UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION

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

Avista Corporation

Docket Nos. ER19-1959-001 EL20-39-000

ORDER ON COMPLIANCE AND INSTITUTING SECTION 206 PROCEEDING

(Issued May 21, 2020)

1. In a filing submitted on February 6, 2020 (February Compliance Filing), Avista Corporation (Avista) proposed revisions to its Open Access Transmission Tariff (Tariff) in compliance with the requirements of Order Nos. 845 and 845-A,¹ and the Commission's December 19, 2019 order on Avista's May 22, 2019 compliance filing (May 2019 Compliance Filing).² As discussed below, we find that Avista's February Compliance Filing partially complies with the Commission's directives in the December 2019 Order. Accordingly, we accept the filing, effective May 22, 2019, and direct Avista to submit a further compliance filing within 120 days of the date of this order. We also institute a proceeding in Docket No. EL20-39-000, pursuant to section 206 of the Federal Power Act (FPA),³ regarding the justness and reasonableness of the terms for provisional interconnection service described in section 11.5 of Avista's Large Generator Interconnection Procedures (LGIP).⁴

³ 16 U.S.C. § 824e (2018).

⁴ Order No. 845, 163 FERC ¶ 61,043 at P 438.

¹ 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).

² Avista Corp., 169 FERC ¶ 61,217 (2019) (December 2019 Order).

I. <u>Background</u>

2. Order Nos. 845 and 845-A amended the Commission's *pro forma* Large Generator Interconnection Agreement (LGIA) and *pro forma* LGIP to improve certainty for interconnection customers, promote more informed interconnection decisions, and enhance the interconnection process. In Order Nos. 845 and 845-A, the Commission adopted 10 different reforms to improve the interconnection process, and required transmission providers to submit compliance filings to incorporate those reforms into their tariffs.

3. In the December 2019 Order, the Commission found that Avista's May 2019 Compliance Filing partially complied with the directives of Order Nos. 845 and 845-A. The Commission directed revisions to the following sections of Avista's LGIP: Identification and Definition of Contingent Facilities, Material Modifications and Incorporation of Advanced Technologies, Dispute Resolution, Interconnection Study Deadlines, Requesting Interconnection Service Below Generating Facility Capacity, and Surplus Interconnection Service.⁵

II. Avista's February Compliance Filing

4. Avista proposes revisions to its LGIP to update the table of contents, and revise the Identification and Definition of Contingent Facilities, Material Modifications and Incorporation of Advanced Technologies, Dispute Resolution, Interconnection Study Deadlines, Requesting Interconnection Service Below Generating Facility Capacity, and Surplus Interconnection Service sections to comply with the directives of the December 2019 Order. Avista requests that the Commission accept the proposed Tariff revisions, effective February 10, 2020.

III. Notice and Responsive Pleadings

5. Notice of Avista's February Compliance Filing was published in the *Federal Register*, 85 Fed. Reg. 8269 (Feb. 13, 2020), with interventions and protests due on or before February 28, 2020. None was filed.

IV. Discussion

A. <u>Identification and Definition of Contingent Facilities</u>

6. In the December 2019 Order, the Commission found that Avista's proposed Tariff revisions lacked the requisite transparency required by Order Nos. 845 and 845-A because the proposed revisions did not detail the specific thresholds or criteria that Avista

⁵ December 2019 Order, 169 FERC ¶ 61,217 at PP 16, 21, 33, 39, 52, 62.

would use as part of its method to identify contingent facilities. Therefore, the Commission directed Avista to submit a further compliance filing that included in section 3.8 of its LGIP the specific thresholds or criteria that Avista will use in its technical screens or analysis to achieve the level of transparency required by Order No. 845.⁶

1. Avista's February Compliance Filing

7. Avista states that it has revised section 3.8 of its LGIP to include the specific thresholds or criteria that Avista will use to identify contingent facilities.⁷ Specifically, Avista's proposed Tariff revisions state that, prior to determining the final list of contingent facilities, it will develop a preliminary list of contingent facilities in the system impact study.

