

and NYISO states that this issue is already being dealt with in its Market Administration and Control Area Services Tariff.

Commission Conclusion

546. We agree that the Interconnection Customer should not be compensated for reactive power when operating its Generating Facility within the established power factor range, since it is only meeting its obligation. Proposed Article 9.6.3 required payment for reactive power to an Interconnection Customer only when the Transmission Provider requests the Interconnection Customer to operate its Generating Facility outside the range established in Article 9.6.1 (Power Factor Design Criteria). In response to Cleco and Nevada Power, we agree that the Interconnection Customer should be penalized or otherwise compensate the Transmission Provider if the Interconnection Customer does not meet the Transmission Provider's voltage schedule requirements, so long as the voltage schedule requirements can be met by the established power factor range. The Commission is not including a standard penalty or compensation provision here, but will entertain reasonable requests to do so on compliance. We agree with Duke and move the last sentence of Article 9.6.3 to 11.6.

547. With respect to the argument that payment for reactive power should be required only if the Interconnection Customer has a rate schedule on file when service commences, we note that the Commission's Regulations allow an applicant to file a rate schedule within 60 days of the commencement of service.⁸⁶

548. An RTO or ISO, at the time its compliance filing is made, may propose variations from this policy, as discussed below.⁸⁷ An RTO or ISO has different operating characteristics depending on its size and location and is less likely to act in a discriminatory manner than a Transmission Provider that is also a market participant. An RTO or ISO will have greater flexibility to customize its LGIP and LGIA to respond to regional needs.

549. *Article 9.7.1.2—Outage Schedule*—Proposed LGIA Article 9.7.1.2 would have a Transmission Provider post transmission facility outages on the Open Access Same-Time Information System (OASIS) and require an Interconnection Customer to schedule its maintenance on a rolling 24

month basis. It also stated that a Transmission Provider may ask the Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the Transmission System; however, the Transmission Provider will compensate the Interconnection Customer for any costs of rescheduling such maintenance.

Comments

550. Several commenters argue that the Transmission Provider should not be required to compensate the Interconnection Customer for the costs of rescheduling maintenance when the purpose of rescheduling the maintenance is to ensure the reliability of the Transmission System. For example, Cal ISO claims that the compensation issue should be resolved by deferring to the RTO or ISO outage coordination provisions in its Tariff. Southern contends that the Interconnection Customer benefits from a reliable Transmission System and should therefore maintain the reliability of the Transmission System without any compensation for rescheduling its outages. Southern also argues that the provision seems to require the Transmission Provider to compensate the Interconnection Customer for rescheduling maintenance even if such rescheduling is required to interconnect another Interconnection Customer. If the provision is adopted, Southern requests clarification that the Interconnection Customer, not the Transmission Provider, is required to pay the costs that other Interconnection Customers incur to reschedule their maintenance. Southern also requests clarification that the reimbursed costs are limited to direct costs and will not include consequential or indirect costs (such as lost profits).

551. Dairyland Power, PSNM, and Western assert that an Interconnection Customer may try to game the outage scheduling process. It could revise its maintenance schedule to coincide with a maintenance project (by listing it on the Transmission Provider's OASIS) and thus create congestion or reliability conditions on the Transmission System for the purpose of receiving compensation from the Transmission Provider. PSNM further states that while curtailment and redispatch costs under the OATT generally are shared on a pro rata basis when transmission service is not available, this article anticipates that the Transmission Provider will compensate an Interconnection Customer for changes in the Interconnection Customer's maintenance plan, with no reciprocal

compensation if the Interconnection Customer changes its own plans.

552. Western believes that requiring the Transmission Provider to compensate for "any costs" leaves too much to interpretation. The provision should be limited to actual costs incurred by the Interconnection Customer, such as remobilization costs, to prevent gaming. AEP believes that compensation should be provided on rare occasions when maintenance must be rescheduled for reliability purposes. Cleco believes that the payment to the Interconnection Customer should occur only if the Transmission Provider is initially allowed to approve the maintenance schedule proposed by the Interconnection Customer.

Commission Conclusion

553. We agree that the proposed requirement to compensate Interconnection Customers for "any costs" incurred in rescheduling maintenance is overly broad. Compensation should be limited to the additional, direct costs that the Interconnection Customer incurs as a result of having to reschedule maintenance.

554. We also agree that this article, as proposed, could create an opportunity for gaming on the part of the Interconnection Customer, which might schedule its maintenance at a time when the Transmission Provider could be expected to ask it to reschedule. Therefore the proposed article is modified so that an Interconnection Customer will not receive compensation if it had modified its schedule of maintenance activities during the year before the date of the initially scheduled maintenance.

555. *Article 9.7.1.3—Outage Restoration*—Proposed LGIA Article 9.7.1.3 would have provided that if an outage on a Party's Interconnection Facilities or Network Upgrades harms the other Party's facilities, the Party owning or controlling the facility that is out of service will use Reasonable Efforts to promptly restore it to a normal operating condition.

Comments

556. NERC proposes to require the first Party to provide the other Party information on the nature of the Emergency Condition, including an estimated time of restoration, and on any corrective actions required, as soon as practical, followed by a written explanation of the nature of the outage. The clarification is necessary because the outage may affect outage clearances on other equipment, calculation of

⁸⁶ See 18 CFR 35.3 (2003).

⁸⁷ See Part II.C.5 (Variations from the Final Rule and Regional Differences).