

November 14, 2024

Via eFiling in Docket No. AD24-9-000

The Honorable Willie Phillips, Chairman
The Honorable Mark Christie, Commissioner
The Honorable David Rosner, Commissioner
The Honorable Lindsay See, Commissioner
The Honorable Judy Chang, Commissioner

Federal Energy Regulatory Commission
888 First St., NE
Washington, D.C. 20426

Re: Parties Support Generator Interconnection Reform Beyond Order 2023

Dear Chairman Phillips and Commissioners Christie, Rosner, See, and Chang:

The signatories of this letter are energy consumer groups as well as the R Street Institute, a pro-market think tank. We support an efficient and reliable transmission system, which requires profound reforms to generator interconnection (GI) processes. We commend the Federal Energy Regulatory Commission (Commission) for its initial steps to reform GI, namely through Order 2023. However, as an energy consumer letter noted last year, the scope of the rulemaking was narrow and did not resolve most of the pressing areas of needed GI reform.¹ The letter motivated the introduction of a Senate bill and built momentum for the Commission to host a September 2024 workshop on additional GI reform.²

The salience of GI reform, beyond Order 2023, continues to grow. Unnecessarily slow and costly GI process has been a growing economic burden on consumers for years. Grid upgrade costs for generators to interconnect have grown by multiples in many regions, and most of these costs are passed through to consumers.³ Interconnection wait times have increased from less than two years to a median of five years last year, with some regions now explicitly delaying or pausing the processing of new GI requests.⁴ GI delays now present a material reliability risk to consumers, especially as expectations for load growth have increased. For example, PJM identified GI reform as one of its top three reform priorities to avert potential capacity shortfalls

¹ Devin Hartman et al., "Re: Parties Support Ambitious Generator Interconnection Reform," Docket No. RM22-14-000, June 8, 2023. https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20230608-5155&optimized=false.

² "Cortez Masto Introduces Legislation to Improve Reliability of America's Electricity Grid, Lower Energy Costs," April 18, 2024. <https://www.cortezmasto.senate.gov/news/press-releases/cortez-masto-introduces-legislation-to-improve-reliability-of-americas-electricity-grid-lower-energy-costs/>.

³ Devin Hartman and Beth Garza, "Finishing Generator Interconnection Reform," Dec. 5, 2023. <https://www.rstreet.org/commentary/finishing-generator-interconnection-reform/>.

⁴ Joseph Rand et al., "Queued Up: 2024 Edition Characteristics of Power Plants Seeking Transmission Interconnection As of the End of 2023," Lawrence Berkeley National Laboratory, April 2024. https://emp.lbl.gov/sites/default/files/2024-04/Queued%20Up%202024%20Edition_R2.pdf.

this decade.⁵ The workshop record thus far suggests that compliance with Order 2023 alone will not remedy these problems.

Clearly, the status quo is not just and reasonable under the Federal Power Act. The record is sufficient to support the Commission pursuing a notice of inquiry or notice of proposed rulemaking (NOPR) to supplement Order 2023. A targeted, supplemental NOPR may be most useful where uniform improvement is achievable, such as using accurate and consistent GI studies assumptions or improving network upgrade planning. However, such action is not necessarily appropriate for all additional reforms, such as instilling the best GI managerial practices. Further, the Commission must consider the opportunity cost that a NOPR creates for Commission staff and external stakeholders, who already face a high near-term workload with issues ranging from Order 2023 compliance to an expected NOPR on dynamic line ratings.

Should the Commission defer on a supplemental NOPR, it may wish to advance further GI reforms by wielding its “soft power” instead. This would organically induce additional proposed reforms at the regional level. Indeed, some regional stakeholders are already pursuing improvements beyond Order 2023 compliance.⁶ Workshop discussion and recent reports indicate substantial variance in GI practices between regions, with some practices clearly lagging while others outperform.⁷ Workshop participants mentioned how opaque some GI practices are and the exceptional level of time needed to assemble data and assess the performance of GI practices, such as efforts by staff at Lawrence Berkeley National Laboratory.⁸ This suggests that the Commission should pursue a strategy to shed more light on GI practices in a comparative context across regions to identify and encourage adoption of best practices. Several policy tools are available to the Commission to accomplish this strategy.