To determine the final list of contingent facilities, Avista proposes to perform five 8. evaluation steps. In step (A), Avista proposes that it will utilize engineering judgment to remove projects from the preliminary list of contingent facilities. In step (B), Avista proposes that it will perform a sensitivity study on the contingent facilities identified in the most recent senior queued generating facility to determine the need for the contingent facilities with regard to the new generating facility. The proposed revisions state that the sensitivity study will compare one case that includes the generating facility and the most recent senior queued generating facility identified in the preliminary list of contingent facilities, along with all required interconnection facilities and network upgrades, to another case that includes the generating facility without the contingent facilities. In step (C), Avista proposes that, if the sensitivity study results from step (B) support the need for the contingent facilities, then these facilities and all other facilities associated with the remaining senior queued generating facilities identified in the preliminary list will be included in the final list. In step (D), Avista proposes that, if the sensitivity results do not support the need for the contingent facilities, then these facilities would no longer be deemed contingent for the project. Finally, in step (E), Avista proposes to repeat steps (B), (C), and (D), for each successive senior queued generating facility that it identified in the preliminary list of contingent facilities. $^{\hat{8}}$

⁷ Filing at 2.

⁸ Avista, Electric OATT Volume No. 8, Attachment M, § 3.8 Standard Large Generator Interconnection Procedures (LGIP) (7.0.0).

⁶ Id. P 21.

2. <u>Commission Determination</u>

9. We find that Avista's proposed revisions partially comply with the directive in the December 2019 Order for Avista to include in section 3.8 of its LGIP the specific thresholds or criteria that Avista will use as part of its method to identify contingent facilities to achieve the level of transparency required by Order No. 845.⁹

10. Avista's proposed revisions to its contingent facilities process provide additional detail about how it will identify contingent facilities, including that it will perform a sensitivity study on the contingent facilities identified in the most recent senior queued generating facility to determine the need for the contingent facilities with regard to the new generating facility. However, Avista's proposed Tariff revisions do not state the specific thresholds or criteria that Avista will use as part of its sensitivity study to identify contingent facilities. Therefore, Avista's proposed method does not fully comply with the directive in the December 2019 Order. Accordingly, we direct Avista to file, within 120 days of the date of this order, a further compliance filing that includes the specific technical screens and/or analyses that it will employ to determine which facilities are contingent facilities. Further, we direct Avista to describe the specific triggering thresholds or criteria, including the quantitative triggers, that are applied to identify a facility as contingent. In Order No. 845, the Commission declined to implement a standard threshold or criteria, such as a specific distribution factor threshold, because different thresholds may be more appropriate for different queue types and geographical footprints.¹⁰ However, if, for instance, Avista chooses to use a distribution factor analysis as a technical screen for determining how a new generating facility impacts the surrounding electrically-relevant facilities, its tariff must specify the triggering percentage impact that causes a facility to be considered contingent. Similarly, if Avista relies on the system impact study to identify which facilities the new generating facility will impact, it must specify in its tariff which power system performance attributes (voltages, power flows, etc.) violated a specific threshold of a facility¹¹ such that Avista would conclude that the facility is contingent for the new generating facility. Avista may use multiple screens or analyses as part of its method, but it must include a corresponding, specific triggering threshold or criterion to indicate how it will apply each screen or analysis.

¹¹ For example, a range for facility per unit voltage may constitute a specific triggering threshold, beyond which the transmission provider will identify the facility as contingent.

⁹ December 2019 Order, 169 FERC ¶ 61,217 at P 21.

¹⁰ Order No. 845, 163 FERC ¶ 61,043 at P 220.

