

or ISO the flexibility to propose different rules in its compliance filing.

364. The Commission denies American Transmission's request to include a provision in the Final Rule LGIA for the Transmission Provider to review and approve the Interconnection Customer's budget if an Interconnection Customer assumes the responsibility to construct the Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades. The Interconnection Customer is likely to act in its best interests to keep the costs down because it initially funds the construction costs. In addition, allowing a Transmission Provider unfettered discretion to review the budget would encourage anticompetitive behavior.

365. With regard to Dynegy's concern regarding subcontractors, Article 26.1 provides that nothing in the LGIA prevents a Party from using the services of any subcontractor to perform its obligations under the LGIA and that it is up to the Party to ensure that the subcontractor complies with the LGIA. In addition, the hiring Party remains primarily liable to the other Party for the performance of the subcontractor. Thus, if the subcontractor fails to meet the Interconnection Customer's obligations under the LGIA or to the Transmission Provider, the Interconnection Customer is obligated to remedy any deficiencies. Accordingly, the Commission is removing the words "including selection of subcontractors" from Article 5.1 to ensure consistency between that article and Article 26.1.

366. *Article 5.2—Power System Stabilizers* (In the Final Rule LGIA: Article 5.4)—Proposed LGIA Article 5.2 would have required the Interconnection Customer to install, operate and maintain power system stabilizers, if required by the Interconnection System Impact Study. The Transmission Provider would establish minimal acceptable settings subject to the design and operating limitations of the Generating Facility.

Comments

367. Several commenters, including Cal ISO, Dairyland Power, Dominion Resources, and NSTAR, argue that the Transmission Provider's ability to require the installation of a power system stabilizer should not be limited to when required by the Interconnection System Impact Study because the Generating Facility may become a source of power system oscillations on the Transmission System many years after operations commence. Dominion Resources contends that a Transmission Provider should be able to require an Interconnection Customer to install a

power system stabilizer any time it determines through its operating experience that a power system stabilizer is needed.

368. Cal ISO argues that the requirement to install a power system stabilizer should not be based on the "Interconnection System Impact Study," but should be based on the "guidelines and procedures of the Applicable Reliability Council." NERC points out that the Transmission System reliability criteria and use of power system stabilizers vary from one region to another, depending on the electrical characteristics of the system. NERC states that, as a result, it is important that the system operator be notified if a power system stabilizer is inoperable or removed from service.

Commission Conclusion

369. The Commission agrees with Cal ISO that an Interconnection Customer should be required to install a power system stabilizer in accordance with the standards of the Applicable Reliability Council. This also addresses Dominion Resources' concern that installation of a power system stabilizer on a Generating Facility may be needed at a later time; such a requirement should be covered in the guidelines of the Applicable Reliability Council. If the Applicable Reliability Council guidelines do not cover such matters, a Transmission Provider may justify its reasons for wishing to require a power system stabilizer despite the lack of such a requirement in the Applicable Reliability Council guidelines when it makes its compliance filing.

370. The Commission will adopt NERC's recommended language requiring notification when power system stabilizers are removed or are not available for automatic operation.

371. This article is designated Article 5.4 in the Final Rule LGIA.

372. *Article 5.8.1—Generator Specifications* (In the Final Rule LGIA: Article 5.10.1)—Proposed LGIA Article 5.8.1 would have required that the Interconnection Customer submit the final specifications for the Interconnection Customer's Interconnection Facilities, including System Protection Facilities, to the Transmission Provider for review at least 90 Calendar Days prior to the Initial Synchronization Date. It proposed to require the Transmission Provider to provide comments to the Interconnection Customer within 30 Calendar Days of the Interconnection Customer's submission.

Comments

373. Cleco and NYTO assert that the Interconnection Customer should have to submit initial specifications for the Interconnection Customer's Interconnection Facilities to the Transmission Provider at least 180 Calendar Days prior to the Initial Synchronization Date with the understanding that the initial specifications are subject to change. Such initial specifications would give them an opportunity to perform the planning required for the new facilities and upgrade.

Commission Conclusion

374. The Commission agrees with Cleco and NYTO and adopts their proposal in the Final Rule.

375. This article is designated Article 5.10.1 in the Final Rule LGIA.

376. *Article 5.8.2—Transmission Provider's Review* (In the Final Rule LGIA: Article 5.10.2)—Proposed LGIA Article 5.8.2 would have required that the Interconnection Customer to modify the Interconnection Customer's Interconnection Facilities as may be reasonably required by the Transmission Provider to ensure that they are compatible with the telemetry communications and safety requirements of the Transmission Provider.

Comments

377. NERC requests that the word "reasonably" be removed from the article and recommends referring to Good Utility Practice.

Commission Conclusion

378. The Final Rule revises this article to refer to Good Utility Practice, as requested by NERC, but it does not eliminate the term "reasonably." The Interconnection Customer's Interconnection Facilities are installed at the expense of the Interconnection Customer, but must be reviewed and meet the specifications and requirements established by the Transmission Provider. The term "reasonably" helps to ensure that the Transmission Provider does not require the installation of equipment beyond what is necessary for compatibility and reliability, or beyond the standards the Transmission Provider would apply to its own Interconnection Facilities.

379. This article is designated Article 5.10.2 in the Final Rule LGIA.

380. *Article 5.8.3—Interconnection Customer Interconnection Facilities Construction* (In the Final Rule LGIA: Article 5.10.3)—Proposed LGIA Article 5.8.3 would have required the Interconnection Customer to provide to