

181 FERC ¶ 61,162
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James P. Danly, Allison Clements,
Mark C. Christie, and Willie L. Phillips.

PJM Interconnection, L.L.C.

Docket Nos. ER22-2110-000
ER22-2110-001

ORDER ACCEPTING TARIFF REVISIONS SUBJECT TO CONDITION

(Issued November 29, 2022)

1. On June 14, 2022, as amended on September 29, 2022, PJM Interconnection, L.L.C. (PJM) filed, pursuant to section 205 of the Federal Power Act (FPA)¹ and Part 35 of the Commission's regulations,² proposed revisions to PJM's Open Access Transmission Tariff (Tariff). PJM states that the filing constitutes a comprehensive reform of the PJM interconnection process designed to more efficiently and timely process New Service Requests by transitioning from a serial first-come, first-served queue process to a first-ready, first-served clustered cycle approach.³ For the reasons

¹ 16 U.S.C. § 824d.

² 18 C.F.R. pt. 35 (2021).

³ Under PJM's current process, for purposes of its queue process, New Service Request is defined as an Interconnection Request (including generation or transmission interconnection requests), a Completed Application for new transmission service, or an Upgrade Request. *See* PJM, Intra-PJM Tariffs, OATT, Definitions L-M-N (32.2.0) (definition of New Service Request); *see id.* § 200 Applicability (1.0.0). Under the proposed revisions, New Service Request is defined as an Interconnection Request or a Completed Application for transmission service and the proposed revisions adopt a parallel process for Upgrade Requests. *See* Transmittal at 9 n.29, 61-63; Proposed Tariff, pt. VII, subpt. A, § 300 Definitions N (0.0.0); *see id.* § 301 Transition Introduction (0.0.0); Proposed Tariff pt. VIII, subpt. A, § 400 Definitions N (0.0.0); *see id.* § 401 Applications for Cycle Process Intro (0.0.0).

discussed below, we accept PJM's filing, to be effective, as requested,⁴ subject to the condition that PJM submit two compliance filings, as discussed below.

I. Background

2. In Order No. 2003,⁵ the Commission required all public utilities that own, control, or operate transmission facilities transmitting electric energy in interstate commerce to have on file standard procedures and a standard agreement for interconnecting generating facilities larger than 20 megawatts (MW) (called the *pro forma* large generator interconnection procedures (LGIP) and large generator interconnection agreement (LGIA)). Order No. 2003 applied to independent and non-independent transmission providers alike, but non-independent transmission providers were required to justify deviations from the LGIP and LGIA using either the "regional differences" or "consistent with or superior to" standard.⁶ Order No. 2003 allowed regional transmission organizations (RTO) and independent system operators (ISOs) more flexibility to comply with the Commission's LGIP and LGIA order to meet their regional needs.⁷ RTOs and ISOs were permitted to submit LGIP and LGIA terms and conditions that met an "independent entity variation" standard that was more flexible than the "consistent with or superior to" standard and the regional differences standard. The Commission has explained that it will grant an RTO/ISO an independent entity variation from a Commission order and allow for such variations where the RTO/ISO demonstrates that the proposed variation: (1) is just, reasonable, and not unduly discriminatory or

⁴ Appendix A lists the accepted tariff records and their effective dates.

⁵ *Standardization of Generator Interconnection Agreements & Procs.*, Order No. 2003, 103 FERC ¶ 61,103 (2003), *order on reh'g*, Order No. 2003-A, 106 FERC ¶ 61,220, *order on reh'g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004), *order on reh'g*, Order No. 2003-C, 111 FERC ¶ 61,401 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007). In Order Nos. 2006 and 792, the Commission required, among other things, public utilities to adopt small generator interconnection procedures (SGIP). *Standardization of Small Generator Interconnection Agreements & Procs.*, Order No. 2006, 111 FERC ¶ 61,220, *order on reh'g*, Order No. 2006-A, 113 FERC ¶ 61,195 (2005), *order granting clarification*, Order No. 2006-B, 116 FERC ¶ 61,046 (2006); *Small Generator Interconnection Agreements & Procs.*, Order No. 792, 145 FERC ¶ 61,159 (2013), *clarifying*, Order No. 792-A, 146 FERC ¶ 61,214 (2014).

⁶ Order No. 2003, 103 FERC ¶ 61,103 at PP 26, 826.

⁷ *Id.* PP 26, 827.

preferential; and (2) accomplishes the purposes of the order from which a variation is sought.⁸

3. In 2008, following a technical conference about the effectiveness of queue management in RTO and ISO regions, the Commission directed the RTOs and ISOs to file reports on the status of their efforts to improve the processing of their interconnection queues. In that order, the Commission pointed out three types of variations that, individually or in combination, could speed up queue processing while remaining faithful to the goals of Order No. 2003: (1) increasing the requirements for obtaining and keeping a queue position, such as increasing deposit amounts; (2) eliminating the interconnection feasibility study as a separate step to reduce processing time without harming interconnection customers; and (3) instituting a first-ready, first-served approach, under which customers who demonstrate the greatest ability to move forward with project development are processed first.⁹

II. Filing

A. PJM's Current Interconnection Process and Need for Reform

4. PJM states that its existing interconnection process is a serial “first-come, first-served” approach.¹⁰ PJM states that under this approach it accepts New Service Requests during two six-month queue windows each year (from April 1 to September 30 and October 1 to March 31 of the following year).¹¹ PJM states that the process includes an initial feasibility study, followed by a system impact study, and then, where necessary, a facilities study.¹² PJM states that interconnection customers are required to provide

⁸ See, e.g., *ISO New England, Inc.*, 164 FERC ¶ 61,222, at P 9 (2018); *Cal. Indep. Sys. Operator Corp.*, 140 FERC ¶ 61,070, at P 44 (2012).

⁹ *Interconnection Queuing Pracs.*, 122 FERC ¶ 61,252, at PP 16-18 (2008) (2008 Queuing Practices Order).

¹⁰ Transmittal Letter at 6.

¹¹ *Id.* at 3.

¹² *Id.* at 15. Under the current PJM Tariff, New Service Requests include interconnection requests, completed applications for transmission service, and upgrade requests. See *id.*, app. 2 at 1-2.; PJM, Intra-PJM Tariffs, OATT, Definitions L-M-N (32.2.0) (definition of New Service Request), see *id.* § 200 Applicability (1.0.0). PJM administers one new services queue for all types of New Service Requests.

evidence of site control only for their generator sites and only once, at the time they submit their New Service Requests.¹³

5. PJM states that its existing serial approach is time-intensive and, when coupled with the recent exponential increase in New Service Requests, has resulted in a mounting backlog that compels the reforms proposed in the instant filing.¹⁴ PJM states that the volume of New Service Requests has more than tripled in the past three years¹⁵ and that delays are exacerbated by the large number of speculative projects that often withdraw from the queue late in the interconnection process and trigger restudies.¹⁶ PJM explains that its current interconnection process provides little incentive for such speculative projects to exit the queue.¹⁷ PJM states that the serialized process and low or regressive continuation requirements, including minimal study deposits and site control requirements, encourage developers to continue in the process often in spite of potentially high network upgrade costs with the hope that a higher queued project will withdraw and make their project viable.¹⁸

6. PJM states that the high volume of New Service Request submissions that PJM has received in recent years has a direct, adverse effect on PJM's study processes.¹⁹ PJM states that although it was able to make certain improvements to its process to continue meeting Order No. 845²⁰ performance metrics and to reprioritize its study workload, PJM

¹³ Transmittal Letter at 3, 21.

¹⁴ *Id.* at 4.

¹⁵ *Id.* at 19. PJM states that it received 470 New Service Requests in 2018; 708 requests in 2019; 1,028 requests in 2020; and 1,352 requests in 2021. Transmittal at 5, Figure 2. PJM states that, as of May 10, 2022, it has over 2,700 active projects, representing more than 250,000 MW, at various points in its study process. *Id.* at 17.

¹⁶ *Id.* at 5. PJM states that projects currently are dropping out at a rate that totals 80% of the total number of initial queue applications, with many at later stages. *Id.* at 7, Connell Aff. at PP 10-11.

¹⁷ *Id.* at 7

¹⁸ *Id.* at 21.

¹⁹ *Id.*

²⁰ *Reform of Generator Interconnection Procs. & Agreements*, Order No. 845, 163 FERC ¶ 61,043 (2018), *errata notice*, 167 FERC ¶ 61,123, *order on reh'g*, Order No. 845-A, 166 FERC ¶ 61,137, *errata notice*, 167 FERC ¶ 61,124, *order on*

has had to seek waivers of deadlines, has received multiple complaints, and has difficulty meeting the Tariff-mandated timelines for processing its interconnection queue using reasonable efforts.²¹

7. PJM states that, consequently, in the fall of 2020, it commenced a stakeholder process to comprehensively overhaul its interconnection process, and that process resulted in a compromise solution package endorsed by a sector weighted vote of 4.518 out of a total of 5.00 by PJM's member committee.²²

B. Proposal

8. PJM proposes to reform its interconnection procedures to move from a serial first-come, first-served queue process to a first-ready, first-served clustered cycle approach that groups projects in three-phase cluster cycles for purposes of studying and allocating costs (collectively, the New Rules). PJM explains that the proposed reforms are designed to: (1) reduce the current request backlog; (2) increase process efficiency to prevent a future backlog; and (3) decrease uncertainty for all affected entities by separating out projects that are not ready to proceed to commercial operation or that are otherwise too speculative to complete the interconnection process. PJM explains that the New Rules will apply to New Service Requests submitted on or after October 1, 2021, the date the AH2 queue window opened.²³ PJM also proposes procedures and rules for the transition from the existing interconnection process to the New Rules (Transition Period Rules). PJM explains that the Transition Period Rules will apply to pending New Service Requests submitted between April 2018 through September 2021.

9. PJM proposes an effective date of January 3, 2023, for the Transition Period Rules (Part VII of its Tariff), new Part IX of its Tariff setting forth all agreements relevant to the interconnection process,²⁴ and other revisions to conform to the new interconnection

reh'g, Order No. 845-B, 168 FERC ¶ 61,092 (2019).

²¹ Transmittal Letter at 22-23.

²² *Id.* at 2, 13.

²³ Under the New Rules, New Service Requests include interconnection requests and completed applications for transmission service requests. *Id.* at app. 1 Glossary (definition of New Service Request). PJM states that under the revisions, upgrade requests will be subject to a separate serial process based on a discrete aspect of the interconnection process that is more efficiently addressed using rules and procedures specific to that type of request. *Id.* at 9 n.29, 61-64.

²⁴ In the revisions, PJM states that it is designating its basic interconnection agreement – the interconnection service agreement (ISA) – as a generator interconnection

procedures.²⁵ PJM proposes an indefinite effective date (12/31/9998) for the New Rules (Part VIII of its Tariff). PJM explains that it plans to process its queue backlog using the Transition Period Rules prior to the New Rules becoming effective and states that it will submit a compliance filing to provide the Commission with an effective date for the New Rules once it is known.

10. Under the New Rules, PJM states that it will use a single application and study process that includes three phases and three decision points to evaluate New Service Requests on a cluster basis.²⁶ The application process includes a study deposit, which will range from \$75,000 to \$400,000 depending on the MW size of the project.²⁷ PJM states that 10% of the study deposit is non-refundable and can be used by PJM to fund any restudies that are required if the applicant withdraws its New Service Request. With respect to the 90% of the study deposit that is refundable, any remaining amount after actual study costs are paid, PJM states, will be refunded. In addition to the study deposit, an applicant must submit Readiness Deposit No. 1, which is equal to \$4,000 per MW.

11. PJM proposes to conduct a clustered system impact study in each of the three phases, as well as facilities studies in the final two phases.²⁸ PJM will post the system impact study results at the conclusion of each phase for all project developers and eligible customers to access. PJM states that it will use reasonable efforts to complete the first phase within 120 days, and the second and third phases within 180 days, respectively.²⁹

12. PJM also proposes to provide three off-ramps, one at the end of each phase (Decision Points I, II, and III) where project developers and eligible customers must

agreement (GIA) and has made other revisions to be more consistent with Order No. 2003 terminology or the terminology adopted by other RTOs. *Id.* at 10.

²⁵ *Id.* at 75. PJM requests a November 30, 2022 effective date for one tariff record. PJM Deficiency Letter Response at 2 n.5.

²⁶ Transmittal Letter at 29.

²⁷ The study deposit breakdown is as follows: (1) \$75,000 for projects up to 20 MW; (2) \$200,000 for projects over 20 MW – 50 MW; (3) \$250,000 for projects over 50 MW – 100 MW; (4) \$300,000 for projects over 100 MW – 250 MW; (5) \$350,000 for projects over 250 MW – 750 MW; and (6) \$400,000 for projects over 750 MW.

²⁸ *Id.* at 29.

²⁹ *Id.* at 48, 51, 55.

decide whether to remain in the cycle and continue with the study process or withdraw.³⁰ Project developers and eligible customers that choose to remain in the cycle must meet additional readiness criteria at each decision point.

13. PJM proposes that, at each decision point, project developers and eligible customers must submit the following readiness deposits to proceed: (1) at Decision Point I, Readiness Deposit No. 2 must be submitted and is equal to 10% of the cost allocation for the network upgrades calculated in Phase I minus Readiness Deposit No. 1;³¹ (2) at Decision Point II, Readiness Deposit No. 3 must be submitted and is equal to 20% of the cost allocation for the network upgrades calculated in Phase II minus the total Readiness Deposits already paid;³² and (3) at Decision Point III, a security deposit equal to 100% of network upgrades costs allocated to the project developer or eligible customer must be submitted.³³

14. Depending on the timing of a New Service Request being deemed terminated and withdrawn, PJM will refund a percentage of readiness deposits.³⁴ If a New Service Request is deemed terminated at Decision Point I, then PJM will refund 50% of Readiness Deposit No. 1 and 100% of Readiness Deposit No. 2. If the New Service Request is deemed terminated at Decision Point II, then PJM will refund 100% of Readiness Deposit No. 2, up to 100% of Readiness Deposit No. 1, and up to 90% of the study deposit, less any actual costs.³⁵ Additionally, at the end of a cycle, remaining readiness deposit funds will be applied, on a pro-rata share of funds missing from Phase III cost allocation, to underfunded network upgrades caused by withdrawn New Service

³⁰ *Id.* at 35.

³¹ If Readiness Deposit No. 1 is over 10% of the calculated network upgrade costs from Phase I, Readiness Deposit No. 2 would be zero.

³² Similarly, if the total paid is above the calculated amount for 20% of network upgrade costs, Readiness Deposit No. 3 would be zero.

