PacifiCorp proposes study deposits for large generators in the following amounts: (1) \$75,000 for less than 50 MW; (2) \$150,000 for greater than 50 MW but less than 200 MW; and (3) \$250,000 for 200 MW or greater. For both small and large generators, PacifiCorp will determine each project's share of the actual Cluster Study costs by allocating (1) 50% of the applicable study costs to projects on a per capita basis based on the number of interconnection requests and (2) 50% of the applicable study costs on a pro rata basis based on project size.<sup>11</sup>

14. PacifiCorp states that it will conduct separate Cluster Studies in different areas within the two PacifiCorp balancing authority areas (BAA) based on geographical and electrical relevance among other factors (Cluster Areas).<sup>12</sup> PacifiCorp states that it will make reasonable efforts to complete the Cluster Study within 150 days to the extent no re-studies are required.<sup>13</sup> If PacifiCorp does determine that a re-study is necessary, PacifiCorp will electronically notify interconnection customers in the Cluster and post on its Open Access Same-Time Information System Information (OASIS) that re-studies are required.<sup>14</sup> PacifiCorp will make reasonable efforts to complete any re-studies within 150 days.

15. PacifiCorp states that upon completion of the Cluster Study, PacifiCorp will provide each interconnection customer with a Cluster Study Report, publish the Cluster Study results on OASIS, and hold a Cluster Study Report Meeting within 10 business days of the OASIS posting.<sup>15</sup> Simultaneously with the issuance of the Cluster Study Report, PacifiCorp states that it will tender a draft Facilities Study Agreement, which PacifiCorp states triggers a 30 calendar day period in which customers can evaluate the study results and determine whether to proceed.

---

<sup>10</sup> *Id.* at 22-23.

<sup>11</sup> *Id.* at 17.

<sup>12</sup> *Id.* at 23.

<sup>13</sup> *Id.* at 26.

<sup>14</sup> *Id.* at 26-27.

<sup>15</sup> *Id.* at 26.

16. PacifiCorp states that the Facilities Study will provide a non-binding estimate of the costs needed for interconnection and the costs of any transmission provider's interconnection facilities and Network Upgrades necessary for interconnection. PacifiCorp will provide draft Interconnection Facilities Study Agreement within 90 calendar days if the customer requests a +/- 20% cost estimate or 180 calendar days if the customer requests a +/- 10% cost estimate.<sup>16</sup>

17. PacifiCorp states that the Interconnection Facilities Study is followed by LGIA and SGIA negotiation and execution. PacifiCorp states that, consistent with current practice, upon completion of the Facilities Study, PacifiCorp will provide the interconnection customer with an executable version of the LGIA or SGIA.<sup>17</sup>

18. PacifiCorp states that, like the Network Upgrade funding allocation approved by the Commission in *PNM*<sup>18</sup> and *PSCo*,<sup>19</sup> PacifiCorp proposes to separate Network Upgrades into two categories: (1) station equipment Network Upgrades, including all equipment located at the station to which the generator is interconnecting and (2) all other Network Upgrades, including transmission lines, transformers, and distantly located breakers.<sup>20</sup> Station equipment Network Upgrades will be allocated on a per capita basis, based on the number of generators interconnecting at the individual station. All other Network Upgrades will be assigned within a Cluster based on the type of interconnection service requested and thereafter allocated based on the proportional capacity of each generator within the Cluster. PacifiCorp states that to avoid burdening small generators with significant Network Upgrade costs, interconnection requests comprising less than one percent of the total MWs within a cluster will be deemed to not have caused Network Upgrades.

19. PacifiCorp proposes to include Informational Interconnection Studies as part of its new interconnection procedures.<sup>21</sup> PacifiCorp states that Informational Interconnection Studies will provide interconnection customers with non-binding estimates of cost responsibility and time to construct upon which interconnection customers can base preliminary siting decisions. PacifiCorp proposes to allow

---

<sup>16</sup> *Id.* at 28.

<sup>17</sup> *Id.*

<sup>18</sup> *PNM*, 136 FERC ¶ 61,231.

<sup>19</sup> *PSCo*, 169 FERC ¶ 61,182 at P 50.

<sup>20</sup> PacifiCorp Transmittal at 29-30.

<sup>21</sup> *Id.* at 35.

interconnection customers to request Informational Interconnection Studies beginning on October 15, 2020. PacifiCorp commits to performing a “reasonable number” of Informational Interconnection Studies for each interconnection customer.<sup>22</sup> PacifiCorp states that interconnection customers may submit the assumptions that PacifiCorp should use when conducting the Informational Interconnection Study including a proposed point of interconnection, reasonable alternative points of interconnection, and whether Energy Resource Interconnection Service (ERIS) or Network Resource Interconnection Service (NRIS) is requested. However, PacifiCorp states that studies will be subject to the following fixed assumptions: (1) all existing generation will be assumed in service; (2) all projects in the Cluster Study process will be assumed in-service; and (3) all signed LGIAs will be assumed in service.<sup>23</sup>

20. PacifiCorp notes that any modifications to interconnection requests will be subject to a Material Modification analysis under the applicable provisions of PacifiCorp’s currently effective LGIP.<sup>24</sup> PacifiCorp’s currently effective LGIP defines a Material Modification as any modification that has “a material impact on the cost or timing of an Interconnection Request with a later queue priority date.”<sup>25</sup> PacifiCorp states that such modifications may include but are not limited to changes in a project’s requested type of interconnection service and changes to a project’s requested point of interconnection. PacifiCorp notes that any change that constitutes a Material Modification will result in an interconnection customer’s withdrawal from the cluster. PacifiCorp states that projects that withdraw from the cluster will be re-studied in a future cluster on the same footing as new interconnection requests. As discussed in further detail in subsection d., PacifiCorp plans to assess withdrawal penalties on interconnection customers who withdraw from the cluster and negatively affect the timing or cost of other projects in the same cluster.

21. PacifiCorp states that it commits to filing an informational report within two years of the effective date of the tariff changes to detail: (1) the withdrawal penalty received; (2) the allocation of the withdrawal penalty; (3) the number of withdrawals, and (4) the timeline for processing requests as well any other informational reporting conditions required by the Commission.<sup>26</sup>

---

<sup>22</sup> *Id.*

<sup>23</sup> *Id.* at 36.

<sup>24</sup> *Id.* at 29.

<sup>25</sup> PacifiCorp Tariff, § 36 (Material Modification).

<sup>26</sup> PacifiCorp Transmittal at 7.

**i. Comments**

22. BayWa states that it does not oppose reforms to PacifiCorp's interconnection queue procedures for new requests but opposes retroactive reforms that will harm projects that have executed study agreements or interconnection agreements.<sup>27</sup>

23. WPTF states that it appreciates PacifiCorp's willingness to work with stakeholders to seek to find a set of interconnection queue reforms that appears likely to help address the queue backlog and, at the same time, provide flexibility to developers of resources seeking to interconnect to the PacifiCorp system.<sup>28</sup> WPTF concludes that it is hopeful that the reforms proposed by PacifiCorp will represent an improvement over PacifiCorp's current interconnection queue process.<sup>29</sup> However, WPTF states that it is notable that, in contrast to the Optional Interconnection Study, PacifiCorp has proposed to place a number of limitations on the assumptions that customers can request as part of Informational Studies. WPTF states that the use of these assumptions could reduce the usefulness of Informational Studies for early-stage development projects.<sup>30</sup>

24. Enyo believes that PacifiCorp's overall queue reform proposal strikes a reasonable balance between ensuring a manageable and efficient interconnection process and ensuring that interconnection customers, particularly those with executed interconnection agreements, are treated fairly and equitably.<sup>31</sup>

25. Intermountain Wind states that PacifiCorp makes clear that the revisions to the LGIP do not apply to projects with executed generator interconnection agreements.<sup>32</sup> According to Intermountain Wind, if a project has an executed SGIA or LGIA by the requested effective date of PacifiCorp's filing, PacifiCorp "does not intend to disturb these agreements for the Transition Process." Intermountain Wind also seeks assurance that the five projects that it sold to third parties that have executed LGIAs will be eligible to participate in the Request for Proposals (RFP). Intermountain Wind states that all five of those executed LGIAs are for qualifying facility (QF) projects. Intermountain Wind

---

<sup>27</sup> BayWa Comments at 1-2.

<sup>28</sup> WPTF Comments at 3.

<sup>29</sup> *Id.* at 5.

<sup>30</sup> *Id.* at 6.

<sup>31</sup> Enyo Comments at 1-2.

<sup>32</sup> Intermountain Wind Comments at 4.



anticipates that market-based bids will be submitted in response to PacifiCorp's RFP for each of the QF projects.<sup>33</sup>

26. NewSun suggests that, due to PacifiCorp's market power and potential retaliatory behavior, developers are fearful of opposing PacifiCorp's proposal.<sup>34</sup> NewSun represents that the high withdrawal costs and tight timeline of PacifiCorp's proposal will prevent viable projects from being developed.<sup>35</sup>

27. BluEarth and Innergex argue that there is a need for greater optionality and transparency with regard to PacifiCorp's Material Modification evaluation.<sup>36</sup> BluEarth and Innergex state that they are concerned that the Material Modification analysis may be used to limit the ability of an LGIA to proceed according to its terms, or of the interconnection customer to make reasonable or necessary modifications that need not be deemed material.

28. SEIA argues that PacifiCorp's proposed reforms unduly favor PacifiCorp's generation function, and unlike PSCo and PNM, the Commission has determined that PacifiCorp has market power in its own, and neighboring, BAAs.<sup>37</sup> SEIA alleges that these criteria will allow PacifiCorp's "merchant function to push through projects, including its own projects, that unfairly leapfrog projects with substantial existing investments . . . and which have diligently followed the current process."<sup>38</sup>

29. NIPPC argues that PacifiCorp's proposal to limit the number of Cluster Study windows to once per year is not consistent with, or superior to, the serial interconnection queue process set forth in the *pro forma* OATT.<sup>39</sup> NIPPC notes that PacifiCorp indicates that it can complete the Cluster Studies within 150 days and suggests modifying PacifiCorp's proposal to provide for two cluster studies a year.<sup>40</sup> NIPPC argues that

---

<sup>33</sup> *Id.* at 4-5.

<sup>34</sup> NewSun Comments at 3.

<sup>35</sup> *Id.* at 3-4.

<sup>36</sup> BluEarth and Innergex Comments at 5.

<sup>37</sup> SEIA Protest at 6.

<sup>38</sup> *Id.* at 7.

<sup>39</sup> NIPPC Comments at 6.

<sup>40</sup> *Id.* at 6-7.

customers who miss an April 1 window but can establish readiness by October 1 of the same year should not have to wait until the following April for the next window.<sup>41</sup>

30. RWE argues that PacifiCorp's proposal of a \$10,000 deposit in lieu of actual Site Control is an insufficient incentive for the developer to ensure a project is viable. RWE argues that a firm requirement of Site Control, established at the time of an application and escalating as a generation developer advances through the interconnection process, is a critical component of ensuring each project demonstrates basic initial viability and then meets increasingly rigorous readiness milestones through the course of the interconnection process. RWE argues that if the Commission allows PacifiCorp to retain an option for a deposit in lieu of actual Site Control, then the deposit should be substantially higher than \$10,000.<sup>42</sup>

31. Interwest and Renewable Northwest recommend that the Commission require PacifiCorp to file an informational report two years after the effective date. Renewable Northwest states that this should occur after the transitional process has concluded and the first Prospective Cluster Study has been at least initiated.<sup>43</sup> NIPPC proposes that the Commission require PacifiCorp to include additional information in its proposed information report. In particular, NIPPC asserts that PacifiCorp should consider whether additional commercial readiness criteria are appropriate under new market structures, including CAISO's implementation of the Extended Day Ahead Market and Day Ahead Market Enhancement process.<sup>44</sup> RWE states that PacifiCorp offers little justification for the one percent exemption other than to "avoid excessively burdening small generators with significant Network Upgrade costs."<sup>45</sup> RWE contends that in some scenarios, a relatively small project can indeed contribute to the need for significant Network Upgrades, at or above its proportionate nameplate capacity. RWE requests that the Commission require PacifiCorp to allocate Network Upgrade costs based strictly on generator distribution factors as determined by the power analysis in each Steady State Analysis, without an arbitrary minimum size exemption.<sup>46</sup>

---

<sup>41</sup> *Id.* at 7.

