

benefit all customers nationwide by encouraging the development of small generation, including generation using innovative technologies.

27. Finally, the Commission proposes to apply the reciprocity requirements in Order No. 888 to this proceeding. Under the reciprocity provision in section 6 of the OATT, if the public utility seeks transmission service from a non-public utility to which it provides open access transmission service, the non-public utility that owns, controls, or operates transmission facilities must provide comparable transmission service that it is capable of providing on its own system. A non-public utility that has adopted a "safe harbor" Tariff to comply with a reciprocity condition may add to its Tariff an interconnection agreement and interconnection procedures that substantially conform or are superior to the Final Rule SGIP and Final Rule SGIA if it wishes to continue to qualify for safe harbor treatment. A non-public utility that owns, controls, or operates transmission and that has not filed with the Commission a safe harbor Tariff and seeks transmission service from a public utility must either satisfy its reciprocity obligation under a bilateral agreement or seek a waiver of the OATT reciprocity condition from the public utility.

## 2. Summary of the Interconnection Process for Small Generating Facilities

28. To interconnect its Generating Facility with a Transmission Provider's Transmission System, an Interconnection Customer must first submit an Interconnection Request to the Transmission Provider. When the Transmission Provider deems the Interconnection Request complete, the Interconnection Request would be placed in the Transmission Provider's queue with other pending interconnection requests.

29. The Proposed SGIP divides Interconnection Requests into two groups according to whether the interconnection is to a High-Voltage Transmission System (69 kV or above) or a Low-Voltage Transmission System (below 69 kV). Interconnections to Low-Voltage Transmission Systems would be further divided into three groups depending on the size of the Small Generator being interconnected: (1) Small Generating Facilities larger than 10 MW but no larger than 20 MW, (2) Small Generating Facilities larger than 2 MW but no larger than 10 MW, and (3) Small Generating Facilities no larger than 2 MW.

30. The review of the proposed interconnection of a Small Generator with a High-Voltage Transmission System or a Small Generator larger than

10 MW with a Low-Voltage Transmission System would proceed as follows. Once the Interconnection Request is deemed complete, the Parties would conduct a Scoping Meeting to review the Interconnection Request and also review existing studies of the Transmission Provider's Transmission System that are relevant to the Interconnection Request.

Interconnection Studies, including the Interconnection Feasibility Study, Interconnection System Impact Study, and Interconnection Facilities Study, would next be performed to evaluate the proposed interconnection.<sup>23</sup> These studies identify any Adverse System Impact<sup>24</sup> to the Transmission Provider's Transmission System that may occur as a result of the interconnection, and the Transmission System modifications that need to be made to address them. The Interconnection Customer pays for the Transmission Provider's actual costs of performing each study, and the Proposed SGIP includes time periods within which the studies must be completed. If the Interconnection Customer agrees to pay for any necessary modifications, the Transmission Provider must proffer an SGIA to the Interconnection Customer.

31. Although the activities performed in the Small Generator process are the same as those in the Large Generator Interconnection Final Rule, the time lines proposed here are shorter. Accordingly, a Small Generator is likely to be interconnected more quickly under the Proposed SGIP than under the Final Rule LGIP.

32. For Small Generating Facilities larger than 2 MW but no larger than 10 MW interconnecting with a Transmission Provider's Low-Voltage Transmission System, the proposed interconnection would be evaluated using the Proposed SGIP's Expedited Screening Criteria. If the proposed interconnection passes the screening criteria and the Transmission Provider

<sup>23</sup> The Interconnection Feasibility Study evaluates on a preliminary basis the impact of the proposed interconnection to the Transmission Provider's Transmission System. The Interconnection System Impact Study evaluates in detail the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, Affected Systems. The Interconnection Facilities Study determines the required modifications to the Transmission Provider's Transmission System, including the detailed costs and scheduled completion dates for such modifications, that would be required to accommodate the Interconnection Request.

<sup>24</sup> An Adverse System Impact means that technical or operational limits on conductors or equipment have been exceeded, which may compromise the safety or reliability of the electric power system.

agrees that the Generating Facility can be safely interconnected with its Low-Voltage Transmission System, the former shall proffer an SGIA to the Interconnection Customer. However, if the Transmission Provider believes that the Generating Facility cannot be safely interconnected, irrespective of whether the proposed interconnection passes or fails the Expedited Screening Criteria, the Parties would follow the same procedures for Small Generating Facilities larger than 10 MW interconnecting with Low-Voltage Transmission Systems; *i.e.*, conduct a Scoping Meeting and perform Interconnection Studies. The Transmission Provider, after consulting with the Interconnection Customer, may determine whether a particular Generating Facility in this class of Small Generators may be interconnected absent a Scoping Meeting and Interconnection Studies. This is because, although the proposed interconnection may pass the Expedited Screening Criteria, it may nonetheless cause an Adverse System Impact, depending upon where the Small Generator is physically located on the Transmission Provider's Transmission System. Since this cannot be reflected in the screening criteria, the Transmission Provider may evaluate the proposed interconnection in greater detail and, if it is concerned about an Adverse System Impact to its Transmission System, require that a Scoping Meeting be held and Interconnection Studies be conducted.

33. However, in order to encourage the Parties to use the Expedited Screening Criteria to the fullest extent possible, the Commission proposes that, if the Interconnection Feasibility Study conducted under these conditions indicates no Adverse System Impact, the Transmission Provider must bear the cost of the Interconnection Feasibility Study. If an Adverse System Impact is identified, however, the Interconnection Customer must pay for the cost of the Interconnection Feasibility Study.

34. Interconnections of Precertified Small Generating Facilities no larger than 2 MW with the Transmission Provider's Low-Voltage Transmission System would be evaluated under the Proposed SGIP's Super-Expedited Procedures. A Precertified Small Generator is one that has been certified by a national testing laboratory as having met applicable consensus industry and safety standards. If a proposed interconnection passes all the Super-Expedited Screening Criteria, the Transmission Provider would proffer an SGIA to the Interconnection Customer. If the proposed interconnection fails the