

171 FERC ¶ 61,219  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Southwest Power Pool, Inc.

Docket No. ER19-1954-001

ORDER ON COMPLIANCE

(Issued June 18, 2020)

1. In a filing submitted on March 24, 2020 (March Compliance Filing), SPP proposed revisions to its Open Access Transmission Tariff (Tariff) in compliance with the requirements of Order Nos. 845 and 845-A<sup>1</sup> and the Commission's order on compliance issued on January 23, 2020.<sup>2</sup> As discussed below, we find that the March Compliance Filing complies with the Commission's directives in the January 2020 Order. Accordingly, we accept the filing, effective January 23, 2020.

**I. Background**

2. Order Nos. 845 and 845-A amended the Commission's *pro forma* Large Generator Interconnection Agreement (LGIA) and *pro forma* Large Generator Interconnection Procedures (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 January 2020 Order, the Commission found that SPP's May 22, 2019 compliance filing partially complied with the directives of Order Nos. 845 and 845-A. The Commission directed further revisions to SPP's Generator Interconnection

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<sup>1</sup> *Reform of Generator Interconnection Procedures and Agreements*, Order No. 845, 163 FERC ¶ 61,043 (2018), *errata notice*, 167 FERC ¶ 61,123, *order on reh'g*, Order No. 845-A, 166 FERC ¶ 61,137 (2019), *errata notice*, 167 FERC ¶ 61,124, *order on reh'g*, Order No. 845-B, 168 FERC ¶ 61,092 (2019).

<sup>2</sup> *Sw. Power Pool, Inc.*, 170 FERC ¶ 61,042 (2020) (January 2020 Order).

Procedures (GIP)<sup>3</sup> contained in Attachment V of its Tariff in the following areas of compliance: Identification and Definition of Contingent Facilities; Provisional Interconnection Service; Surplus Interconnection Service; and Material Modification and Incorporation of Advanced Technologies.<sup>4</sup> The Commission also directed a ministerial revision to section 5.1.3 of SPP's GIP.<sup>5</sup>

## **II. Notice and Responsive Pleadings**

4. Notice of the March Compliance Filing was published in the *Federal Register*, 85 Fed. Reg. 17,571 (Mar. 20, 2020), with interventions and protests due on or before April 14, 2020. Nebraska Public Power District (NPPD); Lincoln Electric System; Omaha Public Power District (OPPD); American Electric Power Service Corporation (AEP), on behalf of Public Service Company of Oklahoma (PSO) and Southwestern Electric Power Company (SWEPCO); and Western Farmers Electric Cooperative (Western Farmers) filed timely motions to intervene. On April 14, 2020, Evergy Kansas Central, Inc. (formerly Westar Energy, Inc.); Evergy Metro, Inc. (formerly Kansas City Power & Light Company); Evergy Missouri West, Inc. (formerly KCP&L Greater Missouri Operations); OPPD; Lincoln Electric System; NPPD; AEP, on behalf of PSO and SWEPCO; Sunflower Electric Power Corporation; and Western Farmers filed a joint protest (collectively, SPP Indicated Members).<sup>6</sup>

5. On May 11, 2020, SPP filed an answer to SPP Indicated Members' protest.

## **III. Discussion**

### **A. Procedural Matters**

6. 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.

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<sup>3</sup> SPP's GIP contains procedures for the interconnection of both large and small generating facilities, rather than establishing separate procedures for small generating facilities. *See* SPP Tariff, Attach. V.

<sup>4</sup> January 2020 Order, 170 FERC ¶ 61,042 at PP 33, 59, 69, and 87.

<sup>5</sup> *Id.* P 93.

<sup>6</sup> SPP Indicated Members that did not file motions to intervene on April 14, 2020 were previously granted party status in the January 2020 Order. *See* January 2020 Order, 170 FERC ¶ 61,042 at PP 8, 11.

7. 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 the decisional authority. We accept SPP's answer because it has provided information that assisted us in our decision-making process.

