

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Improvements to Generator Interconnection)
Procedures and Agreements) Docket No. RM22-14-000

INITIAL COMMENTS OF THE ORGANIZATION OF PJM STATES, INC.

Pursuant to Rule 212 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure, 18 C.F.R. § 385.212, the Organization of PJM States, Inc. (“OPSI”),¹ respectfully submits these initial comments.

I. CONTEXT

OPSI begins these comments by framing the Commission’s Notice of Proposed Rulemaking (“NOPR”)² in this docket in the context of PJM’s June Generator Interconnection (“GI”) proposal³ and OPSI’s response⁴ because it will be crucial that both PJM’s actions to improve its GI process and comply with the NOPR do not work against each other and further extend the already lengthy transition that PJM has proposed. PJM must strive to implement a shorter interconnection timeline regardless of whether the Commission issues a final rule in this docket affecting PJM’s GI process.⁵

¹ OPSI’s fourteen members unanimously support these comments. OPSI’s members are the Delaware Public Service Commission, Public Service Commission of the District of Columbia, Illinois Commerce Commission, Indiana Utility Regulatory Commission, Kentucky Public Service Commission, Maryland Public Service Commission, Michigan Public Service Commission, New Jersey Board of Public Utilities, North Carolina Utilities Commission, Public Utilities Commission of Ohio, Pennsylvania Public Utility Commission, Tennessee Public Utility Commission, Virginia State Corporation Commission, and Public Service Commission of West Virginia.

² *Improvements to Generator Interconnection Procedures and Agreements*, 179 FERC ¶ 61,194 (2022) (“NOPR”).

³ *PJM Interconnection, L.L.C.*, Tariff Revisions for Interconnection Process Reform, Request for Commission Action by October 3, 2022, and Request for 30-Day Comment Period, Docket No. ER22-2110 (June 14, 2022) (“PJM GI Filing”).

⁴ *PJM Interconnection, L.L.C.*, Comments of the Organization of PJM States, Inc., Docket No. ER22-2110-000 (July 14, 2022) (“OPSI GI Comments”).

⁵ *Id.* at 6.

A. PJM’s June 2022 Filing

Two days before the Commission issued the NOPR in this docket, PJM filed a proposal to reform its generator interconnection requirements.⁶ PJM proposes to transition from a serial first-come, first-served approach to a clustered first-ready, first-served approach and to strengthen its interconnection requirements.⁷ Similar to the Commission’s NOPR, PJM is striving to expedite reviews and approvals for interconnection requests, but notably, PJM proposes to do so under a protracted timeline. PJM proposes a four-year transition process and a 710-day default interconnection queue process.⁸ PJM acknowledges that its proposal is not likely to be the final GI reform needed in light of other related GI proceedings, including this NOPR, but asks the Commission not to defer approval of its filing, which was supported by stakeholders and represents a just and reasonable path forward.⁹

B. OPSI’s Response to PJM’s Filing

Recognizing that PJM’s proposal is an improvement over the status quo, OPSI supported PJM’s proposed first-ready, first-served clustered Cycle¹⁰ approach as a step in the right direction but commented that the two-year proposed process and four-year transition period were both too long.¹¹ OPSI called on the timelines in PJM’s proposal to be the “absolute upper limit.”¹² The

⁶ PJM GI Filing.

⁷ *Id.* at § 1.A.

⁸ *Id.* at Att. D., Shoemaker Affidavit at 21.

⁹ *Id.* at iii-iv.

¹⁰ *See id.* at n. 11 (“A clustered Cycle is simply a group of projects that are studied together in a single study, rather than on an individual basis in serial fashion based on the order in which the projects entered the queue. The term Cycle means “that period of time between the start of an Application phase and conclusion of the corresponding Final Agreement Negotiation Phase.” See Tariff, Part VII, Subpart A, section 300 (definition of Cycle) and Part VIII, Subpart A, section 400 (definition of Cycle)”).

¹¹ OPSI GI Comments at 1.

