

Interconnection Order No. 2023 Proposed Compliance Approach

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Agenda

- **Proposed Cluster Study Overview**
- **Proposed Cluster Study Structure and Timeline**
- **Proposed Transition Process, including Interim Transition Process and Rules Applicable to New/Pending Projects in the Interconnection Queue**
- **Proposed Pre-Application Process**
- **Proposed Approach for Physical Infeasibility Determinations**
- **Inclusion of Small Generators in Cluster Study Process**
- **Next Steps**

Proposed Cluster Study Overview

Proposed Cluster Study Process

NYISO Compliance Approach

■ Key Aspects:

- An overall timeline that aligns with the timeline laid out in Order No. 2023.
- A rolling, optional pre-application process;
- An enhanced scope for the Customer Engagement Window (including a physical infeasibility screen);
- A two-phase Cluster Study that incorporates SRIS-type analyses and Class Year analyses (including POI upgrades) rather than an SRIS-type cluster followed by an individual facilities study;
- Limited project modifications (to be discussed further in future meetings) and opportunities to cure deficiencies

Proposed Cluster Study Process

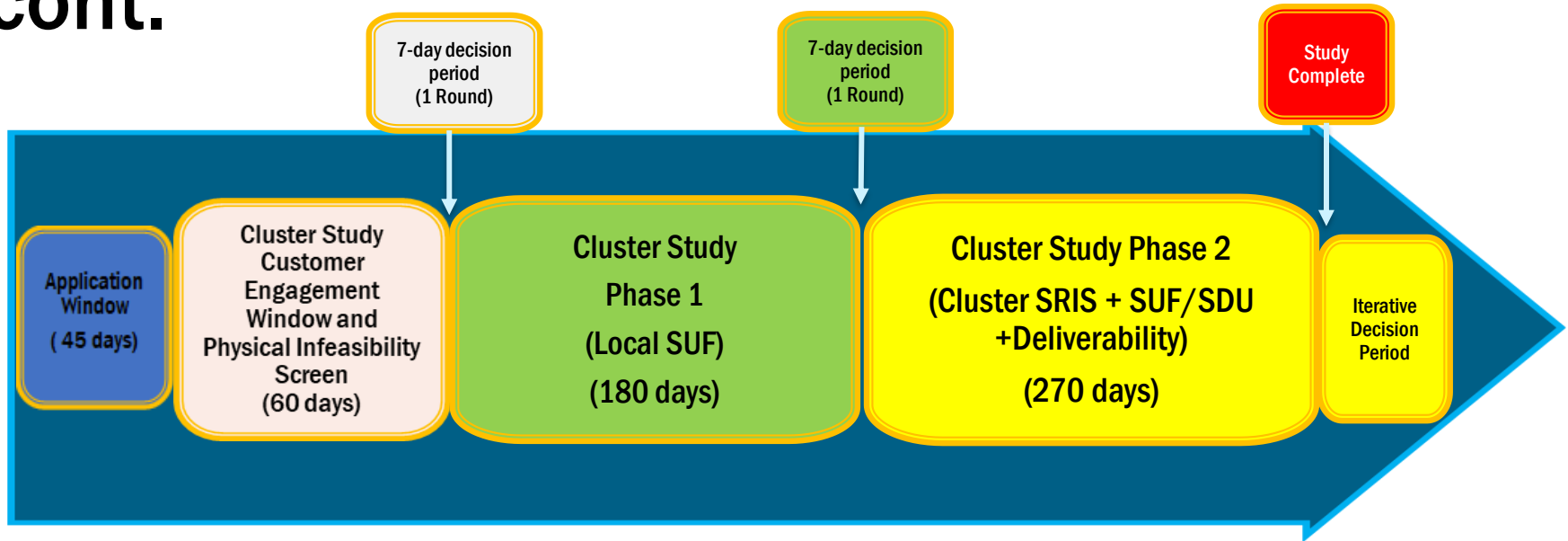
NYISO Compliance Approach

- **Key Aspects, cont.:**
 - Inability for projects to move forward if deemed physically infeasible (to be discussed further in future meetings)
 - Increased financial commitments, including deposits aligned with those in Order No. 2023 (to be discussed further in future meetings);
 - More stringent Site Control requirements (to be discussed further in future meetings)
 - Key aspect for consideration: Incorporating Small Generating Facilities into the Cluster Study Process

- **Additional aspects and details under development to be discussed in future meetings**

Proposed Cluster Study Structure and Timeline

NYISO's Proposed Cluster Study Process, cont.



