



PJM Interconnection Workshop #1: An Overview of Federal Interconnection Policy

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PJM Interconnection

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- FERC Order 2003: July 24, 2003
- FERC Order 1000: July 21, 2011
- FERC Order 2222: Sept. 17, 2020



Order 2003 – Issued July 24, 2003

FERC's Initial Focus – Standardization of Interconnection Policies to:

- Limit opportunities for non-independent Transmission Providers to favor their own generation
- Facilitate market entry for generation competitors by reducing interconnection costs and time
- Encourage needed investment in generator and transmission infrastructure



- Ensure that the “cost causer” (interconnecting generator) initially pays all of the upgrade costs that would otherwise not be needed but for the interconnection (i.e., “but for” costs)
- Protect consumers from paying for upgrades which would not be needed if not for the interconnection request
- Once interconnected, ensuring continued deliverability of the interconnected generators through baseline upgrades paid for by load



- Original Order 2003 focused on nondiscrimination by the Transmission Provider in interconnecting generators.
- Order 661: FERC provides exceptions to recognize different technical characteristics of wind generation – relieving low voltage ride through requirements, power factor reforms, etc.
- Order 845 further ensures nondiscrimination by providing generator option-to-build opportunities.
- No interconnection order has departed from the “cost causer pays” principle for network upgrades.

- Shift from cost causer pays to beneficiary pays for base line upgrades
- Requirement to consider public policy in RTEP planning process
- PJM requests FERC to reconcile Order 1000 approach as applied to renewables vs. Order 2003 cost causer nondiscrimination principles
- Development of State Agreement Approach – OPSI June 2012 letter of general endorsement



- Determining upgrade costs – ensuring that interconnecting generator pays all “but for” costs it causes by virtue of its interconnection
- Ensuring non-discrimination in administering the interconnection process:
 - Fuel neutral
 - Ownership neutral
 - Order 2222: Nondiscriminatory deliverability analyses as between behind-the-meter and front-of-meter generation

Three Distinct Venues

1. Process reforms, which PJM can undertake within the existing framework.
2. PJM-specific policy reforms that would need to be justified under FERC standards of review defined in Order 2003. Need to justify departure from FERC Order 2003 policy and substantial post-Order 2003 precedents.
3. Requests for larger FERC effort to update and reform interconnection policies nationally.
 - Order 2003 – 17 years old
 - Focus on renewables and state-driven support has grown exponentially over this 17-year period



Combination of initiatives 1, 2 and 3 above?

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An Overview of Federal Interconnection Policy



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