

**DEPARTMENT OF ENERGY****Federal Energy Regulatory Commission****18 CFR Part 35****[Docket No. RM02-12-000]****Standardization of Small Generator Interconnection Agreements and Procedures**

July 24, 2003.

**AGENCY:** Federal Energy Regulatory Commission.**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Federal Energy Regulatory Commission (Commission) is proposing to amend its regulations under the Federal Power Act (FPA) to require public utilities that own, operate, or control facilities for transmitting electric energy in interstate commerce to file revised Open Access Transmission Tariffs containing standard interconnection procedures and a standard interconnection agreement for small generators. Specifically, the Commission is proposing in this Notice of Proposed Rulemaking that such public utilities shall provide interconnection service to Small Generating Facilities (*i.e.*, devices used for the production of electricity having a capacity of no more than 20 megawatts), including their own generation, under the procedures set forth in the proposed standard interconnection procedures and according to a standard interconnection agreement. Any non-public utility that seeks voluntary compliance with the reciprocity condition of a jurisdictional transmission tariff may satisfy this condition by adopting these procedures and this agreement.

**DATES:** Comments are due October 3, 2003. Comments should be double spaced and include an executive summary. In order to facilitate the evaluation of comments, commenters are encouraged to file their comments electronically in WordPerfect, MS Word, Portable Document Format (PDF), or ASCII format.

**ADDRESSES:** Comments may be filed electronically via the eFiling link on the Commission's Web site at <http://www.ferc.gov>. Commenters unable to file comments electronically must send an original and 14 copies of their comments to: Federal Energy Regulatory Commission, Office of the Secretary, 888 First Street NE., Washington, DC 20426. Comments should reference Docket No. RM02-12-000. Please refer to the Comment Procedures Section of

the preamble for additional information on how to file comments.

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**I. Introduction**

1. This Notice of Proposed Rulemaking (NOPR) proposes the addition of Standard Small Generator Interconnection Procedures (Proposed SGIP) and a Standard Small Generator Interconnection Agreement (Proposed SGIA) to the Open Access Transmission Tariffs (OATTs) of jurisdictional public utilities.<sup>1</sup> The Commission expects that this rulemaking will reduce interconnection time and costs for Interconnection Customers and Transmission Providers, prevent undue discrimination, preserve reliability, increase energy supply, lower wholesale prices for customers by increasing the number and variety of new generation

<sup>1</sup> Provisions of the Proposed SGIP are referred to as "Sections" whereas provisions of the Proposed SGIA are referred to as "Articles."

resources that will compete in the wholesale electricity market, and facilitate development of non-polluting alternative energy sources (such as photovoltaic, fuel cell, and wind generators).

2. The Proposed SGIP sets forth the procedures that Interconnection Customers and Transmission Providers would be required to follow during the interconnection process.<sup>2</sup> Included in the Proposed SGIP are (1) the application form (referred to as the Interconnection Request), (2) Super-Expedited Procedures for interconnecting Precertified Small Generating Facilities no larger than 2 MW to a Low-Voltage Transmission System (*i.e.*, less than 69 kilovolts), (3) Expedited Procedures for interconnecting Small Generating Facilities larger than 2 MW but no larger than 10 MW to a Low-Voltage Transmission System, (4) procedures for interconnecting Small Generating Facilities to a High-Voltage Transmission System (*i.e.*, 69 kilovolts and above) and Small Generating Facilities larger than 10 MW interconnecting with a Low-Voltage Transmission System.

3. The Proposed SGIA sets forth the legal rights and obligations of each Party, addresses cost responsibility issues, establishes Milestones for the completion of the interconnection, and lays out a process for the resolution of disputes.

4. In this NOPR, we propose standard procedures and a standard agreement to be used by a public utility to interconnect a Small Generator with the utility's transmission facilities or with its jurisdictional distribution facilities for the purpose of selling electric energy at wholesale in interstate commerce.

#### A. Background

5. This NOPR responds to business and technology changes in the electric industry. Where the electric industry was once primarily the domain of large, vertically integrated utilities generating power at large centralized plants,

<sup>2</sup> Unless otherwise defined in this Preamble, capitalized terms used in this NOPR have the meanings specified in Section 1 of the Proposed SGIP and Article 1 of the Proposed SGIA. The term Generating Facility means the specific device for which the Interconnection Customer has requested interconnection. The owner of the Generating Facility is referred to as the Interconnection Customer. The entity with which the Generating Facility is interconnecting is referred to as the Transmission Provider. The term Small Generator is intended to refer to any energy resource having a capacity of no more than 20 megawatts, or the owner of such a resource. Likewise, Large Generator refers to any energy resource having a capacity of more than 20 megawatts, or the owner of such a resource.

advances in technology have created a burgeoning market for small power plants that may offer economic, reliability, or environmental benefits.

6. With these developments in mind, the Commission continues to work to encourage fully competitive bulk power markets. The effort took its first significant step with Order No. 888,<sup>3</sup> which required public utilities to provide other entities comparable access to their transmission systems, and continued with Order No. 2000,<sup>4</sup> which began the process of developing Regional Transmission Organizations (RTOs). The Commission has taken numerous actions to establish and protect robust, seamless, and competitive wholesale electricity markets.<sup>5</sup> Concurrent with the issuance of this NOPR, the Commission is issuing a Final Rule establishing standard interconnection procedures and a standard agreement for large generators to further encourage fully competitive bulk power markets and much-needed investment in generation.<sup>6</sup>

7. The Commission continues to seek the establishment of robust competitive wholesale electric markets.<sup>7</sup> A recent Commission White Paper stated the Commission's intent to focus on the formation of RTOs and Independent System Operators (ISOs) and on ensuring that RTOs and ISOs have good wholesale market rules in place.<sup>8</sup> It proposed to require all public utilities to join an RTO or ISO. Further, the White

<sup>3</sup> Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, Order No. 888, 61 FR 21540 (May 10, 1996), FERC Stats. and Regs. ¶31,036 (1996), *order on reh'g*, Order No. 888-A, 62 FR 12274 (Mar. 14, 1997), FERC Stats. & Regs. ¶31,048 (1997), *order on reh'g*, Order No. 888-B, 81 FERC ¶61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

<sup>4</sup> Regional Transmission Organizations, Order No. 2000, 65 FR 810 (Jan. 6, 2000), FERC Stats. & Regs. ¶31,089 (1999), *order on reh'g*, Order No. 2000-A, 65 FR 12088 (Mar. 8, 2000), FERC Stats. & Regs. ¶31,092 (2000), *aff'd sub nom. Public Util. Dist. No. 1 v. FERC*, 272 F.3d 607 (D.C. Cir. 2001).

<sup>5</sup> *E.g.*, Remedying Undue Discrimination Through Open Access Transmission Service and Standard Electricity Market Design, Notice of Proposed Rulemaking, 67 FR 55452 (Aug. 29, 2002), FERC Stats. & Regs. ¶32,563 (2002).

<sup>6</sup> Standardization of Generator Interconnection Agreements and Procedures, Final Rule, Docket No. RM02-1-000 (issued concurrently with this NOPR).

<sup>7</sup> *E.g.*, Remedying Undue Discrimination Through Open Access Transmission Service and Standard Electricity Market Design, Notice of Proposed Rulemaking, 67 FR 55452 (Aug. 29, 2002), FERC Stats. & Regs. ¶32,563 (2002).

<sup>8</sup> White Paper: Wholesale Power Market Platform, Docket No. RM01-12-000 (Apr. 28, 2003) (White Paper).

Paper stated that all RTOs and ISOs would, with limited exceptions, be required to implement a wholesale market platform consisting of elements that must be in place for well-functioning wholesale markets: (1) Regional independent grid operation, (2) a regional transmission planning process, (3) fair cost allocation for existing and new transmission, (4) market monitoring and market power mitigation, (5) spot markets to meet real-time energy needs, (6) transparency and efficiency in congestion management, (7) firm transmission rights; and (8) a regional approach to ensuring resource adequacy. Also, an RTO or ISO may propose participant funding for transmission upgrades for a generator interconnection, and, for a transitional period not to exceed a year, a region may use participant funding as soon as an independent entity has been approved by the Commission and the affected states.

#### B. Generator Interconnections

8. While the subject of generator interconnection arose in the Order No. 888 rulemaking, no explicit reference to it appeared in the OATT. Nevertheless, interconnection is a critical component of open access transmission service, and the Commission must ensure that interconnection service is provided under just and reasonable terms and conditions.

9. Entities seeking to interconnect generators have been hindered by the lack of standard interconnection procedures and agreements. Standard interconnection procedures limit opportunities for public utilities that own both generation and transmission to favor their own generation and help produce just and reasonable interconnection charges for generators. A standard interconnection agreement reduces market entry costs for generators and offers them access to regional energy markets on standard terms.

10. As discussed below, after the Commission initiated its interconnection NOPR in Docket No. RM02-1-000, Standardization of Generator Interconnection Agreements and Procedures, it became apparent that the rule as proposed might not sufficiently encourage the development of small generators, and that there needed to be a separate interconnection agreement and set of procedures designed specifically for small generators.

11. The effort to generically address Small Generator interconnection issues presents numerous challenges. The electric industry is faced with the

competing needs for, on the one hand, maintaining electric system reliability and, on the other hand, encouraging increased generation, including generation using innovative technologies. To encourage small generators to participate in the interstate wholesale market, the interconnection process should be affordable and the terms and conditions should be clear, but these goals must not compromise the reliability of the electric system.

### C. Large Generator Interconnection Rulemaking

12. The Commission issued an Advance Notice of Proposed Rulemaking (ANOPR) in Docket No. RM02-1-000<sup>9</sup> (Large Generator Interconnection ANOPR) that was originally intended to develop standard generator interconnection procedures and a standard agreement for generators of all sizes. The Commission also initiated a collaborative process in which members of the electric industry and government (collectively, stakeholders) could draft standard interconnection procedures and interconnection agreement documents. Public meetings of these stakeholders culminated in the development of a Large Generator Interconnection Procedures (Consensus LGIP) and a Large Generator Interconnection Agreement (Consensus LGIA), which were filed with the Commission.<sup>10</sup>

13. The Commission then issued a Large Generator Interconnection NOPR.<sup>11</sup> The Commission proposed standard interconnection procedures for generators, which is referred to here as the Proposed LGIP. It also proposed a standard interconnection agreement for all generators, which is referred to here as the Proposed LGIA. Both would be incorporated into existing and future OATTs. The Proposed LGIP and Proposed LGIA generally followed the consensus documents filed with the Commission, but the Commission also resolved, for purposes of the NOPR, several issues that were left unresolved in the consensus documents. A Large Generator Interconnection Final Rule is

being issued concurrently with the issuance of this NOPR.

### D. Small Generator Interconnection ANOPR, Process, and Comments

14. Although the Proposed LGIP and Proposed LGIA provided for the expedited treatment of Small Generating Facilities, some commenters argued that the Commission should adopt separate standard interconnection procedures and agreements that address the unique concerns of Small Generators.<sup>12</sup> Small Generator Commenters proposed simplified standard procedures and agreements that would allow quicker, less costly, and simpler interconnection for Small Generating Facilities no larger than 2 MW, and different procedures and agreements for units larger than 2 MW but no larger than 20 MW. Persuaded that different procedures and agreements for Small Generators are needed, we severed consideration of Small Generating Facilities from the Large Generator Interconnection rulemaking and issued its Small Generator Interconnection ANOPR in August 2002.<sup>13</sup>

15. The Small Generator Interconnection ANOPR proposed two small generator interconnection procedures and two small generator interconnection agreements, with the distinction between the two sets of documents being the size of the Small Generator. These documents (hereafter, respectively, ANOPR SGIPs and ANOPR SGAs) were offered by the Small Generator Commenters in their comments to the Large Generator Interconnection NOPR. We encouraged interested parties to pursue consensus on the ANOPR SGIPs and ANOPR SGAs. To that end, the Commission convened a series of public meetings designed to enable the parties to discuss and reach as much agreement as possible.

16. The public meetings culminated in the negotiating parties<sup>14</sup> preparing two sets of standard small generator interconnection procedures and agreements (Coalition SGIPs and

Coalition SGAs, respectively) and submitting them to the Commission in November 2002. While the Coalition members reached consensus on some issues, significant disagreements remained. The documents nonetheless helped inform the Commission of the various challenges that confront both the owners of Small Generators and Transmission Providers. Public comments on the Small Generator Interconnection ANOPR were filed in December 2002.

## II. Discussion

17. The results of the negotiations during the Small Generator Interconnection ANOPR process, the ANOPR comments, and the technical conference on queuing form the basis for the Proposed SGIP and Proposed SGIA that are included in this NOPR.

18. Coalition members drafted two Coalition SGAs, one for Small Generating Facilities no larger than 2 MW, and a second for Small Generating Facilities larger than 2 MW but no larger than 20 MW. Likewise, they developed two sets of Coalition SGIPs. Although there was significant overlap between the two Coalition SGAs as well as the two Coalition SGIPs, the Coalition members did not consolidate these four documents. To simplify the interconnection process and eliminate duplication, this NOPR offers a single Proposed SGIP and a single Proposed SGIA. The former incorporates different procedures for the processing of Interconnection Requests for Small Generating Facilities of various sizes.

19. Coalition members were often unable to reach consensus on an issue and the Commission needed to resolve the issue for the purpose of this NOPR. The Commission carefully evaluated the positions the Coalition members presented in the November 2002 consensus document as well as the ANOPR comments filed the following month. The Commission also acknowledges that NARUC has developed a model small generator interconnection procedures and agreement that is similar in many ways to the proposal contained in this NOPR. The NARUC model and its comments were very helpful in the development of this proposal.

20. Also, where appropriate, we are proposing some provisions and definitions identical or similar to those in the Large Generator Interconnection Final Rule (and the OATT) to ensure as much consistency as is reasonable between the large and small generator

<sup>9</sup> Standardizing Generator Interconnection Agreements and Procedures; Advance Notice of Proposed Rulemaking, 66 FR 55140 (Nov. 1, 2001), FERC Stats. & Regs. ¶ 35,540 (2002). The previously cited rulemaking is referred to here as the Large Generator Interconnection rulemaking, to distinguish it from the Small Generator Interconnection rule proposed here.

<sup>10</sup> While these consensus documents reflected significant agreement, they also identified disputed provisions and left a number of issues unresolved.

<sup>11</sup> Large Generator Interconnection NOPR, IV FERC Stats. & Regs. ¶ 32,560 (2002).

<sup>12</sup> Those commenters included The Solar Energy Industries Association, the U.S. Fuel Cell Council, the American Solar Energy Society, the U.S. Combined Heat and Power Association, the International District Energy Association, and the American Wind Energy Association (collectively, Small Generator Commenters).

<sup>13</sup> Standardization of Small Generator Interconnection Agreements and Procedures; Advance Notice of Proposed Rulemaking, 67 FR 54749 (Aug. 26, 2002), FERC Stats. & Regs. ¶ 35,544 (2002).

<sup>14</sup> The negotiating parties included representatives of small generators, the National Association of Regulatory Utility Commissioners, and transmission and distribution providers (collectively, "Coalition").

tariff provisions.<sup>15</sup> We invite comment on this approach, and ask interested parties to address whether Large Generators and Small Generators should be treated differently with respect to those parts of the Proposed SGIP and Proposed SGIA that follow the Final Rule LGIP and Final Rule LGIA.

21. The Coalition presents various procedures to determine whether certain Small Generators may interconnect safely with a Transmission Provider's Transmission System. In the Coalition's proposed SGIPs, some procedures would evaluate requests to interconnect Small Generators to a Transmission Provider's Distribution System, while others would evaluate requests to interconnect with its Transmission System. The Commission here proposes instead to use the voltage level of the Transmission Provider's Transmission System at which the interconnection is to be made as one basis for determining which procedure may be employed<sup>16</sup>—Low-Voltage procedures would apply to interconnections made at voltage levels below 69 kV, and High-Voltage procedures would apply to interconnections made at voltage levels of 69 kV and above. The Commission believes that this will assist the Parties by making clear which procedure applies to a particular Interconnection Request.

#### A. The Commission's Small Generator Interconnection Proposal

22. This NOPR includes a Proposed SGIP and a Proposed SGIA. The Proposed SGIP describes the process for evaluating the proposed interconnection. After the process is successfully completed, the Parties would then execute the Proposed SGIA, which sets forth the contractual rights and obligations of the Parties. To explain the contents of the Proposed SGIA and Proposed SGIP, we next present: (1) A discussion of our legal authority over a Small Generator's interconnection to a public utility's Transmission System, (2) a summary of the proposed interconnection process,<sup>17</sup> and (3) a discussion of significant issues that arose during the Small Generator

Interconnection ANOPR process and how we propose to resolve them.

#### 1. Jurisdiction

23. At the outset, it is important to clarify several terms when discussing the question of jurisdiction. "Local distribution" is a legal term; under FPA section 201(b)(1), the Commission lacks jurisdiction over local distribution facilities.<sup>18</sup> "Distribution" is an unfortunately vague term, but it is usually used to refer to lower-voltage lines that are not networked and that carry power in one direction. Some lower-voltage facilities are "local distribution" facilities not under our jurisdiction, but some are used for jurisdictional service such as carrying power to a wholesale power customer for resale and are included in a public utility's OATT (although in some instances, there is a separate OATT rate for using them, sometimes called a Wholesale Distribution Rate).

24. This NOPR proposes to apply the NOPR SGIA and NOPR SGIP in a manner consistent with the Large Generator Interconnection Final Rule. This is different from the authority proposed in the Small Generator Interconnection ANOPR, where, consistent with the jurisdiction proposed in the Large Generator Interconnection NOPR, we proposed to assert jurisdiction when the owner of a generator seeks to interconnect with a distribution facility to make a wholesale sale of electricity in interstate commerce.<sup>19</sup> Several commenters to the Small Generator Interconnection ANOPR object to the Commission asserting jurisdiction over interconnections to distribution facilities, both legally and as a matter of policy.<sup>20</sup> They argue, among other things, that the FPA reserves jurisdiction over local distribution facilities to the States and that the Commission lacks sufficient staff and expertise to regulate numerous Small Generator interconnections to Distribution Systems. These matters, they say, are best left to the States. Most of these commenters do not distinguish between distribution facilities owned by

jurisdictional public utilities and those owned by non-public utilities.

25. The proposed rule proposes to apply to interconnections to the facilities of a public utility's Transmission System that, at the time the interconnection is requested, may be used either to transmit electric energy in interstate commerce or to sell electric energy at wholesale in interstate commerce pursuant to a Commission-filed OATT.<sup>21</sup> In other words, the standard interconnection procedures and contract terms would apply when an Interconnection Customer that plans to engage in a sale for resale in interstate commerce or to transmit electric energy in interstate commerce requests interconnection to facilities owned, controlled, or operated by the Transmission Provider or the Transmission Owner, or both, that are used to provide transmission service under an OATT that is on file at the Commission at the time the Interconnection Request is made. Therefore, the NOPR proposes to apply to a request to interconnect to a public utility's facilities used for transmission in interstate commerce. It also would apply to a request to interconnect to a public utility's "distribution" facilities used to transmit electric energy in interstate commerce on behalf of a wholesale purchaser pursuant to a Commission-filed OATT. But in such a case where the "distribution" facilities have a dual use, *i.e.*, the facilities are used for both wholesale sales and retail sales, the NOPR would apply to interconnections to these facilities only for the purpose of making sales of electric energy for resale in interstate commerce.<sup>22</sup>

26. For those Small Generator interconnections that would not be subject to the Final Rule SGIP and Final Rule SGIA, the Commission will make the Final Rule documents available as a guideline. The standardization of small generator terms and conditions would

<sup>21</sup> For purposes of this paragraph, the term "Commission-filed OATT" means a tariff that is on file at, and has been approved by, the Commission.

<sup>22</sup> The Commission will exercise exclusive jurisdiction only over the Commission-jurisdictional service. *See* Laguna Irrigation District, 95 FERC ¶ 61,305 at 62,039 (2001) *aff'd sub nom. Pacific Gas & Electric Co. v. FERC*, 44 Fed. Appx. 170 (9th Cir. 2002); *Tex-La Electric Cooperative of Texas, Inc.*, 67 FERC ¶ 61,019 at 61,055–56, *final order*, 69 FERC ¶ 61,269 (1994) (both noting that the Commission asserts jurisdiction over the service when the facilities are not purely "transmission" facilities). Accordingly, the Commission will continue to exercise exclusive jurisdiction over the rates, terms, and conditions of the Commission-jurisdictional service provided over the dual use "distribution" facility, but the Commission will not assert jurisdiction over all uses of that facility, because the regulation of "local distribution" of electricity to end users is reserved to the States.

<sup>15</sup> *See, e.g.*, Articles 4.1, 5.1.2, 5.1.2.1, 5.2, 6.1–6.9, 6.12–6.20, 7, and 8 of the Proposed SGIA.

<sup>16</sup> The other basis is generator size.

<sup>17</sup> To aid the reader, the Appendices contain flow charts that depict the interconnection process. Appendix 1 depicts the Super-Expedited Procedures for interconnecting Small Generating Facilities no larger than 2 MW to a Low-Voltage Transmission System. Appendix 2 depicts the procedures for interconnecting Small Generating Facilities to a High-Voltage Transmission System and Small Generating Facilities larger than 2 MW to a Low-Voltage Transmission System.

<sup>18</sup> 16 U.S.C. 824(b)(1) (2000).

<sup>19</sup> Standardization of Generator Interconnection Agreements and Procedures, Notice of Proposed Rulemaking, 67 FR 22250 (May 2, 2002), FERC Stats. & Regs. ¶ 32,560 at 34,178 n.22 (2002).

<sup>20</sup> *E.g.*, Baltimore Gas & Electric Co., Commonwealth of Massachusetts Department of Telecommunications and Energy, Connecticut Department of Public Utility Control, Edison Electric Institute, FirstEnergy, NARUC, Public Service Commission of Wisconsin, and Southern Company Services Inc.

benefit all customers nationwide by encouraging the development of small generation, including generation using innovative technologies.