<sup>42</sup> RWE Comments at 3-4.

<sup>43</sup> Renewable Northwest Comments at 9.

<sup>44</sup> NIPPC Comments at 12.

<sup>45</sup> RWE Comments at 6 (citing PacifiCorp Transmittal at 30).

<sup>46</sup> *Id.* at 5-6.

ii. Answers to Comments in Deficiency Response

32. Commission staff issued a Deficiency Letter on March 6, 2020, and PacifiCorp filed its Deficiency Response on March 13, 2020. Commission staff's questions and PacifiCorp's responses to those questions are discussed in later sections. However, as part of its Deficiency Response, PacifiCorp also responded to comments on issues not addressed in the Deficiency Letter.

33. In response to WPTF's comments that PacifiCorp's proposed Informational Study places a number of limitations on the assumptions used in the study, PacifiCorp states that the proposed Informational Study assumptions are the same as those currently used for Feasibility Studies under the PacifiCorp and *pro forma* OATT.<sup>47</sup> PacifiCorp states that the Commission's stated purpose in giving interconnection customers more access to modeling and base case information in Order No. 845<sup>48</sup> was to help interconnection customers make informed interconnection decisions and avoid entering the queue with non-viable interconnection requests.<sup>49</sup> PacifiCorp states that it does not believe it is reasonable for interconnection customers to request Informational Study assumptions that are materially different from those they would face when submitting an actual interconnection request.

34. In response to RWE's comments that a \$10,000 deposit in lieu of Site Control is insufficient, PacifiCorp states that the option to submit a \$10,000 deposit in lieu of demonstrating Site Control provides developers with flexibility and is consistent with Commission precedent. PacifiCorp states that the \$10,000 Site Control deposit strikes a reasonable balance that, as the Commission pointed out in response to PSCo's queue reform proposal, "increase[es] the demonstration to get and keep a queue position, while at the same time not being so high as to deter interested projects from initiating interconnection requests."<sup>50</sup> PacifiCorp states that it is critical to the effective and efficient management of the queue that PacifiCorp's study window open once annually.<sup>51</sup>

---

<sup>47</sup> Deficiency Response at 15.

<sup>48</sup> *Reform of Generator Interconnection Procedures and Agreements*, Order No. 845, 163 FERC ¶ 61,043 (2018), *errata notice*, 167 FERC ¶ 61,123, *order on reh'g*, Order No. 845-A, 166 FERC ¶ 61,137, *errata notice*, 167 FERC ¶ 61,124, *order on reh'g*, Order No. 845-B, 168 FERC ¶ 61,092 (2019).

<sup>49</sup> Deficiency Response at 16.

<sup>50</sup> *Id.* at 16-17 (quoting *PSCo*, 169 FERC ¶ 61,182 at P 49).

<sup>51</sup> *Id.* at 17.

35. In response to RWE's comments that PacifiCorp has not justified its proposal to exempt generators that comprise less than one percent of the cluster from Network Upgrades, PacifiCorp states that its proposal to allocate funding responsibility within a cluster strikes a reasonable balance.<sup>52</sup> PacifiCorp states that it proposes to allocate the funding responsibility for station equipment Network Upgrades specified in proposed Tariff Section 39.2.3(a) on a per capita basis (i.e., per interconnection request) based on the number of generators interconnecting at an individual station, which is the same proposal that the Commission approved for PSCo.<sup>53</sup>

36. PacifiCorp states that PacifiCorp believes that a distribution factor analysis is not necessary to fairly allocate Network Upgrade costs, particularly considering that the proposed Cluster Area study approach will group all geographically and/or electrically relevant requests together for purposes of efficient study and cost allocation purposes.<sup>54</sup>

### iii. Comments on Deficiency Response

37. CREA states that PacifiCorp's proposal to group projects "based on geographical locations and other relevant factors" is too vague and should be rejected.<sup>55</sup> CREA states that Commission should require PacifiCorp to provide a clear description of the geographical areas it will include in each Cluster Study. CREA states that PacifiCorp should then be required to determine if after a revised study process is applied, a queue in each Cluster Area remains.<sup>56</sup> CREA states that if no queue remains, PacifiCorp should be required to move on to the next applicable step in the interconnection process. If a queue remains, CREA states that PacifiCorp should be required to conduct a Cluster Study for projects in the area.

38. CREA also states that that Cluster studies should be conducted once every six months. CREA states that the once-per-year proposal is inconsistent with PacifiCorp's proposal to complete each Cluster Study within 150 days and is also inconsistent with Order No. 2003. CREA notes that PacifiCorp defends its yearly process by noting that it is differently situated to PSCo because it has a more complex

---

<sup>52</sup> *Id.* at 21.

<sup>53</sup> *Id.* at 21.

<sup>54</sup> *Id.* at 22.

<sup>55</sup> CREA Protest to Deficiency Response at 26.

<sup>56</sup> *Id.* at 27.

transmission system. CREA agrees that the two are differently situated but that this should not be an obstacle to conducting a Cluster Study every six months.<sup>57</sup>

39. CREA states that it is unreasonable to give interconnection customers only 30 days following the completion of the cluster study to demonstrate readiness to move on to the Facilities Study.<sup>58</sup> CREA notes that the cost of Network Upgrades can significantly complicate completing a power purchase agreement (PPA) necessary to demonstrate readiness to move on to the Facilities Study stage. CREA also notes that both PSCo and PNM have less restrictive commercial readiness criteria to move on to the Facilities Study stage.<sup>59</sup>

40. CREA states that PacifiCorp should be required to make an informational filing immediately following the completion of the Transition Cluster.<sup>60</sup>

41. BluEarth again takes issue with the potentially arbitrary and opaque handling of Material Modifications. In responding to the Commission's Deficiency Letter, PacifiCorp protested that the Material Modification standard was not at issue because the Company proposed no changes to its definition. BluEarth states that the proposed interconnection queue reforms cannot be assessed in isolation.<sup>61</sup>

42. SEIA states that resources requesting a Material Modification should not be required to exit the Cluster Study but should be able to participate in a re-study.<sup>62</sup> SEIA also states that PacifiCorp proposes to use the Material Modification standard to limit projects to a three-year period in the queue rather than the 10-year period provided by Order No. 2003.<sup>63</sup> SEIA states that it does not oppose treating commercial operation extension dates that are more than three years beyond the date specified in the LGIA, but protests measuring that date from the date specified in the interconnection request.

---

<sup>57</sup> *Id.* at 28.

<sup>58</sup> *Id.* at 39

<sup>59</sup> *Id.* at 40.

<sup>60</sup> *Id.* at 44.

<sup>61</sup> BluEarth Protest to Deficiency Response at 8, 9.

<sup>62</sup> SEIA Protest to Deficiency Response at 24.

<sup>63</sup> *Id.* at 25 (citing Order No. 2003, 104 FERC ¶ 61,103 at P 102).

43. SEIA requests that PacifiCorp be required to provide more detail on compliance as to how it will determine if a restudy is required. SEIA notes that in Order No. 2003 the Commission explained that restudies can be conducted for three discrete reasons: (1) a higher-queued project drops out of the queue; (2) a modification of a higher-queued project is required; or (3) the point of interconnection is re-designated.<sup>64</sup>

44. WPTF further states that PacifiCorp's proposed Informational Study Process is not consistent with or superior to the *pro forma* OATT.<sup>65</sup> WPTF states that PacifiCorp should eliminate the fixed assumptions it has proposed in Section 41.1.3 of the proposed Tariff.

#### iv. PacifiCorp Answer

45. In response to SEIA, PacifiCorp states that the triggers for re-study under PacifiCorp's proposal are consistent with Order No. 2003. PacifiCorp notes that its trigger for re-study under its proposal is the withdrawal of a project in the same or higher-queued cluster or a modification of a project in the same or higher queued cluster.<sup>66</sup>

46. PacifiCorp emphasizes that both its Material Modification standard and the fact that making a Material Modification results in withdrawal from the queue are not being altered by its current proposal. PacifiCorp also notes that its three-year limit for extensions in its commercial operations date is similar to the terms approved by the Commission in *PSCo*.<sup>67</sup>

#### v. Commission Determination

47. We find that PacifiCorp has demonstrated that its proposed revisions to its interconnection process represent a just and reasonable solution to address the backlog of generation interconnection requests in its queue. PacifiCorp's proposed revisions to its LGIP and LGIA, providing for a transition from a serial first-come, first-served approach to a clustered first-ready, first-served approach, should allow ready projects to proceed on a more accelerated basis while allowing less-developed projects access to early information through the Informational Study Process. With the two exceptions discussed below, we find PacifiCorp's revised LGIP and LGIA to be consistent with or

---

<sup>64</sup> *Id.* at 21-22 (citing Order No. 2003, 104 FERC ¶ 61,103 at P 37).

<sup>65</sup> WPTF Protest to Deficiency Response at 8.

<sup>66</sup> PacifiCorp Answer at 8.

<sup>67</sup> *Id.* (citing *PSCo*, 169 FERC ¶ 61,182 at P 63).

superior to the *pro forma* LGIP and LGIA, and therefore accept them subject to condition.

48. We find PacifiCorp's proposal to use an annual Cluster Study to be consistent with or superior to the *pro forma* LGIP. We agree with PacifiCorp that the use of an annual study will result in an orderly process where each Cluster Study is complete before the next annual Cluster Study. We also agree with PacifiCorp that an annual study will reduce the risk of delays and re-studies as it is less likely that the results of a subsequent Cluster Study will be delayed because of the results of the previous period's Cluster Study. In response to NIPPC's assertion that PacifiCorp's 150-day proposed timeline implies that PacifiCorp can accommodate more than one Cluster Window a year, we find that PacifiCorp's proposal to use an annual Cluster Study is just and reasonable, and therefore need not address NIPPC's preferred alternative.<sup>68</sup>

49. We agree with PacifiCorp that its proposal to exempt generators that comprise less than one percent of a cluster from Network Upgrades is consistent with or superior to Order No. 2003. PacifiCorp's proposal will avoid burdening small generators with excessive Network Upgrade costs. Although RWE raises concern that certain small generators may contribute to a significant need for Network Upgrades, we find these concerns to be speculative and lack support on the record. The Commission has stated that it expects that most interconnections of small generating facilities would require no Network Upgrades,<sup>69</sup> and we find PacifiCorp's proposal is consistent with this expectation.

50. We agree with PacifiCorp that we need not reexamine its Material Modification standard nor its currently effective tariff provision that a Material Modification would require a new interconnection request<sup>70</sup> as it has already been approved and PacifiCorp is not proposing to modify it at this time. Commenters have argued that PacifiCorp is offering less flexibility to modify interconnection requests without deeming those modifications to be a Material Modification, and, as discussed below, we agree that PacifiCorp's initial proposal did not offer enough flexibility for interconnection requests.

---

<sup>68</sup> See, e.g., *City of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984) (utility need only establish that its proposed rate design is reasonable, not that it is superior to alternatives).

<sup>69</sup> *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, 111 FERC ¶ 61,220, at P 40, *order on reh'g*, Order No. 2006-A, 113 FERC ¶ 61,195 (2005), *order granting clarification*, Order No. 2006-B, 116 FERC ¶ 61,046 (2006).

<sup>70</sup> PacifiCorp Tariff, § 39.4.3.

However, this does not render the Material Modification standard inconsistent with Order No. 2003.