¹² *Id.* at 1 and 5.

implementation of PJM’s proposal is critical to reducing the GI backlog, ensuring markets remain competitive, and that states¹³ are able to achieve their public policy goals.¹⁴

In asking the Commission immediately to approve PJM’s proposal, OPSI expressed its expectation that PJM would continue to refine its GI process further.¹⁵ OPSI specifically called on the Commission not to delay accepting PJM’s filing while the Commission continues its work in this docket and for PJM to continue to do everything it can to shorten the targets set out in its filing.¹⁶

II. COMMENTS ON THE NOPR

A. Reforms to Implement a First-Ready, First-Served Cluster Study Process

i. Interconnection Clusters

The NOPR proposes to replace the serial first-come, first-served study process with a first-ready, first-served process and to require transmission providers to use cluster studies.¹⁷ The Commission describes how GI processes can be more efficient when they do not have to conduct separate studies for every interconnection customer (“IC”) and how cluster studies limit the need for cascading re-studies.¹⁸

OPSI sees this reform, like PJM’s proposal, as a positive step that will improve the speed of queue processing while also preserving price signals. Furthermore, it will more efficiently distribute costs for transmission upgrades by minimizing the first mover disadvantage that occurs

¹³ Where the term states is used in these Comments, it is meant to be inclusive of all retail regulators in the PJM region, including the Public Service Commission of the District of Columbia.

¹⁴ OPSI GI Comments at 1 and 3.

¹⁵ *Id.* at 1.

¹⁶ *Id.* at 6.

¹⁷ NOPR at P 64.

¹⁸ *Id.*

when an IC must pay for a large network upgrade that would also be needed to serve later ICs.¹⁹ To most effectively reduce the first mover disadvantage, OPSI encourages the Commission to continue to analyze and further explain in any final rule whether a region-wide, annual cluster in a large region like PJM could benefit from better defined subclusters. The Commission should further evaluate methods to ensure that clusters facilitate identification of shared network upgrades by grouping generating facilities based on areas of geographic and electrical relevance.²⁰

OPSI supports clustering on an annual basis, such as in the Commission's proposal, and notes that annual clustering is superior to PJM's less structured proposal that only opens new cluster windows after a certain stage of the previous cycle has concluded.²¹ Adhering to PJM's approach introduces timeline uncertainty into the GI process. Should the Commission approve PJM's approach, OPSI would support a final rule that requires any non-annual clustering (like the PJM proposal) to transition to a better-defined process for opening new cluster windows such as the annual process proposed in the NOPR over a reasonable period of time.²²

¹⁹ *See Id.* at n. 124 citing May Joint Task Force Tr. 42:3-9 (Gladys Brown Dutrieuille) (explaining that clustering has two goals: minimizing the study time and minimizing the first mover disadvantage by sharing costs among those resources that need the same upgrades); *And See Id.* at § II. 4.

²⁰ *Id.* at P 77 ("We seek comment on whether the Commission should require transmission providers to conduct cluster studies on subgroups of interconnection customers based on areas of geographic and electric relevance, and, if so, whether the Commission should adopt provisions governing how cluster areas should be formed to ensure that cluster areas are formed in a transparent and not unduly discriminatory manner.").

²¹ *See* PJM GI Filing, Att. D., Shoemaker Affidavit at Figure 3 ("Phase 1 of a subsequent cycle will only start after Phase 3 of the previous cycle has started AND all Application Review period activities have been completed AND the model (sic.) have been made available for a 30 day review. Phase 2 of a subsequent cycle will only start after IC D3 have concluded. Phase 3 of a subsequent cycle will only start after the prior cycle has concluded.")

²² NOPR at P 67 and Appendix B at 3.4.1 Cluster Request Window ("Transmission Provider shall accept Interconnection Requests during a forty-five (45) Calendar Day period (the Cluster Request Window). The initial Cluster Request Window shall open for Interconnection Requests beginning {Transmission Provider to provide Month and Day (e.g., January 1)} following commencement of the transition process set out in Section 5.1 of this LGIP and successive Cluster Request Windows shall open annually every {Transmission Provider to provide Month and Day (e.g., January 1)} thereafter.").

ii. Queue Processing Timeline

Regarding the timeline for processing clusters, PJM's proposal and the NOPR's proposal are markedly different. In previous comments, while OPSI supported PJM's proposed queue process, OPSI noted that the timeline PJM proposed was longer than existing timelines in other RTOs²³ and notes here that it is longer than the process proposed in the NOPR. PJM's proposed queue process will take up to 710 days to process new resources,²⁴ but the Commission's proposed requirement, including re-studies, would only take a maximum of 555 days.²⁵ ICs who request a +/- 20% cost estimate can reduce their time in the NOPR's queue by an additional 90 days, reducing their total time in the queue to 465 days.²⁶ OPSI is optimistic that PJM will be able to continue to trim its GI process to at least the timelines proposed in the NOPR and hopefully to an even shorter timeline like those already implemented in other RTOs.²⁷

iii. Transition Process

With the expectation that the Commission will approve PJM's proposal prior to the effective date of any final rule (assuming a final rule shares similar timelines as proposed in the NOPR), the Commission should clarify how it expects PJM to transition to the Commission's final timelines, should those differ, over a reasonable period. This clarification should allow PJM to implement its proposed process during the transition, rather than halting PJM's progress as it comes into compliance with any final rule in this docket.