**B. Substantive Matters**

8. As discussed below, we find that SPP's filing complies with the requirements of Order Nos. 845 and 845-A and the directives in the January 2020 Order. Accordingly, we accept SPP's compliance filing, effective January 23, 2020.

**1. Identification and Definition of Contingent Facilities**

9. In the January 2020 Order, the Commission found that SPP's proposed Tariff revisions lacked the requisite transparency required by Order Nos. 845 and 845-A because the proposed Tariff revisions did not detail the specific thresholds or criteria that SPP would use as part of its method to identify contingent facilities. The Commission also found that SPP's proposed Tariff revisions lacked the specificity to ensure that SPP's technical screens or analyses would be applied to interconnection requests on a consistent, not unduly discriminatory or preferential basis. Therefore, the Commission required SPP to submit a further compliance filing that included in section 3.8 of its GIP the specific thresholds or criteria it would use in its technical screens or analysis to achieve the level of transparency required by Order No. 845.<sup>7</sup>

**a. March Compliance Filing**

10. In the March Compliance Filing, SPP proposes to revise sections 3.8.1 and 3.8.2 in its GIP to further explain how it will identify contingent facilities. SPP's proposed revisions provide that the distribution factor it will use to identify contingent facilities for interconnection requests seeking Energy Resource Interconnection Service (ERIS)<sup>8</sup> shall be 20 percent for all outage-based thermal constraints and three percent for all other constraints, while the distribution factor for interconnection requests seeking Network Resource Interconnection Service (NRIS)<sup>9</sup> shall be three percent for all constraints.

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<sup>7</sup> January 2020 Order, 170 FERC ¶ 61,042 at P 34.

<sup>8</sup> ERIS is an interconnection service that allows the interconnection customer to interconnect using existing firm or non-firm transmission system capacity on an as-available basis. SPP Tariff, Attach. V, § 1.

<sup>9</sup> NRIS is an interconnection service that allows the interconnection customer to interconnect in a manner comparable to that in which the transmission owner integrates

**b. Protest**

11. SPP Indicated Members argue that SPP's proposed method for identifying contingent facilities based on a distribution factor of 20 percent for ERIS is an arbitrary and extreme impact threshold without a technical basis.<sup>10</sup> SPP Indicated Members contend that the proposed 20 percent threshold is inconsistent with any other SPP Tariff-based system impact study thresholds utilized to evaluate the additions of new transmission service, load delivery service, or new transmission interconnections, which SPP Indicated Members assert range from zero to three percent.<sup>11</sup>

12. SPP Indicated Members contend that the number of ERIS resources requesting to interconnect is more than what SPP's generator interconnection studies can handle, and they allege that the studies use unrealistic assumptions to help the model solve. As a result, SPP Indicated Members assert that SPP's proposed 20 percent threshold for ERIS requests is inconsistent with cost causation principles because it masks certain violations that later appear as reliability or economic upgrades in the more realistic SPP Integrated Transmission Planning process, resulting in significant cost shifts from interconnection customers to transmission customers. SPP Indicated Members contend that a recent interconnection study provided by SPP in 2018 identified 63 thermal constraints in the SPP transmission system at a five percent distribution factor threshold, which were being ignored due to the application of the 20 percent ERIS impact threshold.<sup>12</sup>

13. SPP Indicated Members contend that SPP's proposal discriminates against existing firm transmission customers by ignoring constraints during the generator interconnection study process that produce heavy congestion in real-time.<sup>13</sup> In addition, SPP Indicated Members argue that because ERIS and NRIS resources receive identical treatment in the SPP Integrated Marketplace, SPP's proposal unreasonably allows ERIS resources to be curtailed at the same level as resources with firm transmission service.<sup>14</sup> SPP Indicated Members assert that the continued preferential treatment of ERIS

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its generating facilities in order to serve its native load customers as a network resource.  
*Id.*

<sup>10</sup> SPP Indicated Members Protest at 1.