51. We further find that PacifiCorp's limit on extensions is consistent with Order No. 2003. PacifiCorp's proposal limits extensions to commercial operations dates and not total time in the interconnections queue, and is consistent with provisions the Commission approved in *PSCo*.<sup>71</sup>

52. We agree with PacifiCorp that its proposed provisions for re-studies are consistent with or superior to the *pro forma* LGIP. Under both PacifiCorp's proposal and the *pro forma* LGIP, the withdrawal of an interconnection request may trigger restudies.<sup>72</sup>

53. We will not require PacifiCorp to eliminate its proposal to allow interconnection customers to post a \$10,000 deposit in lieu of demonstrating Site Control, as requested by RWE. In Order No. 2003, the Commission included the option of a \$10,000 deposit in lieu of Site Control and stated that requiring Site Control at the start of the interconnection process could unduly delay that process.<sup>73</sup>

54. We agree with PacifiCorp that its Informational Interconnection Study is consistent with or superior to the Optional Interconnection Study in the *pro forma* OATT. PacifiCorp's Informational Interconnection Study will fulfill the purpose of the Optional Interconnection Study, which is to provide the interconnection customer with useful information before proceeding with an interconnection request.<sup>74</sup> We find that PacifiCorp's proposal to conduct the Informational Interconnection Study based on the assumptions used in PacifiCorp's Feasibility Study will provide interconnection customers with useful information based on realistic assumptions. We disagree with WPTF that PacifiCorp must provide interconnection customers with unlimited flexibility on study assumptions to be consistent with or superior to Order No. 2003.

55. We note that PacifiCorp has offered to file an informational report with the Commission within two years of the effective date of this filing, and we direct them to do so.<sup>75</sup> We agree with commenters that this report should include an analysis of the

---

<sup>71</sup> See *PSCo*, 169 FERC ¶ 61,182 at P 63.

<sup>72</sup> See Proposed Tariff § 42.5; *pro forma* LGIP § 7.6.

<sup>73</sup> Order No. 2003, 104 FERC ¶ 61,103 at P 100.

<sup>74</sup> *Id.* P 225.

<sup>75</sup> This report should be filed in the instant docket and will not be noticed for comment or require Commission action.



commercial readiness criteria and whether improvements can or should be made to the revised process. The report should also include an analysis of whether PacifiCorp's reforms have improved study timelines for interconnection customers. As PacifiCorp proposes, the informational report should also include information on withdrawals from the interconnection queue. We will not require PacifiCorp to file an informational report at an earlier date, as requested by some commenters, as we believe that the two-year time frame will allow for more experience with both the transition and prospective processes.

**b. NRIS/ERIS Election**

56. PacifiCorp proposes to require requests to switch from ERIS to NRIS, or vice versa, to undergo a Material Modification analysis pursuant to Section 39.4 of the OATT.<sup>76</sup> Under the *pro forma* interconnection process established in Order No. 2003, interconnection customers who choose to be studied as an NRIS resource can also be studied as an ERIS resource up to the point when an Interconnection Facility Study Agreement is executed. Under PacifiCorp's proposed revisions, interconnection customers can be studied for both ERIS and NRIS during the Informational Study Process but have to choose between the two types of interconnection service before entering the Cluster Study. PacifiCorp states that customers who choose to be studied as both types of service frequently create the need for re-studies of interconnection requests. PacifiCorp argues that requiring interconnection customers to undergo a Material Modification analysis in order to change from NRIS to ERIS or vice versa is a just and reasonable means of disincentivizing such behavior.

**i. Comments**

57. Renewable Northwest states that the PacifiCorp's proposal to require interconnection customers to choose between NRIS and ERIS service at the outset of the interconnection queue does not provide as much flexibility as the *pro forma* LGIP.<sup>77</sup> Renewable Northwest also requests that the Commission require PacifiCorp to provide an explanation as to how the interconnection process and the transmission service queue will be coordinated. Renewable Northwest states that without being able to coordinate an ERIS request with a transmission service request, interconnection customers will face significant challenges to contract projects with off-takers in neighboring BAA.<sup>78</sup>

---

<sup>76</sup> PacifiCorp Transmittal at 29.

<sup>77</sup> Renewable Northwest Comments at 7-8.

<sup>78</sup> *Id.* at 8.

58. RWE supports PacifiCorp's proposal requiring changes from ERIS to NRIS (and changes from NRIS to ERIS where no re-study is required) to undergo a Material Modification analysis. However, RWE asks the Commission to require PacifiCorp to revise its proposal to give customers an opportunity to change from NRIS to ERIS without undergoing a Material Modification analysis if a re-study of the customer's project or cluster is required under the Tariff. RWE argues that this would give customers adequate opportunity to consider and respond to study results which identify the cost differential between Network Upgrades necessary to achieve NRIS versus more limited Network Upgrades to achieve ERIS.<sup>79</sup>

**ii. Deficiency Letter and Response**

59. The Deficiency Letter asked whether, under PacifiCorp's proposed interconnection procedures, interconnection customers could be studied for both NRIS and ERIS at the same time, as required by Order No. 2003. PacifiCorp explains that its proposal to require an interconnection customer to choose between NRIS and ERIS before entering the Cluster Study is intended to prevent a backlog of interconnection requests, and that PacifiCorp's current backlog is due in part to interconnection customers changing their service type after the System Impact Study is complete.<sup>80</sup>

60. PacifiCorp asserts that allowing an interconnection customer to defer its choice of service until after the Cluster Study is complete will necessarily trigger a re-study and cause delays. PacifiCorp explains that its proposed study process first assumes that all interconnection customers in a cluster have requested ERIS and determined the facilities needed to accommodate that level of service, and then, through the Cluster Study, PacifiCorp will identify the incremental Network Upgrades needed for those interconnection customers who have requested NRIS. PacifiCorp states that this will ensure fair allocation of facility costs, whereas switching service type following the completion of the Cluster Study will require a re-study to address the change in Network Upgrade cost allocation. PacifiCorp notes that, through the proposed Informational Study Process, interconnection customers will be able to evaluate both NRIS and ERIS before committing to a service level.<sup>81</sup>

61. PacifiCorp states that, if the Commission would otherwise find that PacifiCorp's filing is not just and reasonable because it requires that interconnection customers make a firm service choice prior to the Cluster Study, it is willing to allow interconnection customers to be studied for both NRIS and ERIS in the initial Cluster Study, so long as

---

<sup>79</sup> RWE Comments at 5.

<sup>80</sup> Deficiency Response at 8.

<sup>81</sup> *Id.* at 8-9.

customers are required to make a firm choice on their service level no later than five business days after the Cluster Study Report Meeting under proposed Section 42.4(c). According to PacifiCorp, this provides interconnection customers the opportunity to review the Cluster Study Report with the transmission provider before making their final service choice. PacifiCorp notes that this change will effectively guarantee re-studies as customers make their choice of service type after the first iteration of the Cluster Study, but that cascading re-studies will be less likely, as interconnection customers will be required to make a definitive service choice prior to commencing any Cluster Re-Study.<sup>82</sup>

### iii. Comments on Deficiency Response

62. CREA and NewSun argue that the Commission should reject PacifiCorp's initial proposal and direct PacifiCorp to comply with Order No. 2003's requirements to provide generation developers flexibility to choose NRIS or ERIS service.<sup>83</sup> CREA states that PacifiCorp provides no evidence that it is necessary to eliminate this flexibility to prevent re-studies. In response to PacifiCorp's argument that the Informational Study Process provides sufficient flexibility, CREA notes that the study is merely advisory and not a substitute for the information provided in the system impact study. CREA also argues that PacifiCorp's alternative proposal is not adequate as the five days provided after the Cluster Study report is not sufficient time to decide.<sup>84</sup>

63. Interwest, NIPPC, BluEarth, and WPTF support PacifiCorp's Deficiency Response offer to allow resources to switch between NRIS and ERIS service following the Cluster Study.<sup>85</sup> However, they recommend that the Commission consider whether five business days following the cluster study report is sufficient time to make a decision regarding the level of interconnection service. Interwest asserts that 10 business days is a more reasonable time frame to allow a resource to make this decision, BluEarth states that customers should have at least 14 days, while SEIA states that interconnection customers should be allowed either 20 business days or 30 calendar days.<sup>86</sup> WPTF also

---

<sup>82</sup> *Id.* at 9.

<sup>83</sup> CREA Protest to Deficiency Response at 33; NewSun Protest to Deficiency Response at 11.

<sup>84</sup> CREA Protest to Deficiency Response at 34.

<sup>85</sup> Interwest Protest to Deficiency Response at 11; NIPPC Protest to Deficiency Response at 8-9; BluEarth Protest to Deficiency Response at 8; WPTF Protest to Deficiency Response at 5.

<sup>86</sup> Interwest Protest to Deficiency Response at 11; BluEarth Protest to Deficiency Response at 8; SEIA Protest to Deficiency Response at 19.

believes that five days may not be sufficient time, but states that the Commission should direct a compliance filing consistent with the process outlined in PacifiCorp's Deficiency Response.<sup>87</sup>

**iv. PacifiCorp Answer**

64. In response to further comments PacifiCorp states that it would be willing to extend the period for making a firm selection of service type to no later than 10 business days after the Cluster Study meeting report. PacifiCorp states that 10 business days is more than sufficient to permit interconnection customers with an opportunity to review the Cluster Study Report and discuss it with the transmission provider before making their final service choice.<sup>88</sup>

**v. Commission Determination**

65. We agree with commenters that PacifiCorp's initial proposal limits the flexibility established under the *pro forma* interconnection process by requiring interconnection customers to select their level of service prior to entering the Cluster Study.<sup>89</sup> We disagree with PacifiCorp that requiring interconnection customers to undergo a Material Modification analysis in order to change from NRIS to ERIS or vice versa is consistent with or superior to the *pro forma* LGIP, as the *pro forma* LGIP allows an interconnection customer to be studied for both NRIS and ERIS service. PacifiCorp does not adequately explain why eliminating this flexibility is consistent with or superior to the *pro forma* LGIP. While we agree that this flexibility could render the study process more complex, that potential complexity is balanced by the need to allow an interconnection customer to make a fully informed choice. Therefore, PacifiCorp's proposal to require interconnection customers to select their level of service prior to entering the Cluster Study is not consistent with or superior to the *pro forma* LGIP.

66. Conversely, we find that PacifiCorp's modified proposal in its Deficiency Response to allow interconnection customers to be studied for both NRIS and ERIS in the initial Cluster Study is consistent with or superior to the *pro forma* LGIP, as it preserves interconnection customers' right to select their service level while also facilitating a more efficient interconnection process by reducing the likelihood of cascading re-studies. We also find that PacifiCorp's proposed requirement that

---

<sup>87</sup> WPTF Protest to Deficiency Response at 5.

<sup>88</sup> PacifiCorp Answer at 15.

<sup>89</sup> See *pro forma* LGIP § 3.2.

customers make a choice on their service level no later than five business days after the Cluster Study Report Meeting under Section 42.4(c) is reasonable.

67. We disagree with CREA, Interwest, WPTF, and BluEarth's assertion that five business days is not an adequate amount of time to select a level of service. We note that the Commission has accepted similar timing requirements for selecting levels of interconnection service.<sup>90</sup> Further, allowing interconnection customers to be studied for NRIS and ERIS during both the Informational Study Process and Cluster Study Process should afford interconnection customers sufficient time and information to select a level of service. Accordingly, consistent with PacifiCorp's offer in response to the Deficiency Letter, we direct PacifiCorp to submit a compliance filing within 45 days of the date of this order proposing revisions, consistent with the proposal in its Deficiency Response, to allow interconnection customers to be studied for both NRIS and ERIS in the initial Cluster Study.

**c. Commercial Readiness Criteria**

68. Under proposed LGIP Section 38.4.1(v), a large generator interconnection customer can demonstrate commercial readiness by satisfying one of the following criteria:

- (1) executed term sheet (or comparable evidence) related to contract for sale of:
  - (i) the constructed generating facility to a load serving entity (LSE) or commercial, industrial, or other large end-use customer; (ii) the generating facility's energy with term of not less than five years; or (iii) the generating facility's ancillary services if it is an electric storage resource with term of not less than five years; or
- (2) executed contract for sale of: (i) the constructed generating facility to an LSE or commercial, industrial, or other large end-use customer; (ii) the generating facility's energy with a term of not less than five years; or (iii) generating facility's ancillary services if it is an electric storage resource with a term of not less than five years; or
- (3) reasonable evidence that the project has been selected in a resource plan or Resource Solicitation Process<sup>91</sup> by or for an LSE, is being developed by an LSE,

---

<sup>90</sup> PSCo Tariff, attach. N, § 7.4.d.iii.