²³ For example, the Commission recently approved modifications to the MISO process that will move generation through the queue in 373 calendar days under their default path. *See Midcontinent Indep. Sys. Operator*, 178 FERC ¶ 61,141 (2022) and *Midcontinent Indep. Sys. Operator*, 179 FERC ¶ 61,148; *See also Sw. Power Pool, Inc.*, 179 FERC ¶ 61,148 (2022).

²⁴ *See supra* at n. 8.

²⁵ *See* NOPR at P 67 (Cluster Request Window - 45d and Customer Engagement Window - 30d), NOPR at P 74 (Cluster Study - 150d and Cluster Re-study - 150d), NOPR at 51. (Facility Study - 90d/180d).

²⁶ NOPR at 51.

²⁷ *See supra* at n. 23.

In the NOPR, the Commission proposes to allow existing ICs with existing interconnection requests to enter a transitional serial interconnection facilities study or a transitional cluster study with commercial readiness requirements or permit them to withdraw from the queue without penalty.²⁸ The Commission offers this two-track approach in order to respect the expectations of ICs who have already been working their way through the queue process and prefer to continue through the GI queue via existing processes but also offer ICs an option to proceed under a clustered process as it may make the interconnection process more efficient.²⁹ If it is clear to the Commission that a clustered process is more efficient than the status quo process, then the Commission should strongly consider using a clustered process as soon as feasible in the transition. Before issuing a final rule in this docket, the Commission should analyze whether the option for ICs to utilize a transitional serial process has the potential to materially delay the transition process.

In earlier comments, OPSI found the possibility that resources entering the queue today would not be able to reach commercial operation until nearly 2030 to be troubling.³⁰ Under its proposed transition timeline, PJM would not begin processing new interconnection requests until 2026, and then at that point, those resources would have to undergo a two-year interconnection process.³¹ OPSI has noted in the Commission’s Transmission Planning NOPR docket³² that the GI planning process and the Long Term Regional Transmission Planning process should, ideally, operate on very different timelines and that OPSI was “concerned about the implications of these timelines failing to remain distinct.”³³

²⁸ NOPR at § II.A.7.b..ii.

²⁹ *Id.*

³⁰ OPSI GI Comments at 6.

³¹ PJM GI Filing at § IV.B.4.

³² *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, 179 FERC ¶ 61,028 (2022).

³³ *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, Reply Comments of the Organization of PJM States, Inc., Docket RM21-17-000 at 10 (Sept. 19, 2022).

At the very least, any final rule in this docket should not further extend any transition process beyond what PJM is proposing. Ideally, a final rule in this docket should increase the GI request processing speed and shorten the transition to a clustered first-ready, first-served process. It would be counterproductive to allow ICs to request a transitional process that the Commission knows is deficient without substantial justification.

B. Reforms to Increase the Speed of Interconnection Queue Processing

i. Optional Resource Solicitation Study

The Commission describes how state-managed resource solicitations can lead to groups of resources that need to be studied as a portfolio and how these groups of resources could have significant interconnection needs.³⁴ In order to make it easier for states and LSEs carrying out state mandates to compare interconnection proposals, the Commission proposes to “allow a resource planning entity³⁵ to initiate an optional resource solicitation study.”³⁶ States and LSEs implementing a state mandate would be able to share information to simplify the process of studying a state-driven and potentially large group of similar interconnection requests.³⁷ This proposal would also provide state agencies with better information on the interconnection requirements and costs associated with resource portfolios.³⁸

OPSI believes optional resource solicitation studies could provide a more efficient and timely means of identifying the interconnection requirements for different combinations of interconnection requests. OPSI urges the Commission to implement boundaries on this process, as

³⁴ NOPR at P 219.

³⁵ See NOPR at n. 315 (“Proposed pro forma LGIP section 1 (defining “Resource Planning Entity” as any entity required to develop a Resource Plan or conduct a Resource Solicitation Process, including a relevant state entity or load serving entity). A “Resource Planning Entity” could be an LSE, a state entity, a wholesale customer (e.g., an LSE not affiliated with the transmission provider), depending on the incidence of the state mandate(s).”).

