169 FERC ¶ 61,182
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Public Service Company of Colorado	Docket Nos. ER19-2774-000 ER19-2774-001

ORDER ON TARIFF FILING

(Issued December 4, 2019)

1. On September 9, 2019, Public Service Company of Colorado (PSCo) submitted,[1] under section 205 of the Federal Power Act (FPA),[2] proposed revisions to its Large Generator Interconnection Procedures (LGIP) and Large Generator Interconnection Agreement (LGIA) contained in Attachment N of the Xcel Energy Operating Companies Open Access Transmission Tariff.[3] In this order, we accept in part and reject in part the proposed tariff revisions, effective December 5, 2019, as requested, subject to the outcome of PSCo's Order No. 845[4] compliance filing in Docket No. ER19-1864-001.[5]

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[1] On September 11, 2019, PSCo submitted an errata filing in Docket No. ER19-2774-001 with a corrected version of an exhibit.

[2] 16 U.S.C. § 824d (2018).

[3] PSCo is a wholly-owned subsidiary of Xcel Energy, Inc. (Xcel Energy). PSCo is the designated eTariff filing entity for the Xcel Energy Tariff, under the Joint Tariff Filing procedures outlined in Order No. 714. *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270, at P 63 (2008).

[4] *Reform of Generator Interconnection Procedures and Agreements*, Order No. 845, 163 FERC ¶ 61,043 (2018), *order on reh'g*, Order No. 845-A, 166 FERC ¶ 61,137, *errata notice*, 167 FERC ¶ 61,123 (Errata Notice), *order on reh'g*, Order No. 845-B, 168 FERC ¶ 61,092 (2019).

[5] PSCo submitted its filing to comply with the requirements of Order No. 845 on September 9, 2019. PSCo's compliance filing is pending Commission action.

I. Background

A. History of Interconnection Queue Procedures

2. In Order No. 2003,[6] the Commission required public utilities that own, control, or operate transmission facilities to file standard generator interconnection procedures and a standard agreement to provide interconnection service to generating facilities with a capacity greater than 20 megawatts (MW). To this end, the Commission adopted the *pro forma* LGIP and LGIA, and required all public utilities subject to Order No. 2003 to modify their tariffs to incorporate the *pro forma* LGIP and LGIA. Transmission providers were also permitted to seek variations from the *pro forma* LGIP and LGIA if they were "consistent with or superior to" the terms of the *pro forma* LGIP and LGIA.[7]

3. In response to concerns about the effectiveness of queue management, the Commission held a technical conference on December 11, 2007 in Docket No. AD08-2-000. In the order following the technical conference, the Commission stated that all transmission providers should be evaluating whether changes are needed to their queue management practices to ensure the expediency called for by Order No. 2003. Noting the magnitude of the backlogs in RTO/ISO-managed queues at the time, the Commission provided guidance to assist RTOs/ISOs and their stakeholders in their efforts to improve queue processing. Specifically, the Commission stated its belief that there are three types of variations that, individually or in combination, could speed up queue processing while remaining faithful to the goals of Order No. 2003: (1) increasing the requirements for obtaining and keeping a queue position, such as increasing deposit amounts; (2) eliminating the interconnection feasibility study as a separate step to reduce

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[6] *Standardization of Generator Interconnection Agreements and Procedures,* Order No. 2003, 104 FERC ¶ 61,103 (2003), *order on reh'g*, Order No. 2003-A, 106 FERC ¶ 61,220, *order on reh'g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004), *order on reh'g*, Order No. 2003-C, 111 FERC ¶ 61,401 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. 1230 (2008).

[7] Order No. 2003, 104 FERC ¶ 61,103 at P 825. The Commission also permitted transmission providers to justify a variation from the *pro forma* LGIP or LGIA based on regional reliability requirements, and required transmission providers to submit these regional reliability variations to the Commission for approval under the relevant reliability standard. In addition, with regard to regional transmission organizations and independent system operators (RTOs/ISOs), the Commission stated that it would allow independent entity variations for pricing and non-pricing provisions, and that RTOs/ISOs "shall have greater flexibility to customize [their] interconnection procedures and agreements to fit regional needs." *Id*. P 826.

processing time without harming interconnection customers; and (3) instituting a first-ready, first-served approach, under which customers who demonstrate the greatest ability to move forward with project development are processed first.[8]

4. In Order No. 845, the Commission revised the *pro forma* LGIP and LGIA to implement specific reforms designed to improve certainty for interconnection customers, promote more informed interconnection decisions, and enhance the interconnection process.[9]

B. PSCo's Current Interconnection Procedures

5. PSCo currently processes interconnection requests in a serial manner, consistent with the *pro forma* LGIP.[10] In order to accommodate Colorado state integrated resource planning and competitive acquisition requirements, PSCo's current LGIP includes resource solicitation procedures that allow a soliciting load-serving entity (a resource planning entity) to request a queue position as agent for bidders participating in a Resource Solicitation Process.[11] With a single queue position for the resource planning entity, PSCo can perform clustered feasibility and system impact studies on different combinations of bids in the solicitation and determine system and upgrade costs for each combination.[12]

6. In March 2018, PSCo filed a request to revise Article 5.16 of its *pro forma* LGIA to limit the terms under which an interconnection customer could place a project in suspension. In the filing, PSCo argued that the proposed revisions to its LGIA were needed because its serial study process, and numerous restudies, has resulted in a significant interconnection request backlog. The Commission rejected the filing, finding that PSCo had not demonstrated that its proposal to amend the suspension provision of its

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[8] *Interconnection Queuing Practices*, 122 FERC ¶ 61,252, at PP 4, 16-18 (2008) (2008 Order).

[9] Order No. 845, 163 FERC ¶ 61,043 at P 2.

[10] Under PSCo's serial processing queue, if a higher-queued generator modifies its project or withdraws from the queue, all lower-queued projects may need to be restudied.

[11] *Xcel Energy Operating Cos.*, 109 FERC ¶ 61,072 (2004).

[12] PSCo Transmittal Letter at 25.