³³ *Id.* at 47-54.

³⁴ *Id.* at 50-53, 56.

³⁵ *Id.* at 52-53, Shoemaker Aff., ¶¶ 23, 49-52, fig. 5.

Requests.³⁶ After all underfunded network upgrades are made whole, any remaining readiness deposit funds will be refunded on a pro-rata share.³⁷

15. A project developer must also make additional site control showings at Decision Points I and III, which are discussed below. If the project developer or eligible customer fails to demonstrate the applicable requirements at any decision point, its New Service Request will be deemed terminated.

16. Concurrently with Decision Point III, PJM will commence the Final Agreement Negotiation Phase.³⁸ PJM states that it will provide parties with a draft interconnection-related agreement, and parties will have no more than 20 business days to provide comments to PJM, with PJM required to respond within 10 business days. PJM states that it will provide final interconnection-related agreement(s) to the parties in electronic form five business days following the end of the negotiations within the Final Agreement Negotiation Phase, and at that time, parties can execute the agreement(s), request dispute resolution, or request that the agreement(s) be filed with the Commission unexecuted.

III. Notice and Responsive Pleadings

17. Notice of the filing was published in the *Federal Register*, 87 Fed. Reg. 36,846 (June 21, 2022), with interventions, comments, and protests due on or before July 14, 2022.³⁹ Appendix B identifies entities that submitted notices of intervention and timely motions to intervene, as well as abbreviations for those entities. On July 15, 2022, International Electric Power, LLC (IEP) and IEP Yellow Finch, LLC (IEP Yellow Finch) filed a motion to intervene out of time. On August 5, 2022, Equinor Wind US LLC (Equinor) filed a motion to intervene out of time. On September 9, 2022, David Kuranga filed a late motion to intervene. On September 16, 2022, David Kuranga filed a motion to intervene out of time and protest.

18. ACORE; Advanced Energy Economy; AES Clean Energy; American Clean Power; Avangrid; Borrego; Dominion Energy; EDF Renewables and Invenergy (EDF Renewables/Invenergy); EDP Renewables; Indicated PJM Transmission Owners

³⁶ *Id.* at 53.

³⁷ *Id.*; Proposed Tariff, pt. VIII, subpt. A, § 401(D)(2)(c)(ii)(c).

³⁸ Transmittal Letter at 55.

³⁹ On June 15, 2022, the Commission issued an errata notice correcting and extending the due date from July 5, 2022, to July 14, 2022.

(Indicated TO);⁴⁰ J-Power; NJBPU; Ohio FEA; Orsted; OPSI;⁴¹ P3; Pine Gate and Cypress Creek (Pine Gate/Cypress Creek); Public Interest Organizations;⁴² RWE Renewables; Rye Development; and SEIA filed comments.

19. The Affected Interconnection Customers (AIC);⁴³ CPV; Hecate; Hollow Road; Illinois CUB; the Indicated Renewable Energy Developers;⁴⁴ SOO Green; Tenaska; and Tri Global filed protests.

20. On August 2, 2022, PJM filed an answer to the comments and protests.

21. On August 12, 2022, Tenaska, Hollow Road, and Orsted, filed answers to PJM's answer. On August 16, 2022, Equinor filed an answer to Orsted's and NJBPU's comments. On August 17, 2022, CPV and the AICs filed answers to PJM's answer. On August 30, 2022, the Indicated Renewable Energy Developers filed an and answer to PJM's answer.

⁴⁰ The Indicated TOs include: AEP; The Dayton Power and Light Company; Dominion Energy; Duke on behalf of its affiliates Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., and Duke Energy Business Services LLC; Duquesne Light; EKPC; Exelon; FirstEnergy Service Company, on behalf of its affiliates the FirstEnergy Transmission Companies and Keystone Appalachian Transmission Company; PPL Electric Utilities Corporation; PSE&G; Rockland Electric Company; and UGI. PPL Electric Utilities Corporation did not intervene in the proceeding.

⁴¹ OPSI's members are the Delaware Public Service Commission, Public Service Commission of the District of Columbia, Illinois Commerce Commission, Indiana Utility Regulatory Commission, Kentucky Public Service Commission, Maryland Public Service Commission, Michigan Public Service Commission, NJBPU, North Carolina Utilities Commission, Public Utilities Commission of Ohio, Pennsylvania Public Utility Commission, Tennessee Public Utility Commission, Virginia State Corporation Commission, and Public Service Commission of West Virginia.

⁴² Public Interest Organizations consist of Sierra Club, Sustainable FERC Project, and Natural Resources Defense Council.

⁴³ The AICs include Acciona; ConnectGen LLC; Copenhagen Infrastructure IV K/S; Hecate; Leeward; Scout Clean Energy, LLC; and Tri Global.

⁴⁴ Indicated Renewable Energy Developers consists of National Grid Renewables Development, LLC; NextEra Energy Resources, LLC, and RWE Renewables.

IV. Deficiency Letter, Response, Notice, and Responsive Pleadings

22. On August 30, 2022, Commission staff issued a letter informing PJM that its filing was deficient and requesting additional information.⁴⁵ The Deficiency Letter requested additional information on: how the proposed removal of sections related to reporting and penalties is consistent with or superior to similar sections of Order No. 890; the specifics of the revised site control requirements; a project's eligibility to be processed through the proposed Expedited Process; and why it is just and reasonable for PJM's generator interconnection procedures to exclude a 10 kW Inverter Process and a Fast Track Process.

23. PJM filed its Deficiency Letter Response on September 29, 2022 (Deficiency Letter Response).

24. Notice of PJM's Deficiency Letter Response was published in the *Federal Register*, 87 Fed. Reg. 60,389 (October 5, 2022) with interventions and protests due on or before October 20, 2022. Lee County Generating Station, LLC (Lee County) and BP America Inc. (BP America) filed timely motions to intervene. On November 15, 2022, Galehead Development Company (Galehead) and the Galehead Project Companies⁴⁶ filed a motion to intervene out of time.

25. On October 20, 2022, the AICs and AEP filed comments and Lee County filed a limited protest. On November 10, 2022, Savion filed comments. On November 18, 2022, AICs filed an answer.

26. On September 30, 2022, PJM filed an answer to the late-filed motion to intervene of David Kuranga. On September 30, 2022, David Kuranga filed an answer to PJM's August 2, 2022 answer. On November 7, 2022, PJM filed an answer.

⁴⁵ *PJM Interconnection, L.L.C.*, Docket No. ER22-2110-000 (Aug. 30, 2022) (delegated order) (Deficiency Letter).

⁴⁶ Galehead Project Companies are: Robertsville PV I, LLC; Bolivar PV I, LLC; Merry Hill PV I, LLC; Macon PV I, LLC; Sunbeam PV I, LLC; Cauthornville PV I, LLC; Runnymede PV I, LLC; Valentines PV I, LLC; Bracey PV I, LLC; Du Bois PV I, LLC; Sabinsville PV I, LLC; Xeo's PV I, LLC; Hooper PV I, LLC; Victoria PV I, LLC; Keysville PV I, LLC; Trillium PV I, LLC; and Java PV I, LLC.

V. Discussion

A. Procedural Matters

27. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2021), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

28. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d), we grant the late-filed motions to intervene made by IEP and IEP Yellow Finch, Equinor, David Kuranga, Galehead, and the Galehead Project Companies given their interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

29. Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2021), prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We accept the answers filed by PJM, Tenaska, Hollow Road, Orsted, Equinor, CPV, AICs, and the Indicated Renewable Energy Developers because they provided information that assisted us in our decision-making process.

B. Substantive Matters

30. As we explain in more detail below, we accept PJM's filing as just and reasonable, effective, as requested, and subject to a compliance filing.⁴⁷ In addition, given that Part VIII is being accepted with an indefinite effective date, we also direct PJM to submit a second compliance filing to provide the effective date of Part VIII of its proposed Tariff no less than 60 days prior to the effective date of such Tariff records.

31. As of May 10, 2022, PJM states that it has over 2,700 active projects, representing more than 250,000 MW, at various points in its study process. PJM attributes this current backlog of New Service Requests to two primary drivers – its serial process and continuation requirements. PJM explains that its current serial approach of interconnection process is time intensive. And when coupled with an exponential increase in New Services Requests (470 in 2018 to 1,352 in 2021), its current approach has resulted in significant delays. PJM asserts that these delays are exacerbated by the large number of speculative projects that often withdraw from the queue late in the interconnection process and trigger restudies. PJM explains that the current Tariff's

⁴⁷ PJM filed a wide range of tariff records with different effective dates tied to those records. Appendix A to this order lists the tariff records that we are accepting in this order along with their effective dates.

minimal study deposits and site control requirements provide little incentive for these speculative projects to exit the queue.

32. To address these acute queue processing challenges, PJM proposes transitioning from a serial first-come, first-served queue process to a first-ready, first-served clustered cycle approach together with targeted reforms directed at minimizing the number of speculative and non-ready projects entering the queue. The Commission has previously found that transitioning from a serial first-come, first-served approach to a clustered first-ready, first-served approach, as PJM proposes, should improve the ability of a transmission provider to address queue backlogs, among other things.⁴⁸ The Commission has also afforded RTOs and ISOs considerable flexibility in the chosen approach to address region-specific queue processing challenges.⁴⁹

33. As discussed in more detail below, we find that PJM's proposed reforms should provide PJM with the ability to reduce the current backlog more quickly than possible under its current rules and ultimately result in the more efficient and timely processing of New Service Requests. In addition, to the extent PJM's proposed reforms reflect deviations from the Commission's *pro forma* LGIA and LGIP, we find that they satisfy the independent entity variation standard of Order No. 2003.⁵⁰

34. While several commenters express a preference for alternatives and revisions specific to their proposed New Service Requests, the Commission need only determine, under FPA section 205, whether the proposed filing is just and reasonable; the

⁴⁸ See *PacifiCorp*, 171 FERC ¶ 61,112, at P 47 (finding a clustered first-ready, first-served approach a reasonable solution to address the queue backlog), *order on clarification & reh'g*, 173 FERC ¶ 61,016 (2020); *Sw. Power Pool, Inc.*, 128 FERC ¶ 61,114, at P 32 (*SPP 2009*) (finding that performing studies in a cluster should enable SPP to process its current backlog more effectively), *order on compliance*, 129 FERC ¶ 61,226 (2009), *order on compliance*, 133 FERC ¶ 61,139 (2010) (*SPP 2010*); *Midwest Indep. Transmission Sys. Operator, Inc.*, 124 FERC ¶ 61,183, at P 114 (2008) (*MISO 2008*) (accepting MISO's proposal to use cluster studies as a means to help alleviate the backlog); see also *Cal. Indep. Sys. Operator Corp.*, 124 FERC ¶ 61,292 (2008) (finding CAISO's proposed transition to a clustered study approach, in combination with other revisions, would improve efficiency and clear the backlog).

⁴⁹ See e.g., *SPP 2010*, 133 FERC ¶ 61,139 at P 31 (declining to require SPP to adopt features of site control standards established by certain other RTOs/ISOs).

⁵⁰ We also note that PJM, like other RTOs, would be required to comply with any Final Rule in the Commission's pending Interconnection NOPR proceeding. *Improvements to Generator Interconnection Procedures and Agreements*, Notice of Proposed Rulemaking, 179 FERC ¶ 61,194 (2022) (Interconnection NOPR).

Commission is not obligated to consider whether the proposal is more or less reasonable than other alternatives. As we discuss in the subsequent sections, we find that the proposed filing is just and reasonable.⁵¹

35. While most of the commenters praise PJM's efforts to reform its interconnection process,⁵² some protesters argue that the underlying stakeholder process was selective, controlled by PJM, and overlooked key proposals to address PJM's backlogged queue.⁵³ However, these parties fail to demonstrate that PJM did not consider their requests or overlooked key proposals, and we are not persuaded based on this record that PJM's stakeholder process was inconsistent with its Operating Agreement. Further, as PJM explains in this proceeding, its stakeholder process spanned almost two years, with stakeholders being able to: (1) participate in multiple meetings open to interested parties; (2) present proposals and issues at various meetings; and (3) compromise and negotiate the proposal ultimately filed before the Commission.⁵⁴ In totality, this process reflected, for example, the engagement of 290 member companies and 545 companies overall.

36. We next turn to the specific contested elements of this filing and our findings on those individual elements.

1. Transition Period Rules

a. Filing

37. Under PJM's proposed changes, New Service Requests in the AD2 or earlier queue windows will remain subject to PJM's existing interconnection procedures.⁵⁵ By contrast, PJM states that the Transition Period Rules will apply to projects in the AE1, AE2, AF1, AF2, AG1, AG2, and AH1 queue windows (the period from April 1, 2018 – September 30, 2021) that have not been tendered an ISA or wholesale market participant

⁵¹ See, e.g., *Cities of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984) (when determining whether a rate was just and reasonable, the Commission properly did not consider “whether a proposed rate schedule is more or less reasonable than alternative rate designs”).

⁵² See, e.g., American Clean Power Comments at 6-7; EDF Renewables/Invenergy Comments at 1; Indicated TOs Comments at 4; Pine Gate/Cypress Creek Comments at 5-8; SEIA Comments at 11-12; Avangrid Comments at 3-4.

⁵³ AICs Comments at 49-51; Tri Global Protest at 8.

⁵⁴ Transmittal Letter at 2, 26; PJM Answer at 36-37.

⁵⁵ Transmittal Letter at 9.

agreement (WMPA) as of the Transition Date.⁵⁶ The Transition Date is the later of: (1) the effective date for the Transition Period Rules (January 3, 2023), or (2) the date by which all AD2 and prior queue window ISAs or WMPAs have been executed or filed unexecuted.⁵⁷

38. PJM states that, as of the Transition Date, interconnection customers with New Service Requests in the AE1 through AG1 queue windows that do not have an executed service agreement or have not been tendered a service agreement for execution will have 60 days to provide the required readiness deposits and site control evidence or their projects will be deemed terminated and withdrawn.⁵⁸ PJM states that it will perform a retool study with all projects in the AE1 through AG1 queue windows that provide the readiness deposits and meet the site control requirements.⁵⁹ PJM avers that, based on the results of that restudy, PJM will process projects that do not cause the need for any network upgrades and projects that cause the need for network upgrades costing five million dollars or less under a proposed Expedited Process. Projects responsible for network upgrades costing in excess of five million dollars will be processed as Transition Cycle #1. PJM states that all New Service Requests in queue windows AG2 and AH1 will be processed as Transition Cycle #2.

