

the Appendices are as binding as provisions within the body of the LGIA.

518. Articles 8.1 and 8.2 require that the Interconnection Customer transmit the data to a point specified by the Transmission Provider. Once the data has reached that point, it becomes the responsibility of the Transmission Provider to maintain its own hardware and software equipment. In response to Dairyland Power, the Commission notes that the Parties may enter into an agreement regarding which Party actually performs the data system maintenance, but the Interconnection Customer is ultimately responsible for paying for that maintenance.

519. *Article 9—Operations*—Proposed LGIA Article 9 would have required the Interconnection Customer and Transmission Provider to operate their facilities in a safe and reliable manner. It also proposed reactive power requirements and provided that the Interconnection Customer will be compensated for capital expenses incurred based on the use of the Interconnection Facilities by the Transmission Provider, all third party users, and the Interconnection Customer.

520. *Article 9.1—General*—Proposed LGIA Article 9.1 would have required the Parties to comply with LGIA Appendix G (Interconnection Guidelines). It would also require that each Party provide to the other Parties all information that may be required to comply with Applicable Laws and Regulations.

#### Comments

521. Southern, Lakeland, and FirstEnergy state that Article 9.1 should refer to Applicable Reliability Council requirements instead of Appendix G Interconnection Guidelines, which is blank. FirstEnergy states that each Party should be required to comply with the requirements of any RTO or ISO and any procedures agreed to by the Joint Operating Committee.

522. Exelon requests that proposed LGIA Article 9.1 be modified to include the following language: "To the extent interconnection requirements are inconsistent with ISO/RTO rules, the ISO/RTO rules shall govern."

#### Commission Conclusion

523. In the Final Rule, Article 9.1 refers to Applicable Reliability Council requirements. The Commission is deleting Appendix G (Interconnection Guidelines). With respect to FirstEnergy's request that Parties be required to comply with any procedures agreed to by the Joint Operating Committee, the Commission does not

believe that any language changes are required. We clarify that the Parties are expected to comply with the procedures established by the Joint Operating Committee. We also clarify that the RTO or ISO rules, once approved by the Commission, shall govern the LGIA.

524. *Article 9.2—Control Area Notification*—Proposed LGIA Article 9.2 would have required the Interconnection Customer to notify the Transmission Provider in writing of the location of its Control Area at least three months before the Generating Facility's Initial Synchronization Date. The proposed article also provided that the Interconnection Customer has the right to change the Control Area after the Initial Synchronization Date.

#### Comments

525. Some commenters, including PG&E and Cal ISO, believe that the Generating Facility must be the Control Area to which it is electrically connected.

526. MidAmerican believes that the Interconnection Customer must provide the metering and communications necessary to be a part of a Control Area other than the Transmission Provider's Control Area. Cleco proposes that since switching Control Areas is labor-intensive for the employees of both Control Areas, the Interconnection Customer should be required to remain in a Control Area for at least 12 months before switching.

527. NERC asks that proposed LGIA Article 9.2 be clarified to ensure that the host Control Area (the Control Area to which the Interconnection Customer is physically connected, regardless of whether the Generating Facility is electrically telemetered to another Control Area through a dynamic transfer) can enforce an Interconnection Customer's power factor, voltage control, and other similar obligations. Others commenters, including WEPCO, MidAmerican, Avista, National Grid, Southern, express concerns that a separate agreement and control equipment modification should be required, and that if the Interconnection Customer designates a different Control Area, it should be required to follow the rules for all applicable Control Areas.

528. Duke Energy asks what the consequence would be if an Interconnection Customer fails to notify a Transmission Provider of its Control Area three months prior to its Commercial Operating Date. The Maine PSC requests that Article 9.2 permit waiver of Control Area notification in certain situations.

#### Commission Conclusion

529. In response to Cal ISO, PGE, and Cleco, the Commission does not prohibit dynamic scheduling of a Generating Facility physically connected in one Control Area but scheduled into another. Nor does it place restrictions on changing Control Areas and how long an Interconnection Customer must remain in a Control Area. Moreover, in Order No. 888 the Commission did not require that Transmission Providers offer dynamic scheduling.<sup>84</sup> However, we also agree with the concerns expressed by NERC and other commenters that the process of changing Control Areas and the attendant implementation brings about requirements for coordination, control equipment modification, and agreement on operational details. In such cases, the Commission confirms that the Transmission Provider's OATT shall apply.

530. We also confirm that the Interconnection Customer must notify the Transmission Provider at least three months before the Initial Synchronization Date of the Control Area in which it will be located. Failure of an Interconnection Customer to make the appropriate Control Area designation would be treated as a Breach of the Final Rule LGIA, subject to opportunity to cure. Similarly, while an Interconnection Customer could request that the Transmission Provider waive the three month notice requirement, we decline to make that a provision of the Final Rule LGIA.

531. *Article 9.3—Transmission Provider Obligations*—Proposed LGIA Article 9.3 would have required the Transmission Provider to operate and maintain its Transmission System in a safe and reliable manner and in accordance with the LGIA. It also proposed that the Interconnection Customer would not be obligated to follow the Transmission Provider's instructions if those instructions would undermine the safe and reliable operation of the Generating Facility.

#### Comments

532. NERC proposes deleting the proposed language allowing an Interconnection Customer to not follow the Transmission Provider's instructions if doing so would cause material damage to the Generating Facility. NERC is concerned that the language appears to grant the Interconnection Customer a blanket right not to follow operating instructions of the Transmission Provider.

<sup>84</sup> Order No. 888 at 31,709–10.