

differences based on the reliability needs of a particular region, which may be unique because of system configuration or generation prevalent in the region.¹⁴⁰

818. Several commenters, including APS, the Connecticut PUC, and WestConnect RTO, request that the Commission allow specific regional interconnection standards or reliability requirements to be treated as regional differences. The Florida RCC proposes that the Commission require that the Parties comply with any standards and guidelines of the Applicable Reliability Council. It offers several specific provisions that should be revised to account for the requirements established by the Florida RCC and other regional reliability councils.

819. MidAmerican argues that the Final Rule should recognize regional differences particular to the Midwest. As an example, it offers the high potential for wind farms in the Midwest, and the resulting need to study voltage flicker, harmonics, dynamic voltage stability, stray voltage, and small signal stability. According to MidAmerican, these additional study options, which were not expressly proposed in the NOPR, should be included in the Final Rule to recognize regional differences. Entergy requests that the Commission consider extending the dates for completing Interconnection Studies in a region when there is a large number of Interconnection Requests.

820. Dairyland Power requests that during the compliance phase of this rulemaking the Commission allow a Transmission Provider greater flexibility to make changes using a regional differences rationale. Monongahela Power argues that regional differences should be accommodated, but only on a case-by-case basis through application for exemption rather than through changes to the Final Rule. In this way, the Final Rule serves as a baseline national standard. In contrast, Mirant requests that the Commission restrict the availability of variations based on regional differences to large, established ISOs that can show that the variations are consistent with or superior to what appears in the Final Rule.

821. NYISO recommends that the Commission revise the definition of Good Utility Practice, which was proposed to include "practices, methods or acts generally accepted in a region," and which is used repeatedly in the NOPR LGIP and NOPR LGIA to describe the standards that will be applied to

certain obligations. It urges that the definition should include among eligible regions those administered by an RTO or ISO.

Commission Conclusion

822. We will apply a regional differences rationale to accommodate variations from the Final Rule during compliance, but with certain restrictions. We conclude that a non-independent transmission provider (such as a Transmission Provider that owns generators or has Affiliates that own generators) and an RTO or ISO should be treated differently because an independent RTO or ISO does not raise the same level of concern regarding undue discrimination. Accordingly, we will allow an RTO or ISO greater flexibility than that allowed under the regional differences rationale to propose variations from the Final Rule provisions, as further discussed below.

823. Although commenters generally did not identify provisions in the NOPR LGIP or NOPR LGIA that should be subject to variations based on "regional differences," when a commenter did provide specific provisions, the revisions were based on the reliability requirements of a given region. Because we intend to supplement rather than supplant the work that regional reliability groups already have undertaken regarding interconnection, we are permitting a Transmission Provider, on compliance, to offer variations based on existing regional reliability requirements. Accordingly, regional flexibility is included in the Final Rule definition of Good Utility Practice, which includes practices established by relevant reliability councils and local laws and regulations. We accommodate NYISO's proposal that the definition of Good Utility Practice be revised as requested by instead defining it to include "acceptable practices, methods, or acts generally accepted in the region." Thus, this definition includes by implication the Commission-approved practices of those regions administered by an RTO or ISO.

824. Nevertheless, there may be Final Rule provisions that do not include reference to Good Utility Practice that may be subject to or affected by regional reliability restrictions. Rather than identify all such provisions in the Final Rule, as the Florida RCC proposes, we leave it to the Transmission Provider to justify variations based on regional requirements. With this approach, we are permitting public utilities the flexibility necessary to ensure that reliability needs are met. Because we seek greater standardization of interconnection terms and conditions,

we are not permitting a non-independent Transmission Provider to use the regional differences justification in the absence of established regional reliability standards.

825. For other proposed deviations from the Final Rule LGIP and Final Rule LGIA not made in response to established regional reliability requirements, we are requiring non-independent transmission providers to justify variations in non-price terms and conditions of the Final Rule LGIP and Final Rule LGIA using the approach taken in Order No. 888, which allows them to propose variations on compliance that are "consistent with or superior to" the OATT.

826. To clarify, if on compliance a non-RTO or ISO Transmission Provider offers a variation from the Final Rule LGIP and Final Rule LGIA and the variation is in response to established (*i.e.*, approved by the Applicable Reliability Council) reliability requirements, then it may seek to justify its variation using the regional difference rationale. If the variation is for any other reason, the non-RTO or ISO Transmission Provider must present its justification for the variation using the "consistent with or superior to" rationale that the Commission applies to variations from the OATT in Order No. 888.

827. With respect to an RTO or ISO, at the time its compliance filing is made, as discussed above, we will allow it to seek "independent entity variations" from the Final Rule pricing and non-pricing provisions. This is a balanced approach that recognizes that an RTO or ISO has different operating characteristics depending on its size and location and is less likely to act in an unduly discriminatory manner than a Transmission Provider that is a market participant. The RTO or ISO shall therefore have greater flexibility to customize its interconnection procedures and agreements to fit regional needs.

6. Waiver Availability for Small Entities

828. In the NOPR, we did not address whether special provisions are needed for small Transmission Providers for whom providing Interconnection Services might be overly burdensome.

Comments

829. Maine PSC asks the Commission to provide flexibility and waiver of the full requirements of the Final Rule LGIP and Final Rule LGIA for small transmission owners. Southwest Transmission requests that the current "small utility" exception for Order Nos. 888 and 889 should not only be

¹⁴⁰ *E.g.*, Florida RCC, NARUC, the North Carolina Commission, the Public Power Council, and WEPCO.