39. PJM states that projects in the Expedited Process will be studied serially.⁶⁰ They will also be subject to the existing serial cost allocation rules where the individual interconnection customer will be responsible for its own study costs and network upgrade costs, rather than those costs being shared among a cluster.⁶¹ PJM will complete the facilities studies for projects that enter the Expedited Process and then will tender an interconnection-related service agreement.

40. In support of its proposed five million dollar threshold for projects to be eligible for the Expedited Process, PJM states that, in its experience, the analysis of projects that

⁵⁶ *Id.*

⁵⁷ *Id.* at 11; Proposed Tariff, pt. VII, subpt. A, § 300 Definitions T (0.0.0) (definition of Transition Date).

⁵⁸ Transmittal Letter at 11, 31.

⁵⁹ *Id.* at 11-12, 31. PJM states that the projects will be studied using the base case model that was used for their system impact study analysis prior to the January 3, 2023, effective date. *Id.* at 31.

⁶⁰ *Id.* at 12.

⁶¹ *Id.* at 12, 32.

require network upgrades at or under five million dollars is fairly straightforward when PJM performs the facilities study.⁶² Moreover, PJM states that this requirement is consistent with current Tariff provisions establishing five million dollars as the minimum threshold for network upgrade costs that will be allocated among queue windows, as opposed to being allocated solely within one queue window, and will enable all mature projects that do not have shared cost responsibility for significant network upgrades to complete the process quickly.⁶³ PJM believes that the five million dollar threshold is an appropriate dividing point and that expanding the Expedited Process to a larger group of interconnection customers by increasing the threshold would slow the process down and undermine the concept of allowing projects with minimal grid impacts to proceed expeditiously.⁶⁴

41. PJM states that Transition Cycle #1 will start after PJM completes the eligibility review for the Expedited Process and no later than one year from the Transition Date, with Transition Cycle #1 to run simultaneously with the Expedited Process.⁶⁵ PJM notes that, under the Transition Period Rules and the New Rules, there are no periods in which applications for New Service Requests will not be accepted.⁶⁶ PJM states that, once the two transition cycles are completed, all applications submitted in queue window AH2 (which ran from October 1, 2021, through March 31, 2022) and after will proceed under the New Rules as Cycle #1. PJM states that these projects will be in the process, but, by necessity, on hold while PJM processes the transition period cycles. PJM states that it expects to complete Transition Cycles #1 and #2, including the execution of final interconnection-related agreements, by the fourth quarter of 2026, and will use reasonable efforts to do so.⁶⁷ PJM indicates that Cycle #1 under the New Rules will begin application review and Phase I in early 2026.

42. PJM contends that the Transition Period Rules will allow PJM to implement the new procedures in a way that does not increase the backlog.⁶⁸ PJM also argues that the

⁶² *Id.* at 41-42.

⁶³ *Id.* at 42 (citing PJM, Intra-PJM Tariffs, OATT, § 219 Inter-queue Allocation of Costs of Transmission Upgrades (0.0.0)).

⁶⁴ *Id.* at 41-42.

⁶⁵ *Id.* at 32.

⁶⁶ *Id.* at 39-40.

⁶⁷ *Id.* at 30, fig. 9.

⁶⁸ *Id.* at 10.

Transition Period Rules and sorting procedures appropriately balance the need for PJM to clear the study backlog as quickly as possible and start the cluster cycle process while allowing mature projects to proceed under the current rules or, for certain projects, the Expedited Process. PJM adds that this balanced approach is a key element of the negotiated stakeholder process.⁶⁹ PJM contends that the Commission has approved other transition mechanisms designed to achieve this balance.⁷⁰

b. Responsive Pleadings

i. Expedited Process Eligibility and Queue Windows

43. A number of commenters agree with PJM that its proposal balances the interests of completing the interconnection study processes for mature projects under PJM's current rules and the need to move expeditiously to the New Rules.⁷¹ Regarding the proposed Expedited Process and Transition Cycle #1, SEIA states that the proposal acknowledges that these projects relied on the existing interconnection process and provides for a reasonable opportunity for those projects to proceed under the existing rules while not unduly delaying the transition to the new rules.⁷²

44. Regarding the proposed five million dollar threshold for Expedited Process eligibility, Pine Gate/Cypress Creek assert that the five million dollar threshold is not an arbitrary figure and is rooted in PJM's current Tariff provisions, which establish five million dollars as the minimum threshold for inter-queue cost allocation.⁷³

45. Conversely, protesters argue that the proposed transition mechanism is unjust and unreasonable on several grounds. Regarding the queue cycles included in the proposed transition mechanism, SOO Green argues that PJM's proposal creates a potentially

⁶⁹ *Id.* at 30.

⁷⁰ *Id.* at 41 (citing *Tri-State Generation & Transmission Ass'n., Inc.* 174 FERC ¶ 61,021, at PP 33, 60, *order on reh'g*, 175 FERC ¶ 61,128, at P 14 (2021) (*Tri-State Generation*); *PacifiCorp*, 171 FERC ¶ 61,112 at P 144; *Pub. Serv. Co. of Colo.*, 169 FERC ¶ 61,182, at P 67 (2019); *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233, at P 106 (2012) (*MISO 2012*)).

⁷¹ See American Clean Power Comments at 6-7; AES Clean Energy Comments at 4-5; Avangrid Comments at 4; Pine Gate/Cypress Creek Comments at 10; SEIA Comments at 11.

⁷² SEIA Comments at 10-11.

⁷³ Pine Gate/Cypress Creek Comments at 9.

unwieldly study group for both the Expedited Process and Transition Cycle #1, which violates guidance previously provided by the Commission to MISO on elements to be included in a transition plan.⁷⁴ Indicated Renewable Energy Developers object to the inclusion of queue windows AG2 and AH1 in the transition and argue that the Commission should require that PJM limit the transition to those projects already in the queue up to and including AG1, because most, if not all, AG2 and AH1 projects have had little or no studies or substantive work performed.⁷⁵

46. Regarding the proposed Expedited Process, CPV, AICs, and Tri Global argue that PJM's proposal could result in queue jumping by less mature and possibly speculative projects over more mature projects who have been in the queue longer.⁷⁶ AICs argue that the Commission has previously found proposals that result in queue jumping as impermissible.⁷⁷ SOO Green also contends that the Commission found grandfathering projects with executed facilities study agreements to be an acceptable way to distinguish between early- and late-stage projects in MISO's and SPP's interconnection queue reforms.⁷⁸ AICs and Tri Global express concern that many projects will risk termination as land agreements and permits expire, and risk missing tax credit deadlines if they are unable to participate in the Expedited Process.⁷⁹ Similarly, David Kuranga argues that small generators in Transition Cycle #2 are unlikely to be able to maintain financing during the delays resulting from not having access to the Expedited Process.⁸⁰ J-Power argues that the transition period proposal is inefficient for project developers utilizing existing capacity interconnection rights because such project developers are likely to be

⁷⁴ SOO Green Protest at 22-23 (citing *Midcontinent Indep. Sys. Operator, Corp.*, 154 FERC ¶ 61,247, at PP 95, 98 (2016)).

⁷⁵ Indicated Renewable Energy Developers at 1, 3; Indicated Renewable Energy Developers Answer at 2.

⁷⁶ AICs Protest at 24; CPV Protest at 8; Tri Global Protest at 9; AICs Answer at 7.

⁷⁷ AICs Protest at 24 (citing *Sw. Power Pool, Inc.*, 147 FERC ¶ 61,201, at P 124 (2014) (*SPP 2014*); *Tenaska Power Servs., Co. v. Midwest Indep. Sys. Operator, Inc.*, 106 FERC ¶ 61,230, *order on reh'g*, 107 FERC ¶ 61,308 (2004)).

⁷⁸ SOO Green Protest at 25-26 (referencing *Midcontinent Indep. Sys. Operator, Inc.*, 158 FERC ¶ 61,003, at P 63 (2017) (*MISO 2017*); *SPP 2009*, 128 FERC ¶ 61,114 at P 98).

⁷⁹ AICs Protest at 25; Tri Global Protest at 7.

⁸⁰ David Kuranga Protest at 2.

ready to proceed.⁸¹ J-Power contends that PJM should be required to explicitly explain how requests for replacement resources using existing capacity interconnection rights from resources that are deactivating will be treated under its transition plan and revised procedures.⁸² In addition, J-Power argues that PJM should consider expediting its processing of interconnection requests for replacement resources utilizing existing capacity interconnection rights, particularly with respect to any such requests that are currently pending (i.e., requests that were submitted and assigned queue positions prior to the submittal of the June 14 Filing). Such an approach, it argues, is appropriate given they only require limited studies and would help reduce the backlog of existing requests.

47. CPV argues that Readiness Deposit No. 1 being refundable during the transition is insufficient for effectively weeding out speculative projects.⁸³ CPV proposes changes to the Expedited Process readiness deposit to only require a readiness deposit and not also security for network upgrade cost allocations.

48. A number of parties argue that the five million dollars network upgrade threshold for the Expedited Process is arbitrary and unsupported.⁸⁴ For example, AICs contend that PJM does not explain why a project that exceeds the network upgrade threshold would be less “straightforward” to process once PJM performs a facilities study for that project, or how the existing five million dollar threshold for inter-queue cost allocation is applicable to a proposal to expedite certain projects based on the cost of the impacts they contribute to the system.⁸⁵ Hecate contends that PJM has failed to explain why the five million dollars standard is not being adjusted for inflation.⁸⁶ American Clean Power argues that it is unclear whether costs to expedite construction are included in the total for network upgrades costs.⁸⁷

⁸¹ J-Power Comments at 4.

⁸² *Id.* at 1-3.

⁸³ CPV Protest at 7.

⁸⁴ AICs Protest at 4-3, 19-28; CPV Protest at 6-10; Hecate Protest at 5-11; P3 Comments at 7.

⁸⁵ AICs Protest at 26. AICs also seek clarification whether the \$5 million threshold includes network upgrades that have already been constructed as of the Transition Date. AICs November 18 Answer at 2-4.

⁸⁶ Hecate Protest at 9.

⁸⁷ American Clean Power Comments at 8

49. Additionally, CPV, Savion, and AICs argue that PJM has not demonstrated that the five million dollar threshold has any correlation to commercial readiness.⁸⁸ CPV, Hecate, AICs, and Tri Global support revised Expedited Process eligibility for projects willing to post funding for their network upgrades, and CPV argues that such an approach would be consistent with the Commission's recent Notice of Proposed Rulemaking (NOPR) on interconnection.⁸⁹

50. Additionally, AICs argue that PJM could further reduce its queue backlog if it permitted projects in the Expedited Process to voluntarily drop from that category during the post-readiness retool, which would then allow more projects with minimal upgrades at or below the network upgrade threshold to be placed in the Expedited Process.⁹⁰ Similarly, Orsted seeks a modification to the Tariff language that will allow its eligible queue positions to move to Transition Cycle #1, rather than the Expedited Process, at its option, in order to ensure that the PJM and Bureau of Ocean Energy Management (BOEM) process timelines remain consistent.⁹¹

51. Finally, several parties argue that the proposed transition period, including the Expedited Process, is unduly discriminatory. Hecate argues that parties that are responsible for a proposed network upgrade exceeding five million dollars will be unduly discriminated against in contrast to parties with marginally lower cost network upgrades.⁹² AICs argue that the Expedited Process results in undue discrimination by allowing smaller projects to proceed through the queue before larger projects without consideration of project stage or viability.⁹³ Tri Global argues that the proposed transition cycles are unduly discriminatory because they treat all projects—despite meaningful and material differences—the same.⁹⁴ Hollow Road asserts that PJM has failed to consider and accommodate QFs with legally enforceable obligations, such as

⁸⁸ CPV Protest at 7; Savion Comments at 7; AICs Protest at 6.

⁸⁹ Tri Global Protest at 8; Hecate Protest at 12-13; AICs Protest at 6-7, 21-24; CPV Protest at 14-17 (citing Interconnection NOPR, 179 FERC ¶ 61,194 at P 158).

⁹⁰ AICs Protest at 23.

⁹¹ Orsted Comments at 19

⁹² Hecate Protest at 12.

⁹³ AICs Protest at 24.

⁹⁴ Tri Global Protest at 6-7.

Hollow Road.⁹⁵ Hollow Road argues that PJM should allow it and other qualifying facilities with legally enforceable obligations to participate in the Expedited Process, regardless of which queue window they are in, because it would alleviate the undue burden being placed on qualifying facilities caused by the delays resulting from being placed in Transition Cycle #2.⁹⁶

52. In response to SOO Green's contention that the Transition Period Rules will create a potentially unwieldy study group, PJM reiterates that its proposed transition process strikes an appropriate balance, and the end result of its proposal should be more manageable and reasonably sized cycles, and a more manageable cluster study process.⁹⁷ Regarding differences between PJM's proposal and the transition mechanisms filed by other RTOs, PJM states that its situation is very different and that its proposal, unlike those from MISO and SPP, moves from a serial process to a cluster process in a single step, rather than incrementally over several years. PJM also argues that if it were to "grandfather" all the projects in queue windows AE1 through AG1 that are in the facilities study phase, as SOO Green suggests, it would add an additional 90,000 MW of projects to be studied under the existing, "flawed" serial process.⁹⁸ PJM further contends that opening up the Expedited Process to more projects would turn the "fast lane" to a "slow, congested lane" and delay the transition period.⁹⁹ PJM also argues that the Commission has allowed mechanisms that facilitate the "transition from a serial first-come, first-served approach to a clustered first-ready, first-served approach" because they "should allow ready projects to proceed on a more accelerated basis while allowing less-developed projects access to early information."¹⁰⁰

53. Regarding Indicated Renewable Energy Developers request to limit the transition period to AE1 to AG1, PJM states that this version of the proposal was rejected in the stakeholder process because stakeholders determined it would be appropriate to include the AG2 and AH1 queues because those queue windows were completed prior to the time

⁹⁵ Hollow Road Protest at 4.

⁹⁶ *Id.* at 7-8; Hollow Road Answer at 3.

⁹⁷ PJM August 2 Answer at 12.

⁹⁸ *Id.* at 12-13.

⁹⁹ *Id.* at 9-10.

¹⁰⁰ *Id.* at 13 (citing *Tri-State Generation*, 174 FERC ¶ 61,021 at PP 33, 60, *order on reh'g*, 175 FERC ¶ 61,128 at P 14; *PacifiCorp*, 171 FERC ¶ 61,112 at P 144; *Pub. Serv. Co. of Colo.*, 169 FERC ¶ 61,182 at P 67; *MISO 2012*, 138 FERC ¶ 61,233 at P 106).

