

Super-Expedited screening criteria: (1) The Transmission Provider could permit the interconnection anyway, after evaluating other factors such as the physical location of the Generating Facility on its Transmission System, or (2) the Interconnection Customer could ask the Transmission Provider to perform an Additional Review, to be paid for by the Interconnection Customer.

35. The Additional Review is an expedited engineering evaluation limited to six hours of engineering time that is intended to identify minor modifications to Transmission Provider's Transmission System that may permit the Generating Facility to interconnect safely and reliably. If the Additional Review indicates that minor modifications to Transmission Provider's Transmission System can indeed be made that would permit the Generating Facility to interconnect safely and reliably, and the Interconnection Customer agrees to pay for the modifications, the Transmission Provider would provide the Interconnection Customer an SGIA. If the Additional Review does not indicate that the Generating Facility can be interconnected safely and reliably, the Parties would follow the procedures for Small Generating Facilities larger than 2 MW but no larger than 10 MW interconnecting with Low-Voltage Transmission Systems.

36. Once the steps called for in the Interconnection Procedures are completed, the Transmission Provider would provide a best estimate of costs to be paid by the Interconnection Customer to effect the interconnection, and the Parties would negotiate Milestones for completing the interconnection, all of which would be incorporated into the SGIA. The SGIA would become effective upon execution by the Parties, subject to acceptance by the Commission, if necessary.<sup>25</sup>

37. The Commission next discusses several issues that either divided the parties seeking to reach consensus during the Small Generator ANOPR

process or on which the Commission departs from the consensus position.

### 3. Maximum Capacity of a Small Generator (Proposed SGIP Section 1, Proposed SGIA Article 1)

38. Consistent with the Large Generator Interconnection Final Rule and the Small Generator Interconnection ANOPR, Small Generating Facilities no larger than 20 MW are considered Small Generating Facilities under the Proposed SGIA and Proposed SGIP. The Commission proposes to treat as a single Generating Facility the aggregated generation at a site for which an Interconnection Customer seeks a single Point of Interconnection.

39. The Commission recognizes that 10 MW is used as the threshold for small generators in Texas, California, New York and Ohio. In addition, several entities, such as the PJM Interconnection, Electric Reliability Council of Texas, and the California Independent System Operator use 10 MW as the threshold because generators under 10 MW are considered less likely to affect reliability and safety. In this NOPR, the Commission likewise proposes special procedures for generators no larger than 10 MW. The Commission, however, proposes to adopt the higher 20 MW threshold, which is used by the Midwest Independent System Operator, in this rulemaking because it would encourage the development of a greater number of Small Generators and promote the development of innovative small generation technologies.

40. Regarding Interconnection Requests that propose to increase the capacity at an existing Generating Facility, the Commission proposes that the new total capacity would determine how the Interconnection Request should be evaluated. For example, if an Interconnection Customer seeks to increase the capacity of an existing Generating Facility from 2 MW to 5 MW by the addition of a second generator, the Interconnection Request would be evaluated as if it were for a 5 MW Generating Facility. Likewise, the Commission proposes that if an Interconnection Customer seeks to increase the size of an existing Generating Facility from 10 MW to 25 MW, the Interconnection Request would be evaluated as if it were a request for a 25 MW Generating Facility. In this case, the Interconnection Request would not be eligible for evaluation under the Proposed SGIP, but rather the Final Rule LGIP. We also invite comment on whether single projects with multiple points of interconnection (as might

occur for a windfarm or an industrial cogeneration project serving multiple facilities) should be treated as separate projects or as a single project for queuing and Interconnection Study purposes.

41. Some Interconnection Requests could specify a level of capacity below the maximum capacity of the Generating Facility. We seek comment on how such Interconnection Requests should be addressed. For example, should an interconnection request for a device with a maximum capacity of 22 MW but seeking an interconnection for only 20 MW (and agreeing to restrict delivery to the Transmission Provider's Transmission System below that level) be evaluated under the Final Rule SGIP or the Final Rule LGIP?

### 4. Precertification of Small Generating Facilities No Larger than 2 MW (Proposed SGIP Section 3.1)

42. A small number of states have procedures to precertify Small Generator equipment that meet specified operational and safety standards in order to expedite interconnections.<sup>26</sup> Precertification eliminates the need for the Transmission Provider to study the equipment for safety and reliability purposes.

43. Precertification of the Interconnection Customer's equipment does not mean that the Generating Facility can be immediately interconnected to the Transmission Provider's Transmission System. Before a Precertified Generating Facility may be interconnected, it must first be determined that the interconnection would have no Adverse System Impact on the Transmission Provider's Transmission System. The purpose of Precertification is to ensure the safety of the Generating Facility itself, not the safety or reliability of the Generating Facility's interconnection to the Transmission Provider's Transmission System.

44. Although precertification presumably has expedited the development of small generation in states where such programs exist, there is no national precertification program. Manufacturers tell us that they face the cost and delay associated with having their equipment evaluated in each state. Moreover, many states lack procedures for evaluating equipment. In these states, generator equipment is evaluated on a case-by-case basis by the Transmission Provider in the course of

<sup>25</sup> Under Order No. 2001, if an executed interconnection agreement conforms with a Commission-approved standard form of interconnection agreement, the utility does not have to file it with the Commission but must report it in the Electric Quarterly Reports. See Revised Public Utility Filing Requirements, Order No. 2001, 67 FR 31043 (2002), FERC Stats. & Regs. ¶ 31,127 at P 178 (2002); *reh'g denied*, Order 2001-A, 100 FERC ¶ 61,074 (2002); *reconsideration and clarification denied*, Order No. 2001-B, 100 FERC ¶ 61,342 (2002); *further order*, Order No. 200-C, 101 FERC ¶ 61,314 (2002). An interconnection agreement must be filed only if it contains terms and conditions that deviate from the utility's generic, Commission-approved interconnection agreement or is filed in unexecuted form.

<sup>26</sup> The New York Department of Public Service, for example, maintains a list of approved equipment on its Web site.