Interconnection Policy Workshop Session 7

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Introduction

- Following slides summarize AMP’s views on Participant Funding, but other aspects of the ANOPR were discussed as well.
- https://elibrary.ferc.gov/eLibrary/filedownload?fileid=58F3195C-8B1E-CFC2-A130-7C76B9C00000
- AMP is a member of the Transmission Access Policy Study Group (“TAPS”), the American Public Power Association (“APPA”), and the Large Public Power Council (“LPPC”), each of which provided comments and were generally supported by AMP.
- Comments today are solely AMPs and are not associated with TAPS, APPA, or LPPC.

Introduction

- AMP supportive of the Commission’s examination of the items included within the ANOPR.
- AMP is generally supportive of comprehensive, holistic reviews of market design as opposed to a piecemeal, narrow, and limited discussion.
  - Regional transmission planning and cost allocation must be integrated and addressed holistically
- AMP is concerned about fundamental changes to components of transmission planning, cost allocation, and/or the generation interconnection queue in isolation absent a review of the E&AS markets and capacity constructs that in total comprise the FERC approved wholesale rates.

ANOPR Comments on Participant Funding

- Participant funding programs for generator interconnection-related network upgrade costs must not be subsidized by captive transmission customers
- Removing participant funding requirement would create more speculative interconnection requests, not fewer.
  - Would exacerbate interconnection/queue problems
- More meaningful price signals are communicated when generation developers are required to bear the costs of network upgrades necessary for their interconnection decisions.
- Need to avoid unintended consequences adverse to the interests of consumers
  - Ensure transmission owning companies cannot advantage their affiliated generation interests by shifting costs to captive LSEs

Additional ANOPR Comments

- Prudent to explore potential changes given changing resource mix.
- Disagree with some FERC assumptions within the ANOPR:
  - FERC : New generation will be located far from load centers
    - Ignores growth of DERs which are inherently local to load centers
    - Potential contradiction with Order 2222's goals of removing barriers preventing DERs from competing in the E&AS markets of RTOs/ISOs
  - FERC: Removal of possibly prohibitive cost assignment via participant funding could justify burdening transmission customers
    - If a generator interconnection renders a project uneconomic it should not be built.
- Benefits considered as part of cost allocation should be measured based on actual or reasonably anticipated scenarios:
  - Reduction in congestion (or other verifiable economic benefits)
  - Resolution of reliability issues (incl. generator stability issues)
  - Improved access to competitive markets

Additional ANOPR Comments

- Public power is uniquely positioned to identify “public policy” benefits raised in the ANOPR
  - Publicly accountable
  - Balanced: Represent interests of load and generation owners
  - Reflect consensus of the communities that own and support them
- Need to ensure mandates in FPA Sec. 217 are upheld:
  - Require FERC to exercise its statutory authority that transmission facilities (planned & expanded) meet the reasonable needs of LSEs to satisfy the LSEs obligations

PJM Options

- Option 1 – State Underwriting
  - OK if generators reimburse state.
  - Load assessment alternative would mask siting price signal.
- Option 2 - Enhancing Baseline Transmission
  - Imposes a generation planning role on PJM; would require EIPC-style scenario analysis of multiple futures and a “least regrets” project selection.
  - Risks stranded costs if speculative generation does not materialize.
  - Status quo baseline project cost allocation not consistent with cost-causation.
- Option 3 - Supplemental Project Treatment
  - The worst option, as it amplifies the existing Supplemental Project bonanza.
  - Zonal cost allocation is not consistent with cost-causation.

PJM Options

- Option 4 – DOE Corridor Build-Out
  - Corridor identification has potential, but DOE track record is thin.
  - Baseline project cost allocation only if consistent with cost-causation/benefits.
- Option 5 – Merchant Funding
  - Contractual cost allocation as agreed by merchant and its customers is appropriate.
  - Retains siting price signal.
- Option 6 – Subscription Model
  - Efficiencies available in planning for groups of electrically adjacent projects.
  - PJM planning focuses on generator interconnections identified by developers rather than wholly speculative future requests.
  - Costs paid by subscribing projects is consistent with cost-causation/beneficiary pays principles.

THANK YOU!

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