PJM and stakeholders had fully developed the solutions proposal and the final transition mechanism.¹⁰¹

54. In response to protesters' claims that the proposed transition mechanism will result in "queue-jumping," PJM argues that this assertion is incorrect and that there is nothing improper about use of objective criteria to sort projects into different categories.¹⁰²

55. Regarding J-Power's comments, PJM asserts that, while it changed the deadline by which an applicant must submit a claim for capacity interconnection rights to the submission of the initial application, it did not substantively revise the rules for replacement resources using capacity interconnection rights, nor did it propose to expedite those resources.¹⁰³ PJM states that declining to favor replacement resources does not delay the processing of such resources; rather, they will be governed by the same rules that governed them prior to its instant proposal.¹⁰⁴

56. In support of the five million dollars network upgrade threshold for the Expedited Process, PJM argues that use of this already established threshold will shorten the time needed for retooled analyses of the projects subject to the Transition Period Rules, and thereby shorten the time needed to transition to the New Rules, because PJM can use existing cost estimates from on-going facilities studies to determine eligibility for the Expedited Process, rather than having to reassess all the existing projects' individual cost allocations.¹⁰⁵ PJM explains that its experience has been that the analysis of projects associated with network upgrades at or below the five million dollar threshold is fairly straightforward once PJM performs the facilities study, but projects associated with network upgrades above this threshold generally involve more complex and time consuming studies.¹⁰⁶ PJM contends that any transition mechanism represents a departure from the status quo and necessarily will involve cutoff amounts or other means of limiting the number of projects eligible for transition. PJM argues that changes to the Expedited Process eligibility, such as those proposed by AICs and CPV, may not be workable, would create uncertainty, and would not conform to the consensus proposal

¹⁰¹ *Id.* at 14.

¹⁰² *Id.* at 9 (citing *See Tri-State Generation*, 175 FERC ¶ 61,128 at P 14).

¹⁰³ *Id.* at 33.

¹⁰⁴ *Id.*

¹⁰⁵ *Id.* at 7.

¹⁰⁶ *Id.*

approved by stakeholders.¹⁰⁷ Additionally, PJM states that it has observed that the majority of projects do not proceed when they are assigned costs associated with network upgrades that cost more than five million dollars.¹⁰⁸ PJM also explains that because there is no inter-queue or inter-cycle cost sharing under the Transition Period Rules and New Rules, including the Expedited Process, if a developer in the Expedited Process provided security for network upgrades greater than five million dollars it would not be able to have the cost responsibility for the network upgrade shifted to later-in-time projects.¹⁰⁹

ii. Transition Period Timeline

57. A number of parties express concern about the timeline for completion of the transition period and the lack of stringent deadlines in the Tariff. Regarding the proposed four-year pause on new interconnection requests while PJM completes the Transition Cycles, several commenters argue that the Commission must ensure that the proposed transition timeline serves as an absolute upper limit on how long the transition period takes and encourages PJM to take steps to reduce that timeline.¹¹⁰

58. Public Interest Organizations argue that the lack of firm deadlines for PJM's transition cycles and New Rules may make the tariff revisions unjust and unreasonable.¹¹¹ Public Interest Organizations explain that PJM does not suggest any deadline for its Transition Date, which it defines as the later of the effective date of its tariff revisions or "the date by which all AD2 and prior queue window [ISAs] or [WMPAs] have been executed or filed unexecuted," and does not commit itself to a specific deadline for completing the transition period following the Transition Date.¹¹² Public Interest Organizations argue that the lack of clarity on timing of the transition also creates problems with PJM's proposed requirements for increased site control because PJM's Tariff revisions will require project developers to maintain site control throughout the interconnection study process.

¹⁰⁷ *Id.* at 10-11.

¹⁰⁸ *Id.* at 8.

¹⁰⁹ PJM November 7 Answer at 2-4

¹¹⁰ NJBPU Comments at 2; OPSI Comments at 6; Advanced Energy Economy Comments at 11 n.23.

¹¹¹ Public Interest Organizations Comments at 4-5.

¹¹² *Id.* at 6.

59. Regarding concerns that PJM may not complete the transition to the New Rules within the late 2026 time frame, PJM states that it expects to complete Transition Cycle #1 and Transition Cycle #2, including execution of final interconnection-related agreements, by the fourth quarter of 2026, and will use reasonable efforts to do so.¹¹³

c. Commission Determination

60. We find that PJM's proposed Transition Period Rules are just and reasonable and not unduly discriminatory or preferential. PJM's proposed transition mechanism is a reasonable means of implementing PJM's queue reform proposal and reasonably balances the interests of completing the interconnection study processes for mature New Service Requests under PJM's current rules with the need to move expeditiously to a first-ready, first-served clustered cycle approach in order to clear the significant backlog and begin full implementation of the New Rules. We recognize that PJM's proposed queue cycle cutoffs for use of the current rules and the Transition Period Rules will inevitably exclude certain interconnection customers, but, as the Commission has pointed out in multiple queue reform proceedings, "any cutoff date inevitably will have that effect."¹¹⁴

61. Further, while the Commission has recognized that reforms affecting existing interconnection requests that are in later stages of the process require careful consideration, the Commission has also recognized that it might be necessary in some circumstances to apply reforms to late-stage interconnection requests to resolve current backlogs.¹¹⁵ For example, in *MISO 2012*, the Commission accepted MISO's proposal to apply its revised generation interconnection procedures to projects in the later stages of the interconnection process, finding that doing so was "reasonable in light of the issues that MISO is experiencing in administering its queue."¹¹⁶ We also note that the Commission has recognized that a tariff may differentiate when its specific terms will

¹¹³ PJM August 2 Answer at 16.

¹¹⁴ See, e.g., *Tri-State Generation*, 175 FERC ¶ 61,128 at P 14 (citing *PacifiCorp*, 173 FERC ¶ 61,016 at P 25).

¹¹⁵ 2008 Queuing Practices Order, 122 FERC ¶ 61,252 at P 19 (recognizing that reforms that would affect existing interconnection requests that are in the later stages of the process may be necessary in order to resolve current backlogs).

¹¹⁶ See, e.g., *MISO 2012*, 138 FERC ¶ 61,233 at P 100 (accepting MISO's proposed transition provisions requiring interconnection customers with outstanding requests to transition to the revised generator interconnection procedures in light of the issues that MISO was experiencing in administering its queue and requiring any modifications to existing GIAs to reflect the changes to be filed).

take effect.¹¹⁷ Given the volume of the interconnection queue and mounting backlog in PJM,¹¹⁸ we find it reasonable for PJM to include in the transition process all New Service Requests pending as of the transition date, including those that are in the facilities study stage.

62. SOO Green, whose project is in the facilities study stage in queue window AF1, contends that PJM's proposal is unjust and unreasonable because it does not allow all New Service Requests currently in the facilities study stage to continue under the current rules, in contrast with the SPP and MISO transition mechanisms, which allowed projects in the facilities study stage to continue under then-current rules. We disagree. The Commission's acceptance of different queue reform approaches in other RTOs does not require PJM to adopt those approaches or bar PJM from proposing alternatives, as long as PJM demonstrates that its proposal is just and reasonable, which we find PJM has done here.¹¹⁹ As PJM explains, maintaining requests that are in the facilities study stage in the AE1 through AG1 queue windows in the current serial process would add back a substantial number of New Service Requests, over an additional 90,000 MW, to the severely backlogged, time intensive serial process, thus hindering the effort to ameliorate this backlog, instead of helping it. We also are unpersuaded by SOO Green's contention that the Transition Period Rules are unjust and unreasonable because they might create an unwieldy study group. PJM necessarily had to make judgment calls in how to divide study groups, with a tradeoff between the speed of processing projects together, and the potential for greater complexity due to interactions between projects in the group, and a potential need for restudies if a project withdraws.¹²⁰ The Transition Period Rules divide the current pending requests into multiple groups rather than into one large study group;

¹¹⁷ *MISO 2017*, 158 FERC ¶ 61,003 at P 63 (citing *W. Deptford Energy, LLC v. FERC*, 766 F.3d 10, 21 (D.C. Cir. 2014)).

¹¹⁸ As PJM acknowledges, the number of resources seeking to interconnect began increasing exponentially, with the volume of New Service Requests nearly tripling in the past three years. Transmittal Letter at 19-21.

¹¹⁹ See, e.g., *PacifiCorp*, 171 FERC ¶ 61,112 at P 144 (finding proposed transition process is "a reasonable means . . . to implement the Queue Reform Proposal and resolve the interconnection queue backlog"), *order on clarification & reh'g*, 173 FERC ¶ 61,016 (noting that a transition mechanism will invariably affect certain customers, and that delaying the transition mechanism date would exacerbate the problem the queue reform was intended to address).

¹²⁰ See, e.g., PJM Answer at 12-15 (noting that PJM had to "balance among various interests" in selecting "[t]he queue windows and types of projects included in Transition Cycles and the Expedited Process").

one for the AE1 through AG1 queue windows that have more mature New Service Requests and a second one for the AG2 and AH1 queue windows that are not as far along in the interconnection process. We find that PJM struck a reasonable balance.

63. Similarly, we are unpersuaded by Indicated Renewable Energy Developers' objection to the inclusion of AF2 and AH1 queue windows in the transition and Tri-Global's arguments that the Transitional Cycles are unduly discriminatory. Based on PJM's large queue backlog and the need to transition to the New Rules, we find PJM's proposal to include the New Service Requests in queue windows AE1 through AH1 in the Transition Period and to break them into different groups is a reasonable and not unduly discriminatory way to address the backlog.

64. We find that PJM's Expedited Process, which expedites certain New Service Requests with simpler studies and lower network upgrade costs during the transition period, is a reasonable component of the overall effort to process the backlog using the Transition Period Rules. We are not persuaded by the protests arguing that the Expedited Process could result in queue jumping by less mature New Service Requests over New Service Requests that have been in the queue longer. The cases relied upon by AICs and Tri-Global do not support their claims regarding PJM's proposal. In *Sw. Power Pool*, the Commission found that SPP's proposal to permit lower-queued projects to move up the queue above a higher queued customer with an executed GIA was not clearly defined, increased uncertainty and the potential for restudies, and was counter to the objectives of SPP's queue reform.¹²¹ In *Tenaska*, the Commission found that MISO's methodology for treating roll-over rights for transmission service may inappropriately prevent competing requests and was inconsistent with Commission policy and precedent.¹²² We find that PJM's Expedited Process is well-defined and supports the goals of PJM's queue reform to balance the needs of mature New Service Requests with the need to move expeditiously to a first-ready, first-served clustered cycle approach to clear the significant backlog. PJM's Expedited Process reasonably moves New Service Requests that have minimal impacts on the transmission system, while transitioning those facing more complex studies and costly upgrades that may take longer to construct to the new process, and likely will reduce the need for restudies.

65. Further, we find that PJM's proposed sorting process is not unduly discriminatory because it is based on objective criteria regarding the cost of required network upgrades that can be consistently identified and applied. We note that PJM proposes to apply the

¹²¹ *SPP 2014*, 147 FERC ¶ 61,201 at P 124. That order also approved SPP's transition clusters where all projects were given equal queue priority, provided they met the criteria. *Id.* P 129.

¹²² *Tenaska*, 106 FERC ¶ 61,230 at P 51.

\$5 million threshold consistently across New Service Requests in the AE1 through AG1 queue windows. Additionally, PJM has found that its analysis of New Service Requests associated with network upgrades at or below this value is fairly straightforward and that the majority of New Service Requests do not proceed when they are assigned network upgrade costs for network upgrades with costs in excess of \$5 million.

66. We also find it appropriate for PJM's proposal to include the Expedited Process only for New Service Requests in the AE1 through AG1 queue windows and exclude New Service Requests in the AG2 and AH1 queue windows. We find the decision to exclude New Service Requests in the AG2 and AH1 queue windows from the Expedited Process to be just and reasonable as those New Service Requests are in an early stage of the interconnection queue and do not have cost information concerning network upgrades. Thus, there is no way for PJM to determine if they meet the \$5 million threshold. As stated above, while specific proposed cutoff criteria "will exclude certain interconnection customers" from participation in a transition cluster, "any cutoff date inevitably will have that effect."¹²³

67. With respect to Hollow Road's contention that qualifying facilities in the AG2 and AH1 queue windows should be accommodated by being processed in the Expedited Process, we disagree. As discussed above, we find PJM's proposed Expedited Process just and reasonable, and also find that PJM provides adequate support for not permitting the Expedited Process to be applied in queue windows after AG1. Hollow Road has not demonstrated that qualifying facilities in the AG2 and AH1 queue windows should be subject to special treatment in this process.

68. Regarding concerns that New Service Requests may risk termination as land agreements and permits expire and risk missing tax credit deadlines if they are unable to participate in the Expedited Process, we note that these same New Service Requests would likely have the same risk or been subject to even longer delays under the existing serial study process due to the backlog in the serial queue that triggered this proposal. Therefore, even without qualifying for the Expedited Process component of the transition process, these New Service Requests will likely be no worse off under the transition process than they would be under the current serial process. Furthermore, the only reason the Expedited Process can be expedited compared to a traditional serial study process is that it limits participation to interconnection requests that cause little or no need for network upgrades. If New Service Requests that do not meet that requirement were allowed to participate in the Expedited Process, then the process could no longer be expedited; it would merely be a return to the same delayed serial study process with the large backlog. Accordingly, we are not persuaded that the transition process, including

¹²³ *Tri-State Generation*, 175 FERC ¶ 61,128 at P 14 (citing *PacifiCorp*, 173 FERC ¶ 61,016 at P 25).

allowing some qualifying New Service Requests to proceed through an Expedited Process, results in new commercial harms such as those claimed by these commenters.

69. Furthermore, we agree with PJM that the proposed timelines for the transition period are just and reasonable. While earlier timelines may be desirable, PJM is faced with the task of clearing its large interconnection queue backlog before commencing Cycle #1 of the New Rules.¹²⁴ Regarding commenters concerns about a lack of stringent deadlines in the Tariff governing the transition period timelines, we note that PJM states that it expects to complete Transition Cycle #1 and Transition Cycle #2 by the fourth quarter of 2026, and we expect PJM to use reasonable efforts to do so.