27. Finally, the Commission proposes to apply the reciprocity requirements in Order No. 888 to this proceeding. Under the reciprocity provision in section 6 of the OATT, if the public utility seeks transmission service from a non-public utility to which it provides open access transmission service, the non-public utility that owns, controls, or operates transmission facilities must provide comparable transmission service that it is capable of providing on its own system. A non-public utility that has adopted a "safe harbor" Tariff to comply with a reciprocity condition may add to its Tariff an interconnection agreement and interconnection procedures that substantially conform or are superior to the Final Rule SGIP and Final Rule SGIA if it wishes to continue to qualify for safe harbor treatment. A non-public utility that owns, controls, or operates transmission and that has not filed with the Commission a safe harbor Tariff and seeks transmission service from a public utility must either satisfy its reciprocity obligation under a bilateral agreement or seek a waiver of the OATT reciprocity condition from the public utility.

## 2. Summary of the Interconnection Process for Small Generating Facilities

28. To interconnect its Generating Facility with a Transmission Provider's Transmission System, an Interconnection Customer must first submit an Interconnection Request to the Transmission Provider. When the Transmission Provider deems the Interconnection Request complete, the Interconnection Request would be placed in the Transmission Provider's queue with other pending interconnection requests.

29. The Proposed SGIP divides Interconnection Requests into two groups according to whether the interconnection is to a High-Voltage Transmission System (69 kV or above) or a Low-Voltage Transmission System (below 69 kV). Interconnections to Low-Voltage Transmission Systems would be further divided into three groups depending on the size of the Small Generator being interconnected: (1) Small Generating Facilities larger than 10 MW but no larger than 20 MW, (2) Small Generating Facilities larger than 2 MW but no larger than 10 MW, and (3) Small Generating Facilities no larger than 2 MW.

30. The review of the proposed interconnection of a Small Generator with a High-Voltage Transmission System or a Small Generator larger than

10 MW with a Low-Voltage Transmission System would proceed as follows. Once the Interconnection Request is deemed complete, the Parties would conduct a Scoping Meeting to review the Interconnection Request and also review existing studies of the Transmission Provider's Transmission System that are relevant to the Interconnection Request. Interconnection Studies, including the Interconnection Feasibility Study, Interconnection System Impact Study, and Interconnection Facilities Study, would next be performed to evaluate the proposed interconnection.<sup>23</sup> These studies identify any Adverse System Impact<sup>24</sup> to the Transmission Provider's Transmission System that may occur as a result of the interconnection, and the Transmission System modifications that need to be made to address them. The Interconnection Customer pays for the Transmission Provider's actual costs of performing each study, and the Proposed SGIP includes time periods within which the studies must be completed. If the Interconnection Customer agrees to pay for any necessary modifications, the Transmission Provider must proffer an SGIA to the Interconnection Customer.

31. Although the activities performed in the Small Generator process are the same as those in the Large Generator Interconnection Final Rule, the time lines proposed here are shorter. Accordingly, a Small Generator is likely to be interconnected more quickly under the Proposed SGIP than under the Final Rule LGIP.

32. For Small Generating Facilities larger than 2 MW but no larger than 10 MW interconnecting with a Transmission Provider's Low-Voltage Transmission System, the proposed interconnection would be evaluated using the Proposed SGIP's Expedited Screening Criteria. If the proposed interconnection passes the screening criteria and the Transmission Provider

<sup>23</sup> The Interconnection Feasibility Study evaluates on a preliminary basis the impact of the proposed interconnection to the Transmission Provider's Transmission System. The Interconnection System Impact Study evaluates in detail the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, Affected Systems. The Interconnection Facilities Study determines the required modifications to the Transmission Provider's Transmission System, including the detailed costs and scheduled completion dates for such modifications, that would be required to accommodate the Interconnection Request.

<sup>24</sup> An Adverse System Impact means that technical or operational limits on conductors or equipment have been exceeded, which may compromise the safety or reliability of the electric power system.

agrees that the Generating Facility can be safely interconnected with its Low-Voltage Transmission System, the former shall proffer an SGIA to the Interconnection Customer. However, if the Transmission Provider believes that the Generating Facility cannot be safely interconnected, irrespective of whether the proposed interconnection passes or fails the Expedited Screening Criteria, the Parties would follow the same procedures for Small Generating Facilities larger than 10 MW interconnecting with Low-Voltage Transmission Systems; *i.e.*, conduct a Scoping Meeting and perform Interconnection Studies. The Transmission Provider, after consulting with the Interconnection Customer, may determine whether a particular Generating Facility in this class of Small Generators may be interconnected absent a Scoping Meeting and Interconnection Studies. This is because, although the proposed interconnection may pass the Expedited Screening Criteria, it may nonetheless cause an Adverse System Impact, depending upon where the Small Generator is physically located on the Transmission Provider's Transmission System. Since this cannot be reflected in the screening criteria, the Transmission Provider may evaluate the proposed interconnection in greater detail and, if it is concerned about an Adverse System Impact to its Transmission System, require that a Scoping Meeting be held and Interconnection Studies be conducted.

33. However, in order to encourage the Parties to use the Expedited Screening Criteria to the fullest extent possible, the Commission proposes that, if the Interconnection Feasibility Study conducted under these conditions indicates no Adverse System Impact, the Transmission Provider must bear the cost of the Interconnection Feasibility Study. If an Adverse System Impact is identified, however, the Interconnection Customer must pay for the cost of the Interconnection Feasibility Study.

34. Interconnections of Precertified Small Generating Facilities no larger than 2 MW with the Transmission Provider's Low-Voltage Transmission System would be evaluated under the Proposed SGIP's Super-Expedited Procedures. A Precertified Small Generator is one that has been certified by a national testing laboratory as having met applicable consensus industry and safety standards. If a proposed interconnection passes all the Super-Expedited Screening Criteria, the Transmission Provider would proffer an SGIA to the Interconnection Customer. If the proposed interconnection fails the

Super-Expedited screening criteria: (1) The Transmission Provider could permit the interconnection anyway, after evaluating other factors such as the physical location of the Generating Facility on its Transmission System, or (2) the Interconnection Customer could ask the Transmission Provider to perform an Additional Review, to be paid for by the Interconnection Customer.

35. The Additional Review is an expedited engineering evaluation limited to six hours of engineering time that is intended to identify minor modifications to Transmission Provider's Transmission System that may permit the Generating Facility to interconnect safely and reliably. If the Additional Review indicates that minor modifications to Transmission Provider's Transmission System can indeed be made that would permit the Generating Facility to interconnect safely and reliably, and the Interconnection Customer agrees to pay for the modifications, the Transmission Provider would provide the Interconnection Customer an SGIA. If the Additional Review does not indicate that the Generating Facility can be interconnected safely and reliably, the Parties would follow the procedures for Small Generating Facilities larger than 2 MW but no larger than 10 MW interconnecting with Low-Voltage Transmission Systems.

36. Once the steps called for in the Interconnection Procedures are completed, the Transmission Provider would provide a best estimate of costs to be paid by the Interconnection Customer to effect the interconnection, and the Parties would negotiate Milestones for completing the interconnection, all of which would be incorporated into the SGIA. The SGIA would become effective upon execution by the Parties, subject to acceptance by the Commission, if necessary.<sup>25</sup>

37. The Commission next discusses several issues that either divided the parties seeking to reach consensus during the Small Generator ANOPR

process or on which the Commission departs from the consensus position.

### 3. Maximum Capacity of a Small Generator (Proposed SGIP Section 1, Proposed SGIA Article 1)

38. Consistent with the Large Generator Interconnection Final Rule and the Small Generator Interconnection ANOPR, Small Generating Facilities no larger than 20 MW are considered Small Generating Facilities under the Proposed SGIA and Proposed SGIP. The Commission proposes to treat as a single Generating Facility the aggregated generation at a site for which an Interconnection Customer seeks a single Point of Interconnection.

39. The Commission recognizes that 10 MW is used as the threshold for small generators in Texas, California, New York and Ohio. In addition, several entities, such as the PJM Interconnection, Electric Reliability Council of Texas, and the California Independent System Operator use 10 MW as the threshold because generators under 10 MW are considered less likely to affect reliability and safety. In this NOPR, the Commission likewise proposes special procedures for generators no larger than 10 MW. The Commission, however, proposes to adopt the higher 20 MW threshold, which is used by the Midwest Independent System Operator, in this rulemaking because it would encourage the development of a greater number of Small Generators and promote the development of innovative small generation technologies.

40. Regarding Interconnection Requests that propose to increase the capacity at an existing Generating Facility, the Commission proposes that the new total capacity would determine how the Interconnection Request should be evaluated. For example, if an Interconnection Customer seeks to increase the capacity of an existing Generating Facility from 2 MW to 5 MW by the addition of a second generator, the Interconnection Request would be evaluated as if it were for a 5 MW Generating Facility. Likewise, the Commission proposes that if an Interconnection Customer seeks to increase the size of an existing Generating Facility from 10 MW to 25 MW, the Interconnection Request would be evaluated as if it were a request for a 25 MW Generating Facility. In this case, the Interconnection Request would not be eligible for evaluation under the Proposed SGIP, but rather the Final Rule LGIP. We also invite comment on whether single projects with multiple points of interconnection (as might

occur for a windfarm or an industrial cogeneration project serving multiple facilities) should be treated as separate projects or as a single project for queuing and Interconnection Study purposes.

41. Some Interconnection Requests could specify a level of capacity below the maximum capacity of the Generating Facility. We seek comment on how such Interconnection Requests should be addressed. For example, should an interconnection request for a device with a maximum capacity of 22 MW but seeking an interconnection for only 20 MW (and agreeing to restrict delivery to the Transmission Provider's Transmission System below that level) be evaluated under the Final Rule SGIP or the Final Rule LGIP?

### 4. Precertification of Small Generating Facilities No Larger than 2 MW (Proposed SGIP Section 3.1)

42. A small number of states have procedures to precertify Small Generator equipment that meet specified operational and safety standards in order to expedite interconnections.<sup>26</sup> Precertification eliminates the need for the Transmission Provider to study the equipment for safety and reliability purposes.

43. Precertification of the Interconnection Customer's equipment does not mean that the Generating Facility can be immediately interconnected to the Transmission Provider's Transmission System. Before a Precertified Generating Facility may be interconnected, it must first be determined that the interconnection would have no Adverse System Impact on the Transmission Provider's Transmission System. The purpose of Precertification is to ensure the safety of the Generating Facility itself, not the safety or reliability of the Generating Facility's interconnection to the Transmission Provider's Transmission System.

44. Although precertification presumably has expedited the development of small generation in states where such programs exist, there is no national precertification program. Manufacturers tell us that they face the cost and delay associated with having their equipment evaluated in each state. Moreover, many states lack procedures for evaluating equipment. In these states, generator equipment is evaluated on a case-by-case basis by the Transmission Provider in the course of

<sup>25</sup> Under Order No. 2001, if an executed interconnection agreement conforms with a Commission-approved standard form of interconnection agreement, the utility does not have to file it with the Commission but must report it in the Electric Quarterly Reports. See Revised Public Utility Filing Requirements, Order No. 2001, 67 FR 31043 (2002), FERC Stats. & Regs. ¶ 31,127 at P 178 (2002); *reh'g denied*, Order 2001-A, 100 FERC ¶ 61,074 (2002); *reconsideration and clarification denied*, Order No. 2001-B, 100 FERC ¶ 61,342 (2002); *further order*, Order No. 200-C, 101 FERC ¶ 61,314 (2002). An interconnection agreement must be filed only if it contains terms and conditions that deviate from the utility's generic, Commission-approved interconnection agreement or is filed in unexecuted form.

<sup>26</sup> The New York Department of Public Service, for example, maintains a list of approved equipment on its Web site.

evaluating each Interconnection Request.

45. The Coalition proposes a single, uniform, nationwide precertification process for Small Generating Facilities no larger than 2 MW that would encourage the development of small generation while ensuring the safety of the electric system. The Coalition proposes that the Commission itself certify equipment and maintain a registry of equipment that has been certified.

46. This NOPR does not propose to adopt the Coalition's proposal in its entirety. In the Proposed SGIP, a Precertified Generating Facility is defined as one that has been tested by a nationally recognized testing laboratory to consensus industry standards in order to ensure that it will operate in a safe manner. The Commission in this NOPR concludes that certifying equipment and maintaining a registry should be done by an industry-recognized testing organization, not this agency. Accordingly, rather than establish and maintain a list of precertified equipment, as proposed by the Coalition, the Commission encourages cooperation and information sharing among the States and industry participants regarding the precertification of generating equipment. This would eliminate duplication of effort and encourage small generation development, while advancing the movement toward a nationwide set of precertification standards.

47. The Commission recognizes that the IEEE Standards Board approved IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems on June 12, 2003 to create uniform standards to interconnect distributed generation for safe and reliable operation. Together with other technical industry documents, IEEE 1547 could serve as the basis for a national standard for precertification. The Coalition proposed other documents that might be relevant to equipment precertification. The Commission requests comments about what role, if any, the Commission should have in assessing which entity or entities could perform this precertification function.

#### 5. Use of Screening Criteria (Proposed SGIP Sections 3.3 and 4.3)

48. Screening criteria simplify the process of evaluating the interconnection of certain Small Generating Facilities to the Transmission Provider's Transmission System. Their purpose is to identify

quickly those proposed interconnections that can be implemented with minimal or no impact on the Transmission Provider's Transmission System and can, therefore, be completed quickly. An example of a Super-Expedited Screening Criterion is that the capacity of a Small Generator proposed for a radial circuit shall not exceed five percent of that circuit's annual peak load.

49. The Coalition developed four screening criteria: (1) Primary screening criteria, (2) secondary screening criteria, (3) distribution impact screening criteria, and (4) transmission impact screening criteria. The first three only apply to proposed interconnections with the Transmission Provider's Distribution System. Not all parties in the ANOPR process supported the use of all four Coalition screening criteria, especially the last two.

50. The Proposed SGIP includes two screening criteria to evaluate proposed interconnections with a Transmission Provider's Low-Voltage Transmission System (*i.e.*, below 69 kV): (1) Super-Expedited Screening Criteria for the smallest generating facilities, and (2) Expedited Screening Criteria for somewhat larger but still small generating facilities. Although both screening criteria use similar evaluation standards, the latter are easier to satisfy than the former. The Commission does not propose screening criteria for: (1) Small Generating Facilities of any size interconnecting with the Transmission Provider's High-Voltage Transmission System and (2) Small Generating Facilities larger than 10 MW interconnecting with the Transmission Provider's Low-Voltage Transmission System. Because of the potential for an Adverse System Impact, such requests to interconnect are best evaluated using the Scoping Meeting and Interconnection Studies.

51. A proposed interconnection that fails the Super-Expedited Screening Criteria may still qualify for interconnection by being evaluated using the Additional Review and three sequential Interconnection Studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study. A proposed interconnection that fails the Expedited Screening Criteria may still qualify for interconnection by being evaluated using three sequential studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study.

#### a. Super-Expedited Screening Criteria (Appendix 1 to the Proposed SGIP)

52. The Super-Expedited Screening Criteria<sup>27</sup> are designed to evaluate proposed interconnections for Precertified Small Generating Facilities no larger than 2 MW that are to be interconnected with the Transmission Provider's Low-Voltage Transmission System. If the proposed interconnection passes the Super-Expedited Screening Criteria, the Interconnection Customer and Transmission Provider would sign an Interconnection Agreement without any further review. However, if the proposed interconnection does not pass, the Interconnection Customer can request an Additional Review to be followed by, if necessary, an Interconnection Feasibility Study, Interconnection System Impact Study, and Interconnection Facilities Study.

#### b. Expedited Screening Criteria (Appendix 2 to the Proposed SGIP)

53. The Expedited Screening Criteria<sup>28</sup> are used to evaluate the proposed interconnection of Small Generating Facilities larger than 2 MW but no larger than 10 MW with the Transmission Provider's Low-Voltage Transmission System. If the proposed interconnection passes the Expedited Screening Criteria and the Transmission Provider believes that it can interconnect the Generating Facility safely and reliably, the Interconnection Customer would sign an Interconnection Agreement without any further review. However, if the Generating Facility does not pass the Expedited Screening Criteria, or if the Transmission Provider believes that the interconnection will undermine the safety and reliability of its Transmission System even though the proposed interconnection passes the Expedited Screening Criteria, the Parties would conduct a Scoping Meeting to determine the appropriate Interconnection Studies to be performed. However, as stated above, in order to encourage the Parties to use the Expedited Screening Criteria to the fullest extent possible, the Commission proposes that, if a subsequent Interconnection Feasibility Study indicates no Adverse System Impact, the Transmission Provider must bear the cost of the Interconnection Feasibility Study. If an Adverse System Impact is identified, however, the Interconnection Customer would have

<sup>27</sup> The Coalition SGIP referred to Super-Expedited Screening Criteria as the Primary Screening Criteria.

<sup>28</sup> The Coalition SGIP referred to Expedited Screening Criteria as the Impact Screening Criteria.

to pay for the Interconnection Feasibility Study.

6. Dispute Resolution (Proposed SGIP Section 2.11 and Proposed SGIA Article 8)

54. In the Small Generator Interconnection ANOPR, the Commission proposed that the Parties use the Commission's alternative dispute resolution service or any other informal services available to them to resolve disputes. The Commission also proposed that the outcome of the dispute resolution process would be binding if the Interconnection Customer so chooses.

55. The Coalition SGIAs and SGIPs propose using Technical Masters to help resolve disputes between the Parties. According to the Coalition proposal, these Technical Masters would be certified by the Commission and provided by the Commission to the Parties at minimal or no cost. The Coalition proposal identifies Technical Masters as "engineers with expertise in electric power transmission and distribution interconnection requirements who are qualified and independent."<sup>29</sup>

56. Several commenters<sup>30</sup> to the ANOPR take exception to the Commission's proposal that arbitration be binding if the Interconnection Customer so chooses. They argue that the Parties should be able to retain their rights of appeal when using the arbitration process.

57. The Proposed SGIP and Proposed SGIA would adopt the dispute resolution process in the Large Generator Interconnection Final Rule. The Commission endorses the use of Technical Masters and agrees that they must have the requisite expertise to review, and where possible, resolve technical issues raised by the Parties. The proposed Dispute Resolution procedures satisfy these requirements.<sup>31</sup> The Commission, however, declines to adopt the Coalition's proposal that it certify Technical Masters. Instead, the Commission proposes to maintain on its

Web site a list of Technical Masters who may be called upon by the Parties in the event of a technical dispute. However, the Commission will neither evaluate nor certify persons that wish to be placed on the list.

58. With respect to the Interconnection Customer's ability to elect that arbitration be binding, we propose to adopt the language contained in the Large Generator Interconnection Final Rule, which provides that external arbitration would be binding on the Parties. However, the Arbitrator's final decision must be filed with the Commission if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Upgrades. Parties may comment on this proposal and explain whether and why large and small generators should be treated differently.

7. Queuing (Proposed SGIP Sections 4.4 and 4.7)

59. The Commission proposes that each Transmission Provider maintain a single queue per geographic area. A queue sequentially lists Interconnection Requests based upon the date and time they are complete. The Queue Position of each Interconnection Request determines the order of performing Interconnection Studies for each generator, if required, and the Interconnection Customer's cost responsibility for any Upgrades to the Transmitting Provider's Transmission System necessary to accommodate the Interconnection Request.

60. Queuing was discussed at a January 21, 2003 Technical Conference convened by Commission staff. Some conference participants suggested that the Commission require the use of a single queue for each geographic area, with Interconnection Requests being evaluated in the order in which they are received. Such an approach, it was argued, is fair, makes the queue easier to administer, and allows more efficient processing of Interconnection Requests, including the use of clustering and other study techniques. Clustering of studies allows a Transmission Provider to study multiple Interconnection Requests at the same time. Clustering may reduce study costs and allow multiple Interconnection Customers to share the cost of Upgrades. Other conference participants suggested creating multiple queues based on generator size. This approach, they argued, would prevent small generator interconnections, with their comparatively short study times, from being unreasonably delayed by large generators ahead of them in the queue.

61. While we here propose that each Transmission Provider maintain a single queue per geographic area, a Small Generator's Queue Position does not necessarily determine how long it takes to actually interconnect. In the Proposed SGIP, if a proposed interconnection passes either the Super-Expedited Screening Procedures or the Expedited Screening Procedures, the Interconnection Customer would have no cost responsibility for Upgrades. Accordingly, the Small Generator could be interconnected very quickly, regardless of its Queue Position.

62. If the proposed interconnection does not pass either the Super-Expedited Screening Procedures or the Expedited Screening Procedures, Interconnection Studies will be required to evaluate the proposal. And, if Upgrades are required, Queue Position may affect the Interconnection Customer's cost responsibility for the Upgrades. This is because Upgrades for interconnections higher in the queue may affect the need for Upgrades for interconnections lower in the queue. This would impact the cost of the interconnection for a particular Small Generator. However, as such costs for Small Generating Facilities may be relatively small or localized, we would permit the Interconnection Customer to ask to be interconnected out of queue order if it agrees to pay the full cost of the required Upgrades.

8. Parties to the Proposed SGIA (Proposed SGIA Article 9)

63. In general, the Commission does not address issues in this NOPR that were treated in the Large Generator Interconnection Final Rule unless parties propose that Small Generating Facilities be treated differently. However, in the Small Generator ANOPR process, parties raised this issue repeatedly, and for this reason the Commission includes a discussion of the issue.

64. Representatives of Interconnection Customers and representatives of Transmission Providers could not agree on whether the Transmission Owner should be a signatory to the SGIA, if the Transmission Provider and the Transmission Owner are different entities. The Commission proposes here the same approach taken in the Final Rule LGIA; that is, if the Transmission Owner is not also the Transmission Provider, both parties should sign the SGIA. We believe that this would better define the relationship among the Parties in one document, protect the Interconnection Customer and, therefore, facilitate the development of new generation resources. In an RTO or

<sup>29</sup> Coalition SGIP, Attachment A Procedures Section 6, and Attachment B Procedures Section 1.11 (Nov. 12, 2002).

<sup>30</sup> E.g., Bonneville Power Administration, Avista Corp., Central Maine Power Company, Public Service Company of New Mexico, and Public Service Electric and Gas Company.

<sup>31</sup> "[A]rbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration)." Article 27.2 of the LGIA in Standardization of Generator Interconnection Agreements and Procedures, Final Rule, Docket No. RM02-1-000 (issued concurrently with this NOPRA).

ISO where the Transmission Provider is not the Transmission Owner, the RTO's or ISO's compliance filing would be able to propose a modified interconnection agreement that provides different respective rights and obligations in the region. In other cases, we do not believe that the three party agreement would create an undue burden for either entity. Accordingly, the Commission proposes to require that both the Transmission Owner and the Transmission Provider, if applicable, sign the SGIA.

