

complaint process because under Section 13.5.1, a Party that does not agree to arbitration may exercise its rights, including its right to bring a complaint to the Commission.

291. The Commission also adds language to Section 13.6.1 to emphasize that Parties should consider using informal dispute resolution as well as more formal options. The Commission encourages Parties to settle their disputes through other mechanisms (e.g., mediation, assisted negotiations, settlement judge procedures) prior to commencing arbitration proceedings. Of course, at any point during the process the disputing Parties may have recourse to alternative methods of dispute resolution, provided that both Parties agree.⁶⁴

292. *Appendices*—Proposed Appendix 1 is the application form for making an Interconnection Request. Proposed Appendices 2, 3, 4, and 5 set forth the terms for the Interconnection Feasibility Study Agreement, the Interconnection System Impact Study Agreement, the Interconnection Facilities Study Agreement, and the Optional Interconnection Study Agreement; and require a deposit of \$10,000 for the Interconnection Feasibility Study, \$50,000 for the Interconnection System Impact Study, \$100,000 for the Interconnection Facilities Study, and \$10,000 for the Optional Interconnection Study. The Final Rule LGIP retains these appendices. In addition, the Final Rule LGIP incorporates the Final Rule Standard Large Generator Interconnection Agreement at Appendix 6.

B. Issues Related to the Standard Large Generator Interconnection Agreement (LGIA)

1. Overview

293. The proposed LGIA contained the Parties' contractual Interconnection Service rights and obligations. It addressed matters such as the effective date and termination costs; regulatory filings; scope of service, including interconnection product options; generator provided services; Interconnection Facilities engineering, procurement and construction; testing and inspection, including start-up and synchronization, system protection and controls requirements; emergency, and disconnect obligations; metering and communications; operations and maintenance; Defaults and

indemnifications; transmission crediting; audits; and Dispute Resolution.

294. The proposed LGIA also specified the allocation of the responsibilities among the Interconnection Customer, the Transmission Provider and Transmission Owner (where the latter is a Party other than the Transmission Provider that owns the facilities to which the interconnection is being made), in regard to obtaining all permits and authorizations necessary to accomplish the interconnection.

295. Under this Final Rule, if an Interconnection Customer agrees to pay for any modification to the Transmission Provider's facilities necessitated by the requested interconnection, the Transmission Provider is obligated to offer an executable form of LGIA to the Interconnection Customer. The interconnection agreement becomes effective upon execution by the Parties, subject to acceptance by the Commission. If the Interconnection Customer executes the LGIA, the Transmission Provider, the Interconnection Customer, and the Transmission Owner must perform their respective obligations in accordance with the terms of the executed interconnection agreement, subject to modification by the Commission.

296. If the Interconnection Customer determines that negotiations are at an impasse, it may initiate Dispute Resolution procedures and, if not successful, request submission of the unexecuted agreement to the Commission by the Transmission Provider in accordance with Final Rule LGIP Section 11. Pending Commission action, the Parties will comply with the unexecuted agreement to the extent they can proceed under the agreed upon terms.

2. Article-by-Article Discussion of the Proposed LGIA

297. What follows is a discussion of the proposed LGIA, the comments received, and the Commission's conclusion. The order of discussion follows the organization of the proposed LGIA, covering Articles 1 through 30. Similar to the section-by-section discussion of the proposed LGIP, only articles for which issues are raised are presented. Readers should note again that article numbers referred to in the following discussion are the numbers contained in the proposed LGIA. Some proposed articles are renumbered in the Final Rule; mention of that fact is made

in the Commission Conclusions discussion, where appropriate.⁶⁵

298. *Article 1—Definitions*—Proposed LGIA Article 1 contained the definitions of terms used throughout the NOPR LGIA. Many of these terms appear both in the NOPR LGIP as well as the NOPR LGIA and we have decided that a common list of all the defined terms should be included in both the Final Rule LGIA and Final Rule LGIP. However, for simplicity, discussion of commenters' concerns regarding defined terms are discussed in part II.A.2, Section 1 (Definitions).

299. *Article 2—Effective Date, Term and Termination*—Proposed LGIA Article 2 included the proposed effective date, the term of the proposed LGIA, and the procedures for its termination.

300. *Article 2.2—Term of Agreement*—Article 2.2 proposed that the LGIA remain in effect for ten years, or longer by request, and be automatically renewed for each successive one year period thereafter.

Comments

301. Exelon, NYTO and PG&E believe that automatic renewal is unreasonable because it allows the LGIA to remain in effect for an indefinite period. PG&E argues that the LGIA should be for a fixed term (20 years, for example), because the ten year initial term coupled with automatic renewals could make it last forever without giving the Transmission Provider an opportunity to terminate the LGIA except in the case of a Default by the Interconnection Customer. PG&E further argues that a longer fixed term without automatic renewal gives the Parties the flexibility to change the terms of the LGIA at the end of the term to reflect new market structures as they may develop.

Commission Conclusion

302. We adopt Article 2.2 as proposed. Automatic renewal is an efficient mechanism to renew the LGIA. It mitigates a non-independent Transmission Provider's market power by allowing the Interconnection Customer to renew without renegotiation. At the same time, the interests of the Transmission Provider

⁶⁵ For some of the LGIA provisions that the Commission is adopting here, few if any written comments were submitted. Commenters tended to use the 30 pages to which they were limited to explain what they would change. They made statements of support for the rule in general, but did not make article-by-article comments on parts that they supported. As a result, the only comments received on some articles were calls for change, even if a majority of commenters may have indicated general support for the proposed articles that they did not specifically comment on.

⁶⁴ Disputing parties may retain mediators from outside sources, or they may use the Commission's Dispute Resolution Service or the Commission's settlement judge process.