LGIA was consistent with or superior to the *pro forma* LGIA.[13] However, the Commission encouraged PSCo to work with its stakeholders to develop potential reforms to the PSCo interconnection procedures to help alleviate its interconnection queue problems.[14]

7. In November 2018, PSCo proposed revisions to its LGIP and LGIA to transition from a serial first-come, first-served approach to a clustered first-ready, first-served approach. PSCo's proposal included the use of at-risk financial security milestones and provided that, if an interconnection customer withdrew its project from the queue, its financial security would be forfeited and used for the construction of network upgrades to benefit the remaining customers in the cluster. The Commission rejected PSCo's proposed tariff revisions, finding that, among other issues, PSCo had not demonstrated that its proposed readiness milestone provisions were consistent with or superior to the *pro forma* LGIP.[15] In denying PSCo's request for rehearing, the Commission explained that longstanding Commission policy establishes that the costs of network upgrades may not be directly assigned to the interconnection customer because network upgrades are not "sole use" facilities and they provide a benefit to all transmission system users.[16]

C. **Filing**

8. PSCo states that although it serves approximately 6,900 MW of native load in its balancing authority area, it currently has over 22,000 MW of generation interconnection requests pending in its LGIP interconnection queue. PSCo represents that virtually all of the pending requests are for network resource interconnection service[17] to deliver power

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[13] *Pub. Serv. Co. of Colo.*, 163 FERC ¶ 61,146, at PP 30, 33-34 (2018).

[14] *Id.* P 34.

[15] *Pub. Serv. Co. of Colo.*, 166 FERC ¶ 61,076 (2019) (January 2019 Order).

[16] *Pub. Serv. Co. of Colo.*, 167 FERC ¶ 61,141, at P 16 (2019) (citing Order No. 2003-A, 106 FERC ¶ 61,220 at P 424).

[17] Network resource interconnection service is an interconnection service that allows the interconnection customer to integrate its Large Generating Facility with the transmission provider's transmission system (1) in a manner comparable to that in which the transmission provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as all other network resources. In contrast, energy resource interconnection service authorizes the interconnection customer to connect its generating facility to the transmission provider's transmission system to be eligible to deliver the generating facility's electric output using the existing firm or non-firm capacity of the transmission

to load in the PSCo balancing authority area. PSCo states that, in order to alleviate the existing interconnection queue backlog and to avoid backlogs in the future, it is proposing revisions to its LGIP (Revised LGIP) and revisions to its LGIA (Revised LGIA) to transition from a first-come, first-served approach to a first-ready, first-served approach (Queue Reform Proposal).[18] PSCo represents that its proposal is consistent with or superior to the procedures promulgated under Order No. 2003.

9. PSCo's Revised LGIP would implement two distinct study processes: (1) the Informational Interconnection Study; and (2) the Definitive Interconnection Study Process. First, PSCo's proposed Informational Interconnection Study is an optional, customizable study intended to help potential interconnection customers (i.e., customers that are not ready to enter the interconnection queue) evaluate their project's interconnection feasibility prior to entering the interconnection queue.

10. PSCo explains that the Informational Interconnection Study would provide greater flexibility to potential interconnection customers that are not fully ready by delivering interconnection study results without requiring that such interconnection customers enter the queue. PSCo represents that, although the Informational Interconnection Study is modeled after and replaces the optional study from the Order No. 2003 *pro forma* LGIP,[19] it provides more flexibility for interconnection customers. PSCo explains that interconnection customers will be able to request that PSCo perform an Informational Interconnection Study at any time, instead of only after completion of the system impact study, as required by PSCo's current LGIP. In addition, PSCo states that the Informational Interconnection Study will allow the interconnection customer to study almost any interconnection scenario as well as the effect of other clustered generation on a specific interconnection request. PSCo notes that Informational Interconnection Studies are for information only and are not queued studies. PSCo states that the Informational Interconnection Studies will be performed at the interconnection

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provider's transmission system on an "as available" basis. Order No. 845, 163 FERC ¶ 61,043 at P 469 nn.828, 830.

[18] For the purposes of this order, we refer to PSCo's proposed revisions to its LGIP and LGIA collectively as PSCo's "Queue Reform Proposal."

[19] Under the *pro forma* LGIP, an interconnection customer may ask the transmission provider to perform a reasonable number of optional interconnection studies. An optional interconnection study is a sensitivity analysis based on assumptions provided by the interconnection customer used to identify any network upgrades that may be required to provide transmission delivery service over alternative transmission paths.

customer's expense, and proposes to require a $10,000 deposit subject to true-up based on actual costs.[20]

11. Second, PSCo's proposed Definitive Interconnection Study Process is intended for projects that are ready to move toward interconnection. PSCo explains that this process consists of a clustered Definitive Interconnection System Impact Study (DISIS) and individual interconnection facilities studies.[21]

12. With regard to the initiation of a cluster, PSCo states that to be considered in a cluster under the DISIS process (a DISIS Cluster), interconnection customers must submit a valid interconnection request before the close of the DISIS Window for the cluster. PSCo proposes to open two DISIS Windows annually. Each window will be open for a 45-day period, with one window opening on February 1 and the other window opening on August 1.[22]

13. In addition, PSCo proposes to require interconnection customers to provide the following items as part of a valid interconnection request: (1) a non-refundable application fee of $5,000 and a study deposit; (2) a completed application in the form of Appendix 1 of the Revised LGIP, including applicable technical information needed for modeling; (3) a demonstration of 50 percent site control of the generating facility; (4) a point of interconnection; (5) the point of delivery if the request is for network resource interconnection service; (6) the generating facility size in MW; (7) the first readiness milestone (or financial security in lieu of the readiness milestone); and (8) financial security equal to (and in addition to) the study deposit.[23]

14. PSCo proposes to continue to offer a resource planning entity the ability to initiate a Resource Solicitation Cluster, which is a cluster study that is separate from clusters initiated through the DISIS Window, and is intended to study projects that the resource planning entity is considering to acquire pursuant to a "process authorized or required by Applicable Laws and Regulations for the acquisition of Network Resources."[24] PSCo states that a resource planning entity may request a Resource Solicitation Cluster at any

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[20] PSCo Transmittal Letter at 44-45.

[21] *Id.* at 46.

[22] *Id*. at 52 (citing Revised LGIP § 4.2.1).

[23] *Id*. at 50-52 (citing Revised LGIP §§ 3.1, 3.4.1). PSCo's proposed readiness milestones are explained in section III below.

[24] *See* Definition of Resource Solicitation Process, Revised LGIP § 1.

time, and PSCo will work with that resource planning entity to determine the scope and timeline to initiate the Resource Solicitation Cluster; however, all Resource Solicitation Clusters must respect the queue position of any ongoing cluster studies. PSCo further states that the proposed study process and requirements for interconnection requests in a Resource Solicitation Cluster and a DISIS Cluster are the same: both would be subject to the same Definitive Interconnection Study Process described below. PSCo proposes to allow interconnection customers to retain a queue position in both cluster types (i.e., the Resource Solicitation Cluster and DISIS Cluster) during the first two phases of the Resource Solicitation Cluster, consistent with PSCo's existing LGIP.[25]

15. PSCo's Queue Reform Proposal includes a 75-day customer engagement window that will begin after interconnection customers submit their interconnection requests and before the start of the Definitive Interconnection Study Process for each cluster. PSCo states that the customer engagement window will serve as a time for interconnection customers to determine whether they are ready and truly want to enter the Definitive Interconnection Study Process. PSCo explains that during the customer engagement window it will work with interconnection customers to build models, verify data, hold stakeholder meetings, and generally prepare for the DISIS. In addition, within 10 business days of the start of the customer engagement window, PSCo will publish to its Open Access Same-Time Information System (OASIS) a list of all interconnection requests for that cluster. PSCo states that this will allow customers to know what other projects are seeking to interconnect in that cluster and thus estimate the potential scope of upgrade costs.[26]

16. PSCo explains that during the customer engagement window, interconnection customers will not have signed a study agreement (DISIS agreement), and that any study deposits provided with the interconnection request are fully refundable without penalty. At the end of the customer engagement window, all interconnection customers with a complete interconnection request and a signed DISIS agreement will be included in that DISIS Cluster and PSCo will then initiate the Definitive Interconnection Study Process.[27]

17. PSCo states that the Definitive Interconnection Study Process consists of three DISIS phases, followed by an individual interconnection facilities study phase. PSCo explains that the three DISIS phases are: (1) an initial power-flow and voltage study; (2) a stability and short circuit study; and (3) a restudy, if necessary due to an

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[25] PSCo Transmittal Letter at 53-54 (citing Revised LGIP § 4.2.2).

[26] *Id*. at 55-56.

[27] *Id*. at 56.

interconnection request withdrawal(s).[28] PSCo also proposes to require demonstrations of readiness in the form of readiness milestones (Milestones 1-5) and increasing levels of Site Control that must be satisfied before moving to the next phase.

18. PSCo states that the Phase 1 power-flow and voltage study is similar to a feasibility study under the *pro forma* LGIP and is expected to identify the majority of required network upgrades. PSCo further states that the results from Phase 1 provide the interconnection customer with an initial look at its costs to interconnect.

19. PSCo states that Phase 2 completes the traditional system impact study by adding stability and short circuit analysis to the power-flow analysis. If interconnection customers withdraw at the end of Phase 2, or if other modifications create a need for restudy, the cluster will proceed to Phase 3 for a system impact restudy (i.e., the power-flow, voltage, stability, and short circuit analysis is repeated to account for any withdrawn projects).[29] If no interconnection requests withdraw after the Phase 2 study report is published, or at the end of Phase 3 once the cluster is deemed stable, the interconnection requests will move to Phase 4, the individual interconnection facilities studies. PSCo states that the Definitive Interconnection Study Process is followed by Phase 5, which is execution of the LGIA.[30]

20. PSCo proposes to modify the interconnection study deadlines described in sections 3.5.1.1 to 3.5.1.4 of its LGIP to be consistent with the multi-phase Definitive Interconnection Study Process. Specifically, PSCo proposes study processing deadlines of 90 days for Phase 1, 150 days total for Phases 2 and 3, and 90 days for Phase 4.[31]

21. In support of its Queue Reform Proposal, PSCo states that it has experienced a surge in interconnection requests that cannot be processed under its current LGIP. PSCo represents that because the amount of generation requesting interconnection is significantly greater than the region's needs, only a small fraction of the generating projects making interconnection requests are likely to reach commercial operation. In addition, PSCo states that, due to the configuration of the PSCo system and the fact that most requests are for network resource interconnection service, almost all lower-queued requests, regardless of study phase, are affected by changes to higher-queued projects.

[28] *Id.* at 57-58.

[29] PSCo states that if a project is selected in the Resource Solicitation Process at the end of Phase 2, the project must then withdraw from the DISIS Cluster. *Id*. at 54.

[30] *Id.* at 57-58.

[31] *Id*. at 22.

PSCo explains that the sheer number of interconnection requests and amount of generation seeking to interconnect vastly outstrip the amount of load to which the output from those potential generating facilities can sink. Therefore, PSCo represents, it is impossible for PSCo to model the majority of the existing requests for network resource interconnection service, as well as any new requests it may receive in the future.[32]

22. PSCo argues that speculative projects, i.e., those projects with little or no chance of getting built, interrupt the efficient processing of interconnection requests from ready-to-interconnect generation. PSCo states that when a speculative project advances through the queue and executes an LGIA, there is little cost to the interconnection customer if it then immediately places the project in suspension.[33] PSCo also notes that a lower-queued project's interconnection facilities or network upgrades may vary significantly from its original configuration depending on a higher-queued customer's ultimate commercial operation date. Therefore, PSCo asserts, projects in the interconnection queue entering suspension create significant uncertainty for lower-queued projects regarding interconnection costs, including network upgrade costs. PSCo notes that this is particularly problematic for wind and solar resources that are trying to achieve commercial operation prior to expiration or phase-down of federal Production Tax Credits or Investment Tax Credits.[34]

23. PSCo states that it has developed the Queue Reform Proposal because its current LGIP can no longer handle the volume and nature of the current interconnection requests in the queue. PSCo asserts that the Queue Reform Proposal will provide more flexibility for developers to obtain specific interconnection information prior to entering the queue, and will provide greater certainty to developers by incentivizing only ready projects to enter the queue.[35]

24. PSCo states that its Revised LGIP and Revised LGIA are consistent with or superior to the Order No. 2003 *pro forma* LGIP and LGIA. PSCo represents that its Queue Reform Proposal is consistent with the Commission's guidance in the January

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[32] *Id.* at 27-29.

[33] Under Article 5.16 of the PSCo LGIA, an interconnection customer can suspend all work related to the construction and installation of facilities by the transmission provider for up to three years.

[34] PSCo Transmittal Letter at 30-31.

[35] *Id.* at 42.

2019 Order.[36] PSCo states that following the January 2019 Order, it reopened its stakeholder process and incorporated stakeholder feedback into the Queue Reform Proposal. PSCo acknowledges that future adjustments may be needed to the Queue Reform Proposal, and commits to review the effectiveness and efficiency of the process and file an informational report with the Commission after two years. PSCo notes that it filed its revisions to comply with Order No. 845 in Docket No. ER19-1864-001 and has included the same revisions in the instant filing. PSCo states that it is requesting an effective date of December 5, 2019, so that it can efficiently interconnect ready projects to the PSCo transmission system.[37]

II. Notice and Responsive Pleadings

25. Notice of PSCo's filing was published in the *Federal Register*, 84 Fed. Reg. 48,923 (2019), with interventions and protests due on or before September 30, 2019. Notice of PSCo's errata filing was published in the *Federal Register*, 84 Fed. Reg. 48,924 (2019), with interventions and protests due on or before October 2, 2019.[38]

26. Avangrid Renewables, LLC, Western Power Trading Forum, and Western Area Power Administration, Interwest Energy Alliance (Interwest), and RWE Renewables Americas, LLC (RWE Renewables) filed timely motions to intervene. EDP Renewables North America LLC (EDP Renewables), Interwest, and NextEra Energy Resources, LLC (NextEra) filed timely motions to intervene and comments.

27. On October 15, 2019, RWE Renewables and PSCo, filed motions for leave to answer and answers.

III. Discussion

A. Procedural Matters

28. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

29. 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 unless otherwise ordered by

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[36] January 2019 Order, 166 FERC ¶ 61,076.

[37] PSCo Transmittal Letter at 91-92.

[38] PSCo filed an errata with a corrected version of Exhibit XES-204.

the decisional authority. We accept the answers filed by PSCo and RWE Renewables because they have provided information that assisted us in our decision-making process.

B. Commission Determination

30. We find that PSCo has demonstrated that its proposal is a just and reasonable solution to address the backlog of over 22,000 MW of generation interconnection requests in its queue. PSCo'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 Interconnection Study and customer engagement window.[39] As discussed below, we find PSCo's Revised LGIP and Revised LGIA to be consistent with or superior to the *pro forma* LGIP and LGIA. However, we reject, as severable from the remainder of PSCo's proposal,[40] PSCo's request for an exemption from 18 C.F.R. § 35.19(a)(2) concerning the calculation of interest on cash security. In addition, as PSCo notes, its filing includes revisions to comply with the requirements of Order No. 845, which are also pending in PSCo's Order No. 845 compliance filing in Docket No. ER19-1864-001. Therefore, we accept in part and reject in part the proposed tariff revisions, effective December 5, 2019, as requested, subject to the outcome of PSCo's Order No. 845 compliance filing in Docket No. ER19-1864-001, and direct PSCo to submit a compliance filing, within 30 days from the date of this order. In addition, we accept PSCo's commitment to file an informational report with the Commission two years from the effective date of this filing.

C. Substantive Issues

1. Study Deposits and Cost Allocation

a. Filing

31. PSCo's LGIP currently requires an interconnection customer to provide: (1) a $10,000 deposit with its interconnection request for the feasibility study; (2) a $50,000 deposit for the system impact study; and (3) a $100,000 deposit for the facilities study. PSCo proposes to change the study deposits that interconnection customers must make. Specifically, PSCo proposes that an interconnection customer must make the following study deposits prior to entering the interconnection

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[39] 2008 Order, 122 FERC ¶ 61,252 at P 18.

[40] PSCo Transmittal Letter at 66.

queue: $75,000 for requests between 20 MW and 50 MW; $150,000 for requests of 50 MW and greater, but less than 200 MW; and $250,000 for requests of 200 MW and greater.[41]

32. PSCo states that it will apply the study deposit to the interconnection customer's share of the Definitive Interconnection Study Process costs. For the clustered DISIS portion of the Definitive Interconnection Study Process, PSCo states that study costs will be allocated to cluster study participants as follows: 50 percent based on the number of interconnection requests in the cluster; and 50 percent based on the requested megawatts in the cluster.[42] PSCo proposes to continue to charge or refund any difference between the actual cost of the study and the study deposit to the interconnection customer. PSCo also proposes to no longer allow excess study deposit amounts to be offset against the cost of any future interconnection studies.[43]

33. PSCo also states that costs for station equipment network upgrades, including all switching stations, will be allocated equally among interconnection customers based on the number of generating facilities interconnecting at an individual station. If multiple interconnection customers are connecting to the transmission provider's system through a single interconnection customer's interconnection facility, those interconnection customers will be considered one interconnection customer for purpose of the calculation under PSCo's proposal. PSCo further states that the costs of shared transmission provider's interconnection facilities will be allocated equally among interconnection customers based on the number of generating facilities sharing that transmission provider's interconnection facility.[44]

34. In addition, PSCo states that the costs of all other network upgrades will be allocated based on the proportional impact of each individual generating facility in the cluster studies on the network upgrades. PSCo explains that proportional impact will be measured as follows: (1) transmission lines and transformers identified as network upgrades will be allocated using distribution factor analysis; (2) voltage support related network upgrades will be allocated using a voltage impact analysis, which will identify each generating facility's contribution to the voltage violation; and (3) network upgrades associated with existing breakers not physically located at the substation to which the generating facility is interconnecting, or associated with a new transmission facility, will

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[41] *Id.* at 47 (citing Revised LGIP § 3.1).

[42] *Id.* at 48 (citing Revised LGIP § 4.2.3).

[43] Revised LGIP § 12.3.

[44] PSCo Exhibit XES-200 at 36-37 (citing Revised LGIP § 4.2.4).

be allocated based on short circuit analysis.[45] PSCo notes that the costs of upgrades needed for the Resource Solicitation Process will not be allocated to customers that are interconnecting outside of the Resource Solicitation Cluster.[46] Finally, PSCo notes that, while it will use the proposed cost allocations to determine initial funding obligations for network upgrades, PSCo's transmission customers, not its interconnection customers, are ultimately responsible for the cost of network upgrades.[47]

b. <u>Comments</u>

35. Interwest states that it supports the proposed study deposit amounts as they appear to accomplish the goal of allowing only viable projects in the queue. Interwest also states that it supports the proposed allocation of study costs.[48] EDP Renewables states that the increased study deposit amounts are important for managing the size of the cluster studies and limiting the cost and time associated with restudies that result from late-stage withdrawals.[49]

c. <u>Commission Determination</u>

36. We find that PSCo has demonstrated that its proposed study deposits and cost allocation methodologies are consistent with or superior to the *pro forma* LGIP. PSCo's proposed study deposit amounts resulted from a comprehensive stakeholder process and are intended to approximate the total cost of the Definitive Interconnection Study Process. We agree with PSCo and commenters that the proposed amounts are reasonable for obtaining and keeping a queue position, and we find that the proposal is consistent with Order No. 2003's requirement that interconnection customers pay the actual costs of their studies.[50] We further find that PSCo's proposed study cost allocation methodology strikes a reasonable balance between capacity-related costs and costs that are attributable to the number of individual generating facilities. Finally, we find that PSCo has clearly explained how it will allocate the initial funding obligations for the cost of network

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[45] *Id.* at 38-39 (citing Revised LGIP § 4.2.4).

[46] PSCo Transmittal Letter at 55.

[47] *Id*. at 49.

[48] Interwest Comments at 5-6.

[49] EDP Renewables Comments at 5.

[50] Order No. 2003, 104 FERC ¶ 61,103 at P 37.

upgrades to interconnection customers and that these allocation methodologies are reasonable.[51]

2. Financial Security, Readiness Milestones, and Withdrawal Penalty

a. Filing

37. PSCo proposes to require all interconnection customers to post financial security equal to the study deposit amount as part of a valid interconnection request.[52] PSCo represents that this new requirement for an interconnection customer to provide financial security before its project can enter the queue is intended to ensure that a valid interconnection request represents a generator that is near the end of its development phase, but not necessarily a generator that is ready to interconnect.

38. PSCo states that it has developed a series of readiness milestones with the goal of allowing all viable projects to move through the queue, while also providing developers with the flexibility to demonstrate their readiness in a variety of ways. To that end, PSCo proposes to offer three non-financial readiness demonstration options as well as the option of providing additional financial security in lieu of a readiness demonstration.[53] PSCo states that the milestones must be satisfied before the project can move to the next phase of the Definitive Interconnection Study Process.

39. PSCo proposes the following non-financial readiness demonstration options: (1) contract for sale; (2) inclusion in a Resource Plan or Resource Solicitation Process; and (3) Provisional Interconnection Service.[54] First, under the contract for sale option, the interconnection customer must provide an executed term sheet to satisfy Milestones 1 and 2, and an executed contract to satisfy Milestones 3 and 4. The term sheet or contract may be for the sale of the constructed generating facility, the generating facility's energy,

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[51] Consistent with Order No. 2003, PSCo provides transmission credits as reimbursement to interconnection customers to fund needed network upgrades. *Id*. PP 28-29, 696. PSCo is not proposing revisions to the network upgrade crediting policy.

[52] PSCo Transmittal Letter at 52 (citing Revised LGIP § 3.4.1(h)).

[53] *Id.* at 58-59.

[54] Provisional Interconnection Service allows projects to interconnect and start generating, pursuant to a Provisional LGIA, before the final interconnection study is complete.

or the generating facility's ancillary services and capacity if the generating facility is a storage resource. Second, under the Resource Plan option, the interconnection customer must demonstrate that it has been included in a Resource Plan to satisfy Milestones 1 and 2, and that it has been included in a Resource Plan that has been approved by the appropriate regulatory body to satisfy Milestones 3 and 4. Finally, under the Provisional Interconnection Service option, the interconnection customer must demonstrate that it has filed an unsuspended Provisional LGIA, containing a commitment to move forward with constructing the facility, with the Commission to satisfy Milestones 1 and 2. The customer must also provide an unsuspended Provisional LGIA accepted for filing by the Commission, with reasonable evidence that the facility has commenced design and engineering to satisfy Milestone 3, and commenced construction to satisfy Milestone 4.[55]

40. PSCo states that, as an alternative to making a non-financial readiness demonstration, interconnection customers may satisfy Milestones 1 through 4 by providing additional financial security in the form of cash or a letter of credit. For those customers that do not make a readiness demonstration, PSCo proposes financial security requirements of one, two, four, and six times the study deposit for Milestones 1 through 4, respectively. PSCo notes that this financial security is in addition to the financial security required as part of a valid interconnection request.[56] PSCo states that using financial security to demonstrate readiness is consistent with or superior to the *pro forma* LGIP, because it will help PSCo to prioritize ready projects under the first-ready, first-served approach. PSCo also states that the proposed financial security amounts are within a range previously accepted by the Commission for Public Service Company of New Mexico (PNM).[57]

41. PSCo adds that, for all interconnection customers, Milestone 5 must be satisfied with financial security, due 15 business days after tender of the final LGIA. PSCo explains that it considers execution of an LGIA to be a demonstration of readiness, hence it is applying the same requirement to all customers at this stage. PSCo also proposes a financial security equal to nine times the interconnection customer's share of the Definitive Interconnection Study Process costs at Milestone 5. PSCo states that

[55] *Id.* at 59-61 (citing Revised LGIP § 7.7).

[56] The total security requirements for an interconnection customer that does not make a readiness demonstration are two, three, five, and seven times the study deposit for Milestones 1 through 4, respectively. *Id.* at 68 (citing Revised LGIP § 7.7.5).

[57] *Id.* at 62-64 (citing *Pub. Serv. Co. of N.M.*, 136 FERC ¶ 61,231 (2011)).

if the actual study costs are not known at the time, the study deposit will be used as an estimate of expected study costs.[58]

42. In addition, PSCo states that the financial security provided both to enter the queue and to satisfy the readiness milestones will be refunded to the interconnection customer upon achieving commercial operation. PSCo further states that if the interconnection customer withdraws prior to commercial operation, PSCo will return the financial security after settling final invoices, which would include any applicable withdrawal penalty.[59]

43. PSCo proposes to allow the interconnection customer to provide the financial security, both to enter the queue and to satisfy the readiness milestones, as either an irrevocable letter of credit or cash. If the interconnection customer provides financial security in the form of cash, PSCo proposes to hold the cash in an interest-bearing account, and when the security is refunded, to refund the cash and interest. PSCo states that it is concerned that it may not be able to deposit the cash in an interest bearing account that will earn interest consistent with the methodology set forth in section 35.19(a)(2) of the Commission's regulations.[60] PSCo explains that, consequently, it will likely incur additional expense to cover the difference between the amount earned in interest from its bank and the interest due to the interconnection customer under the Commission's regulations. PSCo therefore requests that the Commission provide an exemption with respect to the calculation of interest to allow PSCo to only return interest actually earned rather than interest at the rate provided for under 18 C.F.R. §35.19(a)(2) (2019) when it refunds cash security. PSCo states that its proposed use of cash as security is a severable provision under its filing, and if the Commission determines that the use of the bank interest rate is not consistent with or superior to the *pro forma* LGIP, then the Commission may reject that aspect of the filing.[61]

44. PSCo proposes a withdrawal penalty, which it states will facilitate an orderly processing of interconnection requests. PSCo states that an interconnection customer will be subject to a withdrawal penalty if it withdraws from the interconnection process and the withdrawal has a negative impact on other customers and the withdrawing customer's upgrade costs did not increase significantly between studies or over the study process. PSCo states that a customer will not be subject to a withdrawal penalty if:

[58] *Id.* at 64-65 (citing Revised LGIP § 7.7.5).

[59] *Id.* at 65.

[60] 18 C.F.R. § 35.19(a)(2) (2019).

[61] PSCo Transmittal Letter at 66.

(1) the withdrawal does not negatively affect the timing or cost of equal or lower queued projects; (2) the cost responsibility for transmission upgrades identified for the withdrawing customer increases more than 25 percent between the prior and the current study reports; or (3) the cost responsibility for transmission upgrades identified for the withdrawing customer increases by more than 100 percent between the Phase 2 and Phase 4 reports.[62]

45. PSCo states that the withdrawal penalty amount will depend on whether a demonstration of readiness was provided and the phase of the withdrawal. PSCo states that withdrawing customers that provided a readiness demonstration will be subject to a withdrawal penalty equal to the greater of the study deposit or the actual study costs if the withdrawal is in Phases 1 through 4. PSCo states that withdrawing customers that provide financial security in lieu of a readiness demonstration will be subject to a withdrawal penalty amount equal to the following: (1) the greater of the study deposit or two times the actual study costs, capped at one million dollars, if the withdrawal is in Phase 1; (2) three times the actual study costs, capped at one and a half million dollars, if the withdrawal is in Phase 2; (3) five times the actual study costs, capped at two million dollars, if the withdrawal is in Phase 3; and (4) seven times the actual study costs, capped at two and a half million dollars, if the withdrawal is in Phase 4. PSCo states that the penalty amount will be nine times the actual study costs for all interconnection customers that withdraw after executing the LGIA (Phase 5).[63]

46. PSCo proposes to use the withdrawal penalty revenue to fund interconnection study costs for other interconnection customers in the same cluster as the withdrawing customer. PSCo states that the withdrawal penalty revenue will be distributed to interconnection customers in the cluster for their study costs as follows: 50 percent based on the number of interconnection requests in the cluster and 50 percent based on the requested megawatts in the cluster. PSCo states that if there are withdrawal penalty revenues remaining after funding restudies for interconnection customers in the same cluster, PSCo will distribute the remaining penalty revenue to restudies for subsequent clusters and attests that it will not keep any portion of the withdrawal penalty nor use any of the withdrawal penalty to fund network upgrades. PSCo states that it will post the balance of the withdrawal penalty account on OASIS.[64]

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[62] *Id.* at 67 (citing Revised LGIP § 3.7.1).

[63] *Id.* at 68 (citing Revised LGIP § 3.7.1.1).

[64] *Id.* at 73-75 (citing Revised LGIP § 3.7.1.2).

b. Comments and Answer

47. Interwest states that, while it supports the opportunity for an interconnection customer to provide financial security in lieu of a readiness demonstration, it is concerned that some of the amounts, such as nine times the study costs, "may be too high and may act as an impediment."[65] Interwest states that it supports the withdrawal penalties as proposed.[66]

48. In its answer, PSCo argues that the milestone deposit amounts, as well as the withdrawal penalties, are reasonably calculated to allow developers to demonstrate that their projects are ready to proceed through the DISIS towards commercial operation and that it is important for the deposit amounts to be at least equal to the potential withdrawal penalties.[67]

c. Commission Determination

49. We find that PSCo has demonstrated that its proposed financial security, readiness milestones, and withdrawal penalty provisions are consistent with or superior to the *pro forma* LGIP. Regarding PSCo's proposal to require financial security equal to the study deposit as part of an interconnection request, we find that PSCo has demonstrated that its proposal is reasonable. This is because the proposed financial security requirement strikes a reasonable balance by increasing 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. In addition, through the Informational Interconnection Study, the Queue Reform Proposal gives a project that is not yet ready to enter the interconnection queue an opportunity and flexibility to explore various interconnection options and to further develop its interconnection request.

50. We also find that PSCo has demonstrated that its proposed readiness milestones and alternative financial security option in lieu of the readiness milestones are consistent with or superior to the *pro forma* LGIP. The readiness milestones should help make the interconnection process more efficient for interconnection customers with projects that are ready to proceed through the queue, i.e., first-ready, first-served approach, and PSCo's proposed options will provide interconnection customers with the flexibility to employ a variety of business models. We disagree with Interwest that the financial security option at Milestone 5 may be too high or act as an impediment to interconnection. We find this financial security, which is refundable, is reasonable to

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[65] Interwest Comments at 6.

[66] *Id.*

[67] PSCo Answer at 7.

demonstrate readiness at the final phase of the interconnection study process, when the interconnection customer should be ready to interconnect.

51. We find that PSCo's withdrawal penalty proposal strikes a reasonable balance between increasing the requirements for keeping a queue position and minimizing barriers to entry. Under PSCo's proposal, less-developed projects will be able to evaluate feasibility without a financial commitment or penalty via the Informational Interconnection Study. Once customers enter the Definitive Interconnection Study Process, they will have flexibility in the type of milestone demonstration they make, and the penalty amount will be nine times the study costs only if withdrawal occurs after execution of the LGIA. Furthermore, PSCo has included criteria such that if a customer withdraws because its costs responsibility significantly increases, it can do so without penalty. Finally, we find that PSCo's proposal to use the withdrawal penalty revenue to fund interconnection study costs for other interconnection customers in the same cluster as the withdrawing customer, and subsequent clusters if funds remain, is reasonable given that it offsets the significant cost of restudies and will not be applied to network upgrades.

52. We deny PSCo's request for an exemption from 18 C.F.R. § 35.19(a)(2) (2019) and reject PSCo's related tariff revisions concerning the calculation of interest on cash security. PSCo's request is inconsistent with the Commission's practice of requiring refunds to be calculated pursuant to 18 C.F.R. § 35.19(a)(2) (2019).[68] Accordingly, we direct PSCo to make a compliance filing within 30 days from the date of this order to revise section 7.7 of its LGIP to reflect that cash will be refunded with interest calculated using the interest rate set forth in the Commission's regulations.

3. Site Control

a. Filing

53. PSCo proposes to utilize Site Control as an additional demonstration of readiness. The *pro forma* LGIP requires a demonstration of Site Control to initiate an interconnection request, or in the alternative, a customer can provide a deposit of $10,000. PSCo proposes to modify the definition of Site Control from the *pro forma* LGIP definition and, consistent with the proposed readiness milestones, require demonstrations of Site Control that gradually increase at each milestone. PSCo's proposed modified definition of Site Control includes that Site Control needs to be of sufficient size to construct and operate a generating facility as well as to deliver the output along the interconnection customer's interconnection facilities. PSCo explains

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[68] *So. Carolina Gas & Elec Co.*, 147 FERC ¶ 61,126, at P 175 (2014) (citing Order No. 2003, 104 FERC ¶ 61,103, *pro forma* Large Generator Interconnection Agreement at section 3.6), *order on reh'g*, 150 FERC ¶ 61,036 (2015).

that it will post the acres per MW for different generation types in a business practice manual on its OASIS.[69]

54. The proposed modified definition also states that the interconnection customer must have the exclusive right to occupy the site. In response to the Commission's guidance in the January 2019 Order that PSCo should explain how the exclusive land right requirement would work for co-located projects, PSCo clarifies that, for co-located projects, a contract or other agreement demonstrating shared land use is sufficient to demonstrate exclusivity.

55. PSCo also proposes revisions to LGIP section 3.4.1.c to remove the option to provide a $10,000 deposit in lieu of a demonstration of Site Control. PSCo states that its proposed language in Revised LGIP section 3.4.1.c allows for an alternative site size from the site size requirements posted on the PSCo OASIS, which is the same language that the Commission accepted for PNM.[70] PSCo also proposes additional language to clarify the process of evaluating alternative demonstrations of site size.[71]

b. <u>Comments and Answer</u>

56. EDP Renewables states that it would prefer PSCo to increase the $10,000 deposit amount and make it at-risk instead of removing the option altogether (such as a minimum additional deposit of $20,000 plus $500 per MW in lieu of a demonstration of Site Control).[72] RWE Renewables states that it supports PSCo's proposal to remove the $10,000 deposit option because the $10,000 deposit does not represent a meaningful commitment from the interconnection customer. Instead, RWE Renewables argues that customers should be given the option of providing a non-refundable $250,000 deposit coupled with a letter of intent from landowners controlling the site.[73]

57. In its answer, PSCo argues that its proposal is a valuable means of ensuring that only ready projects enter the queue, but states that if the Commission does not approve its proposal to remove the $10,000 deposit option, PSCo is willing to implement the

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[69] PSCo Transmittal Letter at 75-77 (citing Revised LGIP § 1).

[70] *Id*. at 19 (citing *Pub. Serv. Co. of N.M.*, 136 FERC ¶ 61,231, at PP 23, 81 (2011) and PNM OATT, LGIP, § 3.3.1(iii)).

[71] *Id*. at 76-77.

[72] EDP Renewables Comments at 6-7.

[73] RWE Renewables Answer at 2-3.

modification proposed by RWE Renewables (i.e., a $250,000 deposit with a letter of intent from a landowner covering at least 50 percent of the interconnection project's site size). PSCo states that the deposit would be refundable unless the project withdraws from the queue before Phase 2.[74]

c. Commission Determination

58. We find that PSCo has demonstrated that its proposed revisions to the definition of Site Control are consistent with or superior to the *pro forma* LGIP. PSCo has adequately explained how co-located projects can demonstrate Site Control. PSCo's revised definition clarifies that co-located projects can meet the proposed exclusivity requirement by providing a contract or other agreement to demonstrate shared land use. We also find that PSCo's proposal to utilize Site Control as an additional demonstration of readiness is consistent with or superior to the *pro forma* LGIP. Regarding the proposal to remove the $10,000 deposit option, given that PSCo's proposal allows for a demonstration of alternative site size, is part of comprehensive queue reform package, and provides interconnection customers with the flexibility to demonstrate their viability while also balancing the goal of ensuring viable projects continue through the queue, we accept PSCo's proposed Site Control revisions.

4. Modifications to the LGIA

a. Filing

59. PSCo proposes to revise Article 2.3.1 "Written Notice" of the LGIA's termination procedures to state that if a generating facility, or a portion of a generating facility, does not reach commercial operation by the date established in accordance with section 4.4.5 of the LGIP, then the transmission provider may terminate the LGIA or the portion of the LGIA associated with the part of the generating facility that does not reach commercial operation. PSCo explains that the specific reference to section 4.4.5 of the LGIP clarifies that the LGIP and LGIA should be read together and is consistent with Commission precedent.[75] PSCo also proposes to revise LGIP section 4.4.5 to define the initial commercial operation date as the date supplied in the initial interconnection request.[76]

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[74] PSCo Answer at 2-5.

[75] PSCo Transmittal Letter at 78-79 (citing *Midcontinent Indep. Sys. Operator, Inc.*, 163 FERC ¶ 61,210, at P 33 (2018)).

[76] *Id.* at 22.

60. PSCo proposes to add two new sub-articles related to suspending construction of upgrades under the LGIA. First, the Revised LGIP adds Article 5.16.1, "Effect of Missed Interconnection Customer LGIA Milestones," to the LGIA. This clarifies that a customer may not miss a milestone to circumvent initiating suspension provisions under the LGIA. PSCo asserts that the addition is consistent with language used in other regions and provides transparency by clarifying the intent of Order No. 2003. PSCo avers that the added language ensures that a loophole is not created — i.e., an interconnection customer should not be permitted to simply not pay for an upgrade as required by an LGIA Milestone instead of entering suspension.[77]

61. PSCo proposes to add Article 5.16.2 "Effect of Suspension; Parties Obligations" to the LGIA. PSCo states that this revision clarifies that (1) all upgrade construction is suspended during suspension; (2) Appendices A and B of the LGIA may be revised to account for construction sequencing and milestones modified due to suspension; and (3) maintenance of Site Control is required during suspension. PSCo represents that such additions provide clarity and transparency and are consistent with or superior to the *pro forma* LGIA.[78]

b. <u>Comments</u>

62. Interwest recommends that the Commission proceed with caution regarding tariff changes and preconditions to the exercise of suspension rights, and that it carefully consider whether the tariff revisions have been proven to be superior to the *pro forma* tariff. Interwest states that suspension rights are exercised only after significant investment by transmission customers, and the diminution of these rights has been considered and rejected by the Commission previously. Interwest concludes that the tariff revisions must be shown to be necessary to achieve PSCo's objectives.[79]

c. <u>Commission Determination</u>

63. We find that PSCo has demonstrated that its proposed LGIA revisions are consistent with or superior to the *pro forma* LGIA. We agree with PSCo that a project that never enters commercial operation should not be permitted to hold that capacity indefinitely. We also agree with PSCo that its proposed suspension revisions provide clarification of the suspension LGIA section. In Order No. 2003, the Commission stated

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[77] *Id.* at 80-81 (citing MISO FERC Electric Tariff, Attach. X: App. 6 (Generator Interconnection Agreement), Article 5.16.2).

[78] *Id.*

[79] Interwest Comments at 6.

that suspension gives customers the flexibility to accommodate permitting and other delays. As the revisions do not substantively change suspension rights, we find that PSCo's proposal for Site Control to be maintained during suspension does not conflict with the Commission's rationale.[80]

5. Transition Process

a. Filing

64. To transition interconnection customers into the first-ready, first-served process, PSCo proposes to revise section 5 of its LGIP to include three options, depending on a project's readiness. PSCo states that allowing all current interconnection customers to remain in the queue would undermine its proposed reform because PSCo's current inability to study any new network resource interconnection service interconnection requests would continue into the new cluster study process. PSCo states that it has established three options for projects in the current PSCo queue: (1) the transitional serial process; (2) the transitional cluster process; and (3) withdrawal from the queue and reentry into the queue in a future DISIS Cluster.[81]

65. As proposed, interconnection customers with a final system impact study report and an interconnection facilities study agreement signed prior to September 27, 2019, are eligible to enter the transitional serial process. Interconnection customers with an assigned queue position prior to September 27, 2019, are eligible to enter the transitional cluster process. In addition, PSCo explains that in order to enter the transitional serial or the transitional cluster process, a project must demonstrate readiness.[82] Specifically, PSCo states that an interconnection customer must: (1) provide a deposit for transmission provider's interconnection facilities and network upgrades;[83]

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[80] Order No. 2003, 104 FERC ¶ 61,103 at P 410.

[81] PSCo Transmittal Letter at 82-83.

[82] *Id*. at 83-84.

[83] PSCo proposes study deposits of 100 percent of the costs identified in the system impact study report for the serial transition process, and $5 million to be reconciled with the costs determined in the transitional cluster study for the transitional cluster process. If the interconnection customer withdraws or otherwise does not reach commercial operation, PSCo will refund the deposit after the customer has paid the study costs and the withdrawal penalty equal to nine times the interconnection customer's total study costs.

(2) demonstrate exclusive Site Control;[84] and (3) sign a transitional interconnection agreement. In addition, an interconnection customer must provide one of the following: (1) an executed contract for sale of the generating facility or its energy, where the term of the sale is not less than five years; (2) evidence that the generating facility is included in an approved Resource Plan or Resource Solicitation Process; or (3) an unsuspended, filed Provisional LGIA that includes a commitment to construct the facility.[85] PSCo proposes to require interconnection customers to make this readiness demonstration during a 30 day window from the effective date of the tariff (i.e., from December 5, 2019 through January 6, 2020). PSCo states that interconnection customers that are not fully ready to proceed on January 6, 2020, will have the option of reentering the queue through the first regular DISIS Window, which will be open from February 1, 2020 through March 18, 2020. PSCo states that the Phase 1 study for the first regular DISIS cluster will start on or before June 1, 2020. PSCo represents that this timeline means that the first DISIS cluster study will commence less than six months after the start of the transitional cluster study.[86]

b. Comments and Answer

66. Interwest and EDP Renewables state that they support the transition process because of the unique circumstances warranting the provisions, including the current queue backlog and the timing of past and potential future procurements under Colorado's electric resource planning rules.[87] EDP Renewables explains that the timing and structure of PSCo's current Request for Proposals (RFP) for 200 MW of solar generation aligns well with PSCo's proposed initial transition cluster and that PSCo's RFP does not contain strenuous interconnection requirements as a condition to participate. EDP Renewables further states that by providing customers with a correspondent commercial

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[84] PSCo proposes to require exclusive Site Control for the entire generating facility and the interconnection customer's interconnection facilities to enter the serial transition process, and exclusive Site Control for the generating facility to enter the transitional cluster process.

[85] For the transitional cluster process, PSCo proposes to require the Provisional LGIA to include a commercial operation date no later than 2023 and a security deposit in addition to the $5 million, where the total security deposit represents a reasonable estimation of the potential costs that could be ultimately allocated to the project in the transitional cluster study.

[86] PSCo Transmittal Letter at 83.

[87] Interwest Comments at 7; EDP Renewables Comments at 3-4.

opportunity that is one of the readiness demonstrations necessary to participate in the transitional cluster, PSCo has helped make the transitional phase transparent and fair.[88]

c. Commission Determination

67. We find that PSCo has demonstrated that its proposed transition process is just and reasonable. Given the challenges that PSCo 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. PSCo has adequately considered the interests of interconnection customers whose requests are far along in the process. Furthermore, the transition process will allow more advanced projects to move forward in an efficient and timely fashion under the transitional serial process if they choose, while allowing other projects currently in the queue to move ahead under either the transitional cluster process or a future DISIS cluster.

6. Commitment to Re-Evaluate

a. Filing

68. PSCo acknowledges that future adjustments may be needed to the proposed design. Therefore, PSCo commits to review the effectiveness and efficiency of the Queue Reform Proposal and file an informational report with the Commission after two years. PSCo states that this informational report will include, among other things, a discussion on: (1) the withdrawal penalty received; (2) the allocation of the withdrawal penalty; (3) the number of withdrawals; and (4) the timeline for processing requests.[89]

b. Comments and Answer

69. EDP Renewables interprets the timing of this commitment (two years in the future) as intended to roughly coincide with the anticipated conclusion of the first full DISIS. EDP Renewables supports this timing, but suggests that PSCo post an additional report on OASIS summarizing the results and experience with the transitional cluster study, immediately following its conclusion.[90]

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[88] EDP Renewables Comments at 3-4.

[89] PSCo Transmittal Letter at 91.

[90] EDP Renewables Comments at 8.

70. Interwest recommends that the Commission establish the opportunity for responses to PSCo's report, with input from stakeholders on all issues relevant to the revised tariff, to raise for *de novo* review any matters which may not be working effectively. Interwest suggests that the Commission approve and suspend one or two of the more controversial and restrictive provisions for two years, until the informational report is available.[91]

71. RWE Renewables states that it supports PSCo's proposal to re-evaluate its proposed LGIP reforms but states that the Commission should make its approval conditional on a mandatory two year reevaluation.[92]

72. PSCo states that it will not oppose parties' opportunity to provide comments on the informational filing. PSCo acknowledges that future adjustments may be needed to the proposed design, and commits to re-evaluate the reforms as needed. PSCo states that if the Commission accepts its commitment to file the reevaluation, it will become a mandatory requirement. PSCo commits to post on OASIS a transitional cluster study report. Finally, PSCo does not believe that suspending portions of the reform package would be procedurally workable, but reiterates its commitment to further refine its interconnection procedures as needed.[93]

c. Commission Determination

73. We accept PSCo's commitment to file an informational report with the Commission two years from the effective date of this filing.[94] PSCo has indicated a willingness to commit to re-evaluating its reforms, exploring additional reforms as needed, and posting a transitional cluster study report on OASIS. We find no basis for Interwest's proposal to suspend certain undefined portions of the reform package, given that we have found that PSCo has demonstrated that its proposed revisions to its LGIP and LGIA are consistent with or superior to the *pro forma* LGIP and LGIA.

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[91] Interwest Comments at 7-8.

[92] RWE Renewables Answer at 4.

[93] PSCo Answer at 5-6.

[94] This report should be filed in the instant docket and will not be noticed for comment or require Commission action.

<u>The Commission orders</u>:

(A) PSCo's proposed tariff revisions are hereby accepted in part and rejected in part, effective December 5, 2019, subject to the outcome of Docket No. ER19-1864-001, as discussed in the body of this order.

(B) PSCo is hereby directed to submit a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

(C) PSCo 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.

(S E A L)

Kimberly D. Bose,
Secretary.