#### 9. Affected Systems (Proposed SGIP Section 2.8)

65. The Coalition's proposal acknowledges that the interconnection of a Small Generator with a Transmission Provider's Transmission System may directly or indirectly affect other electric systems. Interconnection Customers generally prefer that the Transmission Provider be responsible for coordinating and performing all necessary Interconnection Studies and equipment Upgrades with the owner or operator of the Affected System.<sup>32</sup> Interconnection Customers also prefer that their interconnections not be made conditional on the completion of these studies and Upgrades. Transmission Providers, however, maintain that while they would use their best efforts to coordinate and complete necessary Affected System Interconnection Studies and Upgrades in time for the interconnection of a Small Generator, they cannot compel the owner/operator of the Affected System to perform within the specified time lines.

66. The Commission proposes to continue treating interconnection and delivery as separate aspects of transmission service and allowing Interconnection Customers to request interconnection separately from the delivery component of transmission service. In the vast majority of circumstances, interconnection alone is unlikely to affect the reliability of another electric system, especially if the generator being interconnected is a Small Generator. However, in those rare instances in which the mere interconnection itself may cause a reliability or safety problem on an Affected System, the Commission proposes to adopt the approach of Order No. 888 for Upgrades required to protect Affected Systems from reliability

problems due to delivery service.<sup>33</sup> Under Order No. 888, the Transmission Provider is required to assist the customer in coordinating with the Affected System any Upgrades needed to protect the reliability of that system.<sup>34</sup> Also, we will allow the Transmission Provider to coordinate completion of Network Upgrades to its own Transmission System with the completion of the necessary Affected System Upgrades.<sup>35</sup>

67. Under Order No. 888, economic losses (*i.e.*, extra generating costs from having to redispach generation) do not justify delaying the provision of the delivery component of transmission service, and the Commission proposes to adopt the same standard here for interconnections. As mentioned in the OATT, the Commission's Dispute Resolution Service is available should the Interconnection Customer wish to challenge the Transmission Provider's decision to delay construction pending completion of the Affected System's Upgrades.<sup>36</sup>

68. We also note that NERC Planning Standards already provide that Transmission Providers should work together to minimize effects on each other's systems. Whenever a Transmission Provider adds its own new generation to its Transmission System, it may cause reliability or safety effects on other systems that require coordination with the Affected Systems. A Transmission Provider must offer any Interconnection Customer service that is comparable to the service it provides for interconnections of its own generation.

69. The Commission notes that the proposed treatment of Affected Systems is comparable to that contained in the Large Generator Interconnection Final Rule and requests comments on if and why this approach should be modified for Small Generator interconnections.

<sup>33</sup> See section 21 of the OATT. See also Tampa Electric Co., 103 FERC ¶ 61,047 (2003), and Nevada Power, 97 FERC ¶ 61,227 (2001), *reh'g denied*, 99 FERC ¶ 61,347 (2002); but see American Electric Power Service Corporation, 102 FERC ¶ 61,336 (2003).

<sup>34</sup> Section 21.1 of the OATT states that: "The Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, provide any information or data required by such other electric system pursuant to Good Utility Practice."

<sup>35</sup> Section 21.2 of the OATT states that: "Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner."

<sup>36</sup> See Section 21.2 of the OATT.

#### 10. Pricing/Cost Recovery for Upgrades (Proposed SGIA Article 5)

70. The Commission's current interconnection pricing policy for Transmission Systems that are operated by non-independent entities is to allocate the costs of the new facilities based on whether they are at or beyond the Point of Interconnection. Those transmission facilities that are at or beyond the Point of Interconnection are considered Network Upgrades, and are initially paid for by the Interconnection Customer. The costs are then refunded to the Interconnection Customer by the Transmission Provider in the form of transmission credits (with interest), with the result being that the costs of the Network Upgrades are rolled into the prices paid by all transmission customers.<sup>37</sup> Interconnection Facilities (meaning facilities on the Generating Facility's side of the Point of Interconnection) are considered sole use facilities and, accordingly, are directly assigned to and paid for by the Interconnection Customer.<sup>38</sup> Consistent with the Large Generator Interconnection Final Rule, we propose to retain this current pricing policy for Small Generating Facilities interconnecting with a Transmission System operated by a non-independent entity. The Commission seeks comments on whether this approach is appropriate for Small Generator interconnections. We also invite commenters to recount their recent experiences with interconnecting distributed generators to the Distribution System, in particular the process for determining whether Distribution Upgrades were necessary, and the cost assignment of those Upgrades.

71. For the Transmission Provider, such as an RTO or ISO, that is an independent entity, our current policy, and the policy that we adopted in the Large Generator Interconnection Final Rule, is to allow flexibility regarding the interconnection pricing policy that an independent entity may propose to adopt, subject to Commission approval. Also in that Final Rule, we permitted a Regional State Committee to establish criteria that an independent entity would use to determine which transmission system upgrades, including those required for generator interconnections, should be subject to incremental pricing ("participant funding") and which should not. The

<sup>37</sup> See Consumer Energy Co., 95 FERC ¶ 61,233, *reh'g denied*, 96 FERC ¶ 61,132 (2001).

<sup>38</sup> See Public Service Company of Colorado, 59 FERC ¶ 61,311 (1992), *reh'g denied*, 62 FERC ¶ 61,013 (1993).

<sup>32</sup> The Proposed SGIA and the Proposed SGIP define Affected System as "an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection."

Large Generator Interconnection Final Rule also permitted, for a period of transition to the start of RTO or ISO operations, not to exceed a year, participant funding to be used for Network Upgrades for a generator interconnection as soon as an independent entity has been approved by the Commission and the affected states. The Commission proposes to adopt the same policies for Small Generating Facilities that interconnect with a Transmission System operated by an independent entity. We seek comments on whether this approach is appropriate for Small Generating Facilities which interconnect to a Transmission System.

72. Because a Small Generating Facility may interconnect to a Transmission Provider's jurisdictional distribution facility for the purpose of making a sale of electricity at wholesale in interstate commerce, this NOPR also addresses cost recovery for Distribution Upgrades at or beyond the Point of Interconnection.<sup>39</sup> Consistent with the Large Generator Interconnection Final Rule, we here propose that the costs of Distribution Upgrades would be directly assigned to the Interconnection Customer. This is because Distribution Upgrades do not generally benefit all users. Distribution facilities generally deliver electricity to particular localities, and do not serve a bulk delivery service for the entire system as is the case for transmission facilities. Accordingly, it is not appropriate that all users share the cost of Distribution Upgrades. Rather, the Interconnection Customer itself should be solely responsible for the cost of Distribution Upgrades.

11. Liability, Indemnity, Force Majeure, and Insurance (Proposed SGIA Articles 6.13, 6.14, and 6.16)

73. In the Large Generator Interconnection Final Rule, the Commission adopted indemnification and Force Majeure provisions different from those applied to transmission service that appear in the OATT, and added a new provision limiting liability for consequential damages. This NOPR proposes a similar approach. The Commission asks commenters to address whether Small Generators should be treated differently from Large Generators with respect to liability, indemnity, and Force Majeure.<sup>40</sup>

<sup>39</sup>The costs of all Interconnection Facilities, whether owned by the Small Generator or the Transmission provider, are directly assigned to the Interconnection Customer.

<sup>40</sup>The White Paper proposed that the Final Rule in Docket No. RM01-12-000 would limit the Liability of Regional Transmission Organizations,

74. Consistent with the Large Generator Interconnection Final Rule that is being issued concurrently with the issuance of this NOPR, we are including a provision in the proposed SGIA requiring the Parties to maintain minimum insurance coverage. However, we are not proposing specific coverage amounts in this NOPR. We request comments on whether the Small Generator Interconnection Final Rule should also include an insurance provision, and, if so, whether the provision should differ from the one contained in the Final Rule LGIA, what kind of insurance should be required, and at what level of coverage. Commenters should address how best to balance any need for insurance against the costs of insurance since such costs may discourage Small Generating Facilities from participating in the wholesale market.

75. The Commission also asks commenters to address two other issues regarding this proposed provision: first, should required insurance coverage coincide with the size of the facility? For example, a 20 MW generator would be subject to higher coverage amounts than a 10 MW generator, which itself would be subject to higher coverage amounts than a 5 MW generator. Similarly, should there be a megawatt cutoff that would exempt certain Small Generators (*e.g.*, those below a certain size) from some or all of the minimum insurance requirements. Second, should coverage types and amounts vary according to the type of generator so that, for example, solar or wind facilities would require different insurance coverages than gas-fired facilities.

12. Variations From the Final Rule on Compliance.

76. Regarding variations allowed from the Final Rule SGIP and Final Rule SGIA, consistent with the approach adopted in the Large Generator Interconnection Final Rule, we propose to apply a regional differences rationale to accommodate variations from the Final Rule during compliance, but with certain restrictions. We propose that a non-independent transmission provider (such as a Transmission Provider that owns generators or has Affiliates that own generators) and an RTO or ISO should be treated differently because an independent RTO or ISO does not raise the same level of concern regarding undue discrimination. Accordingly, we propose to allow an RTO or ISO greater flexibility than that allowed under the regional differences rationale to propose

Independent System Operators, and transmission owners that belong to RTOs and ISO.

variations from the Final Rule provisions, as further discussed below.

77. Because we intend to supplement rather than supplant any standardization work that regional reliability groups already have undertaken regarding interconnection, we propose to permit a Transmission Provider, on compliance, to offer variations based on existing regional reliability requirements as part of its regional differences justification. Because we seek greater standardization of interconnection terms and conditions, we propose to permit a non-independent Transmission Provider to use the regional differences justification only due to established regional reliability standards.

78. For other proposed deviations from the Final Rule SGIP and Final Rule SGIA not made in response to established regional reliability requirements, we propose that a non-independent transmission provider justify variations in non-price terms and conditions of the Final Rule SGIP and Final Rule SGIA using the approach taken in Order No. 888, which allows them to propose variations on compliance that are "consistent with or superior to" the OATT.

79. To clarify, if on compliance a non-RTO or ISO Transmission Provider offers a variation from the Final Rule SGIP and Final Rule SGIA and the variation is in response to established (*i.e.*, approved by the Applicable Reliability Council) reliability requirements, then it would have to justify its variation using the regional difference rationale. If the variation is for any other reason, the non-RTO or ISO Transmission Provider must present its justification for the variation using the "consistent with or superior to" rationale that the Commission applies to variations from the OATT in Order No. 888.

80. With respect to an RTO or ISO, at the time its compliance filing is made, as discussed above, we propose to allow it to seek "independent entity variations" from the Final Rule pricing and non-pricing provisions. This is a balanced approach that recognizes that an RTO or ISO has different operating characteristics depending on its size and location and is less likely to act in an unduly discriminatory manner than a Transmission Provider that is a market participant. The RTO or ISO therefore would have greater flexibility to customize its interconnection procedures and agreements to fit regional needs.

81. Last, we invite comment on whether the proposed rule as drafted makes adequate provision to meet the

needs of the breadth of small generation technologies and fuel types (within the scope of those matters which are within the responsibility of this agency).

*B. Summary of the Proposed SGIP and the Proposed SGIA*

1. Standard Small Generator Interconnection Procedures (Proposed SGIP)

82. The Proposed SGIP sets forth the procedures that Interconnection Customers and Transmission Providers would be required to follow during the interconnection process, culminating in the signing of an interconnection agreement by the Parties.

83. *Section 1. Definitions*—Section 1 of the Proposed SGIP and Article 1 of the Proposed SGIA contain defined terms. For the sake of consistency, the proposed SGIP and proposed SGIA contain one common set of terms.

84. *Section 2. General Provisions*—Proposed Section 2 contains directions on which sections of the Proposed SGIP govern the interconnection of various sizes of Small Generating Facilities. Site Control, Material Modifications to a proposed Generating Facility, the coordination of studies between the Transmission Provider and Affected Systems, and the use of a single Point of Interconnection for multiple generators are also addressed. The Transmission Provider shall maintain records of all Interconnection Requests received, the times required to complete Interconnection Request approvals and disapprovals, and explanations for the actions taken on the Interconnection Requests.

85. *Section 3. Super-Expedited Procedures for Interconnecting a Small Generating Facility No Larger than 2 MW to a Low-Voltage Transmission System*<sup>41</sup>—The Transmission Provider shall use the Super-Expedited Screening Criteria to evaluate Interconnection Requests submitted under Section 3. Interconnection Customers whose Interconnection Requests fail the Super-Expedited Screening Criteria may request Additional Review and, if necessary, follow the procedures specified in Section 4.

86. *Section 4. Procedures for Interconnecting a Small Generating Facility to a High-Voltage Transmission System and a Small Generating Facility Larger than 2 MW to a Low-Voltage Transmission System*<sup>42</sup>—Proposed Section 4.3 sets forth special Expedited Procedures for Small Generating

Facilities no larger than 10 MW interconnecting with Low-Voltage Transmission Systems, using the Expedited Screening Criteria. Proposed Section 4.4 describes queuing priority. Proposed Sections 4.5–4.8 describe the accelerated procedures (as compared with the procedures in the Large Generator Interconnection Final Rule) for interconnecting Small Generating Facilities to High-Voltage Transmission Systems and Small Generating Facilities Larger than 10 MW to Low-Voltage Transmission Systems. These procedures include a Scoping Meeting and various Interconnection Studies that are used to evaluate Interconnection Requests.

87. *Charts*—Charts include a diagram of a typical Small Generating Facility installation and flowcharts depicting the Proposed Section 3 and Section 4 procedures.

88. *Appendices*—Appendix 1 lists the Super-Expedited Screening Criteria that are applicable to the interconnection of Precertified Small Generating Facilities no larger than 2 MW with Low-Voltage Transmission Systems. Appendix 2 lists the Expedited Screening Criteria that are applicable to the interconnection of Small Generating Facilities no larger than 10 MW with Low-Voltage Transmission Systems. Appendices 3–5 are pro forma agreements for the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study, respectively. The Commission does not expect that these agreements would be filed with the Commission when executed. Appendix 6 is the standard Interconnection Request (Application Form). Appendix 7 is the Standard Small Generator Interconnection Agreement.

2. Standard Small Generator Interconnection Agreement (Proposed SGIA)

89. The Proposed SGIA sets forth the legal rights and obligations of each Party, addresses cost responsibility issues, establishes Milestones for the completion of the interconnection, and lays out a process for the resolution of disputes.

90. *Article 1. Definitions*—Section 1 of the Proposed SGIP and Article 1 of the Proposed SGIA contain defined terms. For the sake of consistency, the Proposed SGIP and Proposed SGIA contain one common set of terms.

91. *Article 2. Scope and Limitations of Agreement*—Proposed Article 2 describes responsibilities of the Parties to construct, interconnect, operate, and maintain the Generating Facility and the

Transmission Provider's Transmission System.

92. *Article 3. Inspection, Testing, Authorization, and Right of Access*—Proposed Article 3 describes Generating Facility testing and inspection requirements. The Transmission Provider must provide written authorization before the Interconnection Customer begins Parallel Operation. Proposed Article 3 also gives the Transmission Provider certain limited rights to access Interconnection Customer's property.

93. *Article 4. Effective Date, Term, Termination, and Disconnection*—Proposed Article 4 describes the Term of the Proposed SGIA and also addresses default (including cure), termination, and temporary disconnection rights.

94. *Article 5. Cost Responsibility, Milestones, Billing, and Payment*—Proposed Article 5 assigns financial responsibility for the costs of owning, operating, maintaining, repairing, and replacing the Interconnection Customer's Interconnection Facilities, and operating, maintaining, repairing, and replacing Transmission Provider's Interconnection Facilities. The Transmission Provider and the Interconnection Customer shall agree on Milestones related to the construction of the facilities for which each Party is responsible. Financial security arrangements and billing and payment obligations also are described.

95. *Article 6. Miscellaneous*—Proposed Article 6 contains a number of provisions, including: that the laws of the state where the Point of Interconnection is located will govern, the SGIA may be amended upon agreement of the Parties as approved by the Commission, expectations regarding system infrastructure and operational security, and provisions for successors or assigns. Also included are provisions governing rights of third party beneficiaries, waiver, notice and communications between the Parties, severability, Force Majeure, default, the use of subcontractors, consequential damages, environmental releases, and insurance. Several of these provisions were not included in the Coalition SGIA's. Commenters are requested to speak to whether these provisions should be modified in the Final Rule SGIA to accommodate the needs of Small Generators.

96. *Article 7. Confidentiality*—Proposed Article 7 describes how Confidential Information must be treated by the Parties.

97. *Article 8. Disputes*—Proposed Article 8 describes the Dispute Resolution procedure.

<sup>41</sup> See Appendix A for a flowchart depicting this procedure.

<sup>42</sup> See Appendix B for a flowchart depicting this procedure.

98. *Article 9. Signatures*—Proposed Article 9 provides for signatures of the Interconnection Customer, Transmission Provider and, if applicable, the Transmission Owner.

99. *Appendices*—The proposed SGIA includes the following additional information: (1) Description and costs of the Generating Facility, Interconnection Facilities, and metering equipment, (2) a one-line diagram depicting the Generating Facility, Interconnection Facilities, metering equipment, and Upgrades, (3) Milestones, (4) additional operating requirements for the Transmission Provider’s Transmission

System and Affected Systems needed to support the Interconnection Customer’s needs, and (5) the Transmission Provider’s description of its Network Upgrades and Distribution Upgrades and a best estimate of their costs.

**III. Public Reporting Burden and Information Collection Statement**

100. The following collections of information contained in this proposed rule are being submitted to the Office of Management and Budget (OMB) for review under section 3507(d) of the Paperwork Reduction Act of 1995. The Commission identifies the information provided under part 35 as FERC–516A.

101. Comments are solicited on the Commission’s need for this information, whether the information would have practical use, the accuracy of the provided burden estimates, ways to enhance the quality, use, and clarity of the information to be collected, and any suggested methods for minimizing respondents’ burden, including the use of automated information techniques. The following burden estimate includes the cost of preparing and submitting tariff changes to comply with the Commission’s proposed regulation.

*Public Reporting Burden:*

ESTIMATED ANNUAL BURDEN

Data Collection FERC–516A	Number of Respondents	Number of Responses	Hours Per Response	Total Annual Hours
Reporting .....	176	1	25	4,400
Recordkeeping .....	176	1	2	352
Totals .....				4,752

Total Annual Hours for Collection (Reporting + Recordkeeping) = 4,400 hours (176 respondents × 1 filing × 25 hours) + 352 hours (176 respondents × 1 filing × 2 hours to develop interconnection agreement format) = 4,752 hours.

*Information Collection Costs:* The Commission seeks comment on the costs to comply with these requirements. It has projected the average annualized cost for all respondents to be:

Annualized Startup Costs—Staffing requirements to review and prepare an interconnection agreement = \$220,000 (176 respondents × \$1,250 (25 hours @ \$50 hourly rate)).

Annualized Costs (Operation & Maintenance)—The cost is equal to \$5,984 (176 respondents × \$34 (2 hours @ \$17 hourly rate)).

Total Annualized Costs (Startup and O&M) = \$225,984.

102. OMB regulations require OMB to approve certain information collection requirements imposed by agency rule. 5 CFR 1320.11. Accordingly, pursuant to OMB regulations, the Commission is providing notice of its proposed information collections to OMB.

*Title:* FERC–516A, Small Generator Interconnection Procedures and Agreement.

*Action:* Proposed Data Collections.

*OMB Control No:* To be determined.

The Applicant shall not be penalized for failure to respond to this collection of information unless the collection of information displays a valid OMB control number.

*Respondents:* Business or other for profit.

*Frequency of Responses:* One-time implementation.

*Necessity of Information:* The proposed rule would revise the reporting requirements contained in 18 CFR part 35. The Commission is proposing a standard SGIP and standard SGIA that public utilities must adopt. The adoption of these procedures and agreement will: (1) Reduce interconnection time and costs for Interconnection Customers and Transmission Providers, (2) limit opportunities for Transmission Providers to favor their own generation, (3) ease entry for new generation, and (4) encourage needed investment in the generation and transmission infrastructure.

103. Interconnection plays a growing crucial role in bringing much needed generation into the market to meet the needs of electricity customers. However, requests for interconnection frequently result in complex technical disputes about interconnection feasibility, cost and cost responsibility. The Commission expects that a standard SGIP and standard SGIA will reduce interconnection costs and time for Interconnection Customers and Transmission Providers, resolve most interconnection disputes, minimize opportunities for undue discrimination, foster increased development of economic generation, and improve system reliability.

104. *Internal Review:* The Commission has assured itself, by

means of internal review, that there is specific, objective support for the burden estimates associated with the information requirements. The Commission’s Office of Markets, Tariffs and Rates will use the data included in filings under section 203 and 205 of the Federal Power Act to evaluate efforts for the interconnection and coordination of the U.S. electric transmission system and to ensure the orderly implementation of the interconnection procedures and interconnection agreement as well as for general industry oversight. These information requirements conform to the Commission’s plan for efficient information collection, communication, and management within the electric power industry.

105. Interested persons may obtain information on the reporting requirements by contacting the following: Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426 [Attention: Michael Miller, Office of the Executive Director, Phone: (202) 502–8415, fax: (202) 273–0873, E-mail: [michael.miller@ferc.gov](mailto:michael.miller@ferc.gov)].

106. For submitting comments concerning the collection of information(s) and the associated burden estimate(s), please send your comments to the contact listed above and to the Office of Management and Budget, Attention: Desk Officer for the Federal Energy Regulatory Commission, fax: (202) 395–7285, e-mail [pamelabeaverly@oirasubmission@omb.eop.gov](mailto:pamelabeaverly@oirasubmission@omb.eop.gov).

#### IV. Environmental Analysis

107. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.<sup>43</sup> The Commission concludes that promulgating the proposed rule would not present a major federal action having a significant adverse impact on the human environment under the Commission's regulations implementing the National Environmental Policy Act.<sup>44</sup> The proposed rule falls within the categorical exemption provided in the Commission's regulations for approval of actions under section 205 of the Federal Power Act relating to the filing of schedules containing all rates and charges for any transmission or sale for resale subject to the Commission's jurisdiction, plus the classification, practices, contracts and regulations that affect rates, charges, classifications and services.<sup>45</sup> Consequently, neither an environmental assessment nor an environmental impact statement is required.