<sup>11</sup> *Id.* at 4.

<sup>12</sup> *Id.* at 4-5.

<sup>13</sup> *Id.* at 6.

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

resources is a systemic problem for SPP members and stakeholders that has been identified by the SPP Holistic Integrated Tariff Team.<sup>15</sup>

**c. SPP Answer**

14. SPP states that its proposed 20 percent distribution factor for ERIS is based in part on the general power transfer concept that larger distribution factors are effective at identifying constraints driven primarily by generator injections, while lower distribution factors are more effective at identifying load-driven constraints. SPP explains that a point of interconnection of five or fewer equally-sized transmission lines results in a distribution factor of at least 20 percent for that point of interconnection. SPP asserts that a 20 percent distribution factor would therefore likely identify overloads as well as other local facilities that may be significantly impacted by the generator at that point of interconnection. SPP states that the thresholds used in its generator interconnection process for both ERIS and NRIS have been in effect since 2011 and were established through a stakeholder process and documented in the publicly-posted SPP Business Practice 7250. SPP also notes that Midcontinent Independent System Operator, Inc. (MISO) uses a 20 percent distribution factor for ERIS.<sup>16</sup>

15. Further, SPP argues that contrary to SPP Indicated Members' assertion that SPP's continued use of the 20 percent distribution factor for ERIS results in significant cost shifts from ERIS customers to transmission customers, non-firm ERIS resources are not included in its Integrated Transmission Planning reliability studies and, therefore, do not result in new network upgrades to maintain system reliability. Further, SPP asserts that SPP staff did not quantify the number of additional upgrades and assigned costs that would have been required under a five percent ERIS threshold for the 2018 interconnection study referenced by SPP Indicated Members. However, SPP contends that some of the additional constraints in this scenario would have likely been mitigated by upgrades assigned using the 20 percent threshold, or other existing upgrades, and therefore would not have resulted in any additional upgrades.<sup>17</sup>

16. SPP acknowledges that the economic projects selected by its transmission planning process may benefit entities other than transmission customers. However, SPP states that its Tariff does not currently contain a mechanism for sharing transmission costs between transmission customers and ERIS-only generators. SPP states that the minimum benefit-to-cost ratio for economic projects is currently being reexamined within

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<sup>15</sup> *Id.* at 6-7.

<sup>16</sup> SPP Answer at 4-5.

<sup>17</sup> *Id.* at 8-9.

its stakeholder process and maintains that these discussions should be completed prior to the consideration of changes to the ERIS threshold.<sup>18</sup>

17. SPP states that its Integrated Marketplace treats both resources with firm transmission service and ERIS resources equally in its commitment and dispatch decisions in order to deploy the lowest cost resources available to the system while maintaining reliability. SPP argues that curtailing non-firm resources in favor of firm resources without consideration of resource cost or system impacts could lead to higher wholesale energy prices or increased reliability risks. SPP also states that its Transmission Congestion Rights (TCR) market provides an opportunity for owners of resources with firm transmission service to be financially compensated for the potential adverse cost impacts of congestion on the transmission system. SPP notes that current stakeholder initiatives are in the process of implementing improvements to the TCR market that will increase access to congestion hedging opportunities for firm transmission service holders.<sup>19</sup>

**d. Commission Determination**

18. We find that SPP's proposed Tariff revisions comply with the directives of Order Nos. 845 and 845-A and the January 2020 Order because they provide the specific thresholds or criteria that SPP will use as part of its method for identifying contingent facilities and ensure that SPP's method will be applied to interconnection requests on a consistent, not unduly discriminatory or preferential basis. We find that SPP has sufficiently justified the technical basis of its proposed 20 percent distribution factor for ERIS and note that this threshold is consistent with the current 20 percent distribution factor threshold for ERIS requests that SPP uses in its interconnection studies.<sup>20</sup> Further, we find that SPP Indicated Members' comments regarding the treatment of ERIS and NRIS requests in SPP's Integrated Marketplace and transmission planning process are beyond the scope of this proceeding because the January 2020 Order did not contain any Commission directives regarding these issues.