<sup>91</sup> PacifiCorp defines a Resource Solicitation Process as "any process authorized or required by Applicable Laws and Regulations for the acquisition of Network Resources."

or is being developed for purposes of a sale to a commercial, industrial, or other large end-use customer; or

(4) a refundable deposit of \$3,000/MW of requested interconnection service in lieu of showing commercial readiness.

69. PacifiCorp states that an LSE that is developing a generator can meet the criteria by submitting a site-specific purchase order for generating equipment or a signed statement attesting that the facility will be supplied with generating equipment (e.g., turbines) with a manufacturer's blanket purchase agreement. To execute a Facilities Study Agreement after the Cluster Study, projects that submitted a \$3,000/MW deposit must submit financial security equal to the interconnection customer's liability for funding Network Upgrades associated with the interconnection, net of the deposit already provided.<sup>92</sup> PacifiCorp states that the deposit would be refunded and the security released upon the earlier of: (1) the interconnection customer providing a form of commercial readiness other than the payment; (2) the interconnection customer withdrawing from the queue and paying withdrawal penalties; (3) the interconnection customer terminating its LGIA and paying any withdrawal penalties; or (4) the project achieving commercial operation.

70. PacifiCorp represents that each proposed criterion has been previously accepted by the Commission in PSCo's or PNM's queue reform proceedings. PacifiCorp asserts that the Commission should find that its commercial readiness criteria are consistent with or superior to the *pro forma* LGIP because they are largely identical to those accepted by the Commission from PSCo.

#### **i. Comments**

71. Renewable Northwest states that the readiness criterion allowing a generator being developed by an LSE to show readiness through "a site-specific purchase order for generating equipment or statement signed by the interconnection customer attesting that the facility will be supplied with generating equipment (e.g., turbines) with a manufacturer's blanket purchase agreement"<sup>93</sup> is discriminatory because it is only available to LSEs. Renewable Northwest states that this criterion should be removed.

72. Renewable Northwest argues that an additional commercial readiness criterion should be included. Renewable Northwest states that a project should be able to show readiness by presenting all discretionary permits or authorizations needed to begin construction on a project. Renewable Northwest states that obtaining these permits is

---

<sup>92</sup> PacifiCorp Transmittal at 21.

<sup>93</sup> Proposed Tariff, § 38.4.1(v)(c).

time consuming and they are obtained significantly far enough along in the development process to give PacifiCorp confidence that a project is commercially viable.<sup>94</sup>

73. SEIA protests several proposed provisions. In particular, SEIA argues that it is unduly discriminatory to require existing projects to provide a purchase contract to remain in the queue, without the option of posting a financial security instead.<sup>95</sup>

74. SEIA argues that PacifiCorp's proposal sets an artificially low bar for commercial viability for LSEs by requiring that they only provide a site-specific purchase order.<sup>96</sup> SEIA observes that, while PNM offers the LSE an option to show commercial readiness through a site-specific purchase order, PNM offers similar options to developers and provides alternative pathways by which developers can show commercial readiness that PacifiCorp has not included in its proposed Tariff.

75. SEIA argues that the proposed Tariff language proposed by PacifiCorp for the commercial readiness standards is egregiously imprecise. Specifically, SEIA argues that PacifiCorp omitted contracts for the purchase of Renewable Energy Credits or Carbon Offsets, despite the fact that such purchase arrangements are common and support commercial viability.<sup>97</sup> SEIA also argues that PacifiCorp has arbitrarily selected a purchase term of five years, whereas a one-year term should be sufficient or, at the very least, a three-year term consistent with the term offered by the wholesale operators of capacity markets across the country. Moreover, SEIA asserts that the Tariff fails to address whether a purchase contract for a portion of the facility is sufficient, or whether the purchase contract must match the proposed installed capacity.

76. NIPPC asserts that the purchase order option to meet the commercial readiness criteria is discriminatory.<sup>98</sup> Specifically, NIPPC states that PacifiCorp proposes to allow interconnection customers who are LSEs with a self-build project to meet the commercial readiness criteria by demonstrating that the LSE has a site-specific purchase order for equipment.<sup>99</sup> NIPPC observes that this would apply to a self-build project proposed by

---

<sup>94</sup> Renewable Northwest Comments at 6.

<sup>95</sup> SEIA Protest at 7-8.

<sup>96</sup> *Id.* at 8.

<sup>97</sup> *Id.* at 11.

<sup>98</sup> NIPPC Comments at 7.

<sup>99</sup> *Id.* at 7-8.

PacifiCorp's merchant function.<sup>100</sup> NIPPC argues that, contrary to PacifiCorp's suggestion that its proposed provision was previously approved by the Commission in PNM's queue reform proposal, PNM's approved tariff language provides that the purchase order option is available to all interconnection customers, not only to LSEs.<sup>101</sup>

77. NIPPC also proposes other revisions that it argues would ensure that the proposal is superior to the *pro forma* OATT.<sup>102</sup> NIPPC argues that PacifiCorp's proposed deposit amount of \$3,000/MW is too high and that the Commission should accept PacifiCorp's offer to establish a deposit in lieu of commercial readiness at the lower amount of \$2,000/MW.<sup>103</sup> NIPPC further proposes an additional commercial readiness option wherein projects that are fully permitted under all applicable federal, state, or local permitting requirements have established commercial readiness should they take the step of entering a cluster request window.<sup>104</sup>

78. Interwest states that under PacifiCorp's filing, LSEs, and only LSEs, can demonstrate commercial readiness with a site-specific purchase order for generating equipment, or a signed statement attesting the facilities will be supplied with a manufacturer's blanket purchase agreement. Interwest states that while PNM apparently utilizes this commercial readiness criteria in its tariff, its use is not limited to LSEs in the same way PacifiCorp has proposed here.

ii. **Deficiency Letter and Response with Answers to Comments**

79. The Deficiency Letter sought clarification about what would constitute "comparable evidence" under the first criterion which allows an interconnection customer to provide an executed term sheet or "comparable evidence" to demonstrate readiness. PacifiCorp explains that "comparable evidence" would reflect many of the features of a term sheet, including, at a minimum: the name of a developer's potential commercial partner; in the case of a sale of energy (or for a storage resource, ancillary services), the product, quantity, and term of the proposed arrangement between the parties, or, in the case of a sale of a generating facility to an LSE the specifics related to such a transaction;

---

<sup>100</sup> *Id.* at 8.

<sup>101</sup> *Id.* (citing PNM OATT, attach. N, § 7.2(f)(v)).

<sup>102</sup> *Id.* at 8-14.

<sup>103</sup> *Id.* at 9.

<sup>104</sup> *Id.* at 10.



and the parties' signatures.<sup>105</sup> PacifiCorp notes that a term sheet need not be binding to satisfy this readiness criterion.<sup>106</sup> PacifiCorp states that the "comparable evidence" standard is borrowed from PSCo's approved LGIP, and that PacifiCorp is seeking to exercise the same level of discretion.<sup>107</sup>

80. Staff requested similar clarification regarding PacifiCorp's proposed third criterion, which permits a large generator interconnection customer to demonstrate readiness by providing "reasonable evidence" that its generating facility has been selected in a resource plan or resource solicitation process by an LSE. PacifiCorp states that the "reasonable evidence" is also borrowed from PSCo's LGIP and consists of anything from inclusion in a preliminary short list through final selection in such a process. Furthermore, reasonable evidence that the generating facility is being developed for purposes of a sale would include a contract or similar documentation committing the sale of the facility to a large end-use customer. PacifiCorp states that the developer must have objective evidence of a qualifying commercial arrangement.

81. Staff also sought clarification on why PacifiCorp provided only to LSEs developing a generating facility the option to provide reasonable evidence of a site specific purchase order for equipment. PacifiCorp argues that this provision is not unduly discriminatory, arguing that LSEs and third-party developers are not similarly situated because third-party developers typically enter into commercial arrangements with other parties and can provide a contract or term sheet. In contrast, LSEs must answer to state commissions, members, or boards, with regard to investments in generation projects.<sup>108</sup> PacifiCorp contends that a project being developed by an LSE that has executed a site-specific purchase order is likely to be at least as commercially viable as any third party project with a term sheet or financial in-lieu payment. However, PacifiCorp states that, if the Commission determines that the purchase order option for LSEs alone is unduly discriminatory, PacifiCorp would be willing to remove the LSE-specific provision from Section 38.4.1(v)(c) and add a provision to the prospective process applicable to all interconnection customers that is identical to the Commission-

---

<sup>105</sup> Deficiency Response at 5-6.

<sup>106</sup> *Id.* at 6.

<sup>107</sup> *Id.* at 5 (citing *PSCo*, 169 FERC ¶ 61,182 at P 50; PSCo Tariff, attach. N, §§ 3.4.1(g)(1), 7.7.1(a), 7.7.2(a)).

<sup>108</sup> *Id.* at 7.

approved PNM readiness provision. Specifically, PacifiCorp states that interconnection customers could show readiness by providing a

[s]ite specific Purchase Order for generating equipment specific to the Queue Position, or statement signed by an officer or authorized agent of the Interconnection Customer attesting that the Generating Facility included is to be supplied with turbines with a manufacturer's blanket purchase agreement to which Interconnection Customer is a party. This blanket purchase agreement shall be provided to Transmission Provider.<sup>109</sup>

82. PacifiCorp states that neither PSCo nor PNM accept state and local permits as evidence of commercial readiness. In PacifiCorp's experience, it is common for projects to obtain a variety of permits and licenses and yet still be unable or unwilling to proceed to commercial operation. As with other transmission providers, the path forward for such projects is through tendering a refundable deposit, not through a novel "fully permitted" exception that would only enable non-commercially viable projects to remain in the queue.<sup>110</sup>

83. PacifiCorp states that it is unaware of projects being financed solely through renewable energy credit-only contracts, absent the sale of energy, capacity, or ancillary services. Like PNM and PSCo, PacifiCorp has focused its proposed readiness criteria on more reliable indicators of commercial viability—primarily, financial arrangements for the project or its output—with the backstop availability of a refundable deposit.<sup>111</sup>

84. PacifiCorp states that the Tariff provides for reductions in interconnection capacity at various points in the interconnection process that can be used to bring an interconnection request in line with the size of the project for which commercial viability can be demonstrated.<sup>112</sup> PacifiCorp states that any project entering the Transition Cluster can reduce its requested interconnection capacity by up to 60% at any time before returning their executed Transition Cluster Study Agreement.<sup>113</sup>

---

<sup>109</sup> *Id.* at 7-8 (citing PNM OATT, attach. N, § 7.2.f.v).

<sup>110</sup> *Id.* at 12.

<sup>111</sup> *Id.*

<sup>112</sup> *Id.* at 13.

<sup>113</sup> *Id.* at 14.

85. PacifiCorp states that Late-Stage Transition Requests that choose to proceed serially may also reduce their requested interconnection capacity under the modification provisions in PacifiCorp Tariff.<sup>114</sup>

86. PacifiCorp states that interconnection customers that have returned the executed Facilities Study Agreement to PacifiCorp, or who are further along in the queue (e.g., those with draft or executed interconnection agreements) who seek to change their interconnection requests must undergo a Material Modification analysis in accordance with the Tariff, including any reduction in the amount of generating capacity associated with the unit.<sup>115</sup>

### iii. Comments on Deficiency Response

87. CREA states that the Commission should reject PacifiCorp's arbitrarily limited list of commercial viability criteria. CREA states that it agrees with other parties that PacifiCorp's proposal to allow LSEs to demonstrate commercial viability by providing invoices for equipment purchased for the generator is discriminatory. CREA states that it agrees this provision must be amended to allow all competitors to demonstrate viability using this method. CREA states that this change is necessary to fully protect competition, as it could be used by a merchant generator to recover its investment using short term market sales.

88. CREA argues that PacifiCorp's proposal should be amended to allow a developer to show commercial readiness by demonstrating that it has obtained all discretionary permits necessary to begin construction.<sup>116</sup> CREA states that this process is lengthy and time consuming and that no developer would expend the necessary capital to complete this process without a reasonable prospect of completing construction.

