

53. *Good Utility Practice*—In the NOPR, the Commission defined Good Utility Practice to mean any of the practices, methods and acts generally accepted in the region, including Applicable Reliability Standards and the National Electrical Code.

Comments

54. NERC states that although the terms Good Utility Practice and Applicable Reliability Standards have separate definitions, they have often been used interchangeably. It notes that the Commission has defined Applicable Reliability Standards to include NERC and regional reliability council requirements while Good Utility Practice is a broader term that includes Applicable Reliability Standards. NERC comments that it is important that these terms be used consistently.

55. Cinergy notes that Good Utility Practice is defined to include compliance with the National Electrical Code. It states that because it is not subject to the National Electrical Code, it would be improper to attempt to bind it to such compliance.

Commission Conclusion

56. The Commission agrees with NERC that there is some overlap in the proposed definitions of Good Utility Practice and Applicable Reliability Standards. To remove any misunderstanding in the definition of Good Utility Practice, the Commission is adopting in the Final Rule the Order No. 888 definition, which contains no references to Applicable Reliability Standards and National Electrical Code. This also addresses Cinergy's concern.

57. *Interconnection Guidelines*—The NOPR stated that the technical requirements to be followed by the Parties are set forth in the proposed Appendix G (Interconnection Guidelines).

Comments

58. Southern observes that proposed Appendix G is blank, inferring that the Interconnection Customer and Transmission Provider negotiate the technical and operational requirements. Southern believes that this is inappropriate because interconnection guidelines should be established by the Transmission Provider, not by negotiation. Southern contends that requiring a Transmission Provider to negotiate the technical and operational requirements with each Interconnection Customer is inconsistent with the goal of uniform interconnection procedures.

Commission Conclusion

59. Proposed Appendix G was intended to set forth uniform technical and operational requirements applicable to all Interconnection Customers established by the Transmission Provider, not to be a vehicle for the Parties to negotiate technical and operational requirements on a case-by-case basis. The Commission concludes, however, that most, if not all, of the generic technical and operational requirements are already set forth in the Final Rule LGIA. We are therefore not defining the term Interconnection Guidelines as well as not including proposed Appendix G in the Final Rule LGIA.⁴⁹

60. *Joint Operating Committee*—The NOPR proposed to define Joint Operating Committee to mean a committee comprised of members of individual operating committees that addresses issues arising out of the duties, roles, and responsibilities of individual operating committees described in Article 29 of the NOPR LGIA.

Comments

61. FirstEnergy and PSNM state that the Joint Operating Committee would impose additional administrative costs on the Transmission Provider and is also unnecessary.

Commission Conclusion

62. The Commission is not deleting the term. As discussed later, the Final Rule does not require the Parties to form individual operating committees. Instead, the Final Rule requires a Joint Operating Committee comprising the Transmission Provider and all of its Interconnection Customers. Among other things, the committee will address issues arising out of the duties, roles, and responsibilities of the Parties under their interconnection agreements.

63. *Network Upgrades*—In the NOPR, Network Upgrades were defined as additions, modifications, and upgrades to the Transmission System required beyond the Point of Interconnection in order to accommodate the interconnection of the Generating Facility. Network Upgrades are identified by the Parties in Appendix A to the interconnection agreement (including any modifications, additions or upgrades made to such facilities). The NOPR also stated that Network Upgrades benefit all users of the Transmission System, without distinction or regard as to the purpose of the upgrade.

⁴⁹ See, e.g., Article 7 (Metering), Article 8 (Communications) and Article 9 (Operations).

Comments

64. Several commenters, including Calpine and SoCal Water District, request that the definition of Network Upgrades be clarified and made as specific as possible. Calpine and Nevada Power propose that Network Upgrades should include only facilities shown to be "integrated" to the Transmission System, that is, likely to be used by entities other than the Interconnection Customer. Some commenters⁵⁰ contend that circuit breakers are not Network Upgrades, since they benefit only the new Interconnection Customer.

Commission Conclusion

65. The Final Rule revises the definition of Network Upgrade to include the phrase "at or beyond the Point of Interconnection," instead of "beyond the Point of Interconnection," to make it consistent with established Commission precedent. The network begins at the point where the Interconnection Customer connects to the Transmission System, not somewhere beyond that point.⁵¹ Facilities beyond the Point of Interconnection are part of the Transmission Provider's Transmission System and benefit all users. We are also removing the concept of beneficiary from the definition so as to avoid implying a pricing policy in the definition.

66. We disagree with the comments stating that the term is not well defined. The Commission has defined Network Upgrades as those facilities "at or beyond the Point of Interconnection" partially in order to clarify to all entities exactly what is a Network Upgrade. We are removing references to beneficiaries from the definition, because our well-established precedent regarding what constitutes Network Upgrades does not require a case-specific determination that all users benefit from Network Upgrade; instead we look only as whether the upgrade is at or beyond the Point of Interconnection.⁵²

67. *Reasonable Efforts*—The NOPR proposed to define Reasonable Efforts as actions that are timely and consistent with Good Utility Practice and are substantially equivalent to those a Party would use to protect its own interests.

⁵⁰ E.g., Edison Mission, Georgia Transmission, MidAmerican, and SoCal Water District.

⁵¹ See Entergy Gulf States, Inc., 99 FERC ¶ 61,095 (2002).

⁵² E.g., Entergy Services, Inc. v. FERC, 319 F.3d 536 (DC Cir. 2003); Southern Company Services, Inc., 101 FERC ¶ 61,309 (2002); American Electric Power Service Corp., 101 FERC ¶ 61,194 (2002); Tampa Electric Company, 99 FERC ¶ 61,192 (2002).