B. <u>Material Modifications and Incorporation of Advanced Technologies</u>

11. In the December 2019 Order, the Commission found that Avista's proposal to use "reasonable efforts" to meet the 30-day deadline for the technological change procedure did not comply with the requirements of Order No. 845.¹² Additionally, the Commission found that Avista's proposed process in LGIP section 4.4.6.1 for a request submitted prior to the return of the executed system impact study agreement was missing several of the requirements established in Order Nos. 845 and 845-A.¹³ Specifically, the Commission found that Avista's proposed process failed to specify a deposit amount, explain how Avista will evaluate the technological request to determine whether the request will result in a material modification.¹⁴ Accordingly, the Commission directed Avista to revise its proposed technological change procedure in section 4.4.6 to remove the "reasonable efforts" language, and to cure the deficiencies stated above, or explain why these requirements are not necessary for this aspect of Avista's proposed technological change procedure.¹⁵

1. Avista's February Compliance Filing

12. Avista states that it has revised section 4.4.6 of its LGIP to replace section 4.4.6.2 in its entirety with section 4.4.6.1.¹⁶ While Avista explains that the revised language eliminates the "reasonable efforts" language previously in section 4.4.6.2 to state that Avista is required to complete the assessment within 30 days,¹⁷ Avista's proposed revisions in section 4.4.6.1 state that Avista shall use reasonable efforts to complete the assessment within 30 days, ¹⁷ Avista's proposed receives a completed request for incorporation of the technological advancement that contains all of the requirements from the interconnection customer, including: (1) a written request describing the change; (2) a \$10,000 deposit; (3) an updated version of the interconnection request; (4) an analysis demonstrating that the change would result in equal or better performance and not cause reliability concerns; and (5) to the extent applicable, updated modeling data. Once Avista receives the deposit and data from the interconnection customer, it proposes to evaluate whether the

¹³ Avista proposed LGIP § 4.4.6.1.

¹⁴ December 2019 Order, 169 FERC ¶ 61,217 at P 63.

¹⁵ Id.

¹⁶ Filing at 4.

¹⁷ Id.

¹² December 2019 Order, 169 FERC ¶ 61,217 at P 62.

advancement is a material modification. Avista's section 4.4.6.1 also states that if Avista determines that the proposed technological advancement would not change any of the parameters in Appendix 1 of the LGIP, then no study will be necessary, the deposit will be refunded, and the advancement will not be considered a material modification.

2. <u>Commission Determination</u>

13. We find that Avista's proposed revisions to section 4.4.6.1 of its LGIP partially comply with the directives of Order Nos. 845 and 845-A, and the December 2019 Order. Specifically, Avista specifies a deposit amount, explains how Avista will evaluate the technological change request to determine whether the request will result in a material modification, and establishes a timeframe for determining whether the request will result in a material modification. However, Avista's proposed revisions in section 4.4.6.1 continue to state that Avista will use reasonable efforts to complete the assessment within 30 days after it receives a completed request for incorporation of the technological advancement. As stated in the December 2019 Order, Order No. 845 establishes a 30-day requirement to determine whether the proposed technological change is a material modification and does not allow for the use of reasonable efforts to excuse compliance with this timeline.¹⁸ Therefore, we find that Avista's section 4.4.6.1 does not comply with Order Nos. 845 and 845-A, and the December 2019 Order. Accordingly, we direct Avista to submit, within 120 days of the date of this filing, a further compliance filing that revises its proposed technological change procedure to state that it will complete its assessment under section 4.4.6.1 within 30 days of receiving the initial technological change request.

C. <u>Other Compliance Directives</u>

1. December 2019 Order and February Compliance Filing

a. <u>Dispute Resolution</u>

14. In the December 2019 Order, the Commission found that Avista did not revise the table of contents in its LGIP to add sections 13.5.5 and 13.5.6. Accordingly, the Commission directed Avista to include sections 13.5.5 and 13.5.6 in the table of contents in its LGIP and, to the extent that the tables of contents for Avista's LGIP and *pro forma* LGIA needed to be revised to reflect other revisions, to revise the tables of contents accordingly. In the February Compliance Filing, Avista proposes to update the table of contents of its LGIP to include sections 13.5.5 and 13.5.6, and update sections 3.3,

¹⁸ December 2019 Order, 169 FERC ¶ 61,217 at P 62 (citing Order No. 845, 163 FERC ¶ 61,043 at P 535).