2. Acceleration Procedures

a. Filing

70. PJM's proposed Tariff revisions to implement the Transition Period Rules for Transition Cycles #1 and #2 and the New Rules on a going-forward basis include acceleration procedures (separate from the transition period's Expedited Process) whereby "a project that does not need to go through the full process can exit the study process and enter into an interconnected-related agreement."¹²⁵ Specifically, PJM states that New Service Requests that do not have any network impacts after initial study or retools and do not require additional studies may proceed to the Final Agreement Negotiation Phase.¹²⁶ PJM explains that acceleration may occur at Decision Points I and II, based on the results of the Phase I or Phase II system impact studies.¹²⁷

71. Pursuant to the proposed Tariff revisions, at the end of the Phase I or Phase II system impact studies, if PJM determines that a New Service Request can accelerate to an interconnection-related agreement, the project developer or eligible customer must meet the following requirements during Decision Point I or Decision Point II, respectively: (1) security based on network upgrade costs allocated pursuant to the Phase I (for Decision Point I) or Phase II (for Decision Point II) system impact study; (2)

¹²⁴ This is similar to the approach the Commission took in *Cal. Indep. Sys. Operator Corp.*, 124 FERC ¶ 61, 292 at P 233. There, the Commission acknowledged that earlier timelines could be desirable, but these timelines were necessary to address the inordinately large number of pending interconnection requests.

¹²⁵ Transmittal Letter at 28.

¹²⁶ *Id.* at 36 (citing Proposed Tariff, pt. VIII, § 406 (0.0.0), § (A)(1); *see id.* § 408 (0.0.0), § (A)(1)).

¹²⁷ *Id.* at 34 n.102, 49 n.157.

notification in writing that the project developer or eligible customer elects to proceed to a final agreement; (3) evidence of 100% site control for the generating facility or merchant transmission facility, the interconnection facilities, and the switchyard facilities; (4) evidence that the project developer has entered into a fuel delivery agreement and water agreement, if necessary; obtained any necessary local, county, and state siting permits; and signed a memorandum of understanding for the acquisition of major equipment; (5) for a transmission interconnection request, evidence of a valid corresponding interconnection request with any required adjacent control area(s); and (6) for a non-jurisdictional project, evidence of a fully executed state level interconnection agreement with the applicable entity.¹²⁸ If a project developer or eligible customer fails to submit the applicable requirements to PJM before the close of the decision point, then its New Service Request shall be deemed terminated and withdrawn, and the New Service Request would not proceed to an interconnection-related agreement.

b. Deficiency Letter Response

72. Though not part of the acceleration procedures provisions, PJM proposes to process New Service Requests from both small and large generators under its proposed Transition Period Rules and New Rules, which will no longer provide for the small generator (<5 MW) Fast Track Process or 10 kW Inverter Process.¹²⁹ In its Deficiency Letter Response, PJM explains that New Service Requests that do not contribute to the need for any network upgrades and do not require subsequent studies may advance to the agreement stage without going through the rest of the process with other New Service Requests in the cycle. PJM avers that smaller-sized projects are much less likely to require upgrades, and thus have a greater chance of being able to accelerate. Thus, PJM states that by providing projects that would qualify for such specified processes opportunities to accelerate their projects through the proposed acceleration procedures, its proposal meets the intent of Order No. 2006 and Order No. 792.¹³⁰

73. Furthermore, PJM states that the Fast Track and 10 kW Inverter Processes often cause confusion on the part of applicants and transmission owners, and the elimination of specific, separate processes with their own separate timing and forms of application will

¹²⁸ Proposed Tariff, pt. VII, subpt. D, § 309 (0.0.0), § (A)(2); *see id.* 311 (0.0.0) § (A)(2)(d); *see id.* pt. VIII, §§ 406(A)(1), 408(A)(1)(d).

¹²⁹ As discussed below, Order No. 2006 and Order No. 792 required these processes.

¹³⁰ Deficiency Letter Response at 10.

result in more efficient and equitable processing of interconnection requests to the benefit of all interconnection customers in a cycle.¹³¹

74. PJM also states that it questions whether these two special processes are necessary in the PJM region, because over the history of PJM's interconnection queue, PJM has received over 7,800 generator interconnection requests but only received 20 applications for the 10 kW Inverter Process, all of which were ultimately withdrawn.¹³² PJM further states that it has received 261 applications for the Fast Track Process, of which 152 have been withdrawn and only 16 have been completed and put into service.

c. Responsive Pleadings

75. Rye Development and EDP Renewables contend that PJM should more fully explain how a New Service Request qualifies for acceleration.¹³³ AICs assert that, once a project qualifies for the acceleration procedures, the requirements that it must meet are onerous.¹³⁴ As an example, AICs state that permits are needed throughout the development and construction process and that it is not realistic to assume that developers will have acquired such permits by the time a New Service Request is at Decision Point I or II.

76. EDP Renewables asks PJM to confirm that a project that seeks to participate in PJM's wholesale markets through a WMPA is eligible for acceleration.¹³⁵

77. In its answer, PJM argues that the acceleration procedures included in the filing are clear, are not onerous, and should not be rejected or revised.¹³⁶ PJM states that the "requirements for [it] to determine if a project qualifies for the accelerated procedures are included in the proposed [Tariff] revisions and described throughout the filing," and that additional information will be provided in PJM Business Practice Manuals.¹³⁷ PJM

¹³¹ *Id.*

¹³² *Id.* at 10 n.20.

¹³³ Rye Development Comments at 4; EDP Renewables Comments at 5-6.

¹³⁴ AICs Protest at 33.

¹³⁵ EDP Renewables Comments at 4-5.

¹³⁶ PJM August 2 Answer at 35.

¹³⁷ *Id.* (citing *See N.Y. Indep. Sys. Operator, Inc.*, 179 FERC 61,102, at P 106 (2022) (indicating that implementation details are appropriately addressed in the RTO's business practice manuals); *Midcontinent Indep. Sys. Operator, Inc.*, 170 FERC ¶ 61,075,

argues that it is appropriate to include the requirements for determining whether a New Service Request qualifies for the acceleration procedures in PJM manuals rather than the Tariff because the underlying analytical study requirements are contained in the manuals.¹³⁸ PJM states that if the requirements for determining whether a New Service Request qualifies for the acceleration procedures are set forth in its Tariff, PJM might be required to submit an FPA section 205 filing each time changes were made to the study requirements.

78. In response to EDP Renewables, PJM clarifies that projects that seek to participate in PJM's wholesale markets through a WMPA are eligible for the accelerated procedures, provided they meet the criteria set forth in the Tariff.¹³⁹

d. Commission Determination

79. We find that PJM's proposed acceleration procedures are just and reasonable and not unduly discriminatory, subject to further compliance described below, and meet the independent entity variation standard for Order No. 2006 and Order No. 792.

80. We find that PJM has demonstrated that its proposal to accelerate New Service Requests that do not contribute to the need for any network upgrades and do not require subsequent studies to an interconnection-related agreement is a just and reasonable means to more quickly and efficiently move New Service Requests with minimal network impacts through the queue. We also find that requiring project developers and eligible customers to post security, demonstrate site control, and meet certain other readiness requirements proposed by PJM under the acceleration procedures is appropriate to ensure that New Service Requests are viable before entering into an interconnection-related agreement. We disagree with AICs' argument that the proposed requirements for acceleration are onerous. Requiring New Service Requests to meet certain readiness criteria before accelerating to an interconnection-related service agreement ensures that only viable New Service Requests will proceed to a final agreement. We note that the proposed requirements for proceeding to a final agreement under the acceleration procedures are consistent with the proposed requirements that any New Service Requests that is not accelerated must meet at Decision Point III before proceeding to a final agreement.¹⁴⁰ The proposed requirements are also consistent with the stated purpose of

at P 38 (2020) (rejecting protests and finding it appropriate to include implementation details in manuals rather than the RTO tariff; also finding that requiring MISO to include this information in the Tariff could curb needed operational flexibility)).

¹³⁸ *Id.* at 35 n.102.

¹³⁹ *Id.* at 15-16.

¹⁴⁰ *See* Proposed Tariff, pt. VII, subpt. D, § 313 (0.0.0), § (A); Proposed Tariff, pt.

PJM's filing to process its queue more quickly while reducing speculative New Service Requests.

81. Furthermore, we find that, under the independent entity variation standard, the proposal meets the stated purposes of Order No. 2006 and Order No. 792, including reducing interconnection time and costs for interconnection customers with generating facilities below 20 MW and for transmission providers. In Order Nos. 2006 and 792, the Commission required, among other things, public utilities to adopt small generator interconnection procedures (SGIP) that included a requirement for transmission providers to adopt a "Fast Track Process"¹⁴¹ that uses technical screens to evaluate a certified small generating facility no larger than 5 MW, and a "10 kW Inverter Process"¹⁴² that uses the same technical screens to evaluate a certified inverter-based small generating facility no larger than 10 kW.¹⁴³ PJM's proposal, which eliminates these processes required by Order Nos. 2006 and 792, nonetheless accomplishes the purposes of Order Nos. 2006 and 792 by providing entities that would qualify for the 10 kW Inverter Process and Fast Track Process with opportunities to accelerate their progress through the interconnection queue. As PJM explains, smaller-sized projects are much less likely to require network upgrades, and thus, under PJM's proposal, have a greater chance of being able to accelerate to a final agreement without further restudies. PJM also states that the Fast Track and 10 kW Inverter processes often cause confusion on the part of applicants and transmission owners, and eliminating these separate processes will result in more efficient processing of interconnection requests. Lastly, PJM explains that the Fast Track and 10 kW Inverter processes are rarely used in its footprint. For these reasons, we agree with PJM that smaller-sized projects will have a greater chance of being able to accelerate.

82. While we find PJM's proposed acceleration procedures to be just and reasonable and not unduly discriminatory, we direct further compliance on one issue. PJM stated in its Deficiency Letter Response that New Service Requests that do not contribute to the need for any network upgrades and do not require subsequent studies may accelerate to a final interconnection-related agreement.¹⁴⁴ However, this language does not appear in the proposed Tariff. We find that, without such criteria specified in PJM's Tariff, PJM's

VIII, subpt. C, § 410 (0.0.0), § (A).

¹⁴¹ *Pro forma* SGIP § 2.1.

¹⁴² *Id.* attach. 5.

¹⁴³ Order No. 2006, 111 FERC ¶ 61,220 at PP 36, 38-39.

¹⁴⁴ PJM Deficiency Letter Response at 10; *see also* Transmittal Letter, Shoemaker Aff. at ¶ 31.

proposed acceleration procedures may not provide sufficient transparency in advance as to what criteria PJM will consider when evaluating whether a New Service Request qualifies for acceleration. Therefore, we direct PJM, within 30 days from the date of this order, to submit a compliance filing to include language in the Tariff memorializing PJM's representation that only New Service Requests with no network upgrade cost assignment and that do not require further studies are eligible for acceleration, consistent with PJM's stated intent in its Deficiency Letter Response.¹⁴⁵ We also understand that PJM states that it will provide additional implementation details in the PJM Business Practice Manuals.¹⁴⁶ This information, in combination with the directed compliance language, should provide appropriate transparency to project developers on the criteria for acceleration.

3. Site Control

a. Filing

83. PJM states that its proposal includes site control requirements at the application stage and Decision Points I and III.¹⁴⁷ First, PJM states that it requires that an interconnection application include site control evidence for at least one year from the application deadline for 100% of: (1) the generating facility site; or (2) the site of the high-voltage, direct current converter station(s), phase angle regulator, and/or variable frequency transformer, as applicable, for a merchant transmission facility.¹⁴⁸ Second, at Decision Point I, PJM states that a project developer must show evidence of 100% site control for the generating or merchant transmission facility for an additional year term and site control for 50% for interconnection facilities for a one-year term.¹⁴⁹ Third, PJM

¹⁴⁵ We also direct PJM to include in this compliance filing revisions to the definition of Transition Date in Part VII, section 300, which currently references this proceeding but does not include therein the full docket number. The definition should be revised to include the docket number for this proceeding as it is now known.

¹⁴⁶ PJM August 2 Answer at 35 (citing *See N.Y. Indep. Sys. Operator, Inc.*, 179 FERC 61,102 at P 106 (indicating that implementation details are appropriately addressed in the RTO's business practice manuals); *Midcontinent Indep. Sys. Operator, Inc.*, 170 FERC ¶ 61,075 at P 38 (rejecting protests and finding it appropriate to include implementation details in manuals rather than the RTO tariff; also finding that requiring MISO to include this information in the Tariff could curb needed operational flexibility)).

¹⁴⁷ Transmittal Letter at 28.

¹⁴⁸ *Id.* at 45-46; Proposed Tariff, pt. VII, subpt. C, § 306 (0.0.0) § (A)(1)(f); Proposed Tariff, pt. VIII, subpt. B, § 403 (0.0.0), § (A)(1)(f).

¹⁴⁹ *See* Transmittal Letter at 50 (citing Proposed Tariff, pt. VII, subpt. D, § 309

states that at Decision Point III, a project developer must show evidence of 100% site control for the generating or merchant transmission facility and site control for 100% for interconnection facilities for a three year term.¹⁵⁰

84. PJM's proposed Tariff provides that a project developer can provide proof of site control by providing one of the following: (1) deed; (2) lease; (3) option to lease or purchase; or (4) as deemed acceptable by PJM, any other contractual or legal right to possess, occupy and control the site.¹⁵¹

85. According to PJM, for projects located on sites owned or physically controlled by a state and/or federal government entity subject to environmental and other state and/or federal government permitting requirements, site control evidence can be in any form the governmental entity issues.¹⁵² For such sites, PJM's proposed Tariff states that, at Decision Points I and III, a project developer must provide evidence that it is taking identifiable steps acceptable to PJM toward the issuance of such authorization by the governmental entity.¹⁵³ PJM requires that project developers also must identify any additional property rights for the portion of the site that is not owned or physically controlled by a governmental entity, but which cannot be secured until the regulatory requirements have been met and authorization has been provided.

86. At Decision Points I and II, PJM allows a project developer to request a change to the generating or merchant transmission facility site if: (i) the project developer satisfied the requirements for site control for both the initial site proposed in the New Service Request application and the newly proposed site; and (ii) the initial site and the proposed site are adjacent parcels.¹⁵⁴

(0.0.0), § (A)(1)(b) and Proposed Tariff, pt. VIII, subpt. C, § 406 (0.0.0), § (A)(1)(b); Shoemaker Aff. ¶ 37); Transmittal Letter, Shoemaker Aff. at ¶¶ 29, 46.

¹⁵⁰ Transmittal Letter, Shoemaker Aff. at ¶¶ 29, 46; Proposed Tariff, pt. VII, subpt. D, § 313(A)(1)(c); Proposed Tariff, pt. VIII, subpt. C, § 410(A)(1)(c).

¹⁵¹ Transmittal Letter, Shoemaker Aff. at ¶ 26; Proposed Tariff, pt. VII, subpt. A, § 302 (0.0.0), § (A); Proposed Tariff, pt. VIII, subpt. A, § 402 (0.0.0), § (A).

¹⁵² Transmittal Letter, Shoemaker Aff. at ¶¶ 26, 44.

