

interconnection agreements revised to be consistent with the Final Rule LGIA.

135. PJM believes that the proposed procedures do not help eliminate projects that are not economically feasible. Accordingly, the Interconnection Customer should be required to meet milestones to show significant commitment to a project. The fixed schedule approach (which fixes a time period for completing an Interconnection Study after the receipt of an Interconnection Request) undermines integrated regional planning, since it forces planners to study each Interconnection Request independently of other Interconnection Requests that are located in close electrical proximity. PJM also notes that such projects could have related effects on the Transmission System and overall expansion alternatives.

136. PacifiCorp believes that there will be problems in the queuing and the Interconnection System Impact Study process if an Interconnection Customer is allowed to request an Interconnection Study when it does not expect to begin construction or operations for a long time. According to PacifiCorp, long lead times substantially increase the uncertainty that the project will be completed. An independent Transmission Provider should be given more flexibility in addressing these issues.

137. TECO Energy states that the Interconnection Request must provide a demonstration of Site Control for the Generating Facility at the time of the initial request before it may enter the queue. It states that it is inefficient to commit a Transmission Provider's resources to the study of a request until the project achieves a level of certainty and specificity that justifies the commitment of resources, even though the Interconnection Customer pays for the Interconnection Studies.

138. EEI, PSEG, and SoCal Edison all state that they generally support establishing a single integrated queue per RTO region.

139. EEI states that Interconnection Service and delivery service are separate and that there is no need to combine them. It believes that any combination of the two services requires a single Interconnection Feasibility Study for several generators, would likely overly complicate the queuing process, and subsequently delay study completions. It contends that the separation of interconnection and delivery services is critical to designing a queue that is appropriate for both non-Standard Market Design and Standard Market Design service.

140. Xcel observes that the "first-come, first-served" queue process does not take into account either the transmission planning requirements of RTOs or state integrated resource planning statutes and rules, which often require the use of a "portfolio approach" whereby state-regulated load-serving entities select between competing generation providers based on the total cost of generation and transmission.

141. Xcel supports a process similar to the periodic "open season" used for gas pipelines, in which the Transmission Provider or RTO would periodically solicit market interest in incremental transmission capacity and then develop a transmission plan that serves the various market needs at the lowest overall cost.

142. TXU wants the Final Rule to allow a Transmission Provider, RTO, or ISO to create queues that are periodically opened and closed, based on a predetermined time period. Proposed projects should be placed into a queue according to the date of the Interconnection Request.

143. American Wind Energy, NYISO, and Tenaska believe that Queue Position should not be used exclusively to determine the cost responsibility for the facilities necessary to accommodate the Interconnection Request. American Wind Energy states that the first wind project in the queue should not be required fund the Network Upgrades for what logically will be a long term large scale build-out of an entire wind resource area. NYISO also contends that the Commission's proposal is not workable in the NYISO system because its interconnection cost allocation rules are not based on Queue Position. Instead, Interconnection Facility costs are determined each year and allocated on the basis of pro-rata electrical impact among the members of a group of projects that have reached a specified point in the New York State project permitting process.

Commission Conclusion

144. The Commission understands Ameren's and PJM's concerns that uncertainty about project withdrawal creates difficulties for a Transmission Provider in planning for necessary Network Upgrades. Having an Interconnection Customer and a Transmission Provider establish agreed upon milestones at the Scoping Meeting should help to ensure that the Transmission Provider's planning process reflects only the interconnection of Generating Facilities that are making satisfactory progress toward completion. Also, a Transmission Provider facing

difficulties of this sort may wish to consider conducting Interconnection Studies on a clustered basis (see discussion below). Factors other than Queue Position also must be considered in determining the cost responsibility of an Interconnection Customer, especially when a Transmission Provider conducts Interconnection Studies on a clustered basis. However, we believe that Queue Position must play a critical role in determining cost responsibility, and expect the Transmission Provider to give appropriate recognition to Queue Position when it develops its cost allocation rules.

145. We agree with TVA's comment that moving the proposed Point of Interconnection should lead to a lower Queue Position if it is a Material Modification under Final Rule LGIP Section 4.4.3. Section 4.1 is revised accordingly in the Final Rule.

146. With respect to TECO Energy's comments on the need to demonstrate Site Control in the initial application, the Commission notes that LGIP Section 3.3.1 and the definition of Site Control in the Final Rule already require early demonstration of Site Control or posting a deposit of \$10,000. Section 7.2 of the Final Rule LGIP requires a demonstration of Site Control prior to executing the Interconnection System Impact Study Agreement. We conclude that these provisions adequately demonstrate Site Control.

147. There must be a single integrated queue per geographic region. We note that it was the method generally agreed upon during the Commission staff's Technical Conference on Queuing. However, we will afford an RTO or ISO the flexibility to propose queues and queuing rules designed to meet its regional needs.

148. Xcel's and TXU's comments are addressed in the Commission Conclusions discussion for Section 4.2 (Clustering), which follows.

149. *Section 4.2—Clustering*—For the purpose of the Interconnection System Impact Study, Section 4.2 of the NOPR LGIP permitted the Transmission Provider to study Interconnection Requests serially or in clusters. The Transmission Provider would be allowed to simultaneously study all Interconnection Requests received during a period not to exceed 90 Calendar Days ("the queue cluster window") except requests for Energy Resource Interconnection Service, which would be studied serially. The Transmission Provider would be permitted to study an Interconnection Request separately if warranted by Good Utility Practice based upon the