3.5, 3.6, and 3.7. Additionally, Avista proposes to update the table of contents of its *pro forma* LGIA to revise section 5.9 and add sections 5.9.1 and 5.9.2.

b. <u>Interconnection Study Deadlines</u>

15. In the December 2019 Order, the Commission found that Avista's proposed LGIP sections 3.5.2.3(B) and (C) included an incomplete description of the timeline for processing interconnection facilities studies that is specified for interconnection facilities study deadlines in section 8.3 of Avista's LGIP, because they omitted the reference to the cost accuracy conditions related to the deadlines. Accordingly, the Commission directed Avista to revise section 3.5.2.3 to state that Avista shall post an interconnection facilities study report reflecting deadlines based on 90 calendar days with no more than a +/- 20% cost estimate. In the February Compliance Filing, Avista proposes to revise sections 3.5.2.3 (B) and (C) of its LGIP to state that Avista shall post an interconnection facilities study report reflecting deadlines based on 90 calendar days with no more than a +/- 20% cost estimate. In the February Compliance Filing, Avista proposes to revise sections 3.5.2.3 (B) and (C) of its LGIP to state that Avista shall post an interconnection facilities study report reflecting deadlines based on 90 calendar days with no more than a +/- 20% cost estimate, or 180 calendar days if the interconnection customer requests a +/- 10% cost estimate, or 180 calendar days if the interconnection customer requests a +/- 10% cost estimate, or 180 calendar days if the interconnection customer requests a +/- 10% cost estimate, or 180 calendar days if the interconnection customer requests a +/- 10% cost estimate.

c. <u>Interconnection Service Below Generating Facility</u> <u>Capacity</u>

16. In the December 2019 Order, the Commission found that Avista's proposed revisions to section 3.1 of its LGIP omitted some of the *pro forma* language required by Order No. 845. Accordingly, the Commission directed Avista to incorporate the *pro forma* revisions to section 3.1 of its LGIP. In the February Compliance Filing, Avista proposes revisions to section 3.1 of its LGIP to include the omitted *pro forma* language.

d. <u>Surplus Interconnection Service</u>

17. In the December 2019 Order, the Commission found that Avista did not explicitly state that surplus interconnection service requests will be processed outside the non-surplus interconnection queue, as required by Order No. 845. Accordingly, the Commission directed Avista to explicitly state that surplus interconnection service requests will be processed outside of the non-surplus interconnection queue. In the February Compliance Filing, Avista proposes to revise section 3.3.1 of its LGIP to state that surplus interconnection service requests shall be processed outside of the non-surplus interconnection queue.

2. <u>Commission Determination</u>

18. We find that Avista's proposed revisions regarding Dispute Resolution, Interconnection Study Deadlines, Requesting Interconnection Service Below Generating Facility Capacity, and Surplus Interconnection Service comply with the directives in the December 2019 Order.

V. <u>Institution of Proceeding Pursuant to Section 206 of the FPA Regarding</u> <u>Provisional Interconnection Service</u>

19. In Order No. 845, the Commission required transmission providers to allow all interconnection customers to request provisional interconnection service.¹⁹ The Commission explained that interconnection customers may seek provisional interconnection service when available studies or additional studies, as necessary, indicate that there is a level of interconnection service that can occur to accommodate an interconnection request without the construction of any additional interconnection facilities and/or network upgrades, and the interconnection customer wishes to make use of that level of interconnection service while the facilities required for its full interconnection request are completed.²⁰ To implement this service, the Commission revised the *pro forma* LGIP and *pro forma* LGIA to add a definition for "Provisional Interconnection Agreement."²² In addition, the Commission added *pro forma* LGIA article 5.9.2, which details the terms for provisional interconnection service.²³

20. In the December 2019 Order, the Commission accepted Avista's proposed provisions to implement provisional interconnection service as required by Order No. 845, because Avista adopted the Commission's *pro forma* definition of provisional interconnection service, and incorporated article 5.9.2 of the Commission's *pro forma* LGIA without modification except to fill in the bracketed section to state that it will study and update the maximum permissible output of the generating facilities taking provisional interconnection service on an annual basis.²⁴

¹⁹ *Id.* P 438.

²⁰ *Id.* P 441.

²¹ Pro forma LGIP § 1 (Definitions); pro forma LGIA art. 1 (Definitions).