¹⁵³ Proposed Tariff, pt. VII, subpt. A, § 302(A)(2)(d); Proposed Tariff, pt. VIII, subpt. A, § 402 (0.0.0), § (A)(2)(d).

¹⁵⁴ Proposed Tariff, part VII, subpts. D, §§ 309(B)(5)(b), 311(B)(4)(e); Proposed Tariff, Part VIII, subpts. C, §§ 406(B)(5)(b), 408(B)(4)(e).

87. PJM states that the site control requirements, among other requirements, serve as a means to reduce the number of speculative or non-ready projects.¹⁵⁵ PJM contends that the proposed site control requirements build on PJM's current approach and that a project that has less than 100% or no site control may not be a viable project, but its position in the queue or cycle will tie up existing headroom on the transmission system and harm other projects that have procured necessary land to build their projects.¹⁵⁶ PJM states that it aims to have a developer begin construction of its project, including generator tie lines and interconnection substations within six months of the execution of the final interconnection-related service agreement(s).¹⁵⁷ For that to happen, PJM states that the developer should already have site control for all aspects of its project.

b. Deficiency Letter Response

88. In its Deficiency Letter Response, PJM clarified its proposed rules by explaining that, for projects to be sited on land owned or controlled by government entities, the requirement is that project developers pursue the requisite authorization and site the project in accordance with the authorization process.¹⁵⁸ PJM explained that the proposed revisions recognize that government review processes could change the acceptable site of a given project and such potential change to siting could also change the site location on non-government lands.

89. PJM also clarified that, with respect to the phrase "adjacent parcels," PJM intends the phrase to have its common dictionary meaning, i.e., parcels of land that are contiguous, next to each other, or sharing borders.¹⁵⁹ PJM states that in its view, "adjacent" refers to parcels of land that are capable of being connected through easements, e.g., parcels near each other but separated by other parcels of land for which there are necessary easements or land rights to bridge the intervening parcels. PJM states that it does not view the "adjacent parcels" requirement as relating to the parcels' location in the same geographic region or political unit, e.g., non-adjacent parcels in the same township would generally not be acceptable to satisfy this requirement.

¹⁵⁵ Transmittal Letter at 28. PJM states that its experience has been that many projects lack adequate site control, and this lack of site control is indicative of a project that is not ready to move forward. *Id.* at 45 n.144.

¹⁵⁶ *Id.* at 46-47.

¹⁵⁷ *Id.* at 47.

¹⁵⁸ Deficiency Letter Response at 7.

¹⁵⁹ *Id.* at 8.

c. Responsive Pleadings

90. AES Clean Energy argues that the proposed site control requirements will lead to a more efficient interconnection process by reducing the likelihood of more speculative projects being allowed to advance through each decision point, which will reduce the need for restudies and result in greater certainty regarding network upgrade costs for each project.¹⁶⁰ Similarly, ACORE contends that the proposed site control requirements would add another measure to ensure project viability.¹⁶¹

91. A number of parties argue that the requirement at Decision Point III for a project developer to demonstrate 100% site control for its interconnection facilities is too stringent. Several commenters argue for alternatives, including that the requirement for interconnection facilities at Decision Point III: (1) should be reduced to 50% site control, (2) should be reduced to 90% site control, or (3) should include an incremental step up to 100% site control after the execution of an interconnection agreement.¹⁶² Commenters explain that land for generation lead lines is often negotiated and finalized at a late stage of a project's development and that the location of those facilities may change as a result of technical studies and negotiations. For example, American Clean Power argues that a project developer may need to exercise an option agreement related to a parcel of land for an additional year to finalize the route of a generator tie line prior to interconnecting the facility to PJM's transmission system, or a project developer may need to address a previously unknown title issue with a single landowner along the proposed route of the generator tie line. American Clean Power asserts that, under PJM's proposal, such a project developer would lack 100% site control and would lose its queue position at a late stage of the development process, even though the project could be built after the project developer addresses such issues.

92. Orsted and Equinor argue that, because the BOEM/National Environmental Policy Act (NEPA) process can result in changes to the location of the cable route, landfall location, and/or the location of the site of the interconnection switchyard for offshore wind, offshore wind developers may not be able to meet PJM's site control requirements.¹⁶³ Orsted requests that PJM clarify that changes arising out of the BOEM/NEPA process that result in changes on the project side of the project's interconnection that do not result in changes to the electrical output at the point of

¹⁶⁰ AES Clean Energy Comments at 5-6.

¹⁶¹ ACORE Comments at 6.

¹⁶² RWE Renewables Comments at 3-4; EDP Renewables Comments at 4; EDF Renewables/Invenergy Comments at 8; American Clean Power Comments at 9-10.

¹⁶³ Orsted Comments at 12-13; Equinor Answer at 2.

interconnection or the electrical characteristics of the project's interconnection with PJM will not be deemed a material modification, nor the project developer be deemed to have failed to satisfy the requirement resulting in termination of the project's queue position.¹⁶⁴

93. Dominion Energy requests that the Commission direct PJM to incorporate needed flexibility for projects built on governmental properties in the event that construction of facilities cannot commence within six months of execution of a final interconnection agreement due to a regulatory approval and permitting process that does not permit such commencement.¹⁶⁵

94. Tenaska protests PJM's requirement that interconnection customers can only change the generating facility site to an adjacent parcel and is required to have site control for the adjacent parcel, arguing that such a requirement is unsupported and does not accomplish the objectives of preventing speculative proposals from entering – or staying – in the interconnection queue.¹⁶⁶ Tenaska states that PJM does not define “adjacent parcels” in the tariff and as such asserts that the term is ambiguous.¹⁶⁷ Tenaska requests that the Commission order PJM to modify these provisions to allow project developers to propose any change to the site that does not result in a material modification.¹⁶⁸

95. In its answer, PJM argues that its proposed revisions to its site control requirements are just and reasonable and will lead to a more efficient interconnection process.¹⁶⁹ PJM asserts that the proposed requirements will add another “tool in the toolbox” to reduce the likelihood of speculative or non-ready projects advancing through each Decision Point, which in turn should help reduce the need for restudies. PJM contends that the proposed requirements will also encourage project developers to more fully develop their projects before entering the interconnection process. PJM argues that its proposal includes tariff revisions specifically for site control requirements for

¹⁶⁴ Orsted Comments at 11-12; Orsted Answer at 6-7.

¹⁶⁵ Dominion Energy Comments at 7.

¹⁶⁶ Tenaska Comments at 3-8.

¹⁶⁷ *Id.* at 5.

¹⁶⁸ *Id.* at 1, 7-8.

¹⁶⁹ PJM August 2 Answer at 16.

non-standard sites, such as bodies of water and submerged land and their unique permitting challenges.¹⁷⁰

96. PJM also argues that further details in the Tariff are unnecessary to demonstrate that the site control requirements are just and reasonable.¹⁷¹ PJM contends that these types of facility-specific implementation details change from time to time and, consistent with Commission precedent, are appropriately addressed in the PJM Manuals.¹⁷²

97. Regarding the proposed requirements for a generating or merchant transmission facility site change, PJM states that this provision: (1) ensures that the project developer can satisfy elements of the site control demonstration; (2) ensures that projects have site control at the point of interconnection at which they have been studied; and (3) prevents gaming of the site control requirements by project developers that enter the interconnection process with site control for a site obtained solely for the purpose of meeting the application requirements, which PJM contends is often land miles away from the proposed point of interconnection, and later change their site control to the site they actually intend to use, once they have procured the land rights.¹⁷³

98. In response to Orsted's contention that changes on the project's side of the point of interconnection made in response to BOEM environmental review should not be considered a material modification, PJM states that offshore wind projects will be subject to the same material modification and change criteria governing other projects.¹⁷⁴ PJM

¹⁷⁰ *Id.* at 23.

¹⁷¹ *Id.* at 18.

¹⁷² *Id.* (citing *Energy Storage Ass'n v. PJM Interconnection, L.L.C.*, 162 FERC ¶ 61,296, at P 103 (2018) (citing *Cal. Indep. Sys. Operator Corp.*, 122 FERC ¶ 61,271, at P 16 (2008)); *City of Cleveland, Ohio v. FERC*, 773 F.2d 1368, 1376 (D.C. Cir. 1985) (finding that utilities must file "only those practices that affect rates and service significantly, that are realistically susceptible of specification, and that are not so generally understood in any contractual arrangement as to render recitation superfluous"); *N.Y. Indep. Sys. Operator, Inc.*, 179 FERC 61,102 at P 106 (indicating that implementation details are appropriately addressed in the RTO's business practice manuals); *Midcontinent Indep. Sys. Operator, Inc.*, 170 FERC ¶ 61,075 at P 38 (rejecting protests and finding it appropriate to include implementation details in manuals rather than the RTO tariff; also finding that requiring MISO to include this information in the Tariff could curb needed operational flexibility)).

¹⁷³ *Id.* at 19.

¹⁷⁴ *Id.* at 24.

states that this is consistent with what PJM does today, and these provisions are necessary to protect the reliability of the system, to ensure that other projects in the study process are not harmed, and ensure only ready projects enter and remain in the cycle.¹⁷⁵

d. Commission Determination

99. We find PJM's proposed site control requirements to be just and reasonable. The Commission has previously recognized that, as a general matter, more stringent site control requirements may help reduce the number of speculative, duplicative, and non-ready projects entering the interconnection queue.¹⁷⁶ The proposed site control requirements are intended to help reduce speculative projects entering and progressing through the interconnection process and causing the need for restudies and resulting in delays. We agree with PJM that more stringent site control requirements will discourage or prevent project developers from submitting speculative projects. Although the proposed site control requirements will add to the burden of prospective interconnection customers, we find that those burdens will be outweighed by the benefits associated with decreasing the number of speculative interconnection requests entering the interconnection queue, such as improving PJM's ability to timely process viable interconnection requests.¹⁷⁷

100. Commenters argue that the requirement for 100% site control for a project developer's interconnection facilities at Decision Point III is too stringent. Commenters contend that the land for generator tie lines is often negotiated and finalized at a late stage of the development process and is subject to change as a result of technical studies and negotiations. But at Decision Point III, project developers will have numerous study results identifying the necessary network upgrades and interconnection facilities. Furthermore, we note that any withdrawals that occur by the end of Decision Point III would be prior to the commencement of Phase II of the subsequent cycle, and thus, likely would not upset the study assumptions for subsequent cycles or create unreliable study results. The record suggests that requiring 100% site control for interconnection facilities at Decision Point III may help ensure that non-viable projects exit at Decision Point III and reduce the risk that subsequent cycles are harmed by late-stage withdrawals. Finally,

¹⁷⁵ *Id.* at 24-25.

¹⁷⁶ See *Midcontinent Indep. Sys. Operator, Inc.*, 169 FERC ¶ 61,173, at P 45 (2019) (*MISO 2019*) (citing *Midcontinent Indep. Sys. Operator, Inc.*, 166 FERC ¶ 61,187, at P 41 (2019)); see also *Sw. Power Pool, Inc.*, 178 FERC ¶ 61,015, at P 45 (2022).

¹⁷⁷ See *MISO 2019*, 169 FERC ¶ 61,173 at P 46 (finding that while MISO's proposed site control requirements will add to the burden of prospective interconnection customers, decreasing the amount of speculative interconnection requests will also provide benefits).

PJM explains that it aims to have a developer begin construction of its project within six months of the execution of the final interconnection-related service agreement and, therefore, a developer should already have site control for all aspects of its project before proceeding to a final interconnection-related service agreement.¹⁷⁸ Given this, we agree with PJM that it is just and reasonable to require 100% site control of interconnection facilities at Decision Point III.

101. Regarding concerns of projects being developed on government-owned land requiring flexibility due to regulatory approval and permitting processes, we note that PJM states that site control requirements on sites controlled by a governmental entity are different and require that the project developer pursue the requisite authorization and site the project in accordance with the authorization process. We agree with PJM that this provides the necessary flexibility for such projects.

102. We also find that PJM has provided sufficient detail in its Tariff on the proposed site control requirements, and that further implementation details are appropriately addressed in PJM's manuals. The Commission has previously found specification of certain site control implementation details in RTO/ISO business practice manuals to be acceptable.¹⁷⁹ As in those cases, the site control implementation details to be specified in PJM's manuals will include facility-specific acreage requirements.

103. Further, we are not persuaded by Tenaska's argument that PJM's proposed requirements for a requested generating or transmission facility site change are unsupported or at odds with the goal of reducing speculative projects. Among other benefits, PJM explains that limiting a project developer's site change to an adjacent parcel over which it demonstrates site control will prevent gaming of the site control requirements by project developers that enter the interconnection process with site control for a site obtained solely for the purpose of meeting the application requirements. We therefore find that PJM's proposed site change provisions and required demonstration of site control for both the initial site and the adjacent parcels will help ensure that projects entering the queue obtain site control for the site they actually intend to use while also providing some flexibility for a site change to an adjacent parcel. Regarding PJM's intended definition of adjacent parcel, we note that PJM clarified its intended meaning of an "adjacent parcel" in its Deficiency Letter Response to be parcels of land that are contiguous, next to each other, or sharing borders, and that parcels near each

¹⁷⁸ Transmittal Letter at 47.

¹⁷⁹ See *Midcontinent Indep. Sys. Operator, Inc.*, 166 FERC ¶ 61,187 at P 41 (referencing *SPP 2009*, 128 FERC ¶ 61,114 at P 48) (noting MISO's proposed approach of placing the resource-specific acreage requirements in the business practice manuals is similar to an approach SPP proposed and that the Commission accepted).

other connected by easements satisfy this definition.¹⁸⁰ We find this answer to be sufficient.

104. With respect to Orsted's request for clarification that changes to the project's side of the point of interconnection made in response to BOEM/NEPA environmental review would not be considered a material modification, we note that, as PJM explains, all projects are subject to same material modification and site change criteria and that this is consistent with how PJM currently evaluates such changes.¹⁸¹ PJM also contends these provisions are necessary to protect the reliability of the system, to ensure that other projects in the study process are not harmed, and ensure only ready projects enter and remain in a Cycle.¹⁸² We agree that such criteria will ensure that other projects in the study process are not harmed and that ready projects enter and remain in the queue.

105. Finally, having found PJM's proposal just and reasonable, we need not consider alternative proposals from commenters.¹⁸³

4. Elimination of Suspension Under the GIA

a. Filing

106. PJM proposes to eliminate the option to suspend under the GIA and instead provide project developers a one-time option to extend their milestones (other than any milestone related to site control) for a total period of one year regardless of cause.¹⁸⁴

¹⁸⁰ PJM Deficiency Letter Response at 8 (PJM states that it “intends the phrase ‘adjacent parcels’ to have its common dictionary meaning: parcels of land that are contiguous, next to each other, or sharing borders” and that “[i]ncluded within PJM’s view of ‘adjacent’ are parcels of land that are capability of being connected through easements”).

