

each Party's facility be designed to isolate any fault or abnormality that would negatively affect the other Party or third parties connected to the Transmission Provider's Transmission System.

Comments

571. NERC notes that the term "negatively affect" is too vague. It proposes that proposed LGIA Article 9.7.4.2 be revised to state that each Party's protection facilities will be designed and coordinated with other systems in accordance with Good Utility Practice.

Commission Conclusion

572. The Commission adopts NERC's proposed change.

573. *Article 9.7.5—Requirements for Protection*—Proposed LGIA Article 9.7.5 would have required the Interconnection Customer, in compliance with Applicable Reliability Standards, to install, operate and maintain protective devices necessary to remove faults "promptly" and to protect the Generating Facility from other conditions, such as negative sequence currents and over- or under-frequency.

Comments

574. NERC comments that the term "promptly" is not useful when describing requirements for, or actions taken to preserve, system reliability. It also notes that the Generating Facility's fault protection must be coordinated with system protection. "Good Utility Practice" should replace "Applicable Reliability Standards," since Applicable Reliability Standards is a subset of Good Utility Practice.

Commission Conclusion

575. The Commission agrees with NERC and adopts its proposals.

576. *Article 9.9—Use of Transmission Provider's Interconnection Facilities by Third Parties*—Proposed LGIA Article 9.9 would have provided, among other things, that third parties may use the Transmission Provider's Interconnection Facilities if required by Applicable Laws and Regulations, or if the Parties agree.

Comments

577. APS believes that it is inappropriate to prohibit the use of Interconnection Facilities for other functions such as the housing of fiber optic circuits.

Commission Conclusion

578. Since proposed LGIA Article 9.9 specifically allows the Parties to agree to permit third party usage of the

Interconnection Facilities, there is no need to revise it.

579. *Article 9.10—Disturbance Analysis Data Exchange* (In the NOPR: Data Exchange)—Proposed LGIA Article 9.10 would have provided that the Parties cooperate with one another in the analysis of disturbances to either the Generating Facility or the Transmission Provider's Transmission System by the gathering and sharing of any information related to any disturbance.

Comments

580. NERC states that since this article is limited to data exchange for disturbance analysis, the title should be "Disturbance Analysis Data Exchange." NERC also recommends covering "and any disturbance information required by Good Utility Practice."

Commission Conclusion

581. The Commission adopts NERC's proposals in the Final Rule.

582. *Article 10—Maintenance*—Proposed LGIA Article 10 would have made the Interconnection Customer responsible for all reasonable expenses of owning, operating and maintaining Interconnection Customer and Transmission Provider Interconnection Facilities (except for operations and maintenance expenses associated with modifications necessary for providing service to a third party that pays for such expenses). No significant comments were submitted on this article. Accordingly, the Commission adopts in the Final Rule LGIA Article 10 as proposed.

583. *Article 11—Performance Obligation*—Proposed LGIA Article 11 described the Transmission Provider's and the Interconnection Customer's obligations with respect to construction of Interconnection Facilities and Network Upgrades, security arrangements and deposits, refunds in the form of transmission credits with interest for amounts funded by the Interconnection Customer, and compensation to the Interconnection Customer for services the Transmission Provider requests.

584. Most of the issues in Proposed LGIA Article 11 relate to pricing. All pricing matters are discussed in part II.C.1 (Interconnection Pricing Policy).

585. *Article 11.5—Financial Security Arrangements*—Proposed LGIA Article 11.5 would have required the Interconnection Customer to provide the Transmission Provider with a form of security at least 90 Calendar Days before the procurement, installation, or construction of discrete Transmission Provider Interconnection Facilities or Network Upgrades begins. The security

amount would have had to be sufficient to cover the costs of procuring, constructing, and installing the Transmission Provider's Interconnection Facilities or Network Upgrades, and it would have been reduced on a dollar-for-dollar basis as payments were made. Articles 11.5.1.1, 11.5.1.2 and 11.5.1.3 would have required that the issuer of the guarantee, letter of credit, surety bond or other form of security meet the creditworthiness requirements of, or be acceptable to, the Transmission Provider and that the security instrument contain specified provisions, such as a reasonable expiration date.⁸⁹

Comments

586. Commenters identify three areas of concern with this provision. First, some commenters believe that 30 days is insufficient time for the Interconnection Customer to provide a reasonable form of security to the Transmission Provider. For example, Dairyland Power argues that 30 days is not enough time for delivery of the necessary equipment and materials. SoCal PPA maintains that the security should be provided 90 days in advance. Progress Energy argues that security should be provided when an interconnection agreement is executed, and FP&L requests that security should be provided within 30 days of either execution of the interconnection agreement or its acceptance by the Commission.

587. Exelon argues that the amount of the security should be allowed to increase (or decrease), based on any changes in the construction cost estimate. According to Progress Energy, the Interconnection Customer should offer security to cover the full cost of the Network Upgrades. EPSA contends that the Interconnection Customer should be allowed to provide security on a rolling six month basis based on the Transmission Provider's cost exposure at each six month interval to ensure that the security costs paid by the Interconnection Customer are reasonable at any given time and are consistent with the Transmission Provider's obligations. In the alternative, EPSA supports the 30 day period. Duke

⁸⁹ NOPR LGIA Article 11.5.1 is identical to Article 11.5 except that the former required the Interconnection Customer to provide the Transmission Provider with a form of security at least 30 Calendar Days prior to the commencement of the procurement, installation, or construction of discrete Transmission Provider Interconnection Facilities or Network Upgrades. The inclusion of both provisions in the NOPR LGIA was an error. As explained below, we are eliminating Article 11.5 in the Final Rule LGIA.