

Customers must be made responsible for the costs of the Network Upgrades.

316. Some Transmission Providers argue that this provision does not make the Interconnection Customer responsible for all costs associated with the termination of an interconnection agreement. For example, Southern says that proposed LGIA Article 2.4.1 covers only that portion of the Transmission Provider's Interconnection Facilities not yet constructed or installed, and should be modified to include all Network Upgrades for which the Transmission Provider has incurred expenses. BPA argues that proposed LGIA Article 2.4.1 should be clear about which Party is responsible for the termination costs and allocate costs accordingly. Central Maine believes that the Transmission Provider and its other customers should not incur any costs associated with the termination of the LGIA, regardless of who is responsible for the termination. The Midwest ISO also states that the termination provision must ensure that the Transmission Provider is made whole for the costs it incurs.

Commission Conclusion

317. As for the obligations of the lower-queued Interconnection Customer with respect to the Network Upgrades that would have been paid for by the terminating Interconnection Customer, this issue is addressed in our discussion of Article 5.13 (Suspension).

318. We clarify that if an Interconnection Customer terminates the LGIA, it will be held responsible for all costs associated with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment, and any Network Upgrades for which the Transmission Provider has incurred expenses and has not been reimbursed by the Interconnection Customer. This clarification should resolve the Midwest ISO's and Mirant's concerns while ensuring that the Transmission Provider is made whole for the costs it incurs.

319. *Article 2.5—Disconnection*—Proposed LGIA Article 2.5 would have provided that the cost of disconnecting the Generating Facility from the Transmission Provider's Transmission System be borne by the terminating Party unless the disconnection is the result of Default by the other Party.

Comments

320. A number of commenters express concern that this article suggests that the Transmission Provider may somehow be responsible for certain disconnection costs. For example,

PacifiCorp emphasizes that the Transmission Provider must be able to disconnect (and not reconnect) a Generating Facility if the Interconnection Customer materially Breaches its obligations to maintain electrical standards or operational requirements, or in the event of Default by the Interconnection Customer. In such a situation, PacifiCorp argues, the Transmission Provider should not be required to bear the costs of disconnecting the Generating Facility. Southern and Dairyland Power ask that this article be revised to make the Interconnection Customer responsible for all costs of disconnection under all circumstances.

Commission Conclusion

321. We agree with PacifiCorp that the Transmission Provider must be able to disconnect the Generating Facility from the Transmission System to protect its system if the Interconnection Customer fails to maintain electrical standards and operational requirements. Accordingly, the Final Rule clarifies that all disconnection costs are borne by the terminating Party, unless the termination results from the non-terminating Party's Default of the LGIA.

322. *Article 2.7—Reservation of Rights*—Proposed Article 2.7 would have reserved to each Party their rights to unilaterally seek modification to the executed LGIA pursuant to Sections 205 and 206 of the FPA, except as restricted by the other provisions of the executed LGIA.

Comments

323. Dynegy and Mirant note that this clause is redundant because another Reservation of Rights provision appears in proposed Article 30.11.

Commission Conclusion

324. We agree that this Article 2.7 is redundant, and we delete it from the Final Rule LGIA.

325. *Article 3—Regulatory Filings*—Proposed LGIA Article 3 would have provided that the Transmission Provider is responsible for filing the LGIA with the appropriate state and federal regulatory authorities (collectively "Governmental Authorities") having jurisdiction over the Parties. Article 3 also describes how Confidential Information should be treated. It also prohibits an Interconnection Customer from protesting the filing of an LGIA or an amendment to an LGIA that the Interconnection Customer has executed.

Comments

326. MidAmerican recommends that Article 3 be modified to make both

Parties responsible for maintaining the confidentiality of information provided by the other Party. The DG Alliance states that an Interconnection Customer has the right to file unilaterally an unexecuted LGIA if the Transmission Provider declines to negotiate in good faith.

Commission Conclusion

327. MidAmerican's concerns are addressed in Article 22 of the Final Rule LGIA, which deals with the rights and responsibilities of each Party with respect to treatment of Confidential Information. The DG Alliance's comments are addressed in Section 10.3 of the Final Rule LGIP, which contains the procedure for filing an unexecuted agreement.

328. Regarding the prohibition against the Interconnection Customer protesting an executed and filed LGIA or amendment, the Commission concludes that this is contrary to the reservation of rights provision of the LGIA, which allows the parties to retain their respective rights to unilaterally amend their executed LGIA under Sections 205 and 206 of the FPA. Because this prohibition effectively negates the Interconnection Customer's Section 206 rights under the LGIA, this clause favors the Transmission Provider at the expense of the Interconnection Customer with respect to rights that, if present, should be mutual. Accordingly, we delete this prohibition from the Final Rule LGIA.

329. *Article 4—Scope of Service*—Proposed LGIA Article 4 identified two types of Interconnection Service from which the Interconnection Customer must choose: Energy Resource Interconnection Service, which is a basic or minimal service, and Network Resource Interconnection Service, which is a more flexible and comprehensive service. Because this topic generated so much controversy, and because the two services are addressed both in the NOPR LGIA and NOPR LGIP, discussion of proposed LGIA Articles 4.1 through 4.1.2.2 is included in part II.C.2 (Interconnection Products and Scope of Service).

330. *Article 4.3.1—Generator Balancing Service Arrangements*—Proposed LGIA Article 4.3.1 described certain requirements that the Interconnection Customer would have to satisfy before submitting a schedule for delivery service. In particular, the Interconnection Customer would have to ensure that the Generating Facility's actual output matches its scheduled delivery, on an integrated clock hour basis, including ramping into and out of its schedule. The Interconnection