#### V. Regulatory Flexibility Act Certification

108. The Regulatory Flexibility Act of 1980 (RFA)<sup>46</sup> generally requires a description and analysis of proposed rules that will have significant economic impact on a substantial number of small entities. This rule applies to public utilities that own, control or operate interstate transmission facilities, not to electric utilities per se. The total number of public utilities that, absent waiver, would have to modify their current open access transmission tariffs by filing the Interim Tariff is 176.<sup>47</sup> Of these only 6 public utilities, or less than two percent, dispose of 4 million MWh or less per year.<sup>48</sup> The Commission does not consider this a substantial number, and in any event, these small entities may seek waiver of these requirements.<sup>49</sup>

<sup>43</sup> Order No. 486, Regulations Implementing the National Environmental Policy Act, 52 FR 47897 (Dec. 17, 1987), FERC Stats. & Regs. Preambles 1986-1990 ¶ 30,783 (1987).

<sup>44</sup> 18 CFR part 380 (2003).

<sup>45</sup> 18 CFR 380.4(a)(15)(16) (2003).

<sup>46</sup> 5 U.S.C. 601-612 (2000).

<sup>47</sup> The sources for this figure are FERC Form No. 1 and FERC Form No. 1-F data.

<sup>48</sup> *Id.*

<sup>49</sup> The Regulatory Flexibility Act defines a "small entity" as "one which is independently owned and operated and which is not dominant in its field of operation." See 5 U.S.C. 601(3) and 601(6) (2000); 15 U.S.C. 632(a)(1) (2000). In *Mid-Tex Elec. Coop. v. FERC*, 773 F.2d 327, 340-343 (DC Cir. 1985), the court accepted the Commission's conclusion that,

#### VI. Comment Procedures

109. The Commission invites interested persons to submit comments on the matters and issues proposed in this notice to be adopted, including any related matters or alternative proposals that commenters may wish to discuss.

110. Comments are due October 3, 2003. Comments must refer to Docket No. RM02-12-000, and must include the commenter's name, the organization they represent, if applicable, and their address. Comments may be filed either in electronic or paper format. Comments should be double spaced and include an executive summary.

111. To facilitate the Commission's review of the comments, commenters are requested to identify each specific issue posed by the NOPR that their discussion addresses and to use headings that clearly identify the relevant Proposed SGIA article and Proposed SGIP section. Additional issues that commenters wish to raise should be identified separately. The Commission also invites commenters to explain the rationale for their support for any proposal in this NOPR.

112. Comments may be filed electronically via the eFiling link on the Commission's Web site at <http://www.ferc.gov>. The Commission accepts most standard word processing formats, and commenters may attach additional files with supporting information in certain other file formats. Commenters filing electronically do not need to make a paper filing. Commenters that are not able to file comments electronically must send an original and 14 copies of their comments to: Federal Energy Regulatory Commission, Office of the Secretary, 888 First Street NE., Washington, DC 20426.

113. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

since virtually all of the public utilities that it regulates do not fall within the meaning of the term "small entities" as defined in the Regulatory Flexibility Act, the Commission did not need to prepare a regulatory flexibility analysis in connection with its proposed rule governing the allocation of costs for construction work in progress (CWIP). The CWIP rules applied to all public utilities. The Small Generator interconnection rules will apply only to those public utilities that own, control or operate interstate transmission facilities. These entities are a subset of the group of public utilities found not to require preparation of a regulatory flexibility analysis for the CWIP rule.

#### VII. Document Availability

114. In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through FERC's Home page (<http://www.ferc.gov>) and in FERC's Public Reference Room during normal business hours (8:30 a.m. to 5 p.m. Eastern time) at 888 First Street, NE., Room 2A, Washington, DC 20426.

115. From FERC's Home page on the Internet, this information is available in the Federal Energy Regulatory Records Information System (FERRIS). The full text of this document is available on FERRIS in PDF and WordPerfect format for viewing, printing, and/or downloading. To access this document in FERRIS, type the docket number excluding the last three digits of this document in the docket number field.

116. User assistance is available for FERRIS and the FERC's Web site during normal business hours from our Help line at (202) 502-8222 or the Public Reference Room at (202) 502-8371 Press 0, TTY (202) 502-8659. E-Mail the Public Reference Room at [public.referenceroom@ferc.gov](mailto:public.referenceroom@ferc.gov).

#### List of Subjects in 18 CFR Part 35

Electric power rates, Electric utilities, Reporting and recordkeeping requirements.

By direction of the Commission.

**Magalie R. Salas,**  
*Secretary.*

In consideration of the foregoing, the Commission proposes to amend Part 35, Chapter I, Title 18, *Code of Federal Regulations*, as follows:

#### PART 35—FILING OF RATE SCHEDULES

1. The authority citation for part 35 continues to read as follows:

**Authority:** 16 U.S.C. 791a-825r, 2601-2645; 31 U.S.C. 9701; 42 U.S.C. 7101-7352.

2. In § 35.28, paragraph (g) is added to read as follows:

#### § 35.28 Non-discriminatory open access transmission tariff.

\* \* \* \* \*

(g) Standard interconnection procedures and agreement for small generators.

(1) Every public utility that is required to have on file a non-discriminatory open access transmission tariff under this section must amend such tariff by adding the standard small generator interconnection procedures and agreement contained in Order

No. \_\_\_\_\_, FERC Stats. & Regs. ¶ \_\_\_\_\_ (Final Rule on Small Generator Interconnection) or such other small generator interconnection procedures and agreement as may be approved by the Commission consistent with Order No. \_\_\_\_\_, FERC Stats. & Regs. ¶ \_\_\_\_\_ (Final Rule on Small Generator Interconnection).

(i) The amendment required by this paragraph (g)(1) must be filed no later

than [insert date that is 60 days after the effective date of the Final Rule].

(ii) Any public utility that seeks a deviation from the standard interconnection procedures and agreement contained in Order No. \_\_\_\_\_, FERC Stats. & Regs. ¶ \_\_\_\_\_ (Final Rule on Small Generator Interconnection), must demonstrate that the deviation is consistent with the principles of Order No. \_\_\_\_\_, FERC

Stats. & Regs. ¶ \_\_\_\_\_ (Final Rule on Small Generator Interconnection).

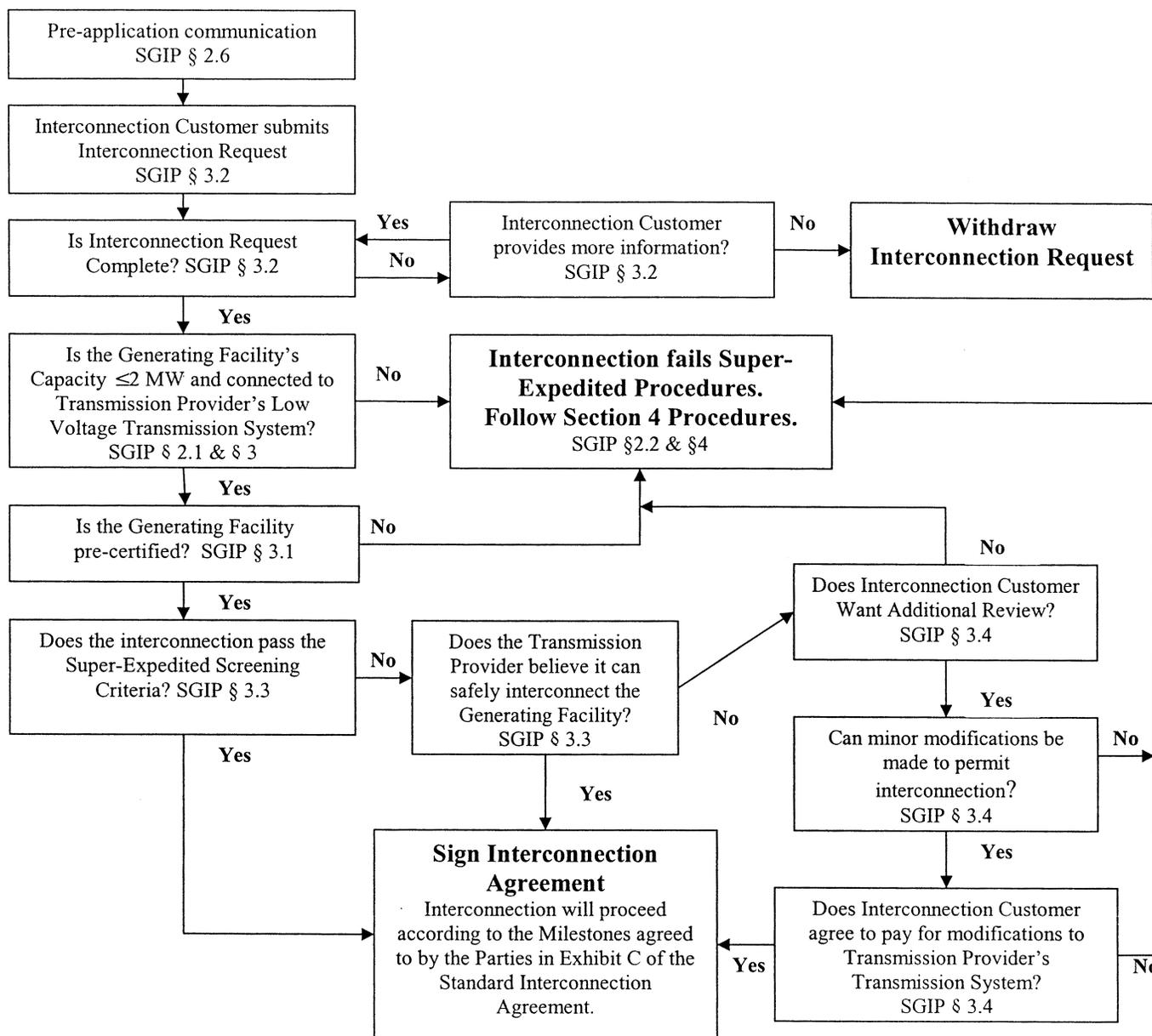
(2) The non-public utility procedures for tariff reciprocity compliance described in paragraph (e) of this section are applicable to the standard small generator interconnection procedures and agreement.

**Note:** The following appendices will not be published in the Code of Federal Regulations

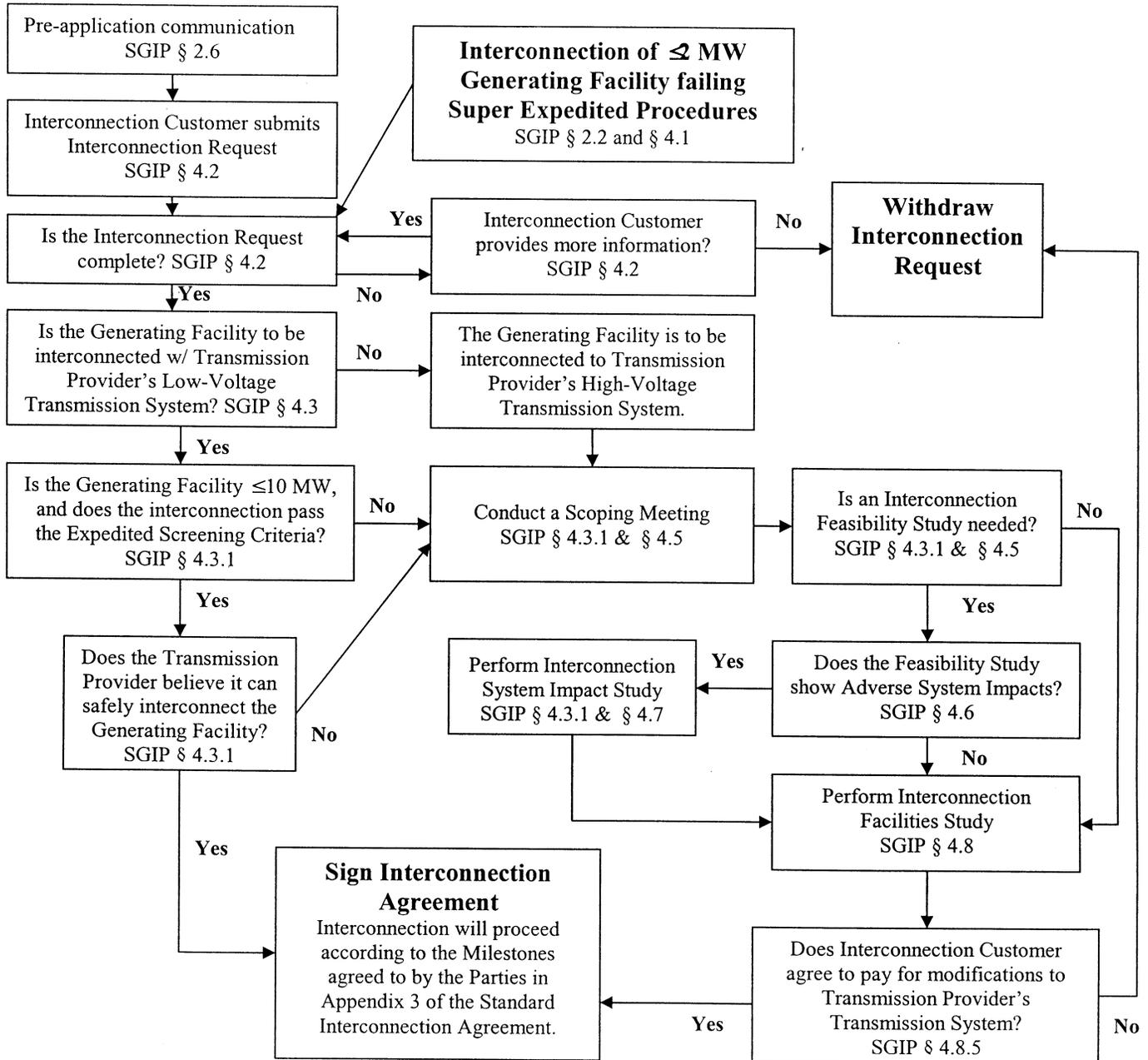
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Appendix A

Flow Chart of Super-Expedited Procedures for Interconnecting a Small Generating Facility No Larger than 2 MW to a Low-Voltage Transmission System



Flow Chart of Procedures for Interconnecting a Small Generating Facility to a High-Voltage Transmission System and a Small Generating Facility Larger than 2 MW to a Low-Voltage Transmission System



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## Appendix C to the Small Generator Interconnection Preamble

Standard Small Generator Interconnection Procedures (SGIP) Including Standard Small Generator Interconnection Agreement (SGIA)

(Applicable To Generating Facilities No Larger Than 20 MW)

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### Section 1. Definitions

When used with initial capitalization, the following terms shall have the meanings specified or referred to below. Terms used in this document with initial capitalization that are not defined below shall have the meanings specified in the section in which they are used or as specified in the Transmission Provider's Open Access Transmission Tariff (OATT), as may be amended from time to time.

*Additional Review* shall mean a technical evaluation by the Transmission Provider of a proposed interconnection that has failed to pass the Super-Expedited Screening Criteria. The review will determine whether minor modifications to the Transmission Provider's Transmission System (e.g., changing meters, fuses, relay settings) can be performed in order to enable the interconnection to be made safely and reliably.

*Adverse System Impact* shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

*Affected System* shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

*Affiliate* shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

*Applicable Laws and Regulations* shall mean all duly promulgated applicable Federal, State and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

*Breach* shall mean the failure of a Party to perform or observe any material term or condition of the Standard Small Generator Interconnection Agreement.

*Breaching Party* shall mean a Party that is in Breach of the Standard Small Generator Interconnection Agreement.

*Business Day* shall mean Monday through Friday, excluding Federal Holidays.

*Calendar Day* shall mean any day including Saturday, Sunday or a Federal Holiday.

*Commercial Operation Date* of a unit shall mean the date on which the Interconnection Customer commences commercial operation of the unit at the Generating Facility after testing of such unit has been completed.

*Confidential Information* shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party

supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

*Control Area* shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by NERC.

*Default* shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 6.17 of the Standard Small Generator Interconnection Agreement.

*Dispute Resolution* shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

*Distribution System* shall mean the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

*Distribution Upgrades* shall mean the additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

*Effective Date* shall mean the date on which the Standard Small Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission, or if filed unexecuted, upon the date specified by the Commission.

*Emergency Condition* shall mean a condition or situation: (1) That in the judgement of the Party making the claim is imminently likely to endanger life or property, or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected, or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; *provided*, that the Interconnection Customer is not obligated by the Standard Small Generator Interconnection Agreement to possess black start capability.

*Environmental Law* shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

*Expedited Procedures* shall mean the process described in the Standard Small Generator Interconnection Procedures for (1) a Generating Facility no larger than 10 MW interconnecting with a Transmission Provider's Low-Voltage Transmission System, and (2) a Generating Facility failing the Super-Expedited Procedures. The Expedited Procedures use the Expedited Screening Criteria to determine whether the Small Generating Facility can be interconnected without any further Interconnection Studies.

*Expedited Screening Criteria* shall mean the technical variables that are employed in the Expedited Procedures for evaluating the impact of interconnecting the Small Generating Facility to the Transmission Provider's Transmission System as it exists at the time of the analysis.

*Fault Current* shall mean the current that is produced by an electrical fault, such as single-phase to ground, double-phase to ground, three-phase to ground, phase-to-phase, and three-phase. The Fault Current is several times larger in magnitude than the current that normally flows through a circuit. A protective device must be able to interrupt this Fault Current within a few cycles. The Fault Current increases when a new generator is interconnected.

*Federal Power Act* shall mean the Federal Power Act, as amended, 16 U.S.C. 791a *et seq.*

*FERC* shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

*Force Majeure* shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing.

*Generating Facility* shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

*Generating Facility Capacity* shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

*Good Utility Practice* shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

*Governmental Authority* shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, Transmission Provider, or any Affiliate thereof.

*Hazardous Substances* shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

*High-Voltage* shall mean voltage levels at or above 69 kV.

*IEEE* shall mean the Institute of Electrical and Electronics Engineers.

*Initial Review* shall mean the Transmission Provider's review of the Interconnection Customer's Interconnection Request using the Super-Expedited Screening Criteria described in Section 3 of the Standard Small Generator Interconnection Procedures.

*In-Service Date* shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power.

*Interconnection Customer* shall mean any entity, including the Transmission Provider, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System.

*Interconnection Customer's Interconnection Facilities* shall mean all facilities and equipment, as identified in Appendix 2 of the Standard Small Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

*Interconnection Facilities* shall mean the Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to

physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

*Interconnection Facilities Study* shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System. The scope of the study is defined the Standard Small Generator Interconnection Procedures.

*Interconnection Facilities Study Agreement* shall mean the form of agreement contained in Appendix 5 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

*Interconnection Feasibility Study* shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission System, the scope of which is described in the Standard Small Generator Interconnection Procedures.

*Interconnection Feasibility Study Agreement* shall mean the form of agreement contained in Appendix 3 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

*Interconnection Request* shall mean an Interconnection Customer's request, in the form of Appendix 6 to the Standard Small Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

*Interconnection Service* shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Small Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.

*Interconnection Study* shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Small Generator Interconnection Procedures.

*Interconnection System Impact Study* shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility

were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Small Generator Interconnection Procedures.

*Interconnection System Impact Study Agreement* shall mean the form of agreement contained in Appendix 4 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

*Large Generating Facility* shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

*Low-Voltage* shall mean voltage levels below 69 kV.

*Material Modification* shall mean a modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

*Milestones* shall mean the events and associated dates listed in Appendix 3 of the Standard Small Generator Interconnection Agreement. The Milestones describe events that are to be met by either Party as the Generating Facility proceeds to interconnection and Parallel Operation.

*MW* shall mean the abbreviation for megawatts, which is used to describe the capacity of a generating facility.

*NERC* shall mean the North American Electric Reliability Council or its successor organization.

*Network Upgrades* shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Customer interconnects to the Transmission Provider's Transmission System to accommodate the interconnection of the Generating Facility to the Transmission Provider's Transmission System.

*Operating Requirements* shall mean any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, Control Area, or Transmission Provider requirements, including those set forth in Appendix 4 of the Standard Small Generator Interconnection Agreement.

*Parallel Operation* shall mean the two-way flow of power between a generator and a Transmission System. Generators that operate in parallel with a Transmission System require additional protection and control devices. This may be contrasted with a stand-alone generator that operates isolated from the utility company's electric system.

*Party or Parties* shall mean Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

*Point of Change of Ownership* shall mean the point, as set forth in Appendix 2 of the Standard Small Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

*Point of Common Coupling* shall mean the point in the interconnection of the

Generating Facility with Transmission Provider's Transmission System at which the harmonic limits are applied.

*Point of Interconnection* shall mean the point, as set forth in Appendix 2 of the Standard Small Generator Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

*Precertified* shall describe a Generating Facility if an identical sample of the manufacturer's model has been submitted to a national testing laboratory and found, after appropriate testing, to be in compliance with applicable consensus industry operational and safety standards.

*Queue Position* shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

*Reasonable Efforts* shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

*Rules* shall mean the rules promulgated by FERC relating to the interconnection of generators.

*Scoping Meeting* shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

*Secondary Network* shall mean a type of Low-Voltage electric system that is generally used in large metropolitan areas that are densely populated in order to provide high reliability of service (also known as secondary grid network or area network).

*Site Control* shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility, (2) an option to purchase or acquire a leasehold site for such purpose, or (3) an exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease or grant the Interconnection Customer the right to possess or occupy a site for such purpose.

*Small Generating Facility* shall mean a Generating Facility having a Generating Facility Capacity of no more than 20 MW.

*Standard Small Generator Interconnection Agreement (SGIA)* shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Small Generating Facility, that is included in the Transmission Provider's Tariff.

*Standard Small Generator Interconnection Procedures (SGIP)* shall mean the interconnection procedures applicable to an

Interconnection Request pertaining to a Small Generating Facility that are included in the Transmission Provider's Tariff.

*Spot Network* shall mean a type of Low-Voltage system found within modern commercial buildings to provide high reliability of service. Spot Networks generally use 12 kV to 480/277 volt vaults on site.

*Super-Expedited Procedures* shall mean the process described in Section 3 of the Standard Small Generator Interconnection Procedures for Generating Facilities no larger than 2 MW interconnecting with Transmission Provider's Low-Voltage Transmission System. The Super-Expedited Procedures use the Super-Expedited Screening Criteria to determine whether the proposed interconnection may cause an Adverse System Impact on Transmission Provider's Transmission System.

*Super-Expedited Screening Criteria* shall mean the technical variables that are employed in the Super-Expedited Procedures for evaluating the interconnection of a Small Generating Facility no larger than 2 MW to a Transmission Provider's Low-Voltage Transmission System.