89. Interwest states that PacifiCorp's proposal to replace its discriminatory LSE-only readiness criteria with one available to all interconnection customers should resolve issues with that provision.

90. WPTF states that the Commission should consider how commercial readiness requirements available that apply to LSEs can be configured in a way that mitigates the potential for PacifiCorp's transmission function to provide preferential treatment to its

---

<sup>114</sup> *Id.*

<sup>115</sup> *Id.*

<sup>116</sup> CREA Protest to Deficiency Response at 31-32.

affiliated merchant function.<sup>117</sup> For example, WPTF states that the option to demonstrate readiness through a selection through a resource plan should not be available to PacifiCorp's merchant function due to the potential for preferential treatment. WPTF states that PacifiCorp's merchant function should be required to demonstrate readiness through a site-specific purchase order or a statement signed by the interconnection customer that the facility will be supplied with generating equipment. In addition, WPTF states that the option to demonstrate readiness through a site specific purchase order or signed statement should be available to all other interconnection customers.

91. UAMPS states that it believes that PacifiCorp's initial proposal to allow only LSEs to demonstrate readiness through a site-specific purchase order is just and reasonable. UAMPS believes this subsection is misread by protestors as it is not an alternative available to only LSEs but rather an additional requirement for LSEs to demonstrate readiness.<sup>118</sup> UAMPS states that even if protestors are correct in their interpretation, the provision is not discriminatory. UAMPS argues that LSEs and developers are not similarly situated as development by an LSE demonstrates that there is load for the project.<sup>119</sup>

92. UAMPS states that allowing developers to proceed without showing that there is a market for their project would reintroduce the harms that PacifiCorp's proposal is intended to remedy. UAMPS states that this could lead to a further backlog of interconnection requests.<sup>120</sup>

93. CREA states that PacifiCorp's arguments that this could be abused make little sense as generation is a large investment that an interconnection customer would not make in a nonviable project.<sup>121</sup> CREA states that the option of providing a \$3,000/MW deposit is not adequate as it is not available to projects in the existing queue and because it is an expensive commitment on top of already expensive capital investments.

---

<sup>117</sup> WPTF Protest to Deficiency Response at 3.

<sup>118</sup> UAMPS Protest to Deficiency Response at 8.

<sup>119</sup> *Id.* at 10.

<sup>120</sup> *Id.* at 11.

<sup>121</sup> CREA Protest to Deficiency Response at 29-30.

94. CREA further argues that generators currently in the queue should have the option of paying the \$3,000/MW deposit to remain in the queue. CREA argues that this is unlikely to be abused as a project developer is unlikely to tie up substantial amounts of money in an unviable project.

95. SEIA states that PacifiCorp's increased security requirement to advance to the Facilities Study is not reasonable. SEIA suggests a requirement to post the lesser of 50% of the cost of Network Upgrades or \$5 million.<sup>122</sup> SEIA also requests that the Commission instruct PacifiCorp to: (1) clarify that interconnection customers may redact all commercially sensitive or competitive business practices; (2) allow customers to demonstrate commercial viability through term sheets for purchases of energy, ancillary services, capacity or environmental attributes; (3) require contracts be for a term of three years rather than five; and (4) require that PacifiCorp revise the definition of Resource Solicitation Process to include solicitations for Energy Resources in addition to Network Resources.

96. SEIA, Renewable Northwest, and NIPPC also notes that the language in PacifiCorp's proposed language is not technology neutral as it limits the purchase order exemption to turbines under a blanket purchase agreement.<sup>123</sup> Commenters recommend replacing the word "turbines" with "electrical generating equipment."

#### iv. PacifiCorp Answer

97. PacifiCorp states that the term "electric generating equipment" is overly broad and risks abuse by speculative projects. PacifiCorp states that the use of the word turbines is helpful as it signals an acceptable level of commitment necessary for purchase orders.<sup>124</sup> PacifiCorp states it would be willing to revise the PNM language to state: "turbines (or equivalent major electric generating components)."<sup>125</sup>

98. PacifiCorp states that its proposed definition of Resource Solicitation Process is identical to the definition the Commission accepted for PSCo. However, PacifiCorp states that it is willing to implement the following modified definition: "Resource

---

<sup>122</sup> SEIA Protest to Deficiency Response at 16.

<sup>123</sup> *Id.* at 14; Renewable Northwest Protest to Deficiency Response at 8-9; NIPPC Protest to Deficiency Response at 8.

<sup>124</sup> PacifiCorp Answer at 17.

<sup>125</sup> *Id.*

Solicitation Process shall mean any process authorized or required by Applicable Laws and Regulations for the acquisition of generating resources.<sup>126</sup>

99. In response to SEIA, PacifiCorp clarifies that the interconnection customer may submit redacted documentation so long as the unredacted information is sufficient for the transmission provider to determine the customer has met the applicable readiness standard.<sup>127</sup>

v. **Commission Determination**

100. We agree with commenters that PacifiCorp has not shown that it is consistent with or superior to the *pro forma* LGIP to limit to LSEs the ability to demonstrate readiness by submitting a site-specific purchase order for generating equipment or a signed statement attesting that the facility will be supplied with generating equipment. We disagree that LSEs are differently situated to other interconnection customers for the purpose of demonstrating readiness. PacifiCorp states that LSEs face oversight from various regulatory bodies in developing a generator, but we note that independent developers must convince investors that a project is viable and face significant risk in making a large investment in generation. Therefore, the decision to purchase generating equipment is a significant demonstration of viability whether the interconnection customer is an independent developer or an LSE.

101. Accordingly, we find that limiting this avenue of demonstrating commercial readiness to LSEs is not consistent with or superior to the *pro forma* LGIP. When the Commission issued Order No. 2003, it stated that an important function of developing standardized interconnection procedures is to limit opportunities for a transmission provider to favor its own generation.<sup>128</sup> As commenters note, the provision would allow PacifiCorp's own generation an easier path to demonstrating readiness than other interconnection customers and could allow PacifiCorp to use the interconnection process to favor its own generation.

102. In response to the Deficiency Letter, PacifiCorp offered to replace the LSE-specific provision with a provision that is applicable to all interconnection customers, stating that this would be identical to a readiness provision the Commission approved for PNM. With the revision of this criterion to apply to all interconnection customers, we agree with PacifiCorp that its commercial readiness criteria are consistent with or superior to the *pro forma* LGIP. The readiness criteria should help make the

---

<sup>126</sup> *Id.* at 18.

<sup>127</sup> *Id.* at 16-17.

<sup>128</sup> Order No. 2003, 104 FERC ¶ 61,103 at PP 11-12.

interconnection process more efficient for interconnection customers with projects that are ready to proceed through the queue, and PacifiCorp's proposed options will provide interconnection customers with the flexibility to employ a variety of business models. We find that PacifiCorp's proposed revision offered in its Deficiency Response provides resources with sufficient flexibility to demonstrate readiness and will not require PacifiCorp to further modify its proposal. Accordingly, consistent with PacifiCorp's offer in its Deficiency Response, we direct PacifiCorp to submit a compliance filing within 45 days of the date of this order that revises this provision to make it available to all interconnection customers.

103. We disagree with CREA that the \$3,000/MW deposit is excessive. This level of deposit at the start of the interconnection process is similar to other deposit requirements the Commission has accepted.<sup>129</sup>

104. We disagree with SEIA that the enhanced readiness criteria for resources that have not yet demonstrated commercial readiness prior to proceeding to the Facilities Study is unreasonable. This approach is consistent to the enhanced financial requirement accepted by the Commission in *PNM* and ensures that resources are moving toward commercial viability as they proceed through the study process.<sup>130</sup>

105. We do not believe that additional changes to the readiness criteria are necessary to render this proposal consistent with or superior to the *pro forma* LGIP. PacifiCorp has provided a range of options for an interconnection customer to demonstrate readiness and the ability to demonstrate readiness through a site-specific purchase order only enhances these options. However, we encourage PacifiCorp to evaluate these commercial readiness criteria as it gets more experience with the new interconnection process and to propose improvements as appropriate.

**d. Withdrawal Penalties**

106. As part of its interconnection queue reforms, PacifiCorp proposes revised deposits as well as withdrawal penalties for interconnection customers that exit the queue. PacifiCorp states that interconnection customers are permitted to withdraw at any time. PacifiCorp states that withdrawal penalties will apply to large generator interconnection customers that choose to withdraw or do not otherwise reach commercial operation unless: (1) the withdrawal does not negatively affect the timing or cost of other projects in the same Cluster; (2) the large generator withdraws after receiving the most recent Cluster Study Report and the costs assigned to the interconnection customer have

---

<sup>129</sup> See *PNM*, 136 FERC ¶ 61,231; MISO Open Access Transmission Energy and Operating Reserve Markets Tariff, attach. X, § 3.3.1.

<sup>130</sup> PNM OATT, attach. N, § 7.7 (a).

increased 25% compared to the previous Cluster Study Report, or (3) the large generator withdraws after receiving the individual Facilities Study report and the costs assigned to the interconnection request have increased by more than 100% compared to costs identified in the most recent Cluster Study Report.<sup>131</sup>

107. PacifiCorp states that withdrawal penalties will increase as the large generator interconnection customer moves through the study process. PacifiCorp states that such increasing penalties are needed to account for the harms that occur when projects drop out of the study queue. PacifiCorp also states that because it has provided interconnection customers with the option to provide payment in lieu of showing commercial readiness, it must increase withdrawal penalties to incentivize only those projects moving towards commercial operation to stay in the queue.<sup>132</sup>

**i. Comments**

108. SEIA asserts that PacifiCorp could expose a developer to substantial penalties in the event PacifiCorp entered a term sheet but later cancelled after reviewing the results of a cluster re-study.<sup>133</sup> Similarly, SEIA states that the proposal lacks a relief valve for federal or state permitting denials in the event that the developer receives word that a federal land permit was denied after executing an LGIA and be subject to an uncapped penalty of nine times the study costs incurred.

**ii. Answers to Comments in Deficiency Response**

109. In response to SEIA, PacifiCorp states that the proposed withdrawal penalties are reasonable and consistent with what the Commission has accepted previously.<sup>134</sup> PacifiCorp states that PacifiCorp proposes penalties for withdrawals only under certain conditions. Any such penalty will be capped at the withdrawing customer's actual study costs except where: (1) the withdrawing customer relied on the readiness deposit option, in which case, penalties escalate in a manner similar to those in PSCo's tariff; or (2) the withdrawal occurs following LGIA execution and before commercial operation.<sup>135</sup>

---

<sup>131</sup> PacifiCorp Transmittal at 30-31.

<sup>132</sup> *Id.* at 3.

<sup>133</sup> SEIA Protest at 10.

<sup>134</sup> Deficiency Response at 20.

<sup>135</sup> *Id.*



**iii. Comments on Deficiency Response**

110. SEIA argues that, with respect to withdrawal penalties, PSCo is not a comparable precedent and the Commission should reject these severe and unjustified withdrawal penalties within PacifiCorp's territory.<sup>136</sup> SEIA states that, in the 2017 RFP, PacifiCorp eliminated bids from projects that planned to interconnect behind a transmission constraint. SEIA states that, while PacifiCorp has not disclosed the details of its upcoming RFP, if it modeled off of prior solicitations, it is expected that projects with superior interconnections will be prioritized.

111. NewSun agrees with SEIA that the withdrawal penalties are too high, and that PacifiCorp has not demonstrated that they are necessary.<sup>137</sup>

**iv. Commission Determination**

112. We find that PacifiCorp's withdrawal penalty proposal is consistent with or superior to the *pro forma* LGIP because it strikes a reasonable balance between increasing the requirements for keeping a queue position and minimizing barriers to entry. The withdrawal penalties provide an incentive to interconnection customers to ensure that their interconnection-related decisions take into account the costs associated with an interconnection customer withdrawing from the queue.

113. We disagree with SEIA that the withdrawal penalties overly penalize interconnection customers that are forced to withdraw from the queue. The withdrawal penalties should encourage prudent siting decisions and the timely acquisition of permits to limit the potential for situations like the one described by SEIA. Furthermore, we note that PacifiCorp's proposal exempts interconnection customers from withdrawal penalties to the extent their withdrawal does not inconvenience other interconnection customers. Therefore, under PacifiCorp's proposal, an interconnection customer that is assessed withdrawal penalties has imposed costs and delays on other interconnection customers in its cluster. We conclude that PacifiCorp's withdrawal penalty proposal reasonably assesses costs to these interconnection customers, while providing limited exemptions, such as when its cost responsibility significantly increases.