³⁶ *Id.* at P 223.

³⁷ *Id.* at P 226.

³⁸ *Id.* at P 228.

proposed in the NOPR,³⁹ to ensure it will not divert resources from the crucial task of timely processing interconnection queue backlogs and processing new requests. OPSI notes that PJM already provides states with informational transmission planning studies⁴⁰ and suggests that, at least in the PJM region, the RTO could use resources already dedicated to state information requests to help conduct optional resource solicitation studies. It is critical that the Commission balance the need for RTOs to provide states this additional information and the need for RTOs to efficiently process existing queue requests.

ii. Elimination of the Reasonable Efforts Standard and Associated Penalties

In the NOPR, the Commission highlights the fact that there are nearly 1,900 interconnection studies delayed across the country as of the end of 2021.⁴¹ Despite this, the Commission notes that it has never found a transmission provider to have violated the reasonable efforts standard.⁴² Therefore, the Commission proposes to eliminate the reasonable efforts standard and instead impose penalties on transmission providers who fail to meet their interconnection processing deadlines.⁴³

The Commission details in the NOPR under what situations it will assess penalties and states that RTOs may seek to recover these penalties from transmission owners (“TOs”) that contributed to the delay under § 205 of the Federal Power Act.⁴⁴ OPSI believes that any penalties

³⁹ *Id.* at P 230 (“[O]nly resource planning entities whose resource plan or resource solicitation process either uses competitive procurement techniques, or is substantively reviewed and approved or directly managed by a relevant state agency, could qualify to request that a transmission provider initiate an optional resource solicitation study.”).

⁴⁰ *See e.g.* PJM, Offshore Wind Transmission Study Phase 1 Results Report (October 19, 2021) available at: <https://www.pjm.com/-/media/library/reports-notices/special-reports/2021/20211019-offshore-wind-transmission-study-phase-1-results.ashx>; PJM, Illinois Generation Retirement Study (Aug. 8, 2022) available at: <https://www.pjm.com/-/media/library/reports-notices/special-reports/2022/2022-pjm-illinois-generation-retirement-study.ashx>.

⁴¹ NOPR at P 165.

⁴² *Id.* at P 167. (Reasonable efforts are defined as “actions that are timely and consistent with Good Utility Practice and are substantially equivalent to those a Party would use to protect its own interests.” NOPR at P 161 citing Order No. 2003, 104 FERC ¶ 61,103 at P 67; pro forma LGIP section 1.).

⁴³ *Id.* at P 168.

⁴⁴ 16 U.S.C. § 824d.

imposed must be borne by the utility causing the delay—whether that is the RTO or the TO, but OPSI is concerned that without further clarification, the Commission’s proposal may lead to penalties ultimately being recovered from ratepayers. In no case should the penalties be passed down to ratepayers, either directly or indirectly.

An RTO may, OPSI believes, be reluctant to seek recovery of the penalties from TOs. And if an RTO does not seek that recovery, it is unclear who would pay. Unlike other Transmission Providers, a profit-neutral RTO such as PJM is independently managed and does not have shareholders. The RTO relies on the combined efforts of all of the TOs to ensure that the queue milestones are met. FERC should take OPSI’s concern into consideration.

C. Reforms to Incorporate Technological Advancements into the Interconnection Process

The Commission proposes revisions to the pro forma Large Generator Interconnection Procedures to require consideration of certain generating facility additions without automatically deeming them material modifications, as well as enhancements to the surplus interconnection service process.⁴⁵ These changes would enable ICs to include additional equipment, particularly generation storage equipment, without triggering the need for additional lengthy interconnection studies.

OPSI supports amendments to the interconnection process that accelerate the processing of proposed additions that do not alter the requested interconnection service level, do not require additional Capacity Interconnection Rights, and which have only a de minimis impact on the transmission system. Allowing generation facilities to make these minor modifications, especially modifications that do not increase their maximum facility output, would enhance reliability by facilitating faster deployment of critical storage resources during the fleet transition. OPSI also

⁴⁵ NOPR at P 255 and 264.

encourages the Commission to require transmission providers to publish clear guidance on technologies and their related facility designs that would presumptively qualify for minor system modifications.

III. CONCLUSION

OPSI appreciates the opportunity to comment on the important reforms proposed in this NOPR.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing has been served in accordance with 18 C.F.R. Section 385.2010 upon each person designated on the official service list compiled by the Secretary in this proceeding.

/s/ Gregory V. Carmean

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Dated at Newark, Delaware this October 13, 2022.