¹⁸¹ PJM August 2 Answer at 24.

¹⁸² *Id.* at 24-25.

¹⁸³ See *PJM Interconnection, L.L.C.*, 169 FERC ¶ 61,038, at P 12 (2019) (citing *OXY USA, Inc. v. FERC*, 64 F.3d 679, 692 (D.C. Cir. 1995) (finding that under the FPA, as long as the Commission finds a methodology to be just and reasonable, that methodology “need not be the only reasonable methodology, or even the most accurate one”); *Cities of Bethany v. FERC*, 727 F.2d at 1136 (when determining whether a rate was just and reasonable, the Commission properly did not consider “whether a proposed rate schedule is more or less reasonable than alternative rate designs”)).

¹⁸⁴ Transmittal Letter at 64.

PJM avers that, under the current suspension provision, interconnection customers may enter the interconnection process with non-ready projects, and then enter suspension while they attempt to arrange financing or otherwise determine whether and how to move forward with their projects. PJM states that the bulk of projects that enter into suspension immediately after signing an ISA ultimately withdraw from the queue, with recent data showing that 52% of projects that suspended ultimately withdrew. In addition, PJM states that the existing suspension provisions have been difficult to administer, and disputes continually arise over PJM's determinations that projects represent material modifications and are thus limited to a one-year suspension along with other suspension timing and time limit issues.¹⁸⁵ PJM avers that its approach here eliminates these material modification disputes while allowing some flexibility with regard to the one-time option to extend milestones.

107. PJM states that, in *SPP*, the Commission accepted a proposal to reduce the existing suspension period as an independent entity variation given the fact that “the number of pending interconnection requests in the queue is at an all-time high, . . . [making] it impossible for SPP effectively to manage the queue and efficiently study the requests.”¹⁸⁶ PJM also argues that the Commission has allowed stricter suspension provisions in other instances, recognizing that such provisions may be needed to address significant interconnection process delays.¹⁸⁷

b. Responsive Pleadings

108. Some commenters explicitly support the change, stating that it will preserve flexibility for project developers and prevent projects from remaining in the queue before subsequently withdrawing.¹⁸⁸

109. Other commenters raise concerns with the proposal, arguing that: (1) the one-time extension of milestones is premature;¹⁸⁹ (2) PJM has not shown the proposal will result in

¹⁸⁵ *Id.* at 64-65.

¹⁸⁶ *Id.* at 65 (quoting *SPP 2009*, 128 FERC ¶ 61,114 at PP 80-81).

¹⁸⁷ *Id.* (citing *MISO 2008*, 124 FERC ¶ 61,183 at P 106 (finding “there are serious problems with the queue, problems that do not benefit customers or generators whose projects are likely to come to fruition,” approving MISO’s more limited suspension provisions under the independent entity variation standard, and finding that “[t]he balance Midwest ISO has struck is reasonable under the present circumstances”)).

¹⁸⁸ ACORE Comments at 6-7; Ohio FEA Comments at 7-8.

¹⁸⁹ AICs Protest at 46.

incremental benefits that are sufficiently high to offset the added burden of the proposal to project developers;¹⁹⁰ (3) it could allow speculative projects to squat longer and viable projects to be arbitrarily blocked;¹⁹¹ (4) a one year extension of milestones may not be sufficient;¹⁹² and (5) that a suspension provision is needed for force majeure events.¹⁹³ Dominion Energy also requests that if the Commission accepts the proposal, the Commission should direct PJM to monitor the implementation of PJM's interconnection process reforms for adverse, unintended consequences surrounding project permits (e.g., the number of projects that are rejected because they cannot obtain all the permitting within the one-year extension window) as to not inadvertently put viable, non-speculative projects in jeopardy after executing a GIA.¹⁹⁴

110. In its answer, PJM argues that the existing suspension provisions and resulting late-stage withdrawals have contributed significantly to the backlog and that eliminating these provisions will help reduce the backlog.¹⁹⁵ Further, in response to commenters, PJM notes that the proposed GIA already has provisions regarding force majeure, as well as provisions which permit extensions of milestones for delays not caused by the project developer and that could not be remedied through the exercise of due diligence. PJM also states that the types of situations for which milestone extensions can be granted tend to be fact-specific and are hard to predict, and accordingly it is not practical to spell out all circumstances in which an extension may be granted.

c. Commission Determination

111. We find that PJM's proposal to eliminate suspension rights and instead allow developers to extend milestones (other than site control) for up to one year for any reason meets the independent entity variation standard.

112. Order No. 2003 provided generators the right to suspend a project for up to three years in order to provide generation projects the flexibility necessary to accommodate

¹⁹⁰ *Id.* at 47.

¹⁹¹ *Id.*

¹⁹² Dominion Comments at 9; EDF Renewables/Invenergy Comments at 12.

¹⁹³ EDF Renewables/Invenergy Comments at 12

¹⁹⁴ Dominion Comments at 9.

¹⁹⁵ PJM August 2 Answer at 39.

permitting and other delays that may affect projects.¹⁹⁶ In 2012, PJM sought, and the Commission approved, an independent entity variation to limit suspension to only one year if PJM determined that the requested suspension would be deemed a material modification.¹⁹⁷

113. Based on the record in this proceeding, and as discussed above, PJM has demonstrated that it is faced with a mounting backlog of New Service Requests, which have nearly tripled in the past three years, exacerbated by the large number of speculative projects that subsequently withdraw from the queue. In particular, as relevant here, PJM states that recent data shows that 52% of projects that suspended ultimately withdrew. These problems, including the limited incentives for speculative projects to exit the queue, do not benefit project developer whose projects are likely to come to fruition. Given the specific conditions facing PJM, allowing project developers to continue to extend their timelines to commercial operation even further through a full three-year suspension period may cause uncertainty and delays for lower-queued generators. Therefore, we approve PJM's proposed, stricter suspension provisions under the independent entity variation standard. We find that the balance PJM has struck is reasonable under these circumstances.

114. We disagree with protestors that PJM's proposal is premature because, as explained above, the number of pending interconnection requests in PJM's queue is at an all-time high, and the high volume of requests has made it impossible for PJM to effectively manage the queue and efficiently study the requests under the current serial approach. PJM's proposal balances the need for stricter timelines with the need for flexibility for project developers by allowing project developers to extend their milestones by up to one year¹⁹⁸ regardless of cause. In addition, PJM's proposal should give project developers certainty over the length they can extend milestones, establish objective criteria for such extensions (i.e., one year regardless of cause) and eliminate the disputes regarding PJM's material modification analyses.¹⁹⁹

¹⁹⁶ Order No. 2003, 104 FERC ¶ 61,103 at PP 177, 410.

¹⁹⁷ See *PJM Interconnection, L.L.C.*, 139 FERC ¶ 61,079, at PP 65-66 (2012); see also *PJM Interconnection, L.L.C.*, Compliance Filing, Docket No. ER12-1177-001, at 7 (filed May 30, 2012).

¹⁹⁸ Because the one-year milestone extension is under the GIA and PJM's proposal would require 100% site control of generating and interconnection facilities prior to execution of the GIA, there should be no need for a project developer to extend milestones with respect to site control.

¹⁹⁹ See, e.g., *Mercer Cnty. Solar Project, LLC v. PJM Interconnection, L.L.C.*, 181 FERC ¶ 61,025 (2022) (order on complaint alleging PJM refused to permit a suspension

115. Some protesters argue that a one-year extension of milestones may not be sufficient. As PJM explains, its proposal allows both a one-year extension of milestones for any reason, other than any milestone related to site control, as well as extensions of milestones for delays not caused by the project developer and that could not be remedied through the exercise of due diligence. We believe that these additional provisions to allow further extensions, on a case-by-case basis for factors outside of the control of the project developer, provide flexibility for project developers.

116. Finally, some protesters state that a suspension provision is necessary for force majeure events. PJM's proposal contains provisions to allow for force majeure events and those provisions should allow flexibility in these types of situations. We therefore disagree with protesters' arguments on force majeure events.

117. In sum, PJM's proposed replacement of its suspension provisions with a one-time milestone extension reasonably balances the need for flexibility with the need to encourage project developers to complete generation projects in a timely manner, consistent with the purposes of Order No. 2003.²⁰⁰

5. Operational Penalties for Late Transmission Service Request Studies

a. Filing

118. PJM requests that the Commission grant it an independent entity variation to allow it to remove sections 19.8 and 32.5 of its Tariff, which require PJM to use due diligence in studying requests for long-term firm and network integration transmission service (collectively, firm transmission service requests).²⁰¹ PJM states that these sections set forth metrics for reporting study delays to the Commission and provide for penalties

longer than one year).

²⁰⁰ See also, *MISO 2008*, 124 FERC ¶ 61,183 at PP 106-111; *id.* P 106 (finding under the independent entity variation standard that MISO's proposed, stricter suspension provisions, which limited suspension rights to force majeure conditions, struck a reasonable balance given problems with queue); *SPP 2009*, 128 FERC ¶ 61,114 at P 81 (finding under the independent entity variation standard that SPP's proposed suspension variations, which limited the circumstances under which suspensions may occur, reduced the suspension time period, and required security, were reasonable given issues with its queue and struck a reasonable balance of flexibility and preventing projects from causing significant delays).

²⁰¹ Transmittal Letter at 74.

applicable to PJM if it fails to complete a certain percentage of studies in a certain timeframe.²⁰²

119. PJM states that it proposes to remove sections 19.8 and 32.5 of its Tariff because, in PJM's context, they have effectively been superseded by Order No. 845 interconnection study metrics and reporting requirements.²⁰³ PJM explains that because its interconnection analysis department is responsible for performing firm transmission services studies, Order No. 845 also applies to these studies, and any future failure to meet study deadlines would result in a publicly available report to the Commission pursuant to the requirements of Order No. 845.²⁰⁴ PJM argues that having overlapping reporting requirements in more than one place in the Tariff risks inconsistent or conflicting calculation of the metrics, which would confuse the reporting.²⁰⁵ PJM states that the reporting provisions of sections 19.8 and 32.5 have been triggered less than a handful of times, and the penalty provisions of these same sections have never been triggered.²⁰⁶

b. Deficiency Letter Response

120. In its Deficiency Letter Response, PJM contends that retaining these sections in its Tariff will prove unworkable and discriminatory when applied to the new process that analyzes requests on a cluster basis.²⁰⁷ PJM states that, under the proposed cluster study process, all requests are studied together, such that PJM cannot remove from the interconnection process long-term firm transmission service requests that do not contribute to the need for upgrades and advance them, thereby avoiding the risk of penalties.²⁰⁸ Furthermore, PJM argues that the issue of whether to apply penalties for delays in the interconnection process is best addressed holistically as a policy matter in the interconnection rulemaking proceeding, rather than carrying through existing language on penalties for one narrow set of requests (firm transmission service

²⁰² *Id.* at 73.

²⁰³ *Id.* at 72-73.

²⁰⁴ *Id.* at 73.

²⁰⁵ *Id.* at 74.

²⁰⁶ *Id.* at 73.

²⁰⁷ Deficiency Letter Response at 2.

²⁰⁸ *Id.* at 3-4; PJM November 7 Answer at 5.

requests).²⁰⁹ PJM states that removing these penalties would put firm transmission service requests on the same footing as other New Service Requests, for which there are no penalties.²¹⁰ PJM states that under the new cluster process there will no longer be an opportunity for PJM to remove firm transmission service requests from the interconnection process and advance them. PJM states that if the cluster study is delayed for any reason, even for reasons not related to the firm transmission service requests, PJM will be subject to the penalties.²¹¹

121. PJM also notes that another approach to the issue would be to remove firm transmission service requests from the interconnection process, similar to how PJM's queue reform proposes to remove upgrade requests from the interconnection process, and establish a separate process.²¹² However, PJM notes that because such an approach would be a departure from the stakeholder-endorsed package in its filing, PJM instead commits to reviewing the alternative with stakeholders.

c. Responsive Pleadings

122. SOO Green and AICs protest PJM's proposal to eliminate penalties for transmission service request delays arguing that: (1) elimination of these protections contradicts the Interconnection NOPR, which proposed firm study deadlines and penalties for transmission providers who fail to meet deadlines in the interconnection context;²¹³ and (2) given the ongoing delays in the interconnection process and the fact that the penalty provisions have never been triggered, the provisions should be reinforced, not removed.²¹⁴

123. In its answer, PJM argues that the fact the penalty provisions have never been triggered since they were added to the Tariff proves they are unnecessary.²¹⁵ PJM argues

²⁰⁹ Deficiency Letter Response at 2 (citing Interconnection NOPR, 179 FERC ¶ 61,194 at PP 168-69).

²¹⁰ *Id.* at 3.

²¹¹ *Id.* at 4.

²¹² *Id.* at 5 n.15.

²¹³ SOO Green Protest at 31 (citing Interconnection NOPR, 179 FERC ¶ 61,194 at P 169).

²¹⁴ AICs Protest at 39.

²¹⁵ PJM August 2 Answer at 27; PJM November 7 Answer at 5.

that AICs' statement that the Commission should not adopt the proposal because of ongoing delays in the PJM study process does not demonstrate that PJM's proposal is not just and reasonable.²¹⁶ PJM states that its proposal to remove the penalty provisions recognizes that, under PJM's proposed cluster study process, all requests are studied together and there is no practical way to segment the cause of delays and thus no rational basis for applying penalties to the processing of one category of service requests while not subjecting other categories of service requests to penalties.²¹⁷

124. Lee County filed a protest to PJM's Deficiency Letter Response and argues that PJM is not prepared to complete required studies of pending firm transmission service requests for years, effectively blocking most power sale transactions.²¹⁸ Lee County asserts that PJM's proposal will make delays worse for firm transmission service customers and urges the Commission to direct PJM to untether firm transmission service requests from the interconnection process to avoid delays.²¹⁹ AICs argue that PJM's proposal to remove the penalty provisions is on its face inconsistent with and inferior to the penalty requirements of Order No. 890.²²⁰

125. Lee County further argues that PJM's existing Tariff provisions are unjust, unreasonable, and unduly discriminatory with respect to long-term firm transmission service requests.²²¹ Lee County requests that the Commission direct PJM to: (1) revise the available transmission capability horizon within which a New Service Request does not require a queue position from 18 months to 36 or 48 months; (2) discontinue the use of base case years that are after the requested delivery year; and (3) give eligible customers the option to request service at a fixed point instead of requiring alternate paths.²²²

126. In its answer to the Deficiency Letter Response protests, PJM states that Lee County's contentions regarding the ATC horizon, appropriate base models, deliverability study methodology, and dropout rate are unsupported, erroneous, and

²¹⁶ PJM August 2 Answer at 28.