*System Protection Facilities* shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.

*Tariff* shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.

*Technical Master* shall mean a person, as described in Article 8 of the Standard Small Generator Interconnection Agreement, with relevant technical experience selected to adjudicate disputes between the Parties.

*Term* shall mean the duration of the Standard Small Generator Interconnection Agreement.

*Transmission Owner* shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Small Generator Interconnection Agreement to the extent necessary.

*Transmission Provider* shall mean the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

*Transmission Provider's Interconnection Facilities* shall mean all facilities and equipment owned, controlled, or operated by the Transmission Provider from the Point of

Change of Ownership to the Point of Interconnection as identified in Appendix 2 of the Standard Small Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. The Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

*Transmission System* shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.

*Upgrades* shall mean the required additions and modifications to the Transmission Provider's Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

## Section 2. General Provisions

2.1 An Interconnection Request to interconnect a Generating Facility no larger than 2 MW with Transmission Provider's Low-Voltage Transmission System shall be evaluated under the Super-Expedited Procedures set forth in Section 3 of these Procedures. If the Generating Facility fails to pass the procedures set forth in Section 3, it may then be evaluated pursuant to Section 4 of these Procedures.

2.2 An Interconnection Request to interconnect: (1) A Generating Facility larger than 2 MW but no larger than 20 MW with Transmission Provider's Low-Voltage Transmission System, or (2) a Generating Facility with Transmission Provider's High-Voltage Transmission System, or (3) a Generating Facility that does not pass the Super-Expedited Procedures as set forth in Section 3 of these Procedures, shall be evaluated pursuant to Section 4 of these Procedures.

2.3 If the Interconnection Request is for a Generating Facility that includes multiple energy production devices at a site for which Interconnection Customer seeks a single Point of Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices.

2.4 If the Interconnection Request is for an increase in capacity for an existing Generating Facility, the Interconnection Request shall be evaluated on the basis of the new total capacity of the Generating Facility.

2.5 Transmission Provider shall maintain records of all Interconnection Requests received, the times required to complete Interconnection Request approvals and disapprovals, and justifications for the actions taken on the Interconnection Requests. Transmission Provider shall keep such records on file for three years.

2.6 To assist a prospective Interconnection Customer, Transmission Provider shall designate a contact person from whom information on the Interconnection Request and about Transmission Provider's Transmission System can be obtained through informal requests regarding a proposed project. Such information should include studies and other materials useful to an understanding of the feasibility of an interconnection at a

particular point on Transmission Provider's Transmission System, except to the extent providing such materials would violate security requirements or confidentiality agreements, or be contrary to law or the Commission's Regulations. Transmission Provider shall comply with reasonable requests for access to or copies of such studies.

2.7 Transmission Provider shall coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems and include those results in the applicable study within the time frame specified in these procedures. Transmission Provider shall include Affected System representatives in all meetings held with Interconnection Customer as required by these procedures. Interconnection Customer shall cooperate with Transmission Provider in all matters related to the conduct of studies and the determination of modifications to Affected Systems. An Affected System that is a Transmission Provider itself shall cooperate with Transmission Provider in all matters related to the conduct of studies and the determination of modifications to Affected Systems. In no instance shall the processing of the Interconnection Request be delayed as a result of inaction by an Affected System.

2.8 Once an Interconnection Request is deemed complete, any Material Modification to the proposed Generating Facility, Interconnection Customer's Interconnection Facilities, or site of the interconnection not agreed to in writing by Transmission Provider, shall require submission of a new Interconnection Request.

2.9 Proof of Site Control for the Generating Facility shall be submitted with the Interconnection Request.

2.10 Transmission Provider may propose to interconnect more than one Generating Facility at a single Point of Interconnection in order to minimize costs. However, an Interconnection Customer may elect to pay the entire cost of separate Interconnection Facilities.

2.11 The following articles from the Standard Small Generator Interconnection Agreement are incorporated in these procedures by reference: Article 6.12 (Security Arrangements), Article 7 (Confidentiality), and Article 8 (Dispute Resolution).

## Section 3. Super-Expedited Procedures for Interconnecting a Small Generating Facility No Larger Than 2 MW to a Low-Voltage Transmission System

3.1 *Precertification.* In order to qualify for the Super-Expedited Procedures described in this section, Interconnection Customer's Generating Facility must be precertified. The Generating Facility shall be considered precertified if an identical sample of the manufacturer's model has been submitted to a national testing laboratory and found, after appropriate testing, to be in compliance with applicable consensus industry operational and safety standards. No further design review, testing or additional equipment shall be required to meet the precertification requirements of this section.

3.2 *Interconnection Request.* Interconnection Customer shall submit to

Transmission Provider an Interconnection Request (Application Form) in the form specified in Appendix 6 of these procedures. Transmission Provider shall notify Interconnection Customer within three Business Days of receipt of the Interconnection Request and inform Interconnection Customer of the date and time when it was received. Within ten Business Days from the date of receipt of the Interconnection Request, Transmission Provider shall notify Interconnection Customer whether the request is complete. If the Interconnection Request is not complete, Transmission Provider shall at the same time provide Interconnection Customer in writing a list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Request shall be deemed complete when the required information has been provided by Interconnection Customer, or the Parties have agreed that Interconnection Customer may provide additional information at a later time, as specified in Section 7 of the Interconnection Request.

3.3 *Initial Review.* Within 20 Calendar Days after Transmission Provider notifies Interconnection Customer it has received a completed Interconnection Request, Transmission Provider shall: (1) Evaluate the Interconnection Request using the Super-Expedited Screening Criteria in Appendix 1 of these procedures, (2) review Interconnection Customer's analysis using the same criteria (if provided by Interconnection Customer), and (3) provide Interconnection Customer with its evaluation, including a comparison of the results of its own analyses with those of Interconnection Customer (if applicable).

If Transmission Provider determines that the Interconnection Request: (1) passes the Super-Expedited Screening Criteria, or (2) fails one or more of the Super-Expedited Screening Criteria but determines that the Generating Facility can be interconnected safely and reliably, it shall provide Interconnection Customer a Standard Small Generator Interconnection Agreement within five Business Days after such determination.

3.4 *Additional Review.* If Transmission Provider determines that the Interconnection Request fails the Super-Expedited Screening Criteria and cannot determine that the Generating Facility may be interconnected safely and reliably with its Transmission System, Interconnection Customer may offer to pay for an expedited Additional Review of the interconnection. The Additional Review shall not exceed six hours of Transmission Provider's engineering time (to be paid for by Interconnection Customer) and shall be completed within ten Business Days of the request. The review will determine whether minor modifications to Transmission Provider's Transmission System (*e.g.*, changing meters, fuses, relay settings) can be performed in order to enable the interconnection to be made safely and reliably. Transmission Provider shall provide Interconnection Customer with a copy of the review. If the Additional Review indicates that the interconnection can be made safely and reliably with minor modifications and Interconnection Customer agrees to pay these

additional costs, Transmission Provider shall provide Interconnection Customer a Standard Small Generator Interconnection Agreement within five Business Days after such determination. If the review indicates that the interconnection cannot be made safely and reliably with minor modifications, the Interconnection Request shall be processed under Section 4 of these Procedures.

**3.5 Interconnection of the Generating Facility.** After the Standard Small Generator Interconnection Agreement is signed by the Parties, interconnection of the Generating Facility will proceed according to the Milestones agreed to by the Parties in Appendix 3 of the Standard Small Generator Interconnection Agreement.

**Section 4. Procedures for Interconnecting a Small Generating Facility to a High-Voltage Transmission System and a Small Generating Facility Larger Than 2 MW to a Low-Voltage Transmission System**

**4.1 General.** An Interconnection Request to interconnect: (1) A Generating Facility larger than 2 MW but no larger than 20 MW with Transmission Provider's Low-Voltage Transmission System, or (2) a Generating Facility with Transmission Provider's High-Voltage Transmission System. Generating Facilities larger than 2 MW but no larger than 10 MW and Generating Facilities no larger than 2 MW that do not pass the Super-Expedited Procedures, that are to be interconnected with Transmission Provider's Low-Voltage Transmission System, shall be processed pursuant to the Expedited Procedures found in Section 4.3 of this section.

**4.2 Interconnection Request.** Interconnection Customer shall submit to Transmission Provider an Interconnection Request (Application Form) in the form specified in Appendix 6 of these procedures. Transmission Provider shall notify Interconnection Customer within three Business Days of receipt of the Interconnection Request and inform Interconnection Customer of the date and time when it was received. Within ten Business Days from the date of receipt of the Interconnection Request, Transmission Provider shall notify Interconnection Customer whether the request is complete. If the Interconnection Request is not complete, Transmission Provider shall at the same time provide Interconnection Customer in writing a list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Request shall be deemed complete when the required information has been provided by Interconnection Customer, or the Parties have agreed that Interconnection Customer may provide additional information at a later time, as specified in Section 7 of the Interconnection Request.

**4.3 Expedited Procedures for a Small Generating Facility No Larger Than 10 MW Interconnecting With Transmission Provider's Low-Voltage Transmission System and a Small Generating Facility Failing the Super-Expedited Procedures.** An Interconnection Customer may request that Transmission Provider use the Expedited Screening Criteria contained in Appendix 2

of these procedures to evaluate the Interconnection Request.

**4.3.1** If Transmission Provider determines that the Generating Facility can be interconnected safely and reliably based upon its analysis using the Expedited Screening Criteria, it shall provide Interconnection Customer a Standard Small Generator Interconnection Agreement within five Business Days after such determination.

If the Generating Facility passes the Expedited Screening Criteria, but Transmission Provider determines that the Generating Facility cannot be interconnected safely and reliably, the Parties shall conduct a Scoping Meeting. If at the Scoping Meeting the Parties conclude that an Interconnection Feasibility Study is required, and the study indicates no Adverse System Impact to Transmission Provider's Transmission System, the cost of the study shall be borne by Transmission Provider and no Interconnection System Impact Study shall be required. If the results of the Interconnection Feasibility Study indicate an Adverse System Impact to Transmission Provider's Transmission System, the cost of the study shall be borne by Interconnection Customer and an Interconnection System Impact Study shall be performed.

**4.4 Queuing Priority.** Transmission Provider shall assign a Queue Position based upon the date and time the Interconnection Request is deemed complete. The Queue Position of each Interconnection Request will be used to determine the cost responsibility for the facilities necessary to accommodate the interconnection.

**4.5 Scoping Meeting.** A Scoping Meeting will be held within ten Business Days, or as agreed to by the Parties, after Transmission Provider has notified Interconnection Customer that the Interconnection Request is deemed complete. The purpose of the meeting shall be to review the Interconnection Request, existing studies relevant to the Interconnection Request, and the results of the application of the Super-Expedited and/or Expedited Screening Criteria. Parties are expected to bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting.

**4.5.1** If the Parties agree at the Scoping Meeting that an Interconnection Feasibility Study needs to be performed, Transmission Provider shall provide Interconnection Customer, no later than five Business Days after the Scoping Meeting, an Interconnection Feasibility Study Agreement including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

**4.5.2** If the Parties agree at the Scoping Meeting that an Interconnection Feasibility Study does not need to be performed, Transmission Provider shall provide Interconnection Customer, no later than five Business Days after the Scoping Meeting, an Interconnection Facilities Study Agreement including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

**4.6 Interconnection Feasibility Study.** An Interconnection Feasibility Study will

include the following analyses for the purpose of identifying a potential Adverse System Impact to Transmission Provider's Transmission System that would result from the interconnection: (1) Initial identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection, (2) initial identification of any thermal overload or voltage limit violations resulting from the interconnection, (3) initial review of grounding requirements and system protection, and (4) description and non-binding estimated cost of facilities required to interconnect the Generating Facility to Transmission Provider's Transmission System in a safe and reliable manner.

**4.6.1** If Interconnection Customer asks that the Interconnection Feasibility Study evaluate multiple potential points of interconnection, additional evaluations may need to be performed. All such evaluations are to be paid by Interconnection Customer.

**4.6.2** An Interconnection System Impact Study shall not be required if the Interconnection Feasibility Study indicates no Adverse System Impact or if it identifies an Adverse System Impact, but Transmission Provider is able to identify a remedy without the need for an Interconnection System Impact Study. Otherwise an Interconnection System Impact Study shall be required.

**4.7 Interconnection System Impact Study.** The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, Affected Systems. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting. The study will consider all generating facilities that, on the date the Interconnection System Impact Study is commenced: (1) Are directly interconnected with Transmission Provider's Transmission System, (2) are interconnected with Affected Systems and may have an impact on the proposed interconnection, and (3) have a signed Interconnection Agreement to interconnect with Transmission Provider's Transmission System.

**4.7.1 General.** The Interconnection System Impact Study will consider, as appropriate, a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews. The Interconnection System Impact Study will state the underlying assumptions of the study, show the results of the analyses, and list any potential impediments to providing the requested interconnection service. The study will indicate required Upgrades and a non-binding good faith estimate of cost and time to construct.

**4.7.2 Distribution Interconnection System Impact Study.** A distribution Interconnection System Impact Study shall be performed if a

potential Distribution System Adverse System Impact is identified in the Interconnection Feasibility Study. Transmission Provider shall send Interconnection Customer an Interconnection System Impact Study Agreement within five Business Days of transmittal of the Interconnection Feasibility Study report, including an outline of the scope of the study and a good faith estimate of the cost to perform the study. The study shall incorporate a load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, and the impact on system operation, as necessary.

4.7.3 *Transmission Interconnection System Impact Study.* Where the Interconnection Feasibility Study or a distribution Interconnection System Impact Study shows a potential Transmission System Adverse System Impact, within five Business Days following transmittal of the Interconnection Feasibility Study report and/or distribution Interconnection System Impact Study Report, Transmission Provider shall notify any Affected Systems in accordance with the procedures provided for in Transmission Provider's Tariff on file with FERC. Transmission Provider shall also send Interconnection Customer an Interconnection System Impact Study Agreement, including an outline of the scope of the study and a good faith estimate of the cost to perform the study.

4.7.4 *Coordinated Transmission and Distribution System Impact Studies.* Where transmission and distribution facilities are owned by different entities (such as in the case of transmission-dependent utilities (TDUs)) and no single entity is in a position to conduct an Interconnection System Impact

Study covering both transmission and distribution electric systems, Transmission Provider, as applicable, shall conduct the Interconnection System Impact Study. Affected Systems shall participate in the study and provide all information necessary to prepare the study.

4.7.5 *Interconnection System Impact Study Cost Sharing.* Affected transmission and distribution providers may participate in the preparation of the Interconnection System Impact Study, with a division of costs among such entities as they may agree. All affected parties shall be afforded an opportunity to review and comment upon an Interconnection System Impact Study that covers potential Adverse System Impacts on their systems, and Transmission Provider has thirty additional Calendar Days to complete an Interconnection System Impact Study requiring review by Affected Systems.

4.8 *Interconnection Facilities Study.*

4.8.1 Within five Business Days of completion of the Interconnection System Impact Study, a report will be prepared and transmitted to Interconnection Customer along with an Interconnection Facilities Study Agreement, which shall include an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

4.8.2 The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the Interconnection Feasibility Study and Interconnection System Impact Study to interconnect the Generating Facility. The Interconnection Facilities Study shall also identify: (1) The electrical switching configuration of the equipment, including, without limitation, transformer, switchgear,

meters, and other station equipment, (2) the nature and estimated cost of Transmission Provider's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.

4.8.3 Parties may agree to permit Interconnection Customer to separately arrange for a third party to design and construct the required Interconnection Facilities. In such cases, Transmission Provider may review the design of the facilities, under the provisions of the Interconnection Facilities Study Agreement. If the Parties agree to separately arrange for design and construction, and comply with any security and confidentiality requirements, Transmission Provider shall make all relevant information available to Interconnection Customer in order to permit Interconnection Customer to obtain an independent design and cost estimate for the facilities.

4.8.4 Upon completion of the Interconnection Facilities Study, and with the agreement of Interconnection Customer to pay for Interconnection Facilities and Upgrades identified in the Interconnection Facilities Study, Transmission Provider shall provide Interconnection Customer a Standard Small Generator Interconnection Agreement within five Business Days.

4.9 *Interconnection of the Generating Facility.* After the Standard Small Generator Interconnection Agreement is signed by the Parties, interconnection of the Generating Facility will proceed according to the Milestones agreed to by the Parties in Appendix 3 of the Standard Small Generator Interconnection Agreement.

**BILLING CODE 6718-01-P**

Chart 1

Diagram of a Typical Small Generating Facility Installation

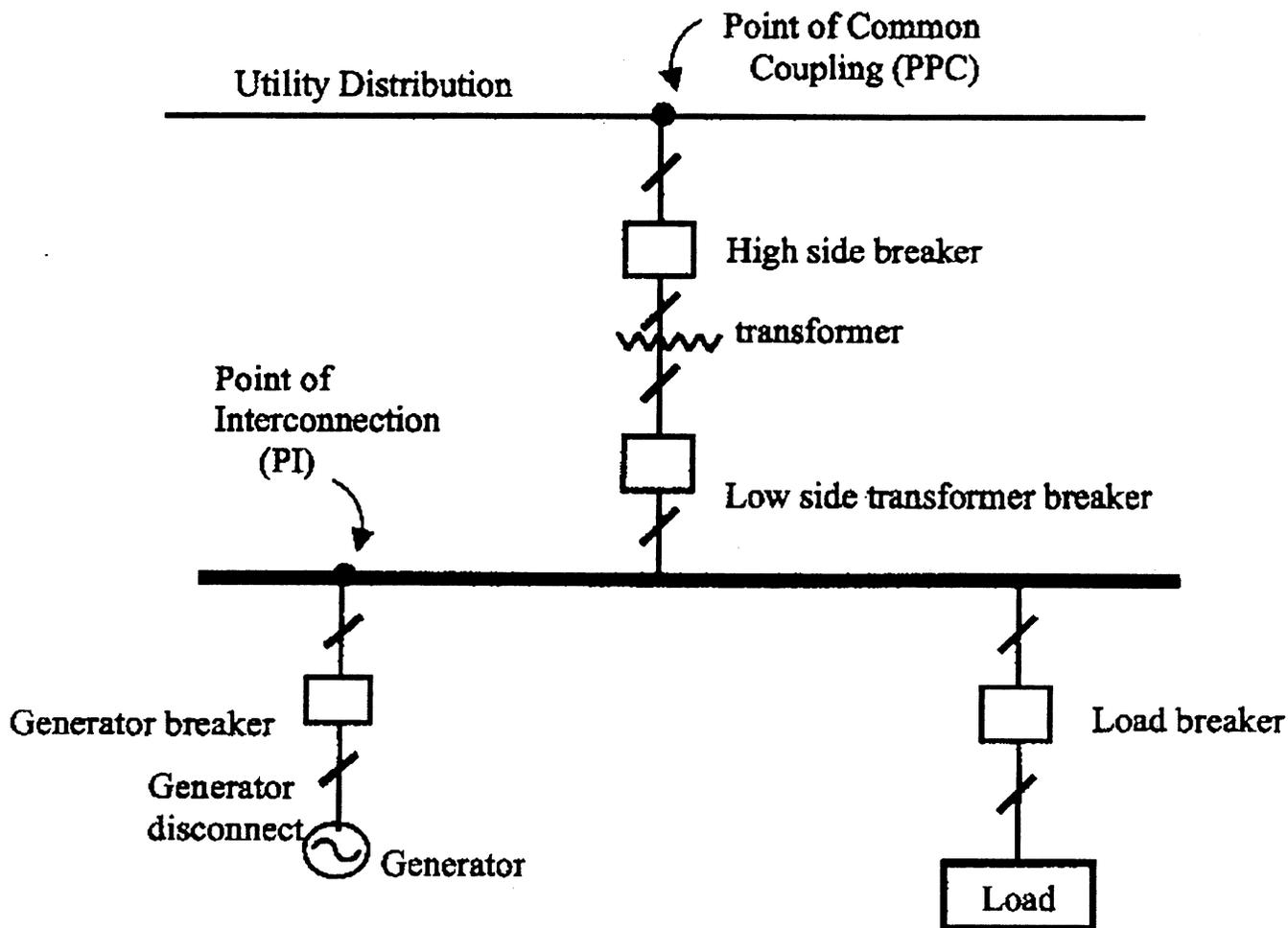


Chart 2

Flow Chart of Super-Expedited Procedures for Interconnecting a Small Generating Facility No Larger than 2 MW to a Low-Voltage Transmission System

