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Docket No. AD08-2-000

FERC Offers Guidance on RTO, ISO Interconnection Queue Process Improvements

The Federal Energy Regulatory Commission (FERC) today directed Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs) to report on the status of their efforts to improve the processing of their interconnection queues.

The request follows a Dec. 11, 2007, technical conference on interconnection queue practices, at which participants complained of transmission providers' delays in processing interconnection queues, particularly in RTO and ISO regions that are attracting significant new entry into generation markets, particularly in regions where the industry is working to meet state renewable portfolio standards.

"Our improved transmission planning requirements under Order No. 890 will help over the long term, but the markets need help now," FERC Chairman Joseph T. Kelliher said. "We recognize and respect that each region of the country has individual circumstances and stakeholder processes. Our goal here is to help them along with suggestions on how to focus the discussions."

FERC is giving the RTOs and ISOs 30 days from the date of today's order to provide information on a variety of matters, including the current size of their queues, the current timeframes for processing those requests and the nature and extent of any problems that have led to any backlogs. Their reports also must explain the status of stakeholder discussions on queue reform and provide a schedule for selecting and implementing any necessary reforms, including a target date for filing any necessary tariff amendments or waivers.

To help them gather that information, FERC is offering guidance that breaks down the reforms into those that can be implemented quickly and without any tariff revisions, and those that require tariff changes.

"These guiding principles will help the RTOs and ISOs formulate their own ways to improve their individual interconnection queue processes," Commissioner Suedeen Kelly said. "I am very encouraged that this will help pave the way for the RTOs and ISOs to be able to address queue management reform without delay."

The FERC guidance document states that reforms made without tariff changes could include:
- Increasing the staff available to work on interconnection studies;
- Adopting more efficient modeling for feasibility studies or system impact studies; or
- Performing a single system impact study for a cluster of interconnection requests.

Reforms that require tariff changes could apply to future interconnection requests and existing requests that still are in their early stages, and reforms that affect existing interconnection requests that are in the later stages of the process. Some of those reforms already are addressed in Order No. 2003, which standardized

generator interconnections and agreements.

For others, FERC suggests that it may be appropriate to increase the requirements for getting and keeping queue positions or elimination of the feasibility study as a separate step to reduce processing time without harming interconnection customers. The order also suggests the idea of developing a first-ready, first-served approach where customers demonstrating the greatest ability to move forward with project development are processed first.

Reforms affecting existing interconnection requests in the later stages of the process create special circumstances requiring careful consideration as they could significantly disrupt the activities of customers that may already have taken action that relies on the existing process, FERC said. Whether and how a particular reform should apply to these types of requests should be considered on a case-specific basis.

These reforms could take the form of a filing to make generic revisions to the tariff, filings to modify individual interconnection-related agreements or a request for a one-time waiver of the tariff.

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