---

<sup>136</sup> SEIA Protest at 9.

<sup>137</sup> NewSun Protest to Deficiency Response at 11.

## 2. Transition Process

114. PacifiCorp emphasizes that its existing interconnection queue faces significant challenges including constant backlogs and delays.<sup>138</sup> PacifiCorp states that it must clear out the existing queue to allow commercially viable projects to proceed to interconnection. PacifiCorp states that failure to do so would undermine prospective queue reforms by perpetuating the cause of delays that have made the current interconnection process challenging.

115. PacifiCorp notes that the Transition Process will apply to all interconnection requests received and pending by January 31, 2020.<sup>139</sup> PacifiCorp states that interconnection requests that are in the queue and, as of April 1, 2020, have received a Facilities Study Agreement or are beyond that point but have not yet executed an interconnection agreement, will have the option to complete their serial interconnection process, but will be required to meet commercial readiness criteria. Interconnection requests received after January 31, 2020 will continue to be processed serially until the effective date of the revised interconnection process, at which point they will be deemed entered into the first Cluster Study of the prospective process.

116. Under PacifiCorp's proposal, the readiness requirements that large generator interconnection requests will be required to meet by October 15, 2020 to enter the Transition Cluster are:

(1) an executed term sheet (or comparable evidence) related to a contract for sale of: (i) the constructed Generating Facility to an LSE or to a commercial, industrial, or other large end-use customer; (ii) the Generating Facility's energy where the term of sale is not less than five years; or (iii) the Generating Facility's ancillary services if the Generating Facility is an electric storage resource where the term of sale is not less than five years;

(2) an executed contract binding upon the parties for sale of: (i) the constructed Generating Facility to an LSE or to a commercial, industrial, or other large end-use customer; (ii) the Generating Facility's energy where the term of sale is not less than five years; or (iii) the Generating Facility's ancillary services if the Generating Facility is an electric storage resource where the term of sale is not less than five years; or

---

<sup>138</sup> PacifiCorp Transmittal at 37.

<sup>139</sup> *Id.*

(3) reasonable evidence that the project has been selected in a Resource Plan or Resource Solicitation Process by or for an LSE, or is being developed for purposes of a sale to a commercial, industrial, or other large end-use customer.<sup>140</sup>

117. PacifiCorp states that small generators are not required to meet readiness requirements. PacifiCorp notes that under this Transition Process, large generators have about eight months from the date of filing to meet the readiness criteria, which PacifiCorp states is longer than the 30 days PSCo afforded interconnection customers in its transition process. PacifiCorp states that in addition to meeting the commercial readiness requirements, interconnection customers would have to demonstrate Site Control or post a \$10,000 deposit.

118. PacifiCorp states that it will use reasonable efforts to complete the Transition Cluster Study within 150 days.<sup>141</sup> PacifiCorp states that at that point it will provide interconnection customers with an Interconnection Facilities Study agreement and a non-binding good faith estimate of the cost and timeframe of completing the Transition Interconnection Facilities Study.<sup>142</sup> PacifiCorp states that it would then have 15 calendar days to execute the agreement and return it to PacifiCorp. PacifiCorp states that interconnection customers would then have two additional requirements when they return the agreement to PacifiCorp. First, resources that used a \$10,000 deposit in lieu of Site Control must demonstrate actual Site Control.<sup>143</sup> Second, PacifiCorp states that interconnection customers that initially demonstrated commercial readiness through a term sheet must submit an executed contract or reasonable evidence of selection in a procurement process by an LSE or development by an LSE.<sup>144</sup>

119. PacifiCorp states that late-stage interconnection requests (i.e., those that are at or beyond the point where they have been tendered a Facilities Study Agreement) will have the option to proceed under the serial approach or opt-in to the Transition Cluster.<sup>145</sup> To proceed under the serial approach, late-stage interconnection requests will have to meet

---

<sup>140</sup> *Id.* at 39 (citing Proposed Tariff, attach. W, § 2.1.1).

<sup>141</sup> *Id.* at 42.

<sup>142</sup> *Id.* at 43.

<sup>143</sup> *Id.* at 40.

<sup>144</sup> *Id.* PacifiCorp notes that late-stage interconnection requests will not be required to meet these enhanced readiness requirements at the Transition Facilities Study stage but will have to do so prior to executing an LGIA. *Id.* at 44.

<sup>145</sup> *Id.* at 44-45.

the heightened readiness criteria that is required upon execution of the Facilities Study Agreement for other participants in the Transition Process. To the extent these late-stage requests opt to participate in the Transition Cluster, they would be required to meet the same readiness requirements that other participants in the Transition Cluster are required to meet.

120. PacifiCorp states that the Transition Process is necessary to clear out its queue and promote competition in the wholesale market.<sup>146</sup> PacifiCorp states that its proposal to process all interconnection requests made after January 31, 2020 under the prospective process is just and reasonable. PacifiCorp states that this delineation is reasonable because PacifiCorp's existing queue must be processed in a more efficient manner in order to clear the way for commercially viable projects. PacifiCorp states that this date is consistent with the cutoff date approved for PSCo, which was only three weeks after filing.<sup>147</sup>

121. PacifiCorp states that the readiness criteria for its Transition Process are appropriate. PacifiCorp states that this aspect of its Transition Process is based on the premise that projects that are commercially ready in the near term should be allowed to proceed with their interconnection and not be further delayed by speculative projects that are higher in the queue.<sup>148</sup> PacifiCorp also states that permitting large generators to submit a financial security to demonstrate readiness for the Transition Process would undermine this purpose.

122. PacifiCorp also states that requiring interconnection customers to demonstrate readiness by October 15, 2020 is reasonable. PacifiCorp notes that this date is tied to its anticipated 2020 RFP. PacifiCorp states that the eight-month period will give interconnection customers adequate time to secure a commercial partner and demonstrate readiness. PacifiCorp states that these requirements do little to materially impact viable and late-stage projects.<sup>149</sup> PacifiCorp states that if projects in their late stage have a buyer or off-taker, then the project will be able to satisfy the commercial readiness requirements.

---

<sup>146</sup> *Id.* at 49.

<sup>147</sup> *Id.* at 50 (citing *PSCo*, 169 FERC ¶ 61,182 at PP 65-67).

<sup>148</sup> *Id.*

<sup>149</sup> *Id.* at 51.

123. PacifiCorp states that it will have a special transition process for its planned Gateway South transmission line project.<sup>150</sup> PacifiCorp notes that Gateway South is a planned 400-mile 500 kV transmission line providing an outlet for new generation in the wind-rich region of eastern Wyoming. PacifiCorp states that the Cluster Study for this region will study how many additional pending interconnection requests can be granted based on Gateway South alone. PacifiCorp states that to the extent there is more demand in that cluster than there is interconnection capacity on Gateway South, the interconnection capacity will be allocated based on existing queue position. For the remaining projects in the cluster, PacifiCorp will identify the additional upgrades that will permit interconnection of the entire cluster. PacifiCorp will distribute the remaining capacity available due to the Gateway South transmission line according to an interconnection customer's current queue position to the extent supply exceeds demand.

**a. Comments**

124. Renewable Northwest notes that PacifiCorp states that the October 15, 2020 readiness date is reasonable because it aligns with PacifiCorp's 2020 RFP. However, Renewable Northwest states that PacifiCorp has not provided any detail as to the dates of the RFP and how the process will align with the Transition Process. Given this uncertainty, Renewable Northwest argues that the October 15, 2020 date does not provide sufficient time for participants in various procurement processes to show readiness. Renewable Northwest requests that the Commission require a 60-day extension to this date.<sup>151</sup>

125. Renewable Northwest also states that the January 31, 2020 cutoff date for participation in the Transition Cluster is unreasonable because participants were given no notice that the date of filing would be the final date for interconnection customers to submit an interconnection request and participate in the Transition Cluster. Renewable Northwest requests that the Commission require PacifiCorp to adjust the deadline to a prospective date so that all customers can have notice of the deadline.

126. NIPPC asserts that PacifiCorp does not discuss in detail the linkage between the timing of the Transition Cluster to coincide with the timing of an RFP in 2020, or the linkage between prospective clusters and future RFPs. NIPPC proposes that an alternative option would be a window to initiate the Transition Cluster between October 1 and December 31.<sup>152</sup>

---

<sup>150</sup> *Id.* at 43.

<sup>151</sup> Renewable Northwest Comments at 3.

<sup>152</sup> NIPPC Comments at 5-6.

127. Interwest also states that the deadline for qualification for the proposed transitional cluster process should be extended for a period of 60 days because it is fixed in time, but qualification is impacted by state regulatory review processes which may conclude on an uncertain timeline. Interwest notes that PacifiCorp acknowledges in its filing that it intended the Transition Process to be coordinated with and accommodate the 2020 RFP to implement its 2019 resource plan.

128. BluEarth and Innergex assert that PacifiCorp should be required to provide clarification on the options available for viable and economic projects that are successfully shortlisted in a resource solicitation but do not yet have an executed interconnection agreement in the Gateway South region and are in excess of the 1,920 MW of Gateway South capacity.<sup>153</sup> BluEarth and Innergex state that interconnection customers that do not get allocated Gateway South capacity face potentially prohibitive Network Upgrades costs. BluEarth and Innergex also argue that Gateway South dependent projects should enjoy the opportunity for a limited number of optional informational studies.

**b. Deficiency Letter and Response with Answers to Comments**

129. In the Deficiency Letter, staff sought clarification as to whether PacifiCorp planned to coordinate its upcoming RFP with the timing of its transition interconnection process. Staff asked whether PacifiCorp would extend the October 15, 2020 transition deadline if the RFP is delayed and therefore causes resources currently in the queue to be unable to show commercial readiness.

130. PacifiCorp states that the preliminary shortlist of projects will be announced by the third quarter of 2020. PacifiCorp states that based on this schedule, and with the knowledge that projects currently in the interconnection queue may wish to use their selection on the preliminary shortlist to satisfy the commercial readiness requirements, it proposed the transition deadline of October 15, 2020. PacifiCorp also states that even if the shortlist came out at the very end of the third quarter 2020, i.e., September 30, 2020, there would still be 15 days for projects that had met all of the other eligibility requirements and been selected in the preliminary shortlist to confirm they are moving forward in the Transition Process. PacifiCorp states that if ordered by the Commission, on compliance, PacifiCorp is willing to change the transition deadline to 15 days after the publication of the preliminary shortlist, but no later than October 31, 2020.

131. Staff also asked how PacifiCorp will coordinate future RFPs with its interconnection timeline to ensure non-discriminatory access for all market participants. PacifiCorp explains that the timing of the Transition Process to coincide with the 2020

---

<sup>153</sup> BluEarth and Innergex Comments at 11.

RFP was the result of strong stakeholder sentiment recognizing that selection in the RFP could be used to satisfy readiness requirements in the Transition Process. PacifiCorp emphasizes that it does not manage the RFPs that the company's resource procurement arm conducts in accordance with state requirements, and thus PacifiCorp has no basis to align its queue process with any future RFPs that may or may not occur.<sup>154</sup>

132. PacifiCorp states that the January 31, 2020 cutoff date is consistent with PacifiCorp's goal of clearing out the existing interconnection queue.<sup>155</sup> PacifiCorp states that it has been engaging with the development community on queue reform issues since it initiated its queue reform stakeholder proceeding in June 2019. Renewable Northwest and all other stakeholders that participated in that stakeholder process knew that PacifiCorp planned to submit its reform proposal to the Commission and had over six months to submit an interconnection request before PacifiCorp submitted its filing. PacifiCorp saw a significant increase in interconnection requests during its stakeholder process and leading up to its filing. According to PacifiCorp, these facts demonstrate that not only did stakeholders have sufficient notice to submit interconnection requests, but actually did submit interconnection requests prior to January 31, 2020. This conclusion is further supported by the fact that no other commenters have claimed that the Transition Close Date is unjust and unreasonable.<sup>156</sup>

133. PacifiCorp states that, as a result of the high demand for transmission interconnection capacity along that corridor, PacifiCorp proposed a transition process specific to Gateway South in order to determine which Gateway South-dependent projects would be allocated the capacity not already committed to customers in their LGIAs, and which projects would be contingent on Network Upgrades.<sup>157</sup>

134. PacifiCorp states that PacifiCorp clarifies that the cost of the identified incremental Network Upgrades will be allocated among all members of the Gateway South Transition Cluster, including those interconnecting to the pre-existing available capacity (but not including those with executed LGIAs).<sup>158</sup>

---

<sup>154</sup> Deficiency Response at 5.