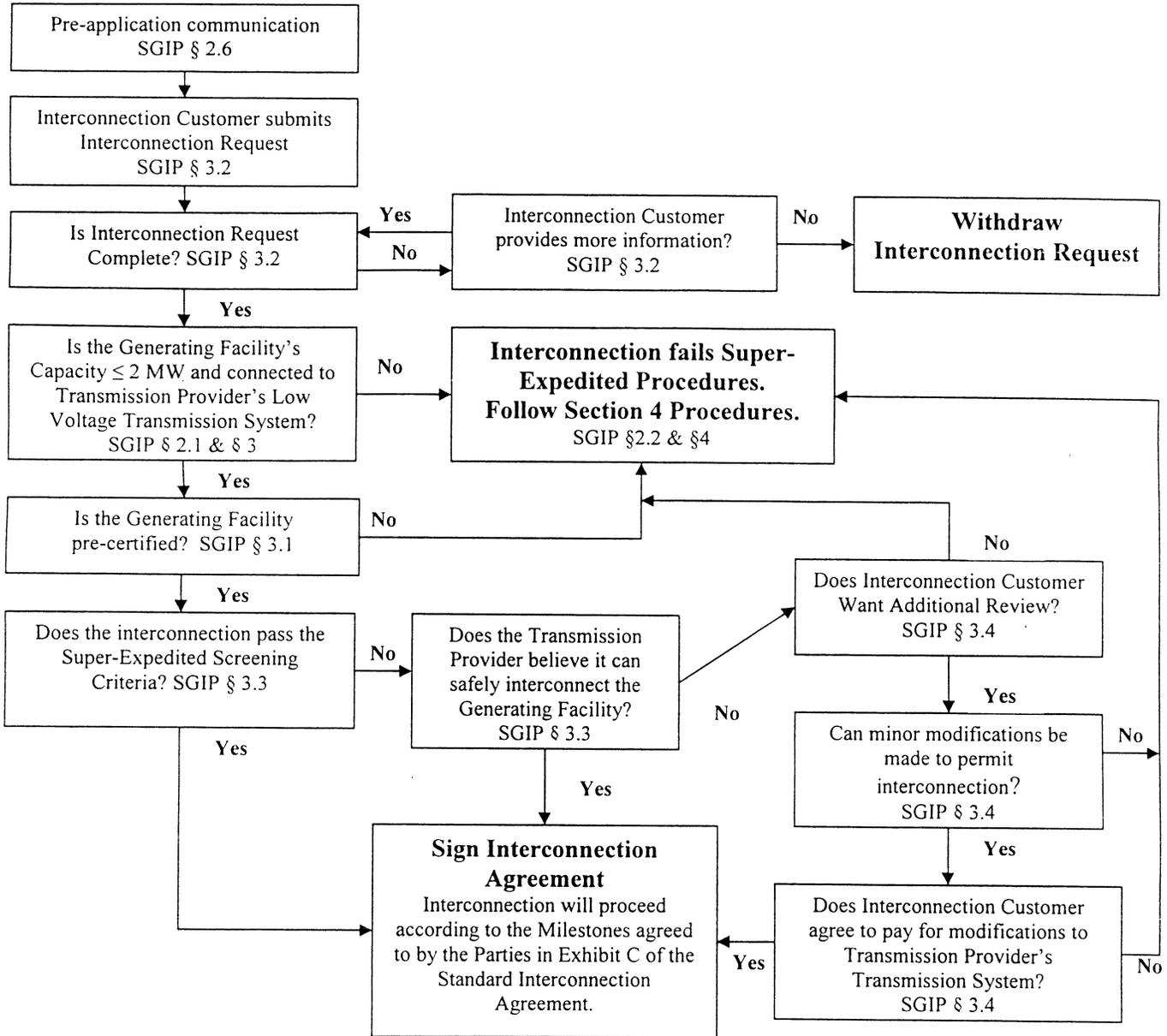
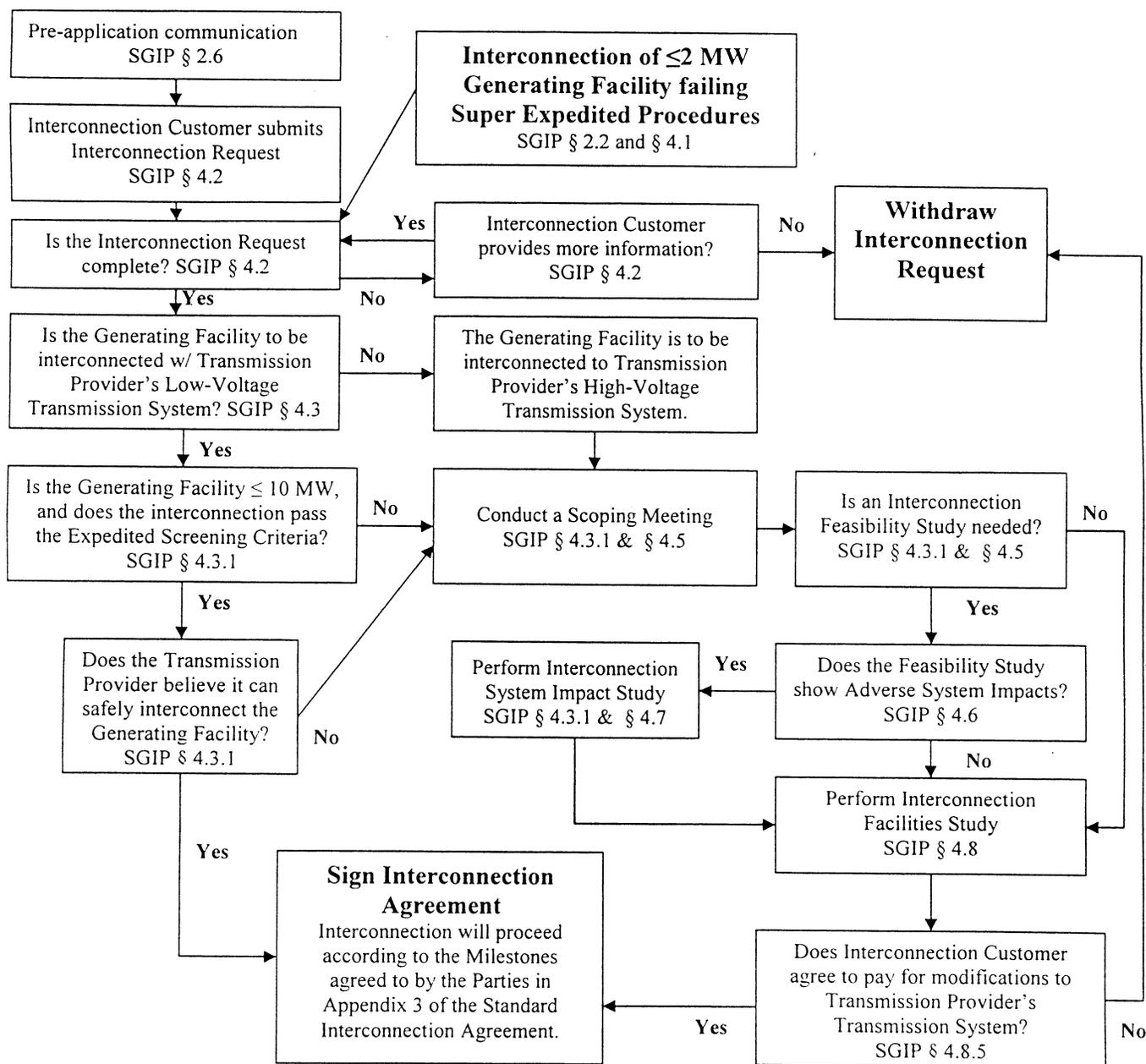


Chart 3

Flow Chart of Procedures for Interconnecting a Small Generating Facility to a High-Voltage Transmission System and a Small Generating Facility Larger than 2 MW to a Low-Voltage Transmission System



BILLING CODE 6718-01-C

Appendix 1

Super-Expedited Screening Criteria  
(Applicable to Generating Facilities No  
Larger than 2 MW)

1.1 For interconnection of the Generating Facility to a radial Low-Voltage circuit, the

aggregate new generation capacity on the circuit shall not exceed five percent of the total circuit annual peak load as most recently measured at the substation.

1.2 For interconnection of the Generating Facility to the load side of Spot Network protectors, the Generating Facility must utilize an inverter-based equipment package

and, together with other inverter-based generation, shall not exceed the smaller of five percent of a Spot Network's maximum load or 50 kW.

1.3 The Generating Facility, in aggregation with other generation on the Low-Voltage circuit, shall not contribute more than ten percent to the circuit's

maximum Fault Current on the High-Voltage (primary) level nearest the proposed Point of Common Coupling.

1.4 The Generating Facility, in aggregate with other generation on the Low-Voltage circuit, shall not cause any protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or customer equipment on the system to exceed 85 percent of the short circuit interrupting capability; nor is the interconnection proposed for a circuit that already exceeds 85 percent of the short circuit interrupting capability.

1.5 The Generating Facility, in aggregate with other generation interconnected to the Low-Voltage side of the substation transformer feeding the circuit where the Generating Facility proposes to interconnect, shall not exceed 10 MW in an area where there are known or posted transient stability limitations to generating units located in the general electrical vicinity (e.g., three or four High-Voltage busses from the point of interconnection).

1.6 For interconnection of a single-phase generator where the primary Low-Voltage electric system is three-phase, four-wire, the Generating Facility shall be connected line-to-neutral. For interconnection of a single-phase generator where the primary Low-Voltage electric system is three-phase, three-wire, the Generating Facility shall be connected line-to-line.

1.7 For interconnection of a proposed three-phase generator to a three-phase, four-wire Low-Voltage circuit or a Low-Voltage circuit having mixed three-wire and four-wire sections, the aggregate generation capacity including the Generating Facility shall not exceed ten percent of line section peak load.

1.8 If the Generating Facility is to be interconnected on single-phase shared secondary, the aggregate new generation capacity on the shared secondary shall not exceed 20 kVA.

1.9 If the Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20 percent of nameplate rating of the service transformer.

1.10 The Generating Facility's Point of Common Coupling shall be on a Low-Voltage electric system.

## Appendix 2

### Expedited Screening Criteria (Applicable to Generating Facilities No Larger than 10 MW)

1.1 For interconnection of the Generating Facility to a radial Low-Voltage circuit, the Generating Facility's capacity in aggregate with other generation on the circuit shall not exceed 15 percent of total circuit annual peak load as most recently measured at the substation; nor shall it exceed 15 percent of a Low-Voltage circuit line section design capacity. A line section is defined as that section of the Low-Voltage electric system between two sectionalizing devices.

1.2 The Generating Facility, in aggregation with other generation on the Low-Voltage circuit, shall not contribute more than ten percent to the Low-Voltage

circuit's maximum Fault Current at the point on the primary level nearest the proposed Point of Common Coupling.

1.3 Interconnection of the Generating Facility in aggregate with other generation on the Low-Voltage circuit shall not cause any equipment, protective devices (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or customer equipment on the system to exceed 90 percent of their short circuit interrupting capability; nor may the interconnection be proposed for a circuit that already exceeds the 90 percent capability limit.

1.4 The Generating Facility's Point of Common Coupling shall not be on a Low-Voltage secondary or Spot Network.

1.5 The Generating Facility, in aggregate with other generation interconnected to the Low-Voltage side of the substation transformer feeding the Low-Voltage circuit where the Generating Facility proposes to interconnect, shall not exceed 10 MW in an area where there are known or posted transient stability limitations to generating units located in the general electrical vicinity (e.g., three or four High-Voltage level busses from the point of interconnection).

## Appendix 3

### Interconnection Feasibility Study Agreement

This agreement is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_, ("Interconnection Customer,") and \_\_\_\_\_, a \_\_\_\_\_ existing under the laws of the State of \_\_\_\_\_, ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

### Recitals

Whereas, Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by Interconnection Customer on \_\_\_\_\_; and

Whereas, Interconnection Customer desires to interconnect the Generating Facility with Transmission Provider's Transmission System; and

Whereas, Interconnection Customer has requested Transmission Provider to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Generating Facility to Transmission Provider's Transmission System, and of any Affected Systems;

Now, Therefore, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this agreement, with initial capitalization, the terms specified shall have the meanings indicated. Terms used in this agreement with initial capitalization but not defined in this agreement shall have the meanings specified in Section 1 of the Standard Small Generator Interconnection Procedures.

2.0 Interconnection Customer elects and Transmission Provider shall cause to be

performed an Interconnection Feasibility Study consistent with Section 4.6 of the Standard Small Generator Interconnection Procedures in accordance with the Tariff.

3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this agreement.

4.0 The Interconnection Feasibility Study shall be based on the technical information provided by Interconnection Customer in the Interconnection Request, as may be modified as the result of the Scoping Meeting. Transmission Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 4.5 (Scoping Meeting) of the Standard Small Generator Interconnection Procedures. If Interconnection Customer modifies its Interconnection Request, the time to complete the Interconnection Feasibility Study may be extended by agreement of the Parties.

5.0 In performing the study, Transmission Provider shall rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Customer will not be charged for such existing studies; however, Interconnection Customer shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the Interconnection Feasibility Study.

6.0 The Interconnection Feasibility Study report shall provide the following information:

- Preliminary identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection,
- preliminary identification of any thermal overload or voltage limit violations resulting from the interconnection, and
- preliminary description and non-bonding estimated cost of facilities required to interconnect the Generating Facility to Transmission Provider's Transmission System and to address the identified short circuit and power flow issues.

7.0 Transmission Provider may require a study deposit of the lesser of 100 percent of estimated non-binding good faith study costs or \$1,000.

8.0 The Interconnection Feasibility Study shall be completed and the results shall be transmitted to Interconnection Customer within thirty Calendar Days after this agreement is signed by the Parties.

9.0 Study fees shall be based on actual costs and will be invoiced to Interconnection Customer after the study is transmitted to Interconnection Customer. The invoice shall include an itemized listing of employee time and costs expended on the study.

10.0 Interconnection Customer shall pay any actual study costs that exceed the deposit without interest within thirty Calendar Days on receipt of the invoice. Transmission Provider shall refund any excess amount without interest within thirty Calendar Days of the invoice.

In witness whereof, the Parties have caused this agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.  
[Insert name of Transmission Provider]

Signed \_\_\_\_\_  
Name (Printed): \_\_\_\_\_

Title \_\_\_\_\_  
[Insert name of Interconnection Customer]  
Signed \_\_\_\_\_  
Name (Printed): \_\_\_\_\_

Title \_\_\_\_\_

**Attachment A to Interconnection Feasibility Study Agreement**

**Assumptions Used in Conducting the Interconnection Feasibility Study**

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on \_\_\_\_\_:

- (1) Designation of Point of Interconnection and configuration to be studied.
  - (2) Designation of alternative Points of Interconnection and configuration.
- (1) and (2) are to be completed by Interconnection Customer. Other assumptions (listed below) are to be provided by Interconnection Customer and Transmission Provider.

**Appendix 4**

**Interconnection System Impact Study Agreement**

This agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ by and between \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_, ("Interconnection Customer,") and \_\_\_\_\_, a \_\_\_\_\_ existing under the laws of the State of \_\_\_\_\_, ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

**Recitals**

Whereas, Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by Interconnection Customer on \_\_\_\_\_; and

Whereas, Interconnection Customer desires to interconnect the Generating Facility with Transmission Provider's Transmission System;

Whereas, Transmission Provider has completed an Interconnection Feasibility Study and provided the results of said study to Interconnection Customer (This recital to be omitted if the Parties have agreed to forego the Interconnection Feasibility Study.); and

Whereas, Interconnection Customer has requested Transmission Provider to perform an Interconnection System Impact Study to assess the impact of interconnecting the Generating Facility to Transmission

Provider's Transmission System, and of any Affected Systems;

Now, therefore, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this agreement, with initial capitalization, the terms specified shall have the meanings indicated. Terms used in this agreement with initial capitalization but not defined in this agreement shall have the meanings specified in Section 1 of the Standard Small Generator Interconnection Procedures.

2.0 Interconnection Customer elects and Transmission Provider shall cause to be performed an Interconnection System Impact Study consistent with Section 4.7 of the Standard Small Generator Interconnection Procedures in accordance with the Tariff.

3.0 The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this agreement.

4.0 The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study and the technical information provided by Interconnection Customer in the Interconnection Request. Transmission Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection System Impact Study. If Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.

5.0 The Interconnection System Impact Study report shall provide the following information:

- Identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection,
- Identification of any thermal overload or voltage limit violations resulting from the interconnection,
- Identification of any instability or inadequately damped response to system disturbances resulting from the interconnection and
- Description and non-binding, good faith estimated cost of facilities required to interconnect the Generating Facility to Transmission Provider's Transmission System and to address the identified short circuit, instability, and power flow issues.

6.0 Transmission Provider may require a study deposit of the lesser of 50 percent of estimated non-binding good faith study costs or \$3,000.

7.0 The distribution Interconnection System Impact Study, if required, shall be completed and the results transmitted to Interconnection Customer within thirty Calendar Days after this agreement is signed by the Parties. The transmission Interconnection System Impact Study, if required, shall be completed and the results transmitted to Interconnection Customer within forty-five Calendar Days after this agreement is signed by the Parties, or in accordance with Transmission Provider's queuing procedures.

8.0 Study fees shall be based on actual costs and will be invoiced to Interconnection Customer after the study is transmitted to Interconnection Customer. The invoice shall include an itemized listing of employee time and costs expended on the study.

9.0 Interconnection Customer shall pay any actual study costs that exceed the deposit without interest within 30 Calendar Days on receipt of the invoice. Transmission Provider shall refund any excess amount without interest within thirty Calendar Days of the invoice.

In witness thereof, the Parties have caused this agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.  
[Insert name of Transmission Provider]

Signed \_\_\_\_\_  
Name (Printed): \_\_\_\_\_

Title \_\_\_\_\_  
[Insert name of Interconnection Customer]

Signed \_\_\_\_\_  
Name (Printed): \_\_\_\_\_

Title \_\_\_\_\_

**Attachment A to Interconnection System Impact Study Agreement**

**Assumptions Used in Conducting the Interconnection System Impact Study**

The Interconnection System Impact Study shall be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with Section 4.7 of the Standard Small Generator Interconnection Procedures, and the following assumptions:

- (1) Designation of Point of Interconnection and configuration to be studied.
  - (2) Designation of alternative Points of Interconnection and configuration.
- (1) and (2) are to be completed by Interconnection Customer. Other assumptions (listed below) are to be provided by Interconnection Customer and Transmission Provider.

**Appendix 5**

**Interconnection Facilities Study Agreement**

This agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ by and between \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_, ("Interconnection Customer,") and \_\_\_\_\_, a \_\_\_\_\_ existing under the laws of the State of \_\_\_\_\_, ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

**Recitals**

Whereas, Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by Interconnection Customer on \_\_\_\_\_; and

Whereas, Interconnection Customer desires to interconnect the Generating Facility with Transmission Provider's Transmission System;

Whereas, Transmission Provider has completed an Interconnection System Impact Study and provided the results of said study to Interconnection Customer; and

Whereas, Interconnection Customer has requested Transmission Provider to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Generating Facility to Transmission Provider's Transmission System.

Now, therefore, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this agreement, with initial capitalization, the terms specified shall have the meanings indicated. Terms used in this agreement with initial capitalization but not defined in this agreement shall have the meanings specified in Section 1 of the Standard Small Generator Interconnection Procedures.

2.0 Interconnection Customer elects and Transmission Provider shall cause an Interconnection Facilities Study consistent with Section 4.8 of the Standard Small Generator Interconnection Procedures to be performed in accordance with the Tariff.

3.0 The scope of the Interconnection Facilities Study shall be subject to data provided in Attachment A to this agreement.

4.0 An Interconnection Facilities Study report (1) shall provide a description, estimated cost of (consistent with Attachment A), schedule for required facilities to interconnect the Generating Facility to Transmission Provider's Transmission System and (2) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.

5.0 Transmission Provider may require a study deposit of the lesser of 50 percent of estimated non-binding good faith study costs or \$10,000.

6.0 In cases where no Upgrades are required, the Interconnection Facilities Study shall be completed and the results shall be transmitted to Interconnection Customer within thirty Calendar Days after this agreement is signed by the Parties. In cases where Upgrades are required, the Interconnection Facilities Study shall be completed and the results shall be transmitted to Interconnection Customer within forty-five Calendar Days after this agreement is signed by the Parties.

7.0 Study fees shall be based on actual costs and will be invoiced to Interconnection Customer after the study is transmitted to Interconnection Customer. The invoice shall include an itemized listing of employee time and costs expended on the study.

8.0 Interconnection Customer shall pay any actual study costs that exceed the deposit without interest within 30 Calendar Days on receipt of the invoice. Transmission Provider shall refund any excess amount without

interest within thirty Calendar Days of the invoice.

In witness whereof, the Parties have caused this agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider]

Signed \_\_\_\_\_  
Name (Printed):

Title \_\_\_\_\_  
[Insert name of Interconnection Customer]

Signed \_\_\_\_\_  
Name (Printed):

Title \_\_\_\_\_

**Attachment A to Interconnection Facilities Study Agreement**

**Data To Be Provided by Interconnection Customer With the Interconnection Facilities Study Agreement**

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

One set of metering is required for each generation connection to the new ring bus or existing Transmission Provider station.

Number of generation connections: \_\_\_\_\_  
Will an alternate source of auxiliary power be available during CT/PT maintenance?  
Yes \_\_\_\_\_ No \_\_\_\_\_

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation?  
Yes \_\_\_\_\_ No \_\_\_\_\_ (Please indicate on the one-line diagram).

What type of control system or PLC will be located at the Generating Facility?  
\_\_\_\_\_

What protocol does the control system or PLC use?  
\_\_\_\_\_

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, transmission line, and property lines.

Physical dimensions of the proposed interconnection station:  
\_\_\_\_\_

Bus length from generation to interconnection station:  
\_\_\_\_\_

Line length from interconnection station to Transmission Provider's Transmission System.  
\_\_\_\_\_

Tower number observed in the field. (Painted on tower leg)\*:  
\_\_\_\_\_

Number of third party easements required for transmission lines\*:  
\_\_\_\_\_

\* To be completed in coordination with Transmission Provider.

Is the Generating Facility located in Transmission Provider's service area?  
\_\_\_\_\_

Yes \_\_\_\_\_ No \_\_\_\_\_ If No, please provide name of local provider:  
\_\_\_\_\_

Please provide the following proposed schedule dates:

Begin Construction

Date: \_\_\_\_\_

Generator step-up transformers receive back feed power

Date: \_\_\_\_\_

Generation Testing

Date: \_\_\_\_\_

Commercial Operation

Date: \_\_\_\_\_

**Appendix 6**

**Small Generating Facility Interconnection Request (Application Form)**

*Instructions*

Interconnection Customer declares its intention to sell electricity at wholesale in interstate commerce. Interconnection customer submits this request to interconnect its Small Generating Facility with the Transmission Provider's Transmission System pursuant to a Tariff.

In order for the Generating Facility to be considered for interconnection to Transmission Provider's Transmission System, Interconnection Customer must submit to Transmission Provider (1) a completed Interconnection Request (The Interconnection Request shall be deemed complete when the required information has been provided by Interconnection Customer, or the Parties have agreed that Interconnection Customer may provide additional information at a later time, as specified in Section 7 below), and (2) the appropriate non-refundable processing fee.

If requested information is not applicable, indicate by using "N/A".

Additional information to evaluate an Interconnection Request may be required by Transmission Provider as the application process proceeds.

*Processing Fee*

Indicate the amount of processing fee enclosed: \$ \_\_\_\_\_

Processing Fee for Small Generating Facilities No Larger than 2 MW:

The greater of:  
\$0.50/nameplate KVA rating, or  
\$100 for single phase generators no larger than 25 KVA, or  
\$500 for three phase generators and single phase generators larger than 25 KVA

Processing Fee for Small Generating Facilities Larger than 2 MW but No Larger than 20 MW:

\$1,000 for generators no larger than 10 MW  
\$2,000 for generators larger than 10 MW

**Section 1. Interconnection Customer Information**

*Interconnection Request (Application Form)*

Indicate whether Interconnection Customer intends to participate as:

- \_\_\_\_\_ Network Resource
- \_\_\_\_\_ Energy-Only Resource
- \_\_\_\_\_ Non-Exporting Resource Participating in a Wholesale Market
- \_\_\_\_\_ Other (Describe: \_\_\_\_\_)

Indicate Generating Facility size:  
 \_\_\_ 0-2.00 MW  
 \_\_\_ 2.01-10.00 MW  
 \_\_\_ 10.01-20.00 MW  
 Application is for:  
 \_\_\_ New Generating Facility  
 \_\_\_ Capacity addition to Existing Generating Facility  
 If capacity addition to existing facility, please describe:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Legal Name of Interconnection Customer (or, if an Individual, Individual's Name)  
 Name: \_\_\_\_\_  
 Mailing Address: \_\_\_\_\_  
 City: \_\_\_\_\_  
 State: \_\_\_\_\_  
 Zip: \_\_\_\_\_  
 Generating Facility Location (if different from above):  
 \_\_\_\_\_  
 Telephone: \_\_\_\_\_  
 Daytime: \_\_\_\_\_  
 Evening: \_\_\_\_\_  
 Fax: \_\_\_\_\_  
 E-Mail Address: \_\_\_\_\_

Alternative Contact Information (If different from Interconnection Customer information above)  
 Contact Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Telephone: \_\_\_\_\_  
 Daytime: \_\_\_\_\_  
 Evening: \_\_\_\_\_  
 Fax: \_\_\_\_\_  
 E-Mail Address: \_\_\_\_\_  
 For generators installed at locations with existing electric service to which the proposed Generating Facility will interconnect, provide:  
 (Local Electric Service Provider Name\*)  
 \_\_\_\_\_  
 (Current Account Number\*)  
 (\*To be provided by Interconnection Customer if the local electric service provider is different from Transmission Provider)  
 Contact Name: \_\_\_\_\_  
 Contact Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Telephone: \_\_\_\_\_

Daytime: \_\_\_\_\_  
 Evening: \_\_\_\_\_  
 Fax: \_\_\_\_\_  
 E-Mail Address: \_\_\_\_\_  
**Section 2. Generator Qualifications**  
 Energy Source:  
 \_\_\_ Hydro [Specify Type (e.g., Run-of-River) \_\_\_\_\_]  
 \_\_\_ Solar  
 \_\_\_ Wind  
 \_\_\_ Diesel  
 \_\_\_ Natural Gas  
 \_\_\_ Fuel Oil  
 \_\_\_ Other (Specify \_\_\_\_\_)  
 Type of Generator:  
 \_\_\_ Synchronous  
 \_\_\_ Induction  
 \_\_\_ DC Generator or Solar with Inverter  
 Generator Nameplate Rating: \_\_\_\_\_ kW (Typical)  
 Generator Nameplate KVA: \_\_\_\_\_  
 Interconnection Customer or Customer-Site Load: \_\_\_\_\_ kW (if none, so state) (Typical) (Reactive Load, if known)  
 Maximum physical export capability requested: \_\_\_\_\_ kW  
 List components of the Generating Facility that are Precertified:

Equipment Type

Precertifying Entity


**Section 3. Generator Technical Information**

Small Generating Facility (or solar collector) manufacturer, model name, number, and version:  
 Nameplate output power rating in kW: (Summer) \_\_\_\_\_ (Winter) \_\_\_\_\_  
 Nameplate output power rating in KVA: (Summer) \_\_\_\_\_ (Winter) \_\_\_\_\_  
 Individual generator power factor:  
 Rated power factor leading: \_\_\_\_\_  
 Rated power factor lagging: \_\_\_\_\_  
**Wind Generators**  
 Number of generators to be interconnected pursuant to this Interconnection Request: \_\_\_  
 Elevation: \_\_\_\_\_  
 \_\_\_ Single Phase  
 \_\_\_ Three Phase  
 Inverter manufacturer, model name, number, and version:  
 \_\_\_\_\_  
 List of adjustable setpoints for the protective equipment or software:  
 \_\_\_\_\_  
**Note:** A completed General Electric Company Power Systems Load Flow (PSLF)

data sheet must be supplied with the Interconnection Request.  
**Small Generating Facility Characteristic Data (for rotating machines)**  
**Synchronous and Induction Generators:**  
 Direct Axis Transient Reactance, X'd: \_\_\_\_\_ P.U.  
 Direct Axis Unsaturated Transient Reactance, X'di: \_\_\_\_\_ P.U.  
 Direct Axis Subtransient Reactance, X''d: \_\_\_\_\_ P.U.  
 Generator Saturation Constant (1.2): \_\_\_\_\_  
 Generation Saturation Constant (1.2): \_\_\_\_\_  
 Negative Sequence Reactance: \_\_\_\_\_ P.U.  
 Zero Sequence Reactance: \_\_\_\_\_ P.U.  
 KVA Base: \_\_\_\_\_  
 RPM Frequency: \_\_\_\_\_  
**Induction Generators:**  
 (\*) Field Volts: \_\_\_\_\_  
 (\*) Field Amperes: \_\_\_\_\_  
 (\*) Motoring Power (kW): \_\_\_\_\_  
 (\*) Neutral Grounding Resistor (If Applicable): \_\_\_\_\_  
 (\*) I<sub>2</sub><sup>2</sup>t or K (Heating Time Constant): \_\_\_\_\_  
 (\*) Rotor Resistance: \_\_\_\_\_

(\*) Stator Resistance: \_\_\_\_\_  
 (\*) Stator Reactance: \_\_\_\_\_  
 (\*) Rotor Reactance: \_\_\_\_\_  
 (\*) Magnetizing Reactance: \_\_\_\_\_  
 (\*) Short Circuit Reactance: \_\_\_\_\_  
 (\*) Exciting Current: \_\_\_\_\_  
 (\*) Temperature Rise: \_\_\_\_\_  
 (\*) Frame Size: \_\_\_\_\_  
 (\*) Design Letter: \_\_\_\_\_  
 (\*) Reactive Power Required In Vars (No Load): \_\_\_\_\_  
 (\*) Reactive Power Required In Vars (Full Load): \_\_\_\_\_  
 (\*) Total Rotating Inertia, H: \_\_\_ Per Unit on KVA Base  
**Note:** Please consult Transmission Provider prior to submitting the Interconnection Request to determine if the information designated by (\*) is required.  
**Excitation and Governor System Data for Synchronous Generators Only**  
 If determined to be required, provide appropriate IEEE model block diagram of excitation system, governor system, and power system stabilizer (PSS) in accordance with the regional reliability council criteria.

A PSS may be determined to be required by applicable studies. A copy of the manufacturer's block diagram may not be substituted.

Section 4. Interconnecting Equipment Technical Data Information

Will a transformer be used between the Small Generating Facility and the Point of Interconnection? Yes No

Will the transformer be provided by Interconnection Customer? Yes No

Transformer Data for Interconnection Customer-Owned Transformer (if applicable)

The transformer is: single phase three phase Size: KVA Transformer impedance: % on KVA Base

If Three Phase: Transformer Primary: Volts Delta Wye

Wye Grounded Transformer Secondary: Volts Delta Wye Wye Grounded

Transformer fuse data for Interconnection Customer-owned fuse (if applicable):

Note: Please attach a copy of fuse manufacturer's minimum melt and total clearing time-current curves

Fuse Manufacturer: Type: Size: Speed:

Interconnecting Circuit Breaker (if applicable)

Manufacturer: Type: Load Rating (Amps): Interrupting Rating (Amps): Trip Speed (Cycles):

Interconnection Protective Relays (if applicable)

Note: Please attach a copy of any proposed time-overcurrent coordination curves

Manufacturer: Type: Style/Catalog No.: Proposed Setting:

Manufacturer: Type: Style/Catalog No.: Proposed Setting: Manufacturer: Type: Style/Catalog No.: Proposed Setting: Manufacturer: Type: Style/Catalog No.: Proposed Setting: Manufacturer: Type: Style/Catalog No.: Proposed Setting:

Current Transformer Data (if applicable)

Note: Please attach a copy of manufacturer's excitation & ratio correction curves

Manufacturer: Type: Accuracy Class: Proposed Ratio Connection: /5

Potential Transformer Data (if applicable)

Manufacturer: Type: Accuracy Class: Proposed Ratio Connection: /5

Section 5. General Information

Requested Point of Interconnection:

Proposed In-Service Date:

Please attach a one-line diagram showing the configuration of all generating facility equipment, current and potential circuits, and protection and control schemes.

Is a one line diagram attached? Yes No

Please attach any site documentation that indicates the precise physical location of the proposed generating facility (e.g., USGS

topographic map or other diagram or documentation). Is site documentation attached? Yes No

Please attach any documentation that describes and details the operation of the protection and control schemes.

Is protection and control scheme documentation attached? Yes No

Proposed location of protective interface equipment on property (Include address if different from Interconnection Customer's address):

Please attach copies of schematic drawings for all protection and control circuits, relay current circuits, relay potential circuits, and alarm/monitoring circuits (if applicable).

Are schematic drawings attached? Yes No

Please attach Site Control documentation. Is Site Control documentation attached? Yes No

Does Interconnection Customer currently have control of the site? Yes No

Section 6. Signatures

I hereby certify that, to the best of my knowledge, all the information provided in this Interconnection Request is true and correct.

For Interconnection Customer (Printed):

Signature: Date:

I hereby determine that on the date and time specified below, Interconnection Customer has provided or agreed to provide per Section 7 all required information, and the Interconnection Request is considered complete.

For Transmission Provider (Printed):

Signature: Date: Time:

Section 7. Agreement to Provide Data if Not Included With Initial Interconnection Request

Table with 2 columns: Data Item, Date to be Provided. Multiple empty rows for data entry.

Data Item	Date to be Provided
Agreed to by:	
For Transmission Provider	Date
For Interconnection Customer	Date

**Appendix 7 to the Standard Small Generator Interconnection Procedures**

**STANDARD SMALL GENERATOR INTERCONNECTION AGREEMENT (SGIA)**

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**Identification of Parties and Recitals**

This agreement is made and entered into this \_\_\_ day of \_\_\_\_\_, by \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ and having its principal place of business in \_\_\_\_\_

\_\_\_\_\_ (“Transmission Provider”) and \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State/Commonwealth of \_\_\_\_\_ and having its principal place of business in \_\_\_\_\_, \_\_\_\_\_ (“Interconnection Customer”).

Whereas, Interconnection Customer desires to engage in the interconnected operation of its Generating Facility with Transmission Provider's Transmission System;

Whereas, Interconnection Customer has applied for and been approved by Transmission Provider for interconnection pursuant to Transmission Provider's Small Generating Facility interconnection process and in accordance with the Standard Small Generator Interconnection Procedures; and

Whereas, Parties agree that interconnection of the Generating Facility will be expedited to the greatest extent possible.

Now, therefore, in consideration of and subject to the mutual covenants contained herein, it is agreed:

**Article 1. Definitions**

When used with initial capitalization, the following terms shall have the meanings specified or referred to below. Terms used in this document with initial capitalization that are not defined below shall have the meanings specified in the section in which they are used or as specified in the Transmission Provider's Open Access Transmission Tariff (OATT), as may be amended from time to time.

*Additional Review* shall mean a technical evaluation by the Transmission Provider of a proposed interconnection that has failed to pass the Super-Expedited Screening Criteria. The review will determine whether minor modifications to the Transmission Provider's Transmission System (e.g., changing meters, fuses, relay settings) can be performed in order to enable the interconnection to be made safely and reliably.

*Adverse System Impact* shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

*Affected System* shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

*Affiliate* shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one

or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

*Applicable Laws and Regulations* shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

*Breach* shall mean the failure of a Party to perform or observe any material term or condition of the Standard Small Generator Interconnection Agreement.

*Breaching Party* shall mean a Party that is in Breach of the Standard Small Generator Interconnection Agreement.

*Business Day* shall mean Monday through Friday, excluding Federal Holidays.

*Calendar Day* shall mean any day including Saturday, Sunday or a Federal Holiday.

*Commercial Operation Date* of a unit shall mean the date on which the Interconnection Customer commences commercial operation of the unit at the Generating Facility after testing of such unit has been completed.

*Confidential Information* shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

*Control Area* shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by NERC.

*Default* shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 6.17 of the Standard Small Generator Interconnection Agreement.

*Dispute Resolution* shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

*Distribution System* shall mean the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

*Distribution Upgrades* shall mean the additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

*Effective Date* shall mean the date on which the Standard Small Generator

Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by the Commission, or if filed unexecuted, upon the date specified by the Commission.

*Emergency Condition* shall mean a condition or situation: (1) That in the judgement of the Party making the claim is imminently likely to endanger life or property, or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected, or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; *provided*, that the Interconnection Customer is not obligated by the Standard Small Generator Interconnection Agreement to possess black start capability.

*Environmental Law* shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

*Expedited Procedures* shall mean the process described in the Standard Small Generator Interconnection Procedures for (1) a Generating Facility no larger than 10 MW interconnecting with a Transmission Provider's Low-Voltage Transmission System, and (2) a Generating Facility failing the Super-Expedited Procedures. The Expedited Procedures use the Expedited Screening Criteria to determine whether the Small Generating Facility can be interconnected without any further Interconnection Studies.

*Expedited Screening Criteria* shall mean the technical variables that are employed in the Expedited Procedures for evaluating the impact of interconnecting the Small Generating Facility to the Transmission Provider's Transmission System as it exists at the time of the analysis.

*Fault Current* shall mean the current that is produced by an electrical fault, such as single-phase to ground, double-phase to ground, three-phase to ground, phase-to-phase, and three-phase. The Fault Current is several times larger in magnitude than the current that normally flows through a circuit. A protective device must be able to interrupt this Fault Current within a few cycles. The Fault Current increases when a new generator is interconnected.

*Federal Power Act* shall mean the Federal Power Act, as amended, 16 U.S.C. 791a *et seq.*

*FERC* shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

*Force Majeure* shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood,

explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing.

*Generating Facility* shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

*Generating Facility Capacity* shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

*Good Utility Practice* shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

*Governmental Authority* shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; *provided*, however, that such term does not include Interconnection Customer, Transmission Provider, or any Affiliate thereof.

*Hazardous Substances* shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

*High-Voltage* shall mean voltage levels at or above 69 kV.

*IEEE* shall mean the Institute of Electrical and Electronics Engineers.

*Initial Review* shall mean the Transmission Provider's review of the Interconnection Customer's Interconnection Request using the Super-Expedited Screening Criteria described in Section 3 of the Standard Small Generator Interconnection Procedures.

*In-Service Date* shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power.

*Interconnection Customer* shall mean any entity, including the Transmission Provider, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System.

*Interconnection Customer's Interconnection Facilities* shall mean all facilities and equipment, as identified in Appendix 2 of the Standard Small Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

*Interconnection Facilities* shall mean the Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

*Interconnection Facilities Study* shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System. The scope of the study is defined the Standard Small Generator Interconnection Procedures.

*Interconnection Facilities Study Agreement* shall mean the form of agreement contained in Appendix 5 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

*Interconnection Feasibility Study* shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission System, the scope of which is described in the Standard Small Generator Interconnection Procedures.

*Interconnection Feasibility Study Agreement* shall mean the form of agreement contained in Appendix 3 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

*Interconnection Request* shall mean an Interconnection Customer's request, in the

form of Appendix 6 to the Standard Small Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

*Interconnection Service* shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Small Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.

*Interconnection Study* shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Small Generator Interconnection Procedures.

*Interconnection System Impact Study* shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Small Generator Interconnection Procedures.

*Interconnection System Impact Study Agreement* shall mean the form of agreement contained in Appendix 4 of the Standard Small Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

*Large Generating Facility* shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

*Low-Voltage* shall mean voltage levels below 69 kV.

*Material Modification* shall mean a modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

*Milestones* shall mean the events and associated dates listed in Appendix 3 of the Standard Small Generator Interconnection Agreement. The Milestones describe events that are to be met by either Party as the Generating Facility proceeds to interconnection and Parallel Operation.

*MW* shall mean the abbreviation for megawatts, which is used to describe the capacity of a generating facility.

*NERC* shall mean the North American Electric Reliability Council or its successor organization.

*Network Upgrades* shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at

which the Interconnection Customer interconnects to the Transmission Provider's Transmission System to accommodate the interconnection of the Generating Facility to the Transmission Provider's Transmission System.

*Operating Requirements* shall mean any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, Control Area, or Transmission Provider requirements, including those set forth in Appendix 4 of the Standard Small Generator Interconnection Agreement.

*Parallel Operation* shall mean the two-way flow of power between a generator and a Transmission System. Generators that operate in parallel with a Transmission System require additional protection and control devices. This may be contrasted with a stand-alone generator that operates isolated from the utility company's electric system.

*Party or Parties* shall mean Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

*Point of Change of Ownership* shall mean the point, as set forth in Appendix 2 of the Standard Small Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

*Point of Common Coupling* shall mean the point in the interconnection of the Generating Facility with Transmission Provider's Transmission System at which the harmonic limits are applied.

*Point of Interconnection* shall mean the point, as set forth in Appendix 2 of the Standard Small Generator Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

*Precertified* shall describe a Generating Facility if an identical sample of the manufacturer's model has been submitted to a national testing laboratory and found, after appropriate testing, to be in compliance with applicable consensus industry operational and safety standards.

*Queue Position* shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

*Reasonable Efforts* shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

*Rules* shall mean the rules promulgated by FERC relating to the interconnection of generators.

*Scoping Meeting* shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including

any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

*Secondary Network* shall mean a type of Low-Voltage electric system that is generally used in large metropolitan areas that are densely populated in order to provide high reliability of service (also known as secondary grid network or area network).

*Site Control* shall mean documentation reasonably demonstrating: (1) Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility, (2) an option to purchase or acquire a leasehold site for such purpose, or (3) an exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease or grant the Interconnection Customer the right to possess or occupy a site for such purpose.

*Small Generating Facility* shall mean a Generating Facility having a Generating Facility Capacity of no more than 20 MW.

*Standard Small Generator Interconnection Agreement (SGIA)* shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Small Generating Facility, that is included in the Transmission Provider's Tariff.

*Standard Small Generator Interconnection Procedures (SGIP)* shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Small Generating Facility that are included in the Transmission Provider's Tariff.

*Spot Network* shall mean a type of Low-Voltage system found within modern commercial buildings to provide high reliability of service. Spot Networks generally use 12 kV to 480/277 volt vaults on site.

*Super-Expedited Procedures* shall mean the process described in Section 3 of the Standard Small Generator Interconnection Procedures for Generating Facilities no larger than 2 MW interconnecting with Transmission Provider's Low-Voltage Transmission System. The Super-Expedited Procedures use the Super-Expedited Screening Criteria to determine whether the proposed interconnection may cause an Adverse System Impact on Transmission Provider's Transmission System.

*Super-Expedited Screening Criteria* shall mean the technical variables that are employed in the Super-Expedited Procedures for evaluating the interconnection of a Small Generating Facility no larger than 2 MW to a Transmission Provider's Low-Voltage Transmission System.

*System Protection Facilities* shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.

*Tariff* shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.

*Technical Master* shall mean a person, as described in Article 8 of the Standard Small Generator Interconnection Agreement, with relevant technical experience selected to adjudicate disputes between the Parties.

*Term* shall mean the duration of the Standard Small Generator Interconnection Agreement.

*Transmission Owner* shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Small Generator Interconnection Agreement to the extent necessary.

*Transmission Provider* shall mean the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

*Transmission Provider's Interconnection Facilities* shall mean all facilities and equipment owned, controlled, or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix 2 of the Standard Small Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. The Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

*Transmission System* shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.

*Upgrades* shall mean the required additions and modifications to the Transmission Provider's Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

## **Article 2. Scope and Limitations of Agreement**

*2.1 Scope and Limitations of Agreement.* Transmission Provider and Interconnection Customer agree to interconnect the Generating Facility at the location described in Appendices 1 and 2 to this agreement, in accordance with this agreement. This agreement governs the facilities required to interconnect the Generating Facility to Transmission Provider's Transmission System and contains the terms and conditions under which Interconnection Customer may interconnect the Generating Facility, as described in Appendices 1 and 2, and to operate in parallel with Transmission Provider's Transmission System. This agreement does not authorize

Interconnection Customer to export power or constitute an agreement to purchase or wheel Interconnection Customer's power. The export, purchase, or wheeling of power and other services that Interconnection Customer may require from Transmission Provider will be covered under separate agreements and nothing in this agreement is intended to affect any other agreement between Transmission Provider and Interconnection Customer. Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with Transmission Provider, distribution provider, Independent System Operator, or Regional Transmission Organization (as applicable).

### *2.2 Responsibilities of the Parties.*

*2.2.1* The Parties shall perform all obligations of this agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

*2.2.2* Interconnection Customer shall construct, interconnect, operate and maintain its Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, in compliance with all aspects of the Rules, in accordance with this agreement, and with Good Utility Practice.

*2.2.3* Transmission Provider shall construct, operate, and maintain its Transmission System and Interconnection Facilities in compliance with all aspects of the Rules, in accordance with this agreement, and with Good Utility Practice.

*2.2.4* Interconnection Customer agrees to cause its facilities or systems to be constructed in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards.

Interconnection Customer agrees to design, install, maintain, and operate, or cause the design, installation, maintenance, and operation of the Generating Facility so as to reasonably minimize the likelihood of a disturbance, originating on the system or equipment affecting or impairing the system or equipment of Transmission Provider, or Affected Systems.

*2.2.5* Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in Appendices 1 and 2 of this agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the Point of Change of Ownership. Transmission Provider and Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect Transmission Provider's Transmission System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall

be delineated in Appendices 1, 2, 4, and 5 of this agreement.

2.2.6 Transmission Provider shall negotiate with all Affected Systems in support of Interconnection Customer's interconnection needs.

2.3 *Parallel Operation Obligations.* Once the Generating Facility has been authorized to commence Parallel Operation, Interconnection Customer shall abide by all rules and procedures pertaining to the Parallel Operation of the Generating Facility in the applicable Control Area, including, but not limited to, the rules and procedures concerning the operation of generation set forth in the Tariff or by the system operator for Transmission Provider's Transmission System and the Operating Requirements set forth in Appendix 4 of this agreement.

2.4 *Metering.* Interconnection Customer will be responsible for Transmission Provider's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Appendices 1 and 2 of this agreement. Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and operating requirements.