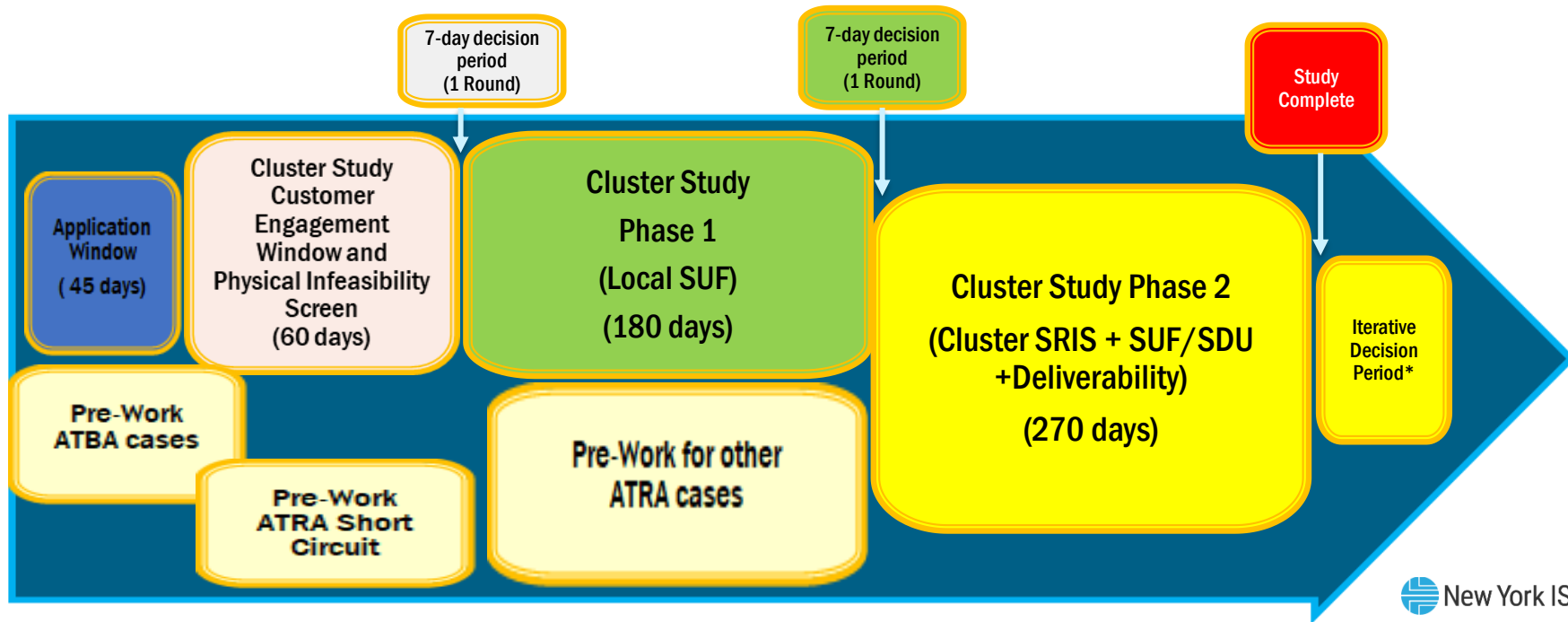
Total Timeline: 569 days (1.6 years)

Total Timeline in Order No. 2023: 495 days to 585 days (1.4 - 1.6 years)

(see Appendix for details re: Order No. 2023 Cluster Study structure and timeline)