²¹⁷ PJM November 7 Answer at 5-6.

²¹⁸ Lee County Protest at 1.

²¹⁹ *Id.* at 4-5.

²²⁰ AICs October 20 Comments at 4.

²²¹ Lee County Protest at 19.

²²² *Id.* at 5-6.

involve portions of the Tariff or PJM practices that are not being changed by the instant filing.²²³ PJM also contends that Lee County makes more of PJM's alternative solution than was intended and the alternative solution was presented as a potential path forward in the event the Commission did not accept PJM's proposed removal of the penalty provisions.²²⁴

d. Commission Determination

127. We find PJM's proposed removal of sections 19.8 and 32.5 of its Tariff to be consistent with or superior to the requirements of Order No. 890.²²⁵ The Commission stated that the Order No. 890 revisions to the *pro forma* OATT are not intended to upset the market designs used by existing ISOs and RTOs.²²⁶ As PJM states, in its current combined study process, transmission service requests and interconnection requests are included as part of the single New Service Requests queue. We note that PJM is not proposing to change its combined study process for New Service Requests. PJM also explains that under the new cluster process there will no longer be an opportunity for PJM to remove firm transmission service requests that do not contribute to the need for network upgrades from the interconnection process and advance them and that, under the cluster study approach, firm transmission service requests may be more likely to contribute to the need for network upgrades. Therefore, application of such penalties would not necessarily target delays due to studying firm transmission service requests, as contemplated in Order No. 890. Given these unique circumstances, we are persuaded to accept PJM's proposed removal of the penalty provisions. Further, PJM's proposal allows PJM to move to a more efficient cluster study approach while not disrupting its current practice of processing transmission service requests in the interconnection queue. We note that PJM commits to including transmission service requests in its reporting under Order No. 845, thus providing transparency into the timing and processing of such

²²³ PJM November 7 Answer at 7.

²²⁴ *Id.*

²²⁵ Although PJM sought review of its proposal to remove penalties under section 19.8 and 32.5 of its Tariff under the independent entity variation standard, Transmittal Letter at 74, that standard applies only to an ISO/RTO's proposed variations to the *pro forma* interconnection procedures and agreements. Order No. 2003, 104 FERC ¶ 61,103 at PP 26, 827. Here, the Commission applies the "consistent with or superior to" standard, which is applicable to other aspects of the *pro forma* OATT, *Preventing Undue Discrimination & Preference in Transmission Serv.*, Order No. 890, 118 FERC ¶ 61,119, at PP 157-158, 160 (2007), including the operational penalty provisions established under Order No. 890.

²²⁶ Order No. 890, 118 FERC ¶ 61,119 at P 158.

requests. We reject Lee County's arguments with respect to PJM's currently-effective process for evaluating long-term firm transmission service requests as outside of the scope of this proceeding.

6. Miscellaneous

a. Capacity Interconnection Rights and Affected Systems

128. P3 argues that PJM's proposal is silent on the issue of capacity interconnection rights, which P3 acknowledges are the subject of other Tariff provisions. P3 contends that if a capacity resource does not possess the requisite capacity interconnection rights, energy above that level has not been demonstrated to be deliverable at system peak and should be ineligible to be considered in the accreditation of the quantity of capacity offered. P3 also asserts that PJM plans to continue its historic practice of accrediting intermittent resources with capacity quantities based on the production of energy in excess of the facility's capacity interconnection rights.²²⁷ P3 urges the Commission to address this issue in this filing or commence another proceeding to examine it.

129. EDF Renewables/Invenergy and RWE Renewables argue that PJM should initiate processes to file revised affected system provisions with the Commission.²²⁸ EDF Renewables/Invenergy state that, at a minimum, these revisions must: (i) determine queue priority based on when each RTO's/utility's cycle or cluster reaches Decision Point I or the equivalent and (ii) provide results before project developers must conclude Decision Point II.

130. In its answer, PJM contends that P3's arguments regarding capacity interconnection rights for intermittent resources are outside of the scope of the instant proceeding. PJM asserts that its proposal does not affect capacity interconnection rights for any resource type, and that it is exploring capacity interconnection rights in an ongoing stakeholder special session before the planning committee.²²⁹

131. With respect to commenters' requests regarding affected systems, PJM argues that revisions to affected systems analyses and coordination process are beyond the scope of the instant proceeding. PJM asserts that, as it stated in its transmittal letter, the affected

²²⁷ P3 Comments at 6-7.

²²⁸ EDF Renewables/Invenergy Comments at 15-16; RWE Renewables Comments at 2.

²²⁹ PJM August 2 Answer at 32-33.

systems analyses will be conducted in essentially the same sequence as they are conducted under the current interconnection process.²³⁰

i. Commission Determination

132. We reject as outside the scope of this proceeding commenters' requests that PJM modify how it accredits capacity interconnection rights for intermittent resources and how it coordinates with affected systems. As PJM notes, its proposal does not affect capacity interconnection rights for any resource type, and PJM is exploring capacity interconnection rights in an ongoing stakeholder special session before the planning committee. PJM also notes that the affected system analyses will be conducted in essentially the same sequence as they are conducted under the current interconnection process, and PJM will continue to work with neighboring systems to improve affected systems coordination.²³¹

b. Study Timeliness and Accountability

133. Several parties raise concerns about PJM's and transmission owners' ability to timely process interconnection studies under the Transition Period and/or New Rules and the general lack of firm study deadlines. Tri Global, Borrego and Advanced Energy Economy argue that PJM's proposed use of "Reasonable Efforts" and "Good Utility Practice" to describe PJM's and the transmission owners responsibilities to meet study deadlines results in voluntary guidelines that will undermine the overall goal of expediting the resolution of the current backlog and processing future interconnection requests in a timely and efficient manner.²³² Advanced Energy Economy contends that, while PJM's proposal includes new more stringent readiness requirements to ensure that proposed generation projects are ready to be served (like the site control requirements discussed above), it does not include correspondingly stringent requirements for PJM and its transmission owners to timely process studies and adhere to schedules. For example, Advanced Energy Economy's argues that failures to complete interconnection studies on time can cause delays that lead to the expiration of permits obtained by the generation developer, risking the developer's continued compliance with site control requirements, for example. Advanced Energy Economy and Tri Global also assert that PJM's notice to

²³⁰ *Id.* at 34.

²³¹ *Id.*

²³² Tri Global Protest at 13-14; Borrego Comments at 6-7; Advanced Energy Economy at 11-12.

project developers and eligible customers that PJM is unable to complete a study within the prescribed time frame is insufficient.²³³

134. AICs and Tri Global also argue that project developers should have the right to engage an outside consultant, at their own expense, to prepare a study if PJM is going to be delayed completing the study.²³⁴ Similarly, Borrego asserts that the Commission should direct PJM to provide additional, alternative pathways to ensure timely study completion, such as allowing studies to be outsourced.²³⁵ EDF Renewables/Invenergy contend that PJM can hire outside consultants to timely process studies for PJM.²³⁶

135. Several parties request that the Commission direct PJM to submit informational filings that provide status reports. Parties argue that the reports should include information regarding: (1) statistics, such as delays in and average time for processing the backlog; (2) resources, such as senior engineers and other staff, that PJM needs to timely implement the proposed transition and three-phase study process; and (3) budget being applied to the interconnection process.²³⁷ Parties contend that, without such oversight, the existing interconnection queue backlog will not be cleared in a timely fashion and delays will persist under the new procedures.

136. In its answer, PJM argues that “Reasonable Efforts” and “Good Utility Practice” standards, as opposed to hard deadlines, are appropriate and reflect the currently applicable standard under the Commission’s *pro forma* LGIP and LGIA.²³⁸ PJM also states that the Commission in Order No. 845 specifically declined to order the elimination of the Reasonable Efforts standards, and that is the current law today.²³⁹ With respect to reporting requirements, PJM contends that additional reporting requirements would be unnecessary, inefficient, and burdensome at a time when resources are better directed

²³³ Advanced Energy Economy at 12; Tri Global Protest at 14.

²³⁴ AICs Protest at 8, 40, 44; Tri Global Protest at 14-15.

²³⁵ Borrego Comments at 7.

²³⁶ EDF Renewables/Invenergy Comments at 2.

²³⁷ *Id.* at 1-2; Borrego Comments at 9; SEIA Comments at 13; American Clean Power Comments at 13.

²³⁸ PJM August 2 Answer at 25.

²³⁹ *Id.* at 25-26

toward implementing the new processes as quickly as possible once approved.²⁴⁰ PJM notes that it already reports its interconnection study performance, facilities study delays, steps taken and proposed solutions regarding facilities study delays, and personnel hours expended toward interconnection studies pursuant to Order No. 845 requirements.

137. PJM also explains that it has been adding and training new employees and outside consultants to address the backlog and has augmented its interconnection staff.²⁴¹ PJM states it has increased its outside contractor staff by 25% since January 1, 2021. PJM contends that allowing project developers more flexibility to use outside consultants that they select and pay for at this time presents a number of concerns, for example,: (1) the potential for conflicts of interest and improper disclosure of confidential information if an outside consulting firm works for multiple developers; (2) the potential for transmission information to be provided to project developers and generators in violation of the Commission's standards of conduct, and (3) liability issues if the outside consultant makes an error in its studies or report or releases confidential or system critical information.²⁴² PJM also argues that the use of outside consultants may not save any time if they require training to perform the studies, or if PJM, for safety and reliability of the transmission system, needs to verify their results. PJM also notes that as the number of external consultants increases, the amount of PJM overhead to coordinate and manage the additional external staff increases, and the pool of qualified engineers and consultants is limited. PJM contends that it can amend its Tariff or Business Practice Manuals as needed if and when it determines that use of such outside consultants is feasible.

i. Commission Determination

138. As PJM points out, the “Reasonable Efforts” and “Good Utility Practice” standards reflect the currently applicable standard under the Commission's *pro forma* LGIP and LGIA.²⁴³ Moreover, in Order No. 845, the Commission explicitly declined to

²⁴⁰ *Id.* at 30.

²⁴¹ *Id.* at 40.

²⁴² *Id.* at 41.

²⁴³ *See, e.g., pro forma* LGIP §§ 7.4 (“Transmission Provider shall use Reasonable Efforts to complete the Interconnection System Impact Study”), 8.3 (“Transmission Provider shall use Reasonable Efforts to complete the [facilities] study”). “Reasonable Efforts” is defined as efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a party would use to protect its own interests. *See* Order No. 2003, 104 FERC ¶ 61,103 at P 67.

eliminate the “reasonable efforts” standard to meet study deadlines.²⁴⁴ The Commission explained that the reasonable efforts standard continues to be the appropriate approach to interconnection study processing and that reliance on improved reporting was a preferable approach to encourage timely processing of interconnection studies, rather than moving to a regime of firm study deadlines. The Commission also pointed out that such reporting should help inform the Commission if any future action should be considered. Accordingly, at this time, we decline to require PJM to adopt firm study deadlines instead of its proposed “Reasonable Efforts” standard.

139. We also decline to require PJM to allow project developers to use outside consultants, or require PJM to use outside consultants, in the event of study delays. Based on the record in this proceeding, we are not persuaded that such a requirement is necessary at this time. As the Commission has previously recognized, RTOs and transmission owners are often best positioned to conduct these studies due to their knowledge of the transmission facilities involved.²⁴⁵ Furthermore, PJM states that it has been adding and training new employees and outside consultants to address the backlog and we expect PJM to continue to take such concrete steps to improve the timeliness and accuracy of its interconnection studies.

140. Regarding commenters’ requests for PJM to file periodic status reports, we agree that informational filings are appropriate in this instance to provide increased transparency to interested parties and the Commission on PJM’s progress towards clearing the interconnection queue backlog and reducing study delays. We therefore direct PJM to submit informational reports with the Commission in the instant docket concurrent with its Order No. 845 informational filing²⁴⁶ beginning after the Transition Date and ending when PJM has completed processing all New Service Requests under the Transition Period Rules. These informational filings should provide the following: (1) the number of studies completed by study phase and the average time for study completion under the Transition Period Rules; (2) the number of New Service Requests remaining in the Expedited Process, Transition Cycle #1, and Transition Cycle #2, by queue window and study phase; (3) updates on whether PJM is meeting the timelines for completion for each phase in Transition Cycles #1 and #2 (i.e., whether it completed the Phase I system impact study in 120 days, the Phase II system impact study in 180 days,

²⁴⁴ Order No. 845, 163 FERC ¶ 61,043 at P 323.

²⁴⁵ See, e.g., *MISO 2017*, 158 FERC ¶ 61,003 at P 87 (rejecting commenters’ requests that MISO hire an outside consultant noting, for example, that the transmission owners are often best positioned to conduct interconnection studies due to their knowledge of the transmission facilities involved).

²⁴⁶ See Order No. 845, 163 FERC ¶ 61,043 at P 305.

and the Phase III system impact study in 180 days), and how long PJM took to complete each phase; and (4) updated timelines on when PJM expects to commence and complete the remaining phases of Transition Cycles #1 and #2 and the Expedited Process and commence Cycle #1 under the New Rules. These reports are intended to give the Commission and other interested parties a regular status update on the progress of the proposed reforms.²⁴⁷ We decline to require PJM to include in these reports the additional metrics suggested by commenters.

c. Other

141. Tri Global and AICs request that the Commission require PJM to offer earlier access to limited operations and provisional interconnection service, and to enable project developers to use independent studies to demonstrate the viability of making energy-only sales or providing other services, even before an interconnection service agreement is executed.²⁴⁸ Similarly, American Clean Power requests that the Commission direct PJM to clarify when and how project developers can utilize limited operations or provisional interconnection service.²⁴⁹ AICs also contend that the Commission should reject PJM's proposal to preclude construction activities under the engineering and procurement agreement (E&P Agreement).²⁵⁰

142. SOO Green argues that merchant transmission facilities should be exempted from PJM's proposal and processed through the PJM Regional Transmission Expansion Plan (RTEP) process.²⁵¹ SOO Green argues that including merchant transmission in the interconnection queue is unjust and unreasonable.²⁵²

²⁴⁷ We note that these informational filings will be for informational purposes only. The Commission will not notice the filings for comment and the filings do not require Commission action.

²⁴⁸ Tri Global Protest at 15; AICs Protest at 46; AICs Answer at 13.

²⁴⁹ American Clean Power Comments at 11.

²⁵⁰ AICs Protest at 45-46. PJM proