

specifications in proposed LGIA Article 4.1.2.3, which appears to contemplate delivery from the Generating Facility within the Transmission Provider's Transmission System of any amount of capacity and/or energy up to the amount initially studied without additional studies or Network Upgrades. TANC recommends that the Commission replace the study provision requiring displacement of existing generation (NOPR LGIA Article 4.1.2.2) with appropriate technical guidelines and procedures for identifying resource displacement.

762. LG&E Energy claims that the proposal is inconsistent with the Commission's proposed approach to Standard Market Design. It notes that the market designs of certain ISOs permit customers to designate any resource as a Network Resource, but do not require the Transmission System to be upgraded to ensure physical delivery of all generation resources to all loads. Rather, according to LG&E Energy, the effect of transmission congestion is reflected in locational energy prices. Also, the Midwest ISO states that it is not clear how Network Resource Interconnection Service would evolve as Standard Market Design is implemented. It believes that Network Resource Interconnection Service is more appropriate for an Interconnection Customer that wishes to designate its Generating Facility as a capacity resource in a market design where there is a capacity market. If there is not such a market, the Midwest ISO would support Energy Resource Interconnection Service alone as sufficient to provide for reliable interconnections, and allow for market-based mechanisms to support expansion of the Transmission System beyond minimum reliability needs. Both the Wisconsin PSC and American Wind Energy advise the Commission to defer consideration of Network Resource Interconnection Service until it can be evaluated in the context of Standard Market Design. Dairyland Power states that it is not clear how Network Resource Interconnection Service would fit with the new Network Access Service contemplated in the Commission's Standard Market Design rulemaking.

763. Some commenters argue that there should be only one interconnection product and that product should define a minimum level of service. For example, ISO New England believes that its Minimum Interconnection Standard has resulted in equal treatment of new and incumbent generation owners and has resulted in a substantial number of new generators being interconnected onto

the bulk power Transmission System in New England. It also states that the Minimum Interconnection Standard allows every generator owner, new and incumbent alike, the opportunity to participate in all markets.

764. PG&E notes that, while Network Resource Interconnection Service requires the Transmission Provider to interconnect new plants in a manner comparable with that of other Network Resources, in California there are no Network Resources. PG&E asks the Commission to explain how this Interconnection Service would apply in areas where no network transmission service is available. Central Maine argues that the definition of products and services should be left to regional practices.

765. Xcel states that the description of Network Resource Interconnection Service appears to assume the Transmission Provider's system is the same as its Control Area. However, with the development of large transmission networks subject to an RTO's OATT, it may not be possible to actually deliver the capacity and energy of any individual generator to a network load on a huge regional network. The Midwest ISO recommends that, if Network Resource Interconnection Service is retained as part of the Final Rule, an Interconnection Customer within a large footprint RTO like the Midwest ISO should be allowed to select specific zones (or Control Areas) in which it would be eligible to be a designated Network Resource.

Commission Conclusion

766. Article 4 of the NOPR LGIA did not adequately convey the Commission's intent, particularly with regard to the characteristics that distinguish the two proposed interconnection products and the rights and responsibilities that each entails. Many of the commenters' concerns can be addressed by improving the clarity and accuracy in the Final Rule provisions concerning scope of services and interconnection products. Therefore, as described below, the Commission modifies the text of proposed LGIA Article 4 and provides the following clarifications.

767. Both Energy Resource Interconnection Service and Network Resource Interconnection Service provide for the construction of Network Upgrades that would allow the Interconnection Customer to flow the output of its Generating Facility onto the Transmission Provider's Transmission System in a safe and reliable manner. However, contrary to the assertions of several commenters,

neither Energy Resource Interconnection Service nor Network Resource Interconnection Service in and of itself conveys the right to do so. Moreover, neither type of Interconnection Service constitutes a reservation of transmission capacity. The Interconnection Customer, load or other market participant would have to request either point-to-point or Network Integration Transmission Service under the Transmission Provider's OATT in order to receive the delivery service that is a prerequisite to flowing power onto the system. When an Interconnection Customer that has chosen either Energy Resource Interconnection Service or Network Resource Interconnection Service later requests firm point-to-point delivery service, additional Network Upgrades may be required, depending on the availability of transmission capacity to deliver power to the delivery point.

768. Network Resource Interconnection Service is intended to provide the Interconnection Customer with an interconnection of sufficient quality to allow the Generating Facility to qualify as a designated Network Resource on the Transmission Provider's system without additional Network Upgrades. This means that Network Resource Interconnection Service entitles the Generating Facility to be treated in the same manner as the Transmission Provider's own resources for purposes of assessing whether aggregate supply is sufficient to meet aggregate load within the Transmission Provider's Control Area, or other area customarily used for generation capacity planning. Thus, with Network Resource Interconnection Service, the Interconnection Customer would be eligible to obtain Network Service under the Transmission Provider's OATT, or network access service under the Tariff of an RTO or ISO, without the need for additional Network Upgrades.

769. However, contrary to the views of some commenters, Network Resource Interconnection Service does not necessarily provide the Interconnection Customer with the capability to physically deliver the output of its Generating Facility to any particular load on the system without incurring congestion costs. Depending on the location of the load for which the Generating Facility serves as a designated Network Resource, it may be required to participate in a redispatch procedure, or other non-discriminatory congestion management process, such as locational marginal pricing. Network Upgrades required under Network Resource Interconnection Service integrate the Generating Facility into the