<sup>155</sup> *Id.* at 10.

<sup>156</sup> *Id.*

<sup>157</sup> *Id.* at 22.

<sup>158</sup> *Id.* at 23.

135. PacifiCorp states that PacifiCorp has not proposed any changes to existing, executed interconnection agreements. Consequently, interconnection customers' rights and obligations under their executed agreements are not changing as a result of the proposed queue reforms. In addition, PacifiCorp has not modified the definition of a Material Modification other than clarifications to Section 39.4 to address the Cluster Study Process. Thus, the Material Modification analysis remains the same interconnection customers with executed LGIAs continue to have the same opportunity to propose modifications, and PacifiCorp will assess whether such changes constitute a Material Modification.<sup>159</sup>

136. PacifiCorp states that regarding the upcoming RFP, while PacifiCorp is a single company, it is important to note that the queue reforms proffered in this proceeding came from PacifiCorp Transmission, whereas PacifiCorp's resource procurement team is responsible for administering the RFP. PacifiCorp Transmission cannot provide assurances or other information regarding the RFP beyond what is already publicly available.<sup>160</sup>

137. PacifiCorp clarifies that the cost of the identified incremental Network Upgrades will be allocated among all members of the Gateway South Transition Cluster, including those interconnecting to the pre-existing available capacity (but not including those with executed LGIAs).<sup>161</sup>

**c. Comments on Deficiency Response**

138. CREA further argues that generators currently in the queue should have the option of paying the \$3,000/MW deposit to remain in the queue. CREA argues that this option is unlikely to be abused because a project developer is unlikely to tie up substantial amounts of money in an unviable project. CREA states that interconnections currently in the queue should be allowed to defer their interconnection request to the extent they do not currently meet the readiness criteria to enter the Transition Cluster. CREA states that this approach allows investors to retain the value of their investment and does no harm to others in the queue because of the shift to a Cluster Study approach based on a readiness to develop.<sup>162</sup>

---

<sup>159</sup> *Id.* at 24.

<sup>160</sup> *Id.*

<sup>161</sup> *Id.* at 23.

<sup>162</sup> CREA Protest to Deficiency Response at 38.



139. Interwest notes that PacifiCorp's January 31, 2020 cutoff date to enter the Transition Cluster gave interconnection customers no notice and will essentially preclude anyone who missed the deadline from participating in the upcoming RFP.<sup>163</sup> Interwest suggests that a cutoff date of 15 days following the Commission's order be allowed.<sup>164</sup>

140. Interwest states that PacifiCorp's proposal to extend the Transition Cluster deadline to October 31, 2020 does not provide enough flexibility. Interwest notes that this is particularly true in light of the fact that regulatory processes surrounding the RFP have been slowed by the coronavirus pandemic.<sup>165</sup> Interwest suggests an extension to December 15, 2020 if necessary.

141. BluEarth states that PacifiCorp argued that the proposed Transition Readiness Deadline of October 15, 2020 gave ample time for developers to confirm to the transmission provider that the project is moving forward in the Transition Process, even if the shortlist came at the very end of the third quarter of 2020, i.e., September 30, 2020. However, BluEarth notes that in a filing submitted in Oregon PacifiCorp estimates publication of its shortlist on October 14, 2020.<sup>166</sup>

**d. PacifiCorp Answer**

142. PacifiCorp states that it believes the January 31, 2020 cutoff date is just and reasonable. PacifiCorp states that it conducted a six-month stakeholder process and that its plan to move forward with queue reform was not a surprise. PacifiCorp further states that its proposal is similar to the cutoff date that the Commission accepted for PSCo.<sup>167</sup> Nevertheless, PacifiCorp states that if the Commission finds that PacifiCorp's proposal would be just and reasonable but for the January 31, 2020 cutoff date for eligibility to participate in the Transition Process, it would agree to an April 1, 2020 cutoff date.

143. With regard to the extended October 31, 2020 readiness deadline, PacifiCorp states that arguments based on RFP eligibility should be rejected.<sup>168</sup> PacifiCorp states that an interconnection customer's inability to participate in the Transition Process does

---

<sup>163</sup> Interwest Protest to Deficiency Response at 4.

<sup>164</sup> *Id.* at 5.

<sup>165</sup> *Id.* at 7.

<sup>166</sup> BluEarth Protest to Deficiency Response at 5, 6.

<sup>167</sup> PacifiCorp Answer at 11 (citing *PSCo*, 169 FERC ¶ 61,182 at PP 65, 67).

<sup>168</sup> *Id.* at 9.

not prevent them from participating in a later Cluster Study. PacifiCorp states that while some stakeholders are focused on the RFP, it has an obligation to all interconnection customers to seek Commission approval of long-term processing improvements, the first step of which is an orderly clearing out of the current backlog through the Transition Process.<sup>169</sup>

**e. Commission Determination**

144. We find that PacifiCorp has demonstrated that its proposed Transition Process is just and reasonable. Given the challenges that PacifiCorp has experienced operating its interconnection queue, we find the proposed transition process is a reasonable means for PSCo to implement the Queue Reform Proposal and resolve the interconnection queue backlog. PacifiCorp's Transition Process appropriately protects interconnection customers that are in the late stages of interconnection by not disrupting already signed interconnection agreements and continuing to process late stage interconnection request under the currently effective serial process, provided they meet the commercial readiness criteria.

145. We find that the enhanced readiness criteria applicable to the transition process are just and reasonable. PacifiCorp is experiencing a large backlog of interconnection requests and the enhanced readiness criteria will permit commercially viable interconnection requests to move forward as soon as possible. We agree with PacifiCorp that the Transition Process should prioritize the interconnection requests that can currently demonstrate commercial viability. To the extent resources are not able to demonstrate commercial readiness using the criteria, they will be able to join the first prospective Cluster Study using the broader range of options to demonstrate commercial readiness.

146. We do not believe that potential delays in PacifiCorp's RFP render its Transition Process to be unjust and unreasonable. We find that PacifiCorp's proposal will give those currently in the queue sufficient time to demonstrate readiness. To the extent the RFP is significantly delayed, the interconnection requests participating in that process will have the ability to participate in the first prospective Cluster Study, which will take place a few months after the Transition Deadline.

147. Nevertheless, we appreciate the additional flexibility offered by PacifiCorp in its Deficiency Response and accept its offer to provide flexibility on the Transition Readiness Deadline up to October 31, 2020. We therefore direct PacifiCorp to revise its tariff to do so and to file that change in a compliance filing no later than 45 days from the date of this order.

---

<sup>169</sup> *Id.* at 10.

148. We agree with PacifiCorp that its January 31, 2020 cutoff date is reasonable. The Transition Process accounts for the significant amount of interconnection requests currently in the queue and creates a mechanism for efficiently processing those requests while moving forward to a more efficient process.

149. We find PacifiCorp's proposal to transition interconnection customers in the Gateway South Transition Cluster to be just and reasonable. PacifiCorp's proposal to allocate capacity that should require fewer Network Upgrade costs based on those highest in the queue who have satisfied the commercial readiness requirements is consistent with the Commission's statement in Order No. 2003 that "Queue Position must play a critical role in determining cost responsibility, and expect the Transmission Provider to give appropriate recognition to Queue Position when it develops its cost allocation rules."<sup>170</sup>

### **3. Miscellaneous Issues**

#### **a. Comments**

150. NIPPC takes issue with PacifiCorp's Business Practice 73, which is an existing business practice stating that PacifiCorp cannot model interconnection service for new interconnection requests if "the aggregate of existing generation, higher-queued proposed generation, and generators with executed agreements" in PacifiCorp's BAA "reach levels that exceed load in that BAA." NIPPC states that as a practical matter, the business practice shut down all new interconnection requests in PacifiCorp's BAA. NIPPC notes that it encouraged PacifiCorp to revise its modeling procedures to accurately reflect power flows outside of PacifiCorp's BAA as well as anticipated future loads.<sup>171</sup>

151. SEIA states that it not clear where facilities that are deemed QFs under the Public Utility Regulatory Policies Act of 1978 (PURPA)<sup>172</sup> fit within the bifurcation between state jurisdictional interconnections and Commission interconnections.<sup>173</sup> SEIA observes that in some states, PacifiCorp relies on its Commission-jurisdictional process to interconnect QFs and in other states PacifiCorp relies on a state-jurisdictional process.

---

<sup>170</sup> Order No. 2003, 104 FERC ¶ 61,103 at P 144.

<sup>171</sup> NIPPC Comments at 3.

<sup>172</sup> 16 U.S.C. § 2601 *et seq.*

<sup>173</sup> SEIA Protest at 12.

152. NIPPC requests clarification regarding how the commercial readiness criteria will apply to QFs under PURPA.<sup>174</sup> NIPPC claims that, under PacifiCorp's requirement that QFs provide evidence that any necessary interconnection studies and transmission arrangements have been completed prior to proceeding with the PURPA contracting process, QFs will be unable to provide such evidence because they will not be able to demonstrate commercial readiness to obtain the interconnection studies.

153. REC and CREA state that PacifiCorp's proposed reforms, when applied in conjunction with PacifiCorp's state tariffs governing QF PPA negotiations, will create a dilemma, whereby it will be impossible for a QF to comply with both the interconnection and PPA negotiation processes. They explain that this is because of rigid commercial readiness requirements PacifiCorp proposes and their direct conflict with the QF's obligation to meet certain interconnection milestones in the PPA negotiation process, which will have the practical impact of allowing PacifiCorp to refuse to enter into any new PPAs with QFs 20 MW and above.<sup>175</sup>

154. According to REC and CREA, a QF could only satisfy commercial readiness with a term sheet or executed PPA, because QFs generally do not bid into RFPs. However, because PacifiCorp's state QF tariffs often require that the QF submit evidence that any necessary interconnection studies have been completed before PacifiCorp will provide a draft PPA, the QF will not be able to obtain a term sheet or executed PPA prior to entering the interconnection process. Similarly, the QF will also not be able to demonstrate commercial readiness at the Facilities Study Agreement stage in the interconnection queue, because the timelines are too quick to allow the QF to execute a PPA under most of PacifiCorp's current state QF tariffs.

155. REC and CREA state that the Commission should require that PacifiCorp amend its proposed process to exempt not only the small interconnection customers but also any state-jurisdictional interconnection customer from the commercial readiness requirement, and provide for more frequent, semiannual studies. According to REC and CREA, although PacifiCorp asserts that small and state jurisdictional interconnection customers are not the main problem with its interconnection queue issues, PacifiCorp nevertheless only proposes to exempt small generators from the commercial readiness requirements and not state jurisdictional ones as well.<sup>176</sup>

---

<sup>174</sup> NIPPC Comments at 11.

<sup>175</sup> REC and CREA Comments 2-3.

<sup>176</sup> *Id.* at 18.

