

study costs will be. However, we will require the Transmission Provider to provide a detailed and itemized accounting of the Interconnection Study costs in the relevant invoices. If the Interconnection Customer disputes the study cost, it may pursue dispute resolution procedures as described in Section 13.5 of the Final Rule LGIP.

221. With regard to commenters' various concerns about the proper scope of, and standards for, the Interconnection Studies, the Commission emphasizes that the Final Rule LGIP should not be interpreted as preventing the Transmission Provider from studying Interconnection Requests in accordance with Good Utility Practice and regional reliability requirements. The Transmission Provider may conduct necessary Interconnection Studies using any standards that are generally accepted within the region and consistently applied to all generation projects, including those of the Transmission Provider. If these standards differ from those specified in the LGIP, the Transmission Provider must include them in its compliance filing and may implement them only upon approval of the Commission. For this reason, we decline to specify detailed study procedures for each Interconnection Study beyond what is specified in the Final Rule LGIP.

Commission Conclusion— Interconnection Feasibility Studies

222. With regard to the concern that allowing changes to original Interconnection Requests would be unworkable and would violate the rights of lower queued Interconnection Customers due to the need to conduct numerous restudies, the Final Rule allows the Transmission Provider to take additional time to complete the necessary work. In addition, although lower queued Interconnection Customers may be harmed when their Interconnection Requests must be restudied due to actions of an Interconnection Customer higher in the queue, they also benefit from the flexibility to request that the Transmission Provider study a substitute Point of Interconnection. In this respect, the Commission finds that the NOPR LGIP strikes an appropriate balance and, accordingly, adopts it in the Final Rule.

223. Regarding Sempra's question about which projects within the queue should be considered when performing Interconnection Studies, the Commission requires the Transmission Provider to consider in its Interconnection Studies all generators

with both higher and lower queued Interconnection Requests that could affect the Network Upgrades associated with integrating these generators with the Transmission System, as specified in the Final Rule LGIP.

Commission Conclusion— Interconnection System Impact Studies

224. In response to FirstEnergy's comment that there is insufficient time to provide cost and time estimates for completing an Interconnection System Impact Study, we find that three Business Days is reasonable. We note that prior to the Interconnection System Impact Study, the Transmission Provider will have conducted the Interconnection Feasibility Study and the Parties will have met to discuss the study results. Accordingly, through this ongoing process, the Transmission Provider will have had ample time to anticipate and prepare such estimates.

Commission Conclusion—Optional Interconnection Studies

225. The Commission finds that commenters' concerns about allowing an Interconnection Customer to request Optional Interconnection Studies are misplaced. Such studies are for informational purposes only and are to be completed within an agreed upon time period using Reasonable Efforts. If Optional Interconnection Studies place too great a burden on the resources of the Transmission Provider, the Final Rule permits the use of a contractor at the Interconnection Customer's expense. The Commission is neither eliminating these provisions nor, as SoCal Edison proposes, limiting the number of Optional Interconnection Studies an Interconnection Customer may request. These studies may provide information needed by the Interconnection Customer. Since the Interconnection Customer pays for the Optional Interconnection Study and a contractor may be used for this purposes, the impact on a Transmission Provider is minimal.

226. Section 9—Engineering & Procurement ("E&P") Agreement (In the NOPR: Agreements)—Proposed LGIP Section 9 provided a mechanism for the Transmission Provider and the Interconnection Customer to enter into an Engineering & Procurement Agreement prior to executing the LGIA. An Interconnection Customer may ask that the Transmission Provider begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. The Transmission Provider is not obligated to offer an agreement if the Interconnection Customer is in Dispute

Resolution as a result of an allegation that the Interconnection Customer has failed to meet any milestones or comply with any other sections of the LGIP. This section also specifies the cost and other obligations of the Interconnection Customer.

Comments

227. Calpine and Duke Energy propose that Section 9.1 be expanded to cover situations where the construction of certain Network Upgrades takes place prior to the execution of the LGIA. Duke Energy states that the Transmission Provider should be prohibited from refusing to enter into an interim Engineering & Procurement Agreement unless the Interconnection Customer's failure to meet milestones directly affects the Transmission Provider's ability to meet its obligation under the Engineering & Procurement Agreement. FirstEnergy states that it is inappropriate to enter into an Engineering & Procurement Agreement prior to the execution of an LGIA, or the filing of an unexecuted LGIA with the Commission.

Commission Conclusion

228. We disagree with Calpine and Duke Energy regarding construction. The Final Rule does not require the construction of Network Upgrades prior to the execution of the LGIA; nor do we see why the Transmission Provider should be placed at risk by committing to the construction of such Network Upgrades prior to the execution of an LGIA. Regarding FirstEnergy's comments, we conclude that it is reasonable to allow the Parties to enter into an Engineering & Procurement Agreement for long lead-time items necessary to accommodate the interconnection as long as the Interconnection Customer bears the cost risk. Likewise, in response to Duke Energy and consistent with the language in the NOPR, we conclude that it is reasonable to require a Transmission Provider to offer an Engineering & Procurement Agreement only if the Interconnection Customer has met its obligations under the Final Rule LGIP. Accordingly, we adopt Section 9 in the Final Rule as proposed.

229. *Section 11—Standard Large Generator Interconnection Agreement* (In the NOPR: Interconnection Agreement)—Proposed LGIP Section 11 includes procedures for tendering, negotiating, executing, and filing an interconnection agreement.

230. *Section 11.1—Tender*—Proposed LGIP Section 11.1 provided that the Transmission Provider simultaneously submit to the Interconnection Customer