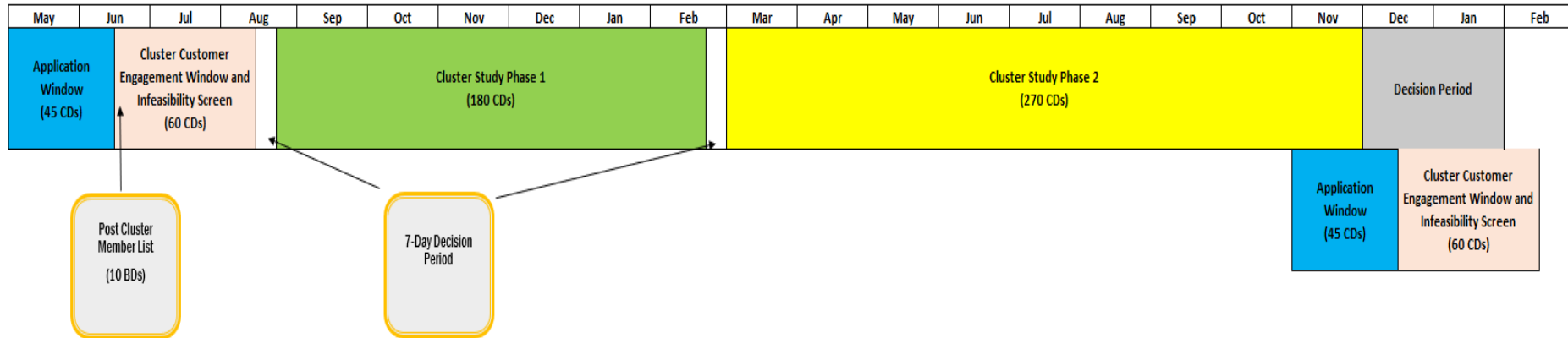
NYISO's Proposed Cluster Study Process, cont.

NYISO will perform pre-work to prepare for Cluster Study Phase 1 and Phase 2



Sequencing of Cluster Studies

- Clusters begin every 18 months with slight overlap, but not overlap that would cause rework or inefficiencies:



Proposed Cluster Study Transition Process

Interim Transition Process

- **NYISO proposes to file a partial compliance filing/waiver in early November to get a head start on the transition process. Specifically, NYISO proposes to:**
 - Eliminate the SRIS requirement for pending queue projects;
 - Eliminating the option to elect a detailed Optional Feasibility Study (allowing Developers to continue to elect the limited Optional Feasibility Study scope provided for in Section 30.6.2(1)); and
 - Provide pending queue projects various options for how they want to move forward (outlined on the following slides).
- **Under any of the options available to Developers pending in the queue, they can submit a Pre-Application request and/or submit an application for the Transitional Cluster Study or subsequent Cluster Studies under the new Cluster Study process.**

Interim Transition Process, cont.

- **Optional Feasibility Study Options for Pending Queue Projects:**
 - Projects with detailed Optional Feasibility Study scope executed prior to 12/1/2023 must do one of the following by 12/8/2023:
 - Elect to complete the detailed Optional Feasibility Study;
 - Elect to terminate the detailed Optional Feasibility Study and remain in the queue (subject to transition rules requiring application in the Transitional Cluster Study);* or
 - Elect to withdraw from the NYISO queue.
 - Projects with limited Optional Feasibility Study executed prior to 12/1/2023 must do one of the following by 12/8/2023:
 - Elect to complete the limited Optional Feasibility Study;
 - Elect to terminate the limited Optional Feasibility Study and remain in the queue (subject to transition rules requiring application in the Transitional Cluster Study);* or
 - Elect to withdraw from the NYISO queue.

*Default approach if Developer fails to timely elect otherwise

Interim Transition Process, cont.

- **Optional Feasibility Study Options for Pending Queue Projects, cont.:**
 - Projects with validated IRs without an executed Optional Feasibility Study scope (limited or detailed) prior to 12/1/2023 must do one of the following within 5 Business Days of completion of its Scoping Meeting:
 - Elect proceed to a limited Optional Feasibility Study;
 - Elect to remain in the queue without proceeding to a limited Optional Feasibility Study (subject to transition rules requiring application in the Transitional Cluster Study); or
 - Elect to withdraw from the NYISO queue.
- *Default approach if Developer fails to timely elect otherwise

Interim Transition Process, cont.