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<sup>18</sup> *Id.* at 10-11.

<sup>19</sup> *Id.* at 11-12.

<sup>20</sup> SPP, Business Practice 7250 (Generator Interconnection Service). *See also* SPP, Guidelines for Generator Interconnection Requests, §§ 4.1 and 4.2, <http://opsportal.spp.org/documents/studies/GuidelinesAndBusinessPracticesForGIP.pdf>.

## 2. Other Compliance Directives

### a. January 2020 Order and March Compliance Filing

#### i. Provisional Interconnection Service

19. In the January 2020 Order, the Commission found that section 11A.1 of SPP's GIP, which provided that an interconnection customer may request provisional interconnection service only if its requested in-service date precedes the projected completion of its interconnection facilities study, did not accomplish the Commission's objective in Order No. 845 that provisional interconnection service be available to all customers regardless of queue position. The Commission required SPP to submit a further compliance filing to remove the current limitation on the availability of provisional interconnection service.<sup>21</sup> In the March Compliance Filing, SPP proposes to remove the current limitation on the availability of provisional interconnection service in section 11A.1 of its GIP,<sup>22</sup> and SPP proposes similar revisions to its *pro forma* interim GIA.<sup>23</sup>

20. In the January 2020 Order, the Commission also found that SPP's existing Tariff provisions regarding interim interconnection service did not specify the frequency with which SPP would study and update the maximum permissible output of a generating facility subject to an interim GIA, and the Commission directed SPP to submit a further compliance filing to specify this frequency.<sup>24</sup> In the March Compliance Filing, SPP proposes to add new sections to its GIP<sup>25</sup> and *pro forma* interim GIA<sup>26</sup> to specify the frequency with which SPP will study and update the maximum permissible output of a generating facility subject to an interim GIA. Specifically, SPP proposes to annually

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<sup>21</sup> January 2020 Order, 170 FERC ¶ 61,042 at P 59.

<sup>22</sup> Transmittal at 6; Proposed SPP Tariff, Attach. V, § 11A.1.

<sup>23</sup> Proposed SPP Tariff, Attach. V, apps. 8 and 14. SPP proposes revisions to its interim *pro forma* GIA contained in Appendix 8 of Attach. V, as well as the *pro forma* interim GIA applicable when the Western Area Power Administration – Upper Great Plains region is a party to the GIA, contained in Appendix 14 of Attachment V. For the sake of simplicity, we will refer to changes to these documents as changes to SPP's *pro forma* interim GIA.

<sup>24</sup> January 2020 Order, 170 FERC ¶ 61,042 at P 60.

<sup>25</sup> Proposed SPP Tariff, Attach. V, § 11A.6.

<sup>26</sup> Proposed SPP Tariff, Attach. V, apps. 8 and 14 (proposing revisions to § 11.2).

perform a re-study of each effective interim GIA in order to determine whether the amount of interim interconnection service specified in the interim GIA is still available. SPP proposes to increase or decrease the amount of service based on the results of the annual re-study and to utilize existing studies where practicable. Under SPP's proposal, the cost of each annual restudy will be deducted from the interconnection customer's study deposit, and the interconnection customer will be responsible for any study costs in excess of the deposit. SPP also proposes that a determination by SPP that interim interconnection service must be reduced will take precedence over the results of the most recent annual restudy.

**ii. Surplus Interconnection Service**

21. In the January 2020 Order, the Commission found that SPP had failed to support its proposed independent entity variation to identify only necessary interconnection facilities, and not network upgrades, in the results of the surplus interconnection service impact study. The Commission required SPP to submit a further compliance filing to either justify its proposed variation or propose new Tariff language to require the identification of network upgrades in the results of the surplus interconnection service impact study, as required by Order No. 845.<sup>27</sup> In the March Compliance Filing, SPP proposes to modify section 3.3.4.1 of its GIP to provide for the identification of network upgrades in the results of the surplus interconnection service impact study.<sup>28</sup> SPP also proposes to modify section 3.3.5 of its GIP to provide that SPP will tender a draft surplus interconnection service agreement if it determines that there are no impacts requiring additional network upgrades.<sup>29</sup>

22. In the January 2020 Order, the Commission also found that SPP's proposal to hold the original interconnection customer, rather than the surplus interconnection service customer, responsible for any surplus interconnection service impact study costs in excess of the study deposit provided to SPP was not just and reasonable because the original interconnection customer does not take surplus interconnection service or cause SPP to potentially incur excess surplus interconnection service impact study costs. The Commission required SPP to revise proposed section 3.3.2 of its GIP to provide that the surplus interconnection service customer will be responsible for any excess surplus interconnection service impact study costs.<sup>30</sup> In the March Compliance Filing, SPP proposes to modify section 3.3.2 of its GIP to provide that the surplus interconnection

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<sup>27</sup> January 2020 Order, 170 FERC ¶ 61,042 at P 72.

<sup>28</sup> Proposed SPP Tariff, Attach. V, § 3.3.4.1.

<sup>29</sup> Proposed SPP Tariff, Attach. V, § 3.3.5.

<sup>30</sup> January 2020 Order, 170 FERC ¶ 61,042 at P 73.



service customer will be responsible for any excess surplus interconnection service impact study costs.<sup>31</sup>

**iii. Material Modifications and Incorporation of Advanced Technologies**

23. In the January 2020 Order, the Commission found that SPP did not explain how it would evaluate a technological advancement request to determine whether it is a material modification, and the Commission directed SPP to revise its Tariff to provide a more detailed explanation of the additional studies that it would conduct to determine whether a technological advancement request constituted a material modification.<sup>32</sup>

24. In the March Compliance Filing, SPP proposes to modify section 4.4.5 of its GIP to remove the language providing that evaluations of technical advancement requests will be conducted pursuant to sections 4.4.2 and 4.4.3 of its GIP. SPP instead proposes to determine whether a technological advancement request is a material modification by conducting steady-state, reactive power, short-circuit/fault duty, and stability analyses. SPP proposes that if it determines that one or more of the analyses is not necessary based on the nature of the requested change, it may waive any of these analyses.<sup>33</sup> SPP explains that it is not possible in advance to identify all of the permissible technological advancements or characteristics that would lead SPP to conclude that one or more of the listed studies are unnecessary. SPP asserts that this approach balances up-front transparency about the types of analyses to be performed with flexibility to avoid unnecessary studies in the individual cases.<sup>34</sup>

**iv. Ministerial Revision**

25. In the January 2020 Order, the Commission required a ministerial revision to section 5.1.3 of SPP's GIP.<sup>35</sup> In the March Compliance Filing, SPP proposes to revise section 5.1.3 to correct a cross-reference to section 4.2.1 in its GIP.

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<sup>31</sup> Proposed SPP Tariff, Attach. V, § 3.3.2.

<sup>32</sup> January 2020 Order, 170 FERC ¶ 61,042 at P 89.

<sup>33</sup> Proposed SPP Tariff, Attach. V, § 4.4.5.

<sup>34</sup> Transmittal at 12.

<sup>35</sup> January 2020 Order, 170 FERC ¶ 61,042 at P 93.

**b. Commission Determination**

26. We find that SPP's proposed revisions to its GIP and *pro forma* interim GIA regarding Provisional Interconnection Service, Surplus Interconnection Service, Material Modifications and Incorporation of Advanced Technologies, and the ministerial revision comply with the directives in the January 2020 Order.

The Commission orders:

SPP's compliance filing is hereby accepted, to become effective January 23, 2020, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.