### **Article 3. Inspection, Testing, Authorization, and Right of Access**

#### *3.1 Equipment Testing and Inspection.*

3.1.1 Interconnection Customer shall perform operational testing and inspection of the Generating Facility and Interconnection Facilities prior to interconnection. No fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection, Interconnection Customer shall notify Transmission Provider of such activities. Testing and inspection shall occur on a Business Day. Transmission Provider may send qualified personnel to the Generating Facility site to inspect the interconnection and observe the Generating Facility's testing. Interconnection Customer shall provide Transmission Provider a written test report when such testing and inspection is completed.

3.1.2 Upon completion of such operational testing and inspection and receipt of the written report, Transmission Provider shall provide to Interconnection Customer written acknowledgment that it has received Interconnection Customer's written report; provided, however, any such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by Transmission Provider of the safety, durability, suitability, or reliability of the Generating Facility or any associated control, protective, and safety devices owned or controlled by Interconnection Customer or the quality of power produced by the Generating Facility.

3.2 *Authorization Required Prior To Parallel Operation.* Transmission Provider will use its best efforts to identify any requirements applicable to safe and reliable Parallel Operation and to notify Interconnection Customer of any changed or additional requirements as soon as they are known. Transmission Provider will cooperate

with Interconnection Customer in addressing and meeting such requirements (including information and study requirements), and to obtain appropriate notifications that such requirements are met. Interconnection Customer will notify Transmission Provider once it has complied with all such requirements. Upon such notification, Transmission Provider will provide Interconnection Customer with written authorization to operate the Generating Facility in parallel with Transmission Provider's Transmission System. Such authorization shall not be unreasonably withheld, conditioned or delayed.

3.3 *Right of Access.* Upon reasonable notice, and subject to any required or necessary regulatory approvals, Interconnection Customer shall furnish to Transmission Provider at no cost, and as agreed upon by all Parties, any rights of use, licenses, rights of way, or easements with respect to lands owned or controlled by Interconnection Customer and its agents that are necessary to enable Transmission Provider to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (1) Interconnect the Generating Facility with Transmission Provider's Transmission System, (2) operate and maintain the Generating Facility, Interconnection Facilities (if required), and Transmission Provider's Transmission System, and (3) disconnect or remove Interconnection Customer's facilities and equipment upon termination of this agreement. In exercising such licenses, rights of way, and easements, Transmission Provider shall not unreasonably disrupt or interfere with normal operation of Interconnection Customer's property and shall adhere to all applicable safety rules and procedures. In the event of Emergency Conditions or hazardous conditions, Transmission Provider and Interconnection Customer shall exercise all Reasonable Efforts to comply with these provisions.

### **Article 4. Effective Date, Term, Termination, and Disconnection**

4.1 *Effective Date.* This agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by FERC. Transmission Provider shall promptly file this agreement with FERC upon execution, if required.

4.2 *Term of Agreement.* This agreement shall be effective on the Effective Date and shall remain in effect for a period of ten years from the Effective Date or such other longer period as the Parties may agree and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with Article 4.3 of this agreement.

4.3 *Termination.* No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this agreement (if required), which notice has been accepted for filing by FERC.

4.3.1 Interconnection Customer may terminate this agreement at any time by

giving Transmission Provider thirty Calendar Days written notice.

4.3.2 In the event that there is a material change in Applicable Laws and Regulations that would prevent Transmission Provider from performing its obligations under this agreement or would impose a substantial additional cost upon Transmission Provider to perform its obligations under this agreement, and for which cost Transmission Provider is not reimbursed by Interconnection Customer or any other party, Transmission Provider may terminate this agreement by giving Interconnection Customer at least thirty Calendar Days prior written notice.

#### *4.4 Temporary Disconnection.*

4.4.1 *Emergency Conditions.* Under Emergency Conditions, Transmission Provider shall have the right to immediately suspend Interconnection Service and temporarily disconnect the Generating Facility. Transmission Provider shall notify Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects the Generating Facility or Transmission Provider's Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Generating Facility. Interconnection Customer shall notify Transmission Provider promptly when it becomes aware of an emergency condition that may reasonably be expected to affect Transmission Provider's Transmission System or other Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, or the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

4.4.2 *Routine Maintenance, Construction and Repair.* Transmission Provider shall have the right to interrupt Interconnection Service or curtail the output of the Generating Facility and temporarily disconnect the Generating Facility from Transmission Provider's Transmission System when necessary for routine maintenance, construction, and repairs on Transmission Provider's Transmission System. Transmission Provider shall provide Interconnection Customer with five Business Days notice prior to such interruption. Transmission Provider shall use its best efforts to coordinate such reduction or temporary disconnection with Interconnection Customer.

4.4.3 *Forced Outages.* During any forced outage of Interconnection Customer's facilities, Transmission Provider shall have the right to suspend Interconnection Service to effect immediate repairs on Transmission Provider's Transmission System; provided, however, Transmission Provider shall use its best efforts to provide Interconnection Customer with prior notice. If prior notice is not given, Transmission Provider will provide Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

4.4.4 *Adverse Operating Effects.* Transmission Provider shall notify Interconnection Customer that operation of the Generating Facility may cause disruption

or deterioration of service to other customers served from the same electric system or if operating the Generating Facility could cause damage to Transmission Provider's Transmission System or Affected Systems. If, after notice to Interconnection Customer has been provided and a reasonable time to correct such adverse operating effect has elapsed, consistent with the conditions, and Interconnection Customer has failed to make such corrections, Transmission Provider may disconnect the Generating Facility. Transmission Provider shall provide Interconnection Customer with five Business Days notice prior to such disconnection.

**4.4.5 Modification of the Generating Facility.** Interconnection Customer must receive written authorization from Transmission Provider before making any Material Modification to the Generating Facility. If Interconnection Customer makes such modification without Transmission Provider's prior written authorization, the latter shall have the right to temporarily disconnect the Generating Facility. Such authorization shall not be unreasonably withheld.

**4.4.6 Reconnection.** The Parties shall cooperate with each other to restore the Generating Facility, Interconnection Facilities, and Transmission Provider's Transmission System to their normal operating state as soon as reasonably practicable following any reduction or temporary disconnection.

## **Article 5. Cost Responsibility, Milestones, Billing, and Payment**

### **5.1 Cost Responsibility.**

#### **5.1.1 Interconnection Facilities.**

Interconnection Customer will pay for the cost of Interconnection Facilities itemized in Appendix 1 of this agreement. Transmission Provider will provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of Interconnection Customer, such other entities, and Transmission Provider.

**5.1.2 Network Upgrades.** Transmission Provider or Transmission Owner shall design, procure, construct, install, and own Network Upgrades described in Appendix 5 of this agreement. Unless Transmission Provider or Transmission Provider elect to initially pay for such facilities, the actual cost of the Network Upgrades, including overheads, shall be borne by Interconnection Customer.

**5.1.2.1 Refund of Amounts Advanced for Network Upgrades.** Interconnection Customer shall be entitled to a refund, equal to the total amount paid to Transmission Provider and Affected Systems, if any, for the Network Upgrades with interest, including any tax gross-up or other tax-related payments, to be paid to Interconnection Customer on a dollar-for-dollar basis, for the non-usage sensitive portion of transmission charges, as payments are made under Transmission Provider's Tariff and Affected Systems' Tariffs. Notwithstanding the foregoing, Interconnection Customer,

Transmission Provider, and any Affected Systems may adopt any alternative payment schedule that is mutually agreeable so long as Transmission Provider and any Affected Systems refund all amounts paid by Interconnection Customer, with interest, within five years from the Commercial Operation Date. Transmission Provider and any Affected Systems shall provide refunds to Interconnection Customer only after commercial operation of the Generating Facility has been demonstrated. If the Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, Transmission Provider and Affected System Operator shall at that time provide refunds to Interconnection Customer for the amounts advanced for the Network Upgrades. Any refund shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR 35.19a(a)(2)(ii) from the date of any payment for Network Upgrades through the date on which Interconnection Customer receives a refund of such payment pursuant to this subparagraph. Interconnection Customer may assign such refund rights to any person.

Notwithstanding any other provision of this agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that Interconnection Customer shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain refunds or transmission credits for transmission service that is not associated with the Generating Facility.

#### **5.1.3 Distribution Upgrades.**

Transmission Provider or Transmission Provider shall design, procure, construct, install, and own the distribution Upgrades described in Appendix 5 of this agreement. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to Interconnection Customer.

**5.1.4 Operating and Maintenance Expenses.** Subject to the provisions herein addressing the use of facilities by others, and except for operating and maintenance expenses associated with modifications made for providing service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses, including overheads, associated with: (1) Owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing Transmission Provider's Interconnection Facilities.

**5.1.5 General.** If the Parties agree that the Generating Facility benefits Transmission Provider's Transmission System, Interconnection Customer's cost responsibility for Transmission Provider's Interconnection Facilities or Upgrades will be reduced commensurate with such benefit. Benefits must be measurable and verifiable.

Where multiple Interconnection Requests require Upgrades to Transmission Provider's

Transmission System, Interconnection Customers will be assigned costs or benefits separately where impacts can be separately attributed to respective projects. Where such attribution is not possible, Interconnection Customers will share costs or benefits in proportion to their projected Generating Facility capacities.

**5.2 Financial Security Arrangements.** At least thirty Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of a Transmission Provider Interconnection Facilities and Upgrades, Interconnection Customer shall provide Transmission Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, procuring, and installing the applicable portion of Transmission Provider Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Transmission Provider under this agreement during its Term. In addition:

The guarantee must be made by an entity that meets the creditworthiness requirements of Transmission Provider, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

The letter of credit must be issued by a financial institution reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

The surety bond must be issued by an insurer reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

**5.3 Milestones.** Parties shall agree on milestones for which each Party is responsible and list them in Appendix 3 of this agreement. A Party's obligations under this provision may be extended by agreement.

**5.3.1** If Interconnection Customer fails to meet agreed milestones for which it is responsible, other than for reasons of Force Majeure, its responsibility for costs incurred to that point by Transmission Provider will increase at the rate of interest calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR 35.19a(a)(2)(ii) from the date of failure until the date the Milestone is met.

**5.3.2** If Transmission Provider fails to meet agreed milestones for which it is responsible, other than for reasons of Force Majeure, Interconnection Customer will be credited interest for costs incurred to that point (including the Interconnection Request processing fee and study costs incurred under the Standard Small Generator Interconnection Procedures) calculated at the rate in accordance with the methodology set forth in FERC's regulations at 18 CFR 35.19a(a)(2)(ii) from the date of failure until the date the Milestone is met.

**5.4 Billing and Payment.** Billing and payment obligations for services rendered,

for which Interconnection Customer is responsible under this agreement shall be performed in accordance with Transmission Provider's Tariff or in accordance with the terms of this agreement.

5.4.1 *Billing Procedure for Interconnection Facilities Construction.* Transmission Provider shall bill Interconnection Customer for monthly expenditures for the design, engineering and construction of, or for other charges related to, Interconnection Facilities contemplated by this agreement. Interconnection Customer shall pay each bill within thirty Calendar Days after receipt thereof.

5.4.2 *Final Accounting.* Within forty-five Calendar Days after completion of the construction and installation of Transmission Provider's Interconnection Facilities and/or Upgrades described in Appendices 1, 2, and 5 of this agreement, Transmission Provider shall provide Interconnection Customer with a final accounting report of any difference between: (1) Interconnection Customer's cost responsibility for the actual cost of such facilities under this agreement, and (2) Interconnection Customer's previous aggregate payments to Transmission Provider for such facilities. If Interconnection Customer's cost responsibility under this agreement exceeds its previous aggregate payments, Transmission Provider shall invoice Interconnection Customer and Interconnection Customer shall make payment to Transmission Provider. If Interconnection Customer's previous aggregate payments exceed its cost responsibility under this agreement, Transmission Provider shall refund to Interconnection Customer an amount equal to the difference within forty-five Calendar Days of the provision of such final accounting report.

#### Article 6. Miscellaneous

6.1 *Governing Law, Regulatory Authority and Rules.* The validity, interpretation and enforcement of this agreement and each of its provisions shall be governed by the laws of the State where the Point of Interconnection is located, without regard to its conflicts of law principles. This agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, Rules, or regulations of a Governmental Authority.

6.2 *Amendment.* The Parties may by mutual agreement amend this agreement by a written instrument duly executed by both of the Parties.

6.3 *No Third Party Beneficiaries.* This agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

6.4 *Waiver.* The failure of a Party to this agreement to insist, on any occasion, upon strict performance of any provision of this agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this agreement. Termination or Default of this agreement for any reason by Interconnection Customer shall not constitute a waiver of Interconnection Customer's legal rights to obtain an interconnection from Transmission Provider. Any waiver of this agreement shall, if requested, be provided in writing.

6.5 *Assignment.* This agreement may be assigned by either Party only with the written consent of the other; provided that either Party may assign this agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this agreement; and provided further that Interconnection Customer shall have the right to assign this agreement, without the consent of Transmission Provider, for collateral security purposes to aid in providing financing for the Generating Facility, provided that Interconnection Customer will require any secured party, trustee or mortgagee to notify Transmission Provider of any such assignment. Any financing arrangement entered into by Interconnection Customer pursuant to this article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify Transmission Provider of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this article is void and ineffective. Any assignment under this agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

6.6 *Entire Agreement.* This agreement, including all appendices attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this agreement.

6.7 *Notices.* Unless otherwise provided in this agreement, any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party in writing to the other shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out below:

Transmission Provider: \_\_\_\_\_

Interconnection Customer: \_\_\_\_\_

Either Party may change the notice information by giving five Business Days written notice prior to the effective date of the change.

6.7.1 *Billings and Payments.* Billings and payments shall be sent to the addresses set out below:

Transmission Provider: \_\_\_\_\_

Interconnection Customer: \_\_\_\_\_

6.7.2 *Alternative Forms of Notice.* Any notice or request required or permitted to be given by either Party to the other and not required by this agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

Transmission Provider: \_\_\_\_\_

Interconnection Customer: \_\_\_\_\_

6.7.3 *Operations and Maintenance Notice.* Each Party shall notify the other Party in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to operations and maintenance the Party's facilities.

6.8 *Multiple Counterparts.* This agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

6.9 *No Partnership.* This agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

6.10 *Communications.* Each Party will provide the other Party with the name, title, address and phone numbers of its representative to receive operational communications and to conduct the daily communications which may be necessary or convenient for the administration of this agreement. Such designations, including names, addresses, and phone numbers, may be communicated or revised by one Party's notice to the other in accordance with Article 6.7.

6.11 *Severability.* If any provision or portion of this agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) Such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this agreement shall remain in full force and effect.

6.12 *Security Arrangements.* Infrastructure security of Transmission

System equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Commission expects all Transmission Providers, market participants, and Interconnection Customers interconnected to electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

6.13 *Indemnity.* The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the Indemnified Party.

*Indemnified Person.* If an Indemnified Person is entitled to indemnification under this article as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such Indemnified Person may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgement with respect to, or pay in full, such claim.

*Indemnifying Party.* If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this article, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

*Indemnity Procedures.* Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In

such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (1) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (2) shall not settle or consent to the entry of any judgement in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

6.14 *Force Majeure.* Economic hardship is not considered a Force Majeure event.

Neither Party shall be considered to be in Default with respect to any obligation hereunder other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

6.15 *Environmental Releases.* Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall: (1) Provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

6.16 *Insurance.* Each Party shall, at its own expense, maintain in force throughout

the period of the Standard Small Generator Interconnection Agreement, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the State where the Point of Interconnection is located:

6.16.1 *Employers' Liability and Workers' Compensation Insurance* providing statutory benefits in accordance with the laws and regulations of the State in which the Point of Interconnection is located. The minimum limits for the Employers' Liability Insurance shall be (\$\_\_\_\_) each accident bodily injury by accident, (\$\_\_\_\_) each employee bodily injury by disease, and (\$\_\_\_\_) policy limit bodily injury by disease.

6.16.2 *Commercial General Liability Insurance* including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of (\$\_\_\_\_) per occurrence/(\$\_\_\_\_) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

6.16.3 *Comprehensive Automobile Liability Insurance* for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of (\$\_\_\_\_) per occurrence for bodily injury, including death, and property damage.

6.16.4 *Excess Public Liability Insurance* over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of (\$\_\_\_\_) per occurrence/(\$\_\_\_\_) aggregate.

6.16.5 *The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance* policies shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of the Standard Small Generator Interconnection Agreement against the Other Party Group and provide thirty days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

6.16.6 *The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance* policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be

increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

6.16.7 The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two years after termination of the Standard Small Generator Interconnection Agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

6.16.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under the Standard Small Generator Interconnection Agreement.

6.16.9 Within ten days following execution of the Standard Small Generator Interconnection Agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety days thereafter, each Party shall provide certification of all insurance required in the Standard Small Generator Interconnection Agreement, executed by each insurer or by an authorized representative of each insurer.

6.16.10 Notwithstanding the foregoing, each Party may self-insure to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade, or better, by Standard & Poor's. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 6.16.1 through 6.16.9. In the event that a Party is permitted to self-insure pursuant to this Article 6.16.10, it shall not be required to comply with the insurance requirements applicable to it under Articles 6.16.1 through 6.16.9.

6.16.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of the Standard Small Generator Interconnection Agreement.

#### 6.17 *Default.*

6.17.1 *General.* No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in Article 6.17.2, the defaulting Party shall have thirty Calendar Days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within thirty Calendar Days, the defaulting Party shall commence such cure within thirty Calendar Days after notice and continuously and diligently complete such cure within ninety Calendar Days from receipt of the Default notice; and, if cured within such time, the

Default specified in such notice shall cease to exist.

6.17.2 *Right To Terminate.* If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this agreement.

#### 6.18 *Subcontractors.*

6.18.1 *General.* Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

6.18.2 *Responsibility of Principal.* The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under Article 5 of this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

6.18.3 *No Limitation by Insurance.* The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

6.19 *Consequential Damages.* Other than as expressly provided for in this agreement, neither Party shall be liable under any provision of this agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

6.20 *Reservation of Rights.* Transmission Provider shall have the right to make a unilateral filing with FERC to modify this LGIA with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any

other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this LGIA shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

### Article 7. Confidentiality

7.1 *Confidentiality.* Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of this Agreement.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

7.2 *Term.* During the term of this agreement, and for a period of three years after the expiration or termination of this agreement, except as otherwise provided in this article, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

7.3 *Scope.* Confidential Information shall not include information that the receiving Party can demonstrate: (1) Is generally available to the public other than as a result of a disclosure by the receiving Party, (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party, (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential, (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party, (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this agreement, or (6) is required, in accordance with Article 7.8 (Order of Disclosure) to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal

proceeding establishing rights and obligations under this agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

**7.4 Release of Confidential Information.** Neither Party shall release or disclose Confidential Information to any other person, except to its employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this agreement, unless such person has first been advised of the confidentiality provisions of this article and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this article.

**7.5 Rights.** Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

**7.6 No Warranties.** By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

**7.7 Standard of Care.** Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this agreement or its regulatory requirements.

**7.8 Order of Disclosure.** If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

**7.9 Termination of Agreement.** Upon termination of this agreement for any reason,

each Party shall, within ten Calendar Days of receipt of a written request from the other Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.

**7.10 Remedies.** The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this article. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this article, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this article, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this article.

**7.11 Disclosure to FERC or its Staff.** Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party may, consistent with 18 CFR 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this LGIA prior to the release of the Confidential Information to the Commission or its staff. The Party shall notify the other Party to this agreement when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR 38.112.

**7.12 Competitively Sensitive, Commercial or Financial Information.** Subject to the exception in Article 7.11, any information that a Party claims is competitively sensitive, commercial or financial information under this agreement ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (1) required by law, (2) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute, (3) otherwise permitted by consent of the other Party, such

consent not to be unreasonably withheld, or (4) necessary to fulfill its obligations under this agreement or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to the RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

**7.13 Information in Public Domain.** This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

## Article 8. Disputes

**8.1 Submission.** In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this agreement or its performance, such Party (the "Disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this agreement.

**8.2 External Arbitration Procedures.** Any arbitration initiated under this agreement shall be conducted before a single neutral Arbitrator/Technical Master (hereinafter referred to as Arbitrator) appointed by the Parties. If the Parties fail to agree upon a single Arbitrator within ten Calendar Days of the submission of the dispute to arbitration, each Party shall choose one Arbitrator who shall sit on a three-member arbitration panel. The two Arbitrators so chosen shall within 20 Calendar Days select a third Arbitrator to chair the arbitration panel. In either case, the Arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The Arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein,

shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or Regional Transmission Organization rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this article, the terms of this article shall prevail.

8.3 *Arbitration Decisions.* Unless otherwise agreed by the Parties, the Arbitrator(s) shall render a decision within 90 Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The Arbitrator(s) shall be authorized only to interpret and apply the provisions of this agreement and shall have no power to modify or change any provision of this agreement in any manner. The decision of the Arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the Arbitrator(s) may be appealed solely on the grounds that the conduct of the Arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the Arbitrator must also be filed with FERC if it affects jurisdictional

rates, terms and conditions of service, Interconnection Facilities, or Upgrades.

8.4 *Costs.* Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) The cost of the Arbitrator chosen by the Party to sit on the three-member panel and one half of the cost of the third Arbitrator chosen, or (2) one half the cost of the single Arbitrator jointly chosen by the Parties.

#### Article 9. Signatures

In witness whereof, Parties have caused this agreement to be executed by their respective duly authorized representatives.

*For Transmission Provider*

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*For Transmission Owner (If Applicable)*

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*For Interconnection Customer*

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

#### Appendix 1

##### Description and Costs of Generating Facility, Interconnection Facilities, and Metering Equipment

Equipment, including the Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by Interconnection Customer, Transmission Provider, or Transmission Owner. Transmission Provider will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

#### Appendix 2

##### One-line Diagram Depicting Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

#### Appendix 3

##### Milestones

In-Service Date: \_\_\_\_\_  
Critical milestones and responsibility as agreed to by the Parties:

Milestone/Date	Responsible Party
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Agreed to by: For Transmission Provider	Date
For Transmission Owner (If Applicable)	Date
For Interconnection Customer	Date

**Appendix 4**

**Additional Operating Requirements for Interconnection Provider's Transmission System and Affected Systems Needed To Support Interconnection Customer's Needs**

Transmission Provider shall also provide requirements that must be met by Interconnection Customer prior to initiating

Parallel Operation with Transmission Provider's Transmission System.

**Appendix 5**

**Transmission Provider's Description of Transmission System Upgrades and Best Estimate of Upgrade Costs**

Transmission Provider shall describe Upgrades and provide an itemized best

estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. Transmission Provider shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

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