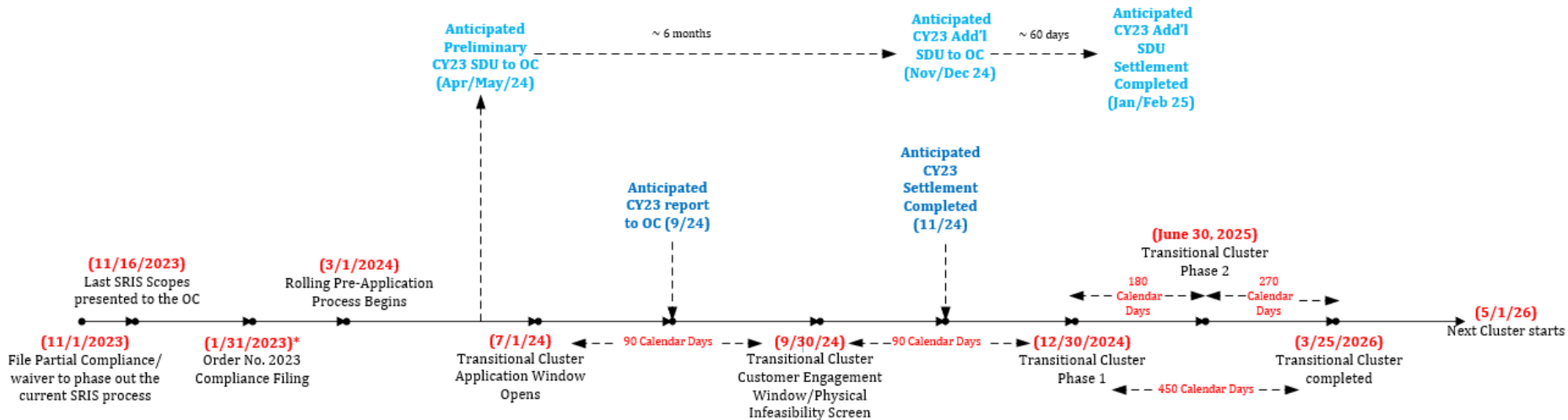
■ SRIS Options for Pending Queue Projects:

- Projects with OC-approved SRIS scopes prior to 12/1/2023 must do one of the following by 12/8/2023:
 - Can elect to complete the SRIS
 - Can elect to terminate the SRIS and remain in the queue (subject to transition rules requiring application in the Transitional Cluster Study);* or
 - Can elect to withdraw from the NYISO queue.
- Projects with validated IRs without an OC-approved scope prior to 12/1/2023 must do one of the following by 12/8/2023:
 - Can elect to proceed with a limited Optional Feasibility Study if one has not yet been performed;
 - Can elect to remain in the queue without proceeding to a limited Optional Feasibility Study (subject to transition rules requiring application in the Transitional Cluster Study);* or
 - Can elect to withdraw from the NYISO queue.
- *Default approach if Developer fails to timely elect otherwise

Transition Process Overview

- **Order No. 2023 provides for a 360-day transition cluster that precedes the initial "standard" Cluster Study.**
 - This would delay the commencement of the new Cluster Study process.
- **NYISO proposes to transition directly into the new Cluster Study process rather than awaiting the end of a year-long transitional study**
 - As depicted on the following slide, the initial Transitional Cluster Study Application Window will allow interconnection customers additional time to enter this initial study (90 days vs. 45 days).
 - The Customer Engagement Window/Physical Infeasibility Screen will also be extended by 30 days (90 days vs. 60 days) for purposes of the transitional process.
 - The Transitional Cluster Study will otherwise follow the same process with the same timelines as the "standard" new Cluster Study process.

Transition Process Timeline



*For purposes of this timeline, the compliance filing date is January 31, 2023. This date may be earlier or later depending upon the disposition of pending motions for extension and the status of the NYISO's compliance proposal.

New and Pending Interconnection Requests

- **New IRs will continue to be permitted and validated pending the final compliance filing**
- **Projects pending in the Interconnection Queue on the compliance filing effective date:**
 - Will be required to submit an application to enter the Transitional Cluster Study and will be assigned a new queue number upon validation in the Transitional Cluster Application Window
 - Will not have priority over other applicants in the Transitional Cluster Study – priority in the Transitional Cluster Study to be determined based on validation date in the Transitional Cluster Application Window.
 - Deposits required for entry into the Transitional Cluster Application Window will be offset by the \$10,000 application fee submitted with the project’s initial Interconnection Request submitted in the pre-Cluster process.

Pending Interconnection Requests

- **Class Year 2023 projects:**

- Will proceed under current Class Year Study process
- Upon acceptance of Project Cost Allocations for SUFs and posting of Security, the project will proceed to the Interconnection Agreement stage.
- Upon rejection of Project Cost Allocations for SUFs or a Security Posting Default:
 - If Class Year 2023 is the project's last eligible Class Year, it will be withdrawn from the queue.
 - If, under current rules, the project would have been eligible to enter a subsequent Class Year, it may remain in the Interconnection Queue (subject to transition rules requiring application in the Transitional Cluster Study)
 - Projects electing this option that paid a deposit in lieu of satisfying a regulatory milestone to enter Class Year 2023 will be eligible for a refund of the \$3,000/MW portion on the deposit upon such election.
 - The \$100,000 portion of the regulatory milestone deposit is refundable only if the regulatory milestone is satisfied by February 13, 2024.

