

again for any additional upgrades that may be needed to continue to qualify as a Network Resource.

#### Study Requirements for Network Resource Interconnection Service

780. Article 4.1.2.2 of the NOPR LGIA described the Interconnection Study procedures for Network Resource Interconnection Service. Among other things, they would require the Transmission Provider to study the Transmission System at peak load, under a variety of severely stressed conditions, to determine whether, with the Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load, consistent with the Transmission Provider's reliability criteria and procedures.

#### Comments

781. PG&E states that it does not understand the difference between the study requirements for Energy Resource Interconnection Service and Network Resource Interconnection Service. For Network Resource Interconnection Service, the NOPR LGIA says that the study must be done with the system at peak load and under a variety of severely stressed conditions, but PG&E claims that it is not clear that any lesser study would be necessary for Energy Resource Interconnection Service.

782. Cal ISO states that it is essential that all studies consider off-peak operating periods with the Generating Facility at full output. It argues that, during light load periods, the energy generated is not consumed locally and has to be transmitted over longer distances, possibly causing overloads that would not be revealed by studying only on-peak periods. Therefore, Cal ISO recommends replacing "at peak load, under a variety" with "at peak load and under a variety." NERC recommends several changes in NOPR LGIA Article 4.1.2.2, including replacing "at peak load, under a variety of severely stressed conditions" with "under a set of reasonably expected limiting conditions." It states that studying interconnection impacts only under conditions of system peak load and the Generating Facility's peak output may overlook the study of other conditions that could be unsafe. NERC asserts that use of the term "limiting conditions" provides the flexibility to incorporate studies that are necessary to ensure reliability.

#### Commission Conclusion

783. The study requirements for Energy Resource Interconnection Service and Network Resource

Interconnection Service are set forth in Sections 3.2.1 and 3.2.2 of the Final Rule LGIP.

784. In response to PG&E, the principal difference between the study requirements for Energy Resource Interconnection Service and Network Resource Interconnection Service is that the study for Network Resource Interconnection Service identifies the Network Upgrades that are needed to allow the Generating Facility to contribute to meeting the overall capacity needs of the Control Area or planning region whereas the study for Energy Resource Interconnection Service does not. The study for Energy Resource Interconnection Service includes short circuit/fault duty, steady state (thermal and voltage) and stability analyses to identify the Network Upgrades needed to allow the output of the Generating Facility to be injected into the Transmission System using capacity on an "as available" basis. By contrast, the study for Network Resource Interconnection Service includes similar analyses but also assumes that the output of the Generating Facility may displace the output of certain other Network Resources on the Transmission System. The study then identifies the Network Upgrades that would be required to allow the Generating Facility to be counted toward system capacity needs in the same manner as the displaced resources. However, the Interconnection Customer may request that Optional Studies be performed, and Section 3.2 of the Final Rule LGIP allows the Interconnection Customer then to proceed with Network Resource Interconnection Service or to request a lower level of interconnection service whereby only certain upgrades will be completed.

785. With regard to the changes to Article 4.1.2.2 of the LGIA recommended by NERC and Cal ISO, we note that this provision is intended to serve two purposes. First, it establishes the standards for conducting necessary studies to provide the requested service while ensuring that the reliability of the system is maintained. Second, it deters a Transmission Provider from delaying an interconnection by imposing on competing Interconnection Customers, in the name of reliability, more stringent Interconnection Study requirements than it would require of its own interconnections or those of its Affiliates. Because NERC's and Cal ISO's proposals satisfy only the reliability purpose, the Commission does not adopt them. Our requirement that the interconnection be studied with the Transmission Provider's

Transmission System at peak load, under a variety of severely stressed conditions, is comparable, we believe, to the study requirement that the Transmission Provider applies to its own generation. However, we are sympathetic to NERC's and Cal ISO's concerns. Therefore, the Commission would entertain a request, in a non-independent Transmission Provider's compliance filing required by this Final Rule, to adopt a different requirement (e.g., off-peak load in addition to peak load) if the non-independent Transmission Provider can demonstrate that the proposed requirement is consistent with or superior to the requirement of the Final Rule LGIP. At a minimum, the Transmission Provider must demonstrate that it consistently applies the proposed requirement in the studies it conducts for itself and its Affiliates. As discussed below in Part II.C.5 (Variations from the Final Rule), we will allow an RTO or ISO to seek an "independent entity variation" from the Final Rule LGIP if it wants to adopt a different study requirement.

#### Identification of Types of Interconnection Services To Be Studied

786. According to Section 3.2 of the NOPR LGIP, when the Interconnection Customer submits its Interconnection Request, it would be required to identify the type of Interconnection Service it wants. However, an Interconnection Customer requesting Network Resource Interconnection Service would have the option of requesting that its Interconnection Request also be studied for the less comprehensive Energy Resource Interconnection Service up to the point when an Interconnection Facilities Study Agreement is executed.

#### Comments

787. Several commenters state that allowing the Interconnection Customer to request that its Interconnection Request be studied for both Network Resource Interconnection Service and Energy Resource Interconnection Service concurrently will unnecessarily tax the Transmission Provider's resources and increase the burden of performing the studies. Entergy and BPA believe that this option will unnecessarily delay the conduct of studies for third party interconnections unless the Interconnection Customer is required to select the particular service under which it will interconnect prior to the execution of an Interconnection System Impact Study Agreement. Entergy states that such a limitation would not unduly disadvantage the Interconnection Customer, but would further ensure that a Transmission