

to pay for the Interconnection Feasibility Study.

6. Dispute Resolution (Proposed SGIP Section 2.11 and Proposed SGIA Article 8)

54. In the Small Generator Interconnection ANOPR, the Commission proposed that the Parties use the Commission's alternative dispute resolution service or any other informal services available to them to resolve disputes. The Commission also proposed that the outcome of the dispute resolution process would be binding if the Interconnection Customer so chooses.

55. The Coalition SGAs and SGIPs propose using Technical Masters to help resolve disputes between the Parties. According to the Coalition proposal, these Technical Masters would be certified by the Commission and provided by the Commission to the Parties at minimal or no cost. The Coalition proposal identifies Technical Masters as "engineers with expertise in electric power transmission and distribution interconnection requirements who are qualified and independent."²⁹

56. Several commenters³⁰ to the ANOPR take exception to the Commission's proposal that arbitration be binding if the Interconnection Customer so chooses. They argue that the Parties should be able to retain their rights of appeal when using the arbitration process.

57. The Proposed SGIP and Proposed SGIA would adopt the dispute resolution process in the Large Generator Interconnection Final Rule. The Commission endorses the use of Technical Masters and agrees that they must have the requisite expertise to review, and where possible, resolve technical issues raised by the Parties. The proposed Dispute Resolution procedures satisfy these requirements.³¹ The Commission, however, declines to adopt the Coalition's proposal that it certify Technical Masters. Instead, the Commission proposes to maintain on its

Web site a list of Technical Masters who may be called upon by the Parties in the event of a technical dispute. However, the Commission will neither evaluate nor certify persons that wish to be placed on the list.

58. With respect to the Interconnection Customer's ability to elect that arbitration be binding, we propose to adopt the language contained in the Large Generator Interconnection Final Rule, which provides that external arbitration would be binding on the Parties. However, the Arbitrator's final decision must be filed with the Commission if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Upgrades. Parties may comment on this proposal and explain whether and why large and small generators should be treated differently.

7. Queuing (Proposed SGIP Sections 4.4 and 4.7)

59. The Commission proposes that each Transmission Provider maintain a single queue per geographic area. A queue sequentially lists Interconnection Requests based upon the date and time they are complete. The Queue Position of each Interconnection Request determines the order of performing Interconnection Studies for each generator, if required, and the Interconnection Customer's cost responsibility for any Upgrades to the Transmitting Provider's Transmission System necessary to accommodate the Interconnection Request.

60. Queuing was discussed at a January 21, 2003 Technical Conference convened by Commission staff. Some conference participants suggested that the Commission require the use of a single queue for each geographic area, with Interconnection Requests being evaluated in the order in which they are received. Such an approach, it was argued, is fair, makes the queue easier to administer, and allows more efficient processing of Interconnection Requests, including the use of clustering and other study techniques. Clustering of studies allows a Transmission Provider to study multiple Interconnection Requests at the same time. Clustering may reduce study costs and allow multiple Interconnection Customers to share the cost of Upgrades. Other conference participants suggested creating multiple queues based on generator size. This approach, they argued, would prevent small generator interconnections, with their comparatively short study times, from being unreasonably delayed by large generators ahead of them in the queue.

61. While we here propose that each Transmission Provider maintain a single queue per geographic area, a Small Generator's Queue Position does not necessarily determine how long it takes to actually interconnect. In the Proposed SGIP, if a proposed interconnection passes either the Super-Expedited Screening Procedures or the Expedited Screening Procedures, the Interconnection Customer would have no cost responsibility for Upgrades. Accordingly, the Small Generator could be interconnected very quickly, regardless of its Queue Position.

62. If the proposed interconnection does not pass either the Super-Expedited Screening Procedures or the Expedited Screening Procedures, Interconnection Studies will be required to evaluate the proposal. And, if Upgrades are required, Queue Position may affect the Interconnection Customer's cost responsibility for the Upgrades. This is because Upgrades for interconnections higher in the queue may affect the need for Upgrades for interconnections lower in the queue. This would impact the cost of the interconnection for a particular Small Generator. However, as such costs for Small Generating Facilities may be relatively small or localized, we would permit the Interconnection Customer to ask to be interconnected out of queue order if it agrees to pay the full cost of the required Upgrades.

8. Parties to the Proposed SGIA (Proposed SGIA Article 9)

63. In general, the Commission does not address issues in this NOPR that were treated in the Large Generator Interconnection Final Rule unless parties propose that Small Generating Facilities be treated differently. However, in the Small Generator ANOPR process, parties raised this issue repeatedly, and for this reason the Commission includes a discussion of the issue.

64. Representatives of Interconnection Customers and representatives of Transmission Providers could not agree on whether the Transmission Owner should be a signatory to the SGIA, if the Transmission Provider and the Transmission Owner are different entities. The Commission proposes here the same approach taken in the Final Rule LGIA; that is, if the Transmission Owner is not also the Transmission Provider, both parties should sign the SGIA. We believe that this would better define the relationship among the Parties in one document, protect the Interconnection Customer and, therefore, facilitate the development of new generation resources. In an RTO or

²⁹ Coalition SGIP, Attachment A Procedures Section 6, and Attachment B Procedures Section 1.11 (Nov. 12, 2002).

³⁰ E.g., Bonneville Power Administration, Avista Corp., Central Maine Power Company, Public Service Company of New Mexico, and Public Service Electric and Gas Company.

³¹ "[A]rbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration)." Article 27.2 of the LGIA in Standardization of Generator Interconnection Agreements and Procedures, Final Rule, Docket No. RM02-1-000 (issued concurrently with this NOPRA).