Pre-Application Process

Pre-Application Process

- NYISO proposes to include in its compliance filing a pre-application process to further the goal of Order No. 2023 to provide greater information access to potential developers.
- **Proposed Pre-Application Process would be available to prospective:**
 - Small Generating Facilities;
 - Large Generating Facilities; and
 - Transmission projects subject to the Large Facility Interconnection Procedures (currently defined as “Class Year Transmission Projects”)
- **Any requester (whether in the interconnection queue or not) can submit a request via the Interconnection Portal**
 - \$5,000 per Point of Interconnection
 - Pre-Application Request Form template is posted with the meeting materials

Pre-Application Process, cont.

- **NYISO will route the application to the applicable Connecting Transmission Owner and Affected Transmission Owner (ATO for local SUFs only)**
 - Upon the Transmission Owner confirmation that it is the Connecting Transmission Owner, it will proceed to a scoping meeting
 - Connecting Transmission Owner will complete the pre-application report within 25 Business Days after the Pre-Application scoping meeting.
- **Information available in a pre-application report (Pre-Application Report template posted with the meeting materials)**

Physical Infeasibility

Physical Infeasibility

- **A project deemed physically infeasible will not be permitted to proceed to the next Cluster Study phase.**
 - If physical infeasibility is identified in Customer Engagement Window's preliminary physical infeasibility screen the project cannot proceed to Cluster Study Phase 1.
 - If physical infeasibility is identified in Cluster Study Phase 1, the project cannot proceed to Cluster Study Phase 2.
 - If physical infeasibility is identified in Cluster Study Phase 2, the project cannot proceed to Cluster Study Phase 2 decision phase.
- **See following slide for proposed definition of physical infeasibility**

Physical Infeasibility, cont.

- **A project may be deemed physically infeasible if:**
 - 1) the substation for the selected point of interconnection (POI) does not have any available bus positions and
 - a) is not expandable electrically or within the existing substation footprint, or
 - b) adjacent usable vacant land is not available, or
 - c) proposals by developer are inconsistent with Good Utility Practice or Applicable Reliability Standards; or
 - 2) A viable tie line cable route to the point of interconnection cannot be established; or
 - 3) The project capacity exceeds the ratings of equipment at the substation selected for the POI and replacement equipment that would be adequately rated for the project capacity is not commercially available from an approved supplier and within applicable specifications set by the Transmission Owner.

Incorporating Small Generating Facilities into the Cluster Study Process

Small Generating Facilities in the Cluster Study Process

- NYISO requests feedback regarding incorporating Small Generating Facilities into the proposed Cluster Study process
- MISO, SPP, CAISO, and PJM already have a combined process, with limited exceptions, such as a Fast Track Process permitted under certain circumstances.
- **Potential Benefits**
 - More efficient and streamlined interconnection process
 - Single set of rules
 - Base case alignment
 - Small Gens are studied individually without Large Facilities in pending interconnection studies. As a result, the collective impact at a POI involving both Large and Small generators may not be adequately captured without performing sensitivities.
 - May expedite the total study process for Small Generating Facilities

Small Generating Facilities in the Cluster Study Process, cont.

- **Potential Benefits, cont.**

- Without merging processes, NYISO will need to develop the following additional rules:
 - Rules to account for impacts of Small Generating Facilities on projects in the new Cluster Study process, including:
 - how/when to fold them into the new Cluster Study; and
 - the potential impact/delay caused by adding projects at later stages of the Cluster Study process.
 - Rules to evaluate pending Cluster Study projects in the base cases of Small Generating Facilities Study or to perform sensitivities for Small Generating Facilities Study, making their ultimate cost allocation and upgrades contingent upon decisions in the Cluster Study.

Small Generating Facilities in the Cluster Study Process, cont.