²² *Pro forma* LGIP § 1 (Definitions); *pro forma* LGIA art. 1 (Definitions). The Commission declined, however, to adopt a separate *pro forma* provisional large generator interconnection agreement. Order No. 845, 163 FERC ¶ 61,043 at P 444.

²³ Order No. 845, 163 FERC ¶ 61,043 at P 438; see also pro forma LGIP § 5.9.2.

²⁴ December 2019 Order, 169 FERC ¶ 61,217 at P 43.

21. However, in addition to complying with the specific revisions to its tariff required by Order Nos. 845 and 845-A, Avista's May 2019 Compliance Filing also revised its LGIP to add a new section 11.5, with subsections 11.5.1 through 11.5.7, which included additional details governing provisional interconnection service. The Commission's review of Avista's May 2019 Compliance Filing in the December 2019 Order focused on Avista's compliance with the requirements of Order Nos. 845 and 845-A, and did not address or otherwise recognize that Avista had added new section 11.5 to its LGIP containing details of provisional interconnection service implementation.²⁵ Certain provisions that Avista added in LGIP section 11.5 may be unjust and unreasonable because they are inconsistent with the provisional interconnection service revisions that the Commission determined are necessary "to ensure that the rates, terms, and conditions pursuant to which public utilities provide interconnection service to large generating facilities are just and reasonable and not unduly discriminatory or preferential."²⁶

22. Section 11.5.1 of Avista's LGIP requires an interconnection customer to have executed an LGIA with an anticipated in-service date prior to the expected completion of the network upgrades, and be in good standing under its LGIA, in order to request provisional interconnection service.²⁷ Section 11.5.1 of Avista's LGIP also limits the availability of provisional interconnection service to only those interconnection customers that have an anticipated in-service date that would occur prior to the expected completion of their network upgrades. Section 11.5.2 requires that the LGIA must be in good standing for the interconnection customer to be eligible for provisional interconnection service.

23. Requiring an interconnection customer to have an executed LGIA to be eligible for provisional interconnection service would prevent an interconnection customer from using provisional interconnection service until it has gone through most of the interconnection process. Order No. 845 provides that interconnection customers may request provisional interconnection service at all stages of the generator interconnection process.²⁸

²⁷ Avista, Electric OATT Volume No. 8, Attachment M, §§ 11.5.1–11.5.2.1 Standard Large Generator Interconnection Procedures (LGIP) (7.0.0).

²⁸ Order No. 845, 163 FERC ¶ 61,043 at P 424 ("[t]he provisional agreement would be in effect while awaiting the final results of the interconnection studies, the

²⁵ Avista did not reference or otherwise explain its addition of LGIP section 11.5 in the transmittal letter of the May 2019 Compliance Filing.

²⁶ Order No. 845, 163 FERC ¶ 61,043 at P 6.

24. Section 11.5.2.5 of Avista's LGIP states that the Provisional Interconnection System Impact Study conducted by Avista has the same scope as the current LGIP System Impact Study. We find that this provision may not be consistent with Order No. 845 and may be unjust and unreasonable because it potentially limits the scope of studies to be conducted to determine how much provisional interconnection service could be provided. The Commission's *pro forma* language does not limit the scope of studies for provisional interconnection service to the current system impact study, but rather provides that the transmission provider "shall determine, through available studies or additional studies as necessary, whether stability, short circuit, thermal, and/or voltage issues would arise if Interconnection Customer interconnects without modifications to the Generating Facility or Transmission System."²⁹

25. Further, section 11.5.1 of Avista's LGIP provides that it may terminate provisional interconnection service at any point if there is a change to the transmission system as the result of another generating facility that commences commercial operation pursuant to its LGIA. Also, section 11.5.3 of Avista's LGIP provides that Avista may require an interconnection customer to install equipment or protective devices that would disconnect the generating facility in the event the output of the generating facility exceeds the operational limit determined by Avista. We find that these provisions may be unjust and unreasonable because they impose limitations on the availability of provisional interconnection service that appear inconsistent with Order Nos. 845 and 845-A.