We recommend that the Commission announce 1) an ongoing bi/annual forum on best GI practices, 2) enhanced regional reporting requests on GI practices, and 3) articulate policy objectives by issuing a policy statement. For example, each region could produce an annual public report summarizing GI activities, requests, executed agreements, manual and automated processes used and planned, study assumptions and alternatives considered, interconnection costs, and timelines. Consistent with the consumer letter request last year, we urge the policy statement to include the following objectives:

1. *Ensure GI studies use accurate, transparent, and consistent assumptions and assess low-cost alternatives.* Assumptions across generation types should be based on actual operating practices. Studies should evaluate advanced transmission technologies and redispatch to identify the least-cost upgrade solutions and transparently explain solution selection criteria.
2. *Plan transmission network upgrades in the most cost-efficient manner.* Network upgrade costs, which are mostly borne indirectly by consumers, could be lowered markedly by

⁵ PJM Interconnection, LLC, “Energy Transition in PJM: Resource Retirements, Replacements & Risks,” Feb. 24, 2023. <http://www.pjm.com/-/media/library/reports-notice/special-reports/2023/energy-transition-in-pjm-resource-retirements-replacements-and-risks.ashx>.

⁶ For e.g., see Robert Mullin, “FERC Approves CAISO Plan to Streamline Interconnection Process,” *RTOInsider*, Oct. 1, 2024. <https://www.rtoinsider.com/88527-ferc-caiso-plan-streamline-interconnection-process/>.

⁷ John Wilson et al., “Generator Interconnection Scorecard,” Grid Strategies and The Brattle Group, Feb. 2024. <https://gridstrategiesllc.com/wp-content/uploads/2024/03/AEI-2024-Generation-Interconnection-Scorecard.pdf>.

⁸ See <https://emp.lbl.gov/queues>.

harnessing proactive regional transmission planning.⁹ Cost allocation should still adhere to the beneficiary-pays principle.

3. *Enable non-discriminatory fast-tracking of interconnection requests.* GI queue prioritization should not favor specific resources but allow for efficient use of existing capacity by fast tracking the most commercially ready projects. Clarify energy resource interconnection service (ERIS) and expedite generators willing to accept such “as-available” interconnection service. ERIS resources bear the risks of curtailment and congestion and do not need to be subjected to deliverability tests because they are not seeking to qualify as capacity resources.
4. *Simplify deliverability requirements and expand informational tools.* Better information and simpler deliverability requirements for network resource interconnection service (NRIS) shift congestion performance risk to generators, while reducing barriers to entry. NRIS deliverability tests should not unduly inhibit new investment, which independent market monitors have found exists.¹⁰ Proactive tools like heat maps and granular screening studies can provide site selection information to developers and reduce the flood of “speculative” GI requests motivated by lack of transparency and information.¹¹
5. *Ensure grid operators employ best managerial practices to expedite GI studies.* This includes the use of automation and artificial intelligence.

Energy consumers urge the Commission to signal a public commitment to additional GI reforms. At minimum, a policy statement would indicate the Commission’s ongoing commitment to finish the unfinished business of GI reform.

Signed,

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⁹ Beth Garza and Devin Hartman, “Pre-Workshop Comments of the R Street Institute,” R Street Institute, Docket No. AD24-9-000, Aug. 26, 2024. <https://www.rstreet.org/outreach/pre-workshop-comments-of-the-r-street-institute-before-the-federal-energy-regulatory-commission-on-innovations-and-efficiencies-in-generation-interconnection/>.

¹⁰ See e.g., David Patton et al., “2023 State of the Market Report for the New York ISO Markets,” Potomac Economics, May 2024. https://www.potomaceconomics.com/wp-content/uploads/2024/05/NYISO-2023-SOM-Full-Report_5-13-2024-Final.pdf.

¹¹ See e.g., “Initial Comments of Google, LLC, on Improvements to Generator Interconnection Procedures and Agreements,” Docket No. RM22-14-000, Oct. 13, 2022, pp. 13-15. https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20221013-5185&optimized=false.

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