- **Potential Downsides:**

- Larger scope of compliance plan and compliance tariff revisions
- Potentially more stringent entry requirements
- Time required to develop transition rules for Small Generating Facilities currently in the queue
- Increase the number of projects that have to be studied in the Cluster Study process (but efficiencies gained may outweigh this downside)
- Less flexibility for Small Generating Facilities regarding timing for submitting an application
 - Would be limited to the Cluster Study Application Window vs. current rolling submission process

Next Steps

Next Steps

- **If FERC denies pending motions for extension of the compliance filing deadline, NYISO anticipates filing a Motion for Extension of the Compliance Deadline**
- **Compliance proposals to be discussed in increasing detail at Interconnection Task Force meetings. Upcoming IITF meetings:**
 - November 2
 - November 14
 - December 1
 - December 14
 - January 11

Appendix A

Order No. 2023 Overview Slides

Order No. 2023 Rulemaking Process

- **July 15, 2021** – FERC issued an Advanced Notice of Proposed Rulemaking (ANOPR) to broadly examine FERC's current electric regional transmission planning, cost allocation, and generator interconnection policies.
- **April 21, 2022** – FERC issued a Transmission Planning NOPR.
- **June 16, 2022** – FERC issued the Interconnection NOPR in Docket No. RM22-14-000.
- **July 28, 2023** – FERC issued Order No. 2023. (184 FERC ¶ 61,054)
 - FERC Chairman Phillips described Order No. 2023 as a “historic,” “landmark,” and “watershed” order and one of the longest orders in FERC’s history.

Overview of Order No. 2023

- **The final rule requires Transmission Providers to adopt revised *pro forma* generator interconnection procedures (LGIP) and agreements “to ensure that interconnection customers can interconnect to the transmission system in a reliable, efficient, transparent, and timely manner, and to prevent undue discrimination.”**
 - FERC’s *pro forma* term “Transmission Provider” as applied in the NYISO’s interconnection procedures encompasses both the NYISO and the New York Transmission Owners.
 - The NYISO’s interconnection procedures assign the responsibilities of “Transmission Providers” to the NYISO, as the system operator, and the New York Transmission Owners, as the owners of the impacted transmission and distribution facilities in New York.
- **FERC describes its reforms as primarily falling into 3 categories:**
 - First-Ready, First-Served Cluster Study Process.
 - Reforms to Increase the Speed of Interconnection Queue Processing.
 - Reforms to Incorporate Technical Advancements in the Interconnection Process.

Overview of Order No. 2023

■ Compliance Deadline

- Compliance filing is due on December 5, 2023, which is 90 days from the date Order No. 2023 was published in the Federal Register (absent an extension granted by the Commission).
- Motions for Extension of Time filed by other parties are pending. If such motions are denied, NYISO anticipates seeking a modest extension of the compliance filing deadline.