**b. Deficiency Letter and Response with Answers to Comments**

156. Regarding Business Practice 73, staff asked how PacifiCorp currently implements the business practice, how the practice would be implemented under the revised interconnection procedures, and whether the practice limits the availability of NRIS. In its response, PacifiCorp states that Business Practice 73 provides interconnection customers with additional detail regarding how and when non-viable interconnection requests might arise, how PacifiCorp will inform customers when that occurs, and the next steps. PacifiCorp states that it is PacifiCorp's "hope and expectation that the need for Business Practice 73 ultimately becomes obsolete as a result of a well-functioning queue."<sup>177</sup>

157. Regarding QFs, the Deficiency Letter asked PacifiCorp to explain how its proposal would interact with state interconnection procedures in light of the fact that PURPA requires non-discriminatory access for QFs. In response, PacifiCorp states the company intends to transition both federal- and state-jurisdictional interconnection customers into the same Cluster Study process on the same timeline and largely subject to the same requirements.<sup>178</sup>

158. PacifiCorp states, however, that it is not planning to apply the commercial readiness criteria to state-jurisdictional QF interconnection requests during the Transition Process. PacifiCorp states that this means that if a QF that had a request in PacifiCorp's interconnection queue by the January 31, 2020 Transition Close Date has not yet obtained a PPA by the Transition Readiness Deadline, the QF's interconnection request will still be included in the Transition Cluster. PacifiCorp states that it will, however, monitor the state-jurisdictional interconnection request levels in the prospective process and may revisit whether to apply the commercial readiness criteria more broadly in the future.<sup>179</sup>

**c. Comments on Deficiency Response**

159. CREA states that PacifiCorp has not demonstrated that its proposal is consistent with or superior to the Commission's *pro forma* approach and cannot meet this standard because the backlog is the result of the flaws with its study process.<sup>180</sup> CREA notes that PacifiCorp has failed to demonstrate that each segment of its system is subject to a

---

<sup>177</sup> Deficiency Response at 10.

<sup>178</sup> *Id.* at 2.

<sup>179</sup> *Id.* at 3.

<sup>180</sup> CREA Protest to Deficiency Response at 9.

significant queue backlog. CREA states that based on evidence provided by PacifiCorp, the problem largely arises out of PacifiCorp's eastern BAA, PAC-E. CREA notes that 25,000 MW of the backlog is concentrated in Wyoming and Utah.

160. CREA states that PacifiCorp's failure to adequately model its system creates an artificial roadblock to open transmission access.<sup>181</sup> CREA states that PacifiCorp must take into account expected changes to its generation fleet, such as the retirement of coal-fired generation and the demand for new renewable generation.<sup>182</sup> CREA states that PacifiCorp must take into account anticipated future loads such as new data centers arriving in the low cost areas of Oregon and Washington.

161. CREA states that PacifiCorp's flawed modeling is therefore contrary to the purposes of Order No. 888. CREA also states that requiring PacifiCorp to realistically model the interconnected Western transmission system is also consistent with Order No. 845's transparency requirement.<sup>183</sup> CREA further notes that Order No. 845 requires transmission providers to make a "reasonable effort" to complete each stage of the interconnection process and that PacifiCorp fails this test because its modeling does not reflect the actual conditions of the Western interconnection.<sup>184</sup>

162. CREA states that PacifiCorp's response to the Commission's Deficiency Letter skirts the central issue on Business Practice 73. CREA notes that this business practice renders nearly three quarters of PacifiCorp's queue to be commercially non-viable and that this would not be the result of a fair test of commercial viability. CREA states PacifiCorp's proposal risks forcing legitimate projects to surrender their place in PacifiCorp's transmission queue based on phantom congestion created by PacifiCorp's modeling.<sup>185</sup>

163. CREA states that PacifiCorp's statement that it would not apply its readiness criteria to state jurisdictional QFs is inadequate to protect those resources. CREA states that PURPA creates a statutory right to sell power to incumbent utilities, therefore PacifiCorp must assume that any QF has met the readiness criteria. CREA states that

---

<sup>181</sup> *Id.* at 14.

<sup>182</sup> *Id.* at 18-19.

<sup>183</sup> *Id.* at 15 (citing Order No. 845, 163 FERC ¶ 61,043 at P 239).

<sup>184</sup> *Id.* at 16.

<sup>185</sup> *Id.* at 17.

state-jurisdictional QF interconnections should not be subject to PacifiCorp's queue and that all QFs should not be subject to readiness criteria.<sup>186</sup>

164. NewSun states that the Commission should reject PacifiCorp's filing until it corrects the study process such that it produces meaningful results.<sup>187</sup> NewSun states that in fixing its modeling process it should (1) allow power flow on to adjoining systems, (2) study all loads, and (3) study geographically independent clusters separately to avoid process delays.<sup>188</sup> NewSun states that PacifiCorp's proposal is disruptive and departs from the Commission's *pro forma* approach.

165. NewSun also disputes PacifiCorp's description of Business Practice 73. NewSun states that the process provides no detail to the interconnection customer when its project is classified as nonviable. NewSun states that the Commission should convene a technical conference to address PacifiCorp's study process; and, to the extent the Commission accepts PacifiCorp's filing, the Commission should order a settlement proceeding.

**d. PacifiCorp Answer**

166. PacifiCorp states that comments on its modeling approach are beyond the scope of this proceeding.<sup>189</sup> PacifiCorp further states that CREA does not identify with specificity any flaw in PacifiCorp's modeling and offers only general accusations.<sup>190</sup> PacifiCorp states that CREA's comments concerning modeling anticipated load ignore that PacifiCorp uses standardized load forecasts as well as resource information provided by PacifiCorp's customers when conducting system impact studies. PacifiCorp states that it is always willing to discuss modeling practices and would be amenable to a stakeholder process on this issue.<sup>191</sup>

167. Regarding QFs, PacifiCorp states that the Commission has explained that it exercises jurisdiction over a QF interconnection when an electric utility interconnecting with a QF does not purchase all of the QF's output and instead transmits the QF power in

---

<sup>186</sup> *Id.* at 36.

<sup>187</sup> NewSun Protest to Deficiency Response at 2.

<sup>188</sup> *Id.* at 4.

<sup>189</sup> PacifiCorp Answer at 4-5.

<sup>190</sup> *Id.* at 5.

<sup>191</sup> *Id.* at 7.

interstate commerce.<sup>192</sup> PacifiCorp states that, applied here, if PacifiCorp does not purchase all of a QF's output under PURPA then the QF should not be solely relying on PacifiCorp to satisfy the proposed readiness standard. PacifiCorp states that to the extent a QF with a Commission-jurisdictional interconnection is only relying on PacifiCorp to satisfy the proposed commercial readiness criteria because it seeks a PPA that includes the option to sell to third parties, then PacifiCorp will adjust its contract practices, which have to date been based on a serial-queue paradigm.<sup>193</sup>

**e. Commission Determination**

168. PacifiCorp's Business Practice 73 has not been filed with the Commission and is not part of the record in this proceeding. As a result, we do not include Business Practice 73 in our analysis of whether PacifiCorp's tariff filing is consistent with or superior to Order No. 2003. However, we note that protestors have raised concerns that PacifiCorp is limiting NRIS service because there is no off-taker on PacifiCorp's system and that PacifiCorp does not deny this characterization. To the extent PacifiCorp seeks to limit NRIS service due to an asserted lack of deliverability, we remind PacifiCorp that NRIS and ERIS do not guarantee deliverability, nor do they constitute transmission service, and therefore PacifiCorp's proffered reason for this limitation appears inconsistent with Order No. 2003.<sup>194</sup>

169. Regarding the comments requesting clarification on PacifiCorp's treatment of state-jurisdictional QFs, we note that although PacifiCorp plans to process state jurisdictional QFs as part of this same process, state-jurisdictional QFs are not governed by these Tariff provisions. Therefore, concerns about the treatment of state-jurisdictional QFs are outside the scope of this proceeding. We remind all parties, however, that PURPA requires non-discriminatory access for all QFs.

170. Regarding the Commission-jurisdictional interconnection of QFs, we disagree that PacifiCorp should be required to automatically assess Commission-jurisdictional QFs as commercially viable simply due to the statutory obligations associated with QFs. Although electric utilities' PURPA obligation to purchase QF output at avoided cost rates may improve a QF's viability compared to non-QFs that might otherwise be similarly situated, it does not necessarily guarantee viability. For example, avoided cost rates may still be lower than a particular QF's costs. For the purposes of interconnection,

---

<sup>192</sup> *Id.* at 13 (citing Order No. 2003, 104 FERC ¶ 61,103 at P 813).

<sup>193</sup> *Id.*

<sup>194</sup> Order No. 2003, 104 FERC ¶ 61,103 at P 769.



the commercial readiness criteria discussed above appear just as relevant for QFs as for other generators.

The Commission orders:

(A) PacifiCorp's filing is hereby accepted, subject to condition, as discussed in the body of this order.

(B) PacifiCorp is hereby directed to file a compliance filing within 45 days of the date of this order, as discussed in the body of this order.

(C) PacifiCorp is hereby directed to submit an informational report two years from the effective date of this filing, as discussed in the body of this order.

By the Commission. Commissioner Danly is concurring with a separate statement attached.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

PacifiCorp

Docket Nos. ER20-924-000  
ER20-924-001

(Issued May 12, 2020)

DANLY, Commissioner, *concurring*:

1. Today, the Commission accepts PacifiCorp's proposed tariff revisions, subject to a compliance filing, to transition PacifiCorp's Large Generator Interconnection Procedures (LGIP) and Small Generator Interconnection Procedures (SGIP) from the current, serial "first-come, first-served" interconnection queue process to a clustered "first-ready, first-served" interconnection queue process. I support this action, which represents an important first step in clearing the backlog in PacifiCorp's interconnection queue and in allowing PacifiCorp to process future interconnection requests more efficiently. I write separately not because I disagree with the Commission taking action to bring order to interconnection queues, but because I think that the Commission's orders to date have not gone nearly far enough.

2. PacifiCorp argues that the current process encourages speculative projects to enter the queue because it does not require any progress toward commercial viability and does not penalize withdrawals from the queue.<sup>1</sup> I agree.

3. I recognize that the Commission intends for its interconnection policy to enhance the ability of new generation resources to interconnect with the transmission system, thereby promoting competition in wholesale electric markets. I share that goal. Ironically, however, the Commission's efforts in pursuit of that objective have had the opposite effect. As PacifiCorp explains, as of October 28, 2019, it had 161 Commission-jurisdictional LGIP requests in its interconnection queue for a total of 37,393 MW, and 2,741 MW of state-jurisdictional and SGIP requests.<sup>2</sup> This is over 300% more capacity than PacifiCorp's peak load, which is approximately 12,600 MW.<sup>3</sup> PacifiCorp's situation is not unique. For example, in a recent filing, Public Service Company of Colorado indicated that it served approximately 6,900 MW of native load in its balancing authority area, but had over 22,000 MW of generation interconnection requests pending in its LGIP

---

<sup>1</sup> PacifiCorp Transmittal, Ex. PAC-1 at 9.

<sup>2</sup> PacifiCorp Transmittal at 10.

<sup>3</sup> *See id.*

interconnection queue.<sup>4</sup> And the Midcontinent Independent System Operator, Inc. (MISO) has a massive interconnection queue—as of September 15, 2019, the queue included 590 projects totaling 91.6 gigawatts.<sup>5</sup> The resulting lengthy interconnection queues have overwhelmed transmission providers who struggle to process interconnection requests efficiently and on a timely basis, increasing uncertainty and impeding critical business decisions. This ultimately discourages, rather than encourages, the interconnection of new generation resources.

4. Moreover, the interconnection queues impose a cost beyond the delays directly suffered by the applicants. For example, PacifiCorp notes that about 75% of all interconnection requests ultimately withdraw from the queue, and those withdrawals are themselves a cause of further delay because they trigger restudies.<sup>6</sup>

5. I therefore urge transmission utilities to explore new queue procedures and to submit tariff revisions aimed at reducing the substantial existing backlogs and ensuring that such backlogs do not occur again in the future. I recognize that taking steps to impose additional requirements on new interconnection applications almost certainly will discourage some number of beneficial projects at the margins, in addition to cutting down on speculative applications. However, I am confident that streamlining interconnection queues by reducing the number of speculative applications would result in benefits that more than make up for the loss of such projects.

For these reasons, I respectfully concur.

---

James P. Danly  
Commissioner

---

<sup>4</sup> *Pub. Serv. Co. of Colo.*, 169 FERC ¶ 61,182, at P 8 (2019).

<sup>5</sup> *Midcontinent Indep. Sys. Operator, Inc.*, 169 FERC ¶ 61,173, at P 9 (2019).

<sup>6</sup> PacifiCorp Transmittal at 11.