26. Accordingly, we institute a proceeding in Docket No. EL20-39-000, pursuant to FPA section 206, to examine section 11.5 of Avista's LGIP. Upon initial review, we find that provisions identified above in Avista's LGIP sections 11.5.1, 11.5.2, 11.5.2.5, and 11.5.3, may not be consistent with or superior to the requirements of Order Nos. 845 and 845-A and may be unjust and unreasonable.

27. We find that a paper hearing, as ordered below, is the appropriate procedure to resolve this matter. As ordered below, any person desiring to participate in the paper hearing must file a notice of intervention or timely motion to intervene, as appropriate, in accordance with Rule 214 of the Commission's Rules of Practice and Procedure.³⁰

28. We will require Avista and other interested parties to file initial briefs no later than 45 days after the publication of notice in the *Federal Register* of the Commission's initiation of this FPA section 206 proceeding in Docket No. EL20-39-000. Parties may

²⁹ *Pro forma* LGIA, § 5.9.2.

³⁰ 18 C.F.R. § 385.214 (2019).

execution of the LGIA, and the construction of any additional interconnection facilities and/or network upgrades that may result from the full interconnection process) & P 438.

also file reply briefs in response to parties' initial briefs due within 45 days after the due date of initial briefs.

29. In cases where, as here, the Commission institutes a section 206 proceeding on its own motion, section 206(b) of the FPA requires that the Commission establish a refund effective date that is no earlier than the date of publication of notice of the Commission's initiation of the proceeding in the *Federal Register*, and no later than five months subsequent to that date.³¹ Consistent with Commission precedent,³² we will establish a refund effective date at the earliest date allowed, i.e., the date the notice of the initiation of the proceeding in Docket No. EL20-39-000 is published in the *Federal Register*. The Commission is also required by section 206 to indicate when it expects to issue a final order in this proceeding within six months of receiving reply briefs, or by February 15, 2021.

The Commission orders:

(A) Avista's February Compliance Filing is hereby accepted, to become effective May 22, 2019, as requested, subject to a further compliance filing in Docket No. ER19-1959-000, as discussed in the body of this order.

(B) Avista is hereby directed to submit a further compliance filing to respond to the directives in Docket No. ER19-1959-000, within 120 days of the date of this order, as discussed in the body of this order.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and the FPA, particularly section 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the FPA (18 C.F.R. Chapter I), the Commission hereby institutes a proceeding in Docket No. EL20-39-000, concerning the justness and reasonableness of section 11.5 of Avista's LGIP, which concerns provisional interconnection service, as discussed in the body of this order.

(D) Avista and other interested parties may file initial briefs no later than 45 days after the publication of notice in the *Federal Register* of the Commission's initiation

³¹ 16 U.S.C. § 824e(b).

³² See, e.g., PJM Interconnection, L.L.C., 90 FERC ¶ 61,137 (2000); Cambridge Elec. Light Co., 75 FERC ¶ 61,177, clarified, 76 FERC ¶ 61,020 (1996); Canal Elec. Co., 46 FERC ¶ 61,153, reh'g denied, 47 FERC ¶ 61,275 (1989).

of the section 206 proceeding in Docket No. EL20-39-000. Reply briefs may be filed no later than 45 days thereafter.

(E) Any interested person desiring to be heard in Docket No. EL20-39-000 must file a notice of intervention or motion to intervene, as appropriate, with the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426, in accordance with Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), within 21 days of the date of publication of notice in the *Federal Register* of the Commission's initiation of the section 206 proceeding. The Commission encourages electronic submission of interventions in lieu of paper using the "eFiling" link at http://www.ferc.gov. Persons unable to file electronically should submit an original and three copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426.

(F) The Secretary shall promptly publish in the *Federal Register* a notice of the Commission's initiation of the proceeding under section 206 of the FPA in Docket No. EL20-39-000.

(G) The refund effective date in Docket No. EL20-39-000 established pursuant to section 206 of the FPA shall be the date of publication in the *Federal Register* of the notice discussed in Ordering Paragraph (E) above.

By the Commission.

(S E A L)

Kimberly D. Bose, Secretary.