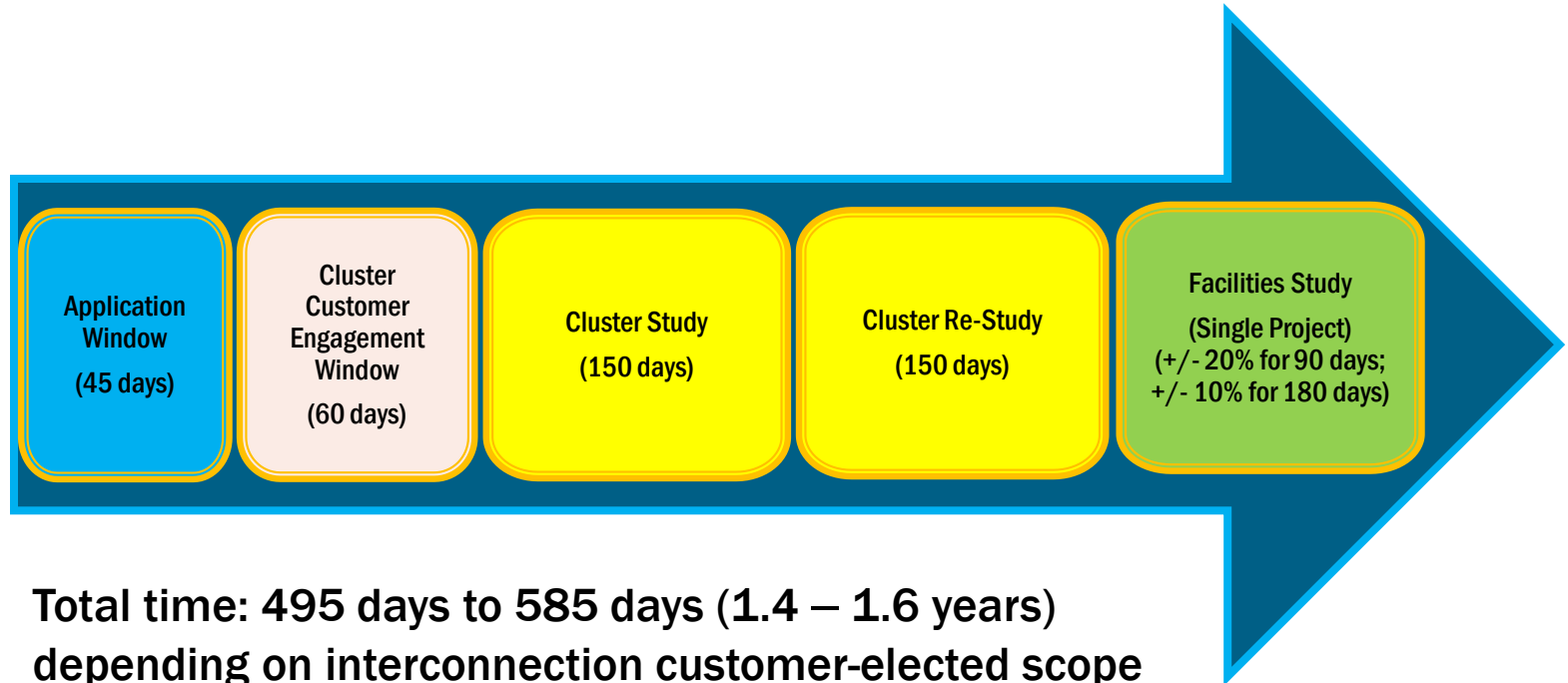
■ Independent Entity Variations

- Deviations from the compliance directives are permitted if the transmission provider demonstrates the variations are either “consistent with or superior to” the FERC *pro forma* LGIP or, in the context of RTOs/ISOs merit an independent entity variation
- In Order No. 2003 when the LGIP was initially created, the Commission acknowledged the differing characteristics of each region and provided ISOs and RTOs with the flexibility to seek independent entity variations from the final rule “to customize its interconnection procedures and agreements to fit regional needs.”
- Order No. 2023 gives ISOs/RTOs flexibility to propose independent entity variations for reforms to accommodate regional needs.

Motions for Rehearing/Clarification

- **Along with other ISOs/RTOs, transmission owners and industry groups, the NYISO submitted a Motion for Rehearing and Clarification on select issues in Order No. 2023.**
 - NYISO requested rehearing to permit each Transmission Provider to establish firm interconnection study deadlines that are tailored to specific study scopes and circumstances for each region rather than one-sized-fits-all timeframes.
 - NYISO requested rehearing to eliminate the requirement that Transmission Providers must post an anonymized list of projects eligible to participate in the cluster study.
 - NYISO requested clarification that Interconnection Customers only get one opportunity to correct deficiencies in its Interconnection Request and that the Commission did not intend for that cure period to be extended.
- **On September 28, 2023, FERC denied all requests for rehearing by operation of law, providing that the requests for rehearing will be addressed in a future order.**

Order No. 2023 Cluster Study Timeline



**Total time: 495 days to 585 days (1.4 – 1.6 years)
depending on interconnection customer-elected scope
for the Facilities Study**

Order No. 2023 Transition Process

- **Order No. 2023 provides for three options that can be exercised depending on the progress of the Interconnection Request:**
 - 1) Interconnection Customers that have been tendered facilities study agreements by the Transmission Provider may proceed to a transitional serial study (a facilities study) or may opt to move to the transitional cluster study.
 - 2) Interconnection Customers in the interconnection queue that have not been tendered a facilities study agreement (have not completed the system impact study) will be eligible for the transitional cluster study.
 - 3) All other Interconnection Customers will be subject to the new interconnection procedures.

Questions?

Roles of the NYISO

- **Reliable operation of the bulk electricity grid**
 - Managing the flow of power on 11,000 circuit-miles of transmission lines from hundreds of generating units
- **Administration of open and competitive wholesale electricity markets**
 - Bringing together buyers and sellers of energy and related products and services
- **Planning for New York's energy future**
 - Assessing needs over a 10-year horizon and evaluating projects proposed to meet those needs
- **Advancing the technological infrastructure of the electric system**
 - Developing and deploying information technology and tools to make the grid smarter

Our Mission & Vision



Mission

Ensure power system reliability and competitive markets for New York in a clean energy future



Vision

Working together with stakeholders to build the cleanest, most reliable electric system in the nation