

electrical remoteness of the proposed Generating Facility.

Comments

150. Various Transmission Providers including BPA, NYTO, and PJM recommend that the queue cluster window be extended from 90 to 180 days so that the study process may be fully integrated into the Transmission Provider's planning process, and to ensure that one set of Interconnection Studies can be completed before the next round begins. PJM states that a 180-day window reasonably balances the competing objectives of completing Interconnection Studies as rapidly as possible and ensuring that the study process produces meaningful regional expansion plans that induce economically efficient decisions by generation developers. PSEG sees merit in the clustering approach, but states that it should be tied to the planning process and have specified start and end dates. PJM opposes the requirement to study requests for Energy Resource Interconnection Service serially, arguing that most of the tests applied to Energy Resource Interconnection Service and Network Resource Interconnection Service are the same.

151. The Midwest ISO seeks clarification whether a cluster refers to a group of Interconnection Requests that were submitted during a specified time period, such as 90 Calendar Days, or to a group of Generating Facilities that are located in geographic proximity to one other, or both. The Midwest ISO seeks further clarification whether each Interconnection Request is to be studied serially within the cluster in order to determine the cost of Network Upgrades for each, or all of the Interconnection Requests are to be studied simultaneously, which will determine only the total cost of Network Upgrades. It argues that if the latter is the case, the Commission will need to prescribe a way to allocate the total cost of Network Upgrades to each Interconnection Customer within the cluster.

152. American Wind Energy states that clustering is the best method to interconnect both large and small generators in a balanced regional planning process, and also facilitates the coordinated completion of a useful Interconnection System Impact Study.

Commission Conclusion

153. In the Final Rule, we are setting the queue cluster window for conducting Interconnection System Impact Studies at 180 Calendar Days. As the commenters make clear, the principal benefit of studying Interconnection Requests in clusters is

that it allows the Transmission Provider to better coordinate Interconnection Requests with its overall transmission planning process, and, as a result, achieve greater efficiency in both the design of needed Network Upgrades and in the use of its planning resources. We are persuaded by the arguments of PJM and others that the proposed 90-day cluster window is too short to achieve this result, and that a 180-day window is more appropriate.

154. We are also persuaded by PJM that if the Transmission Provider elects to study Interconnection Requests in clusters, requests for both Energy Resource Interconnection Service and Network Resource Interconnection Service should be included in the clustered Interconnection Studies. Requiring the Transmission Provider to perform System Impact Studies for Energy Resource Interconnection Service requests on a serial basis would mean that many of the efficiency benefits of clustering would be lost. When a Transmission Provider conducts Interconnection Studies on a clustered basis, the Interconnection Customer may have to wait longer to obtain study results than it would if its request were studied serially. However, some of the information that an Interconnection Customer needs is provided by the Interconnection Feasibility Study, which is conducted serially and early in the study process.

155. Clustering is strongly encouraged in queue management and the Interconnection Study process for all Transmission Providers. We vigorously support the use of queue windows to manage the Interconnection Study process. In response to the Midwest ISO's comments, Final Rule IP Section 4.2 has been modified to better explain the clustering process. Queue windows with regular, fixed opening and closing dates are essential to an orderly process. Once fixed, any changes to these dates should be announced with a posting on the Transmission Provider's OASIS at least 180 days in advance of the change. Cluster windows enable the Transmission Provider to evaluate all pending Interconnection Requests periodically and systematically in light of the Transmission Systems's capabilities at the time of each clustered Interconnection System Impact Study.

156. Clustering (by queue position and electrical location) ensures that the regional expansion plan considers all uses of the Transmission System and enables expansion of the system to be accomplished in the most efficient manner reasonably achievable. However, projects that are electrically isolated can still be studied

independently. Additionally, allocation of cost responsibility for system upgrades and jointly used facilities is more readily managed by studying requests in clusters. Absent the ability to cluster interconnection requests, it is difficult to distinguish the Transmission Provider's cost responsibility for baseline reliability upgrades from the responsibility of Interconnection Customers and other developers for the costs of upgrades required to accommodate their Interconnection Requests since each request would have to be studied serially. Equally important, Interconnection Studies for smaller generators can be more easily expedited. These efficiencies are best obtained using clustered queue windows, not through the sequential processing of Interconnection Requests.

157. *Section 4.3—Transferability of Queue Position*—The Commission proposed in Section 4.3 of the NOPR LGIP that an Interconnection Customer may transfer its Queue Position to another entity if such entity acquires the Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change.

Comments

158. National Grid states that the Commission should resist requests from those that propose to make Queue Position a tradable commodity to gain flexibility over the timing of their proposed projects. National Grid offers several arguments against allowing this: (1) It would create an unnecessary commodity that would encourage gaming in competitive markets, (2) it would render the interconnection queue process unmanageable because the trading of Queue Positions would make it impossible to build sets of assumptions on which to base studies, (3) it would add another layer of administrative burdens for Transmission Providers; and (4) the disputes over Queue Position that are likely to arise would divert the Transmission Provider's attention away from facilitating reasonably prompt interconnections. Instead, the Commission should adopt a subordinate application process like the one implemented in NEPOOL, which allows a project sponsor to accelerate the construction and operation of its facilities application ahead of other projects in the queue in return for the sponsor's assumption of the risks associated with building the facilities in a sequence different from the study order of the queue.

159. The CPUC believes that changes resulting from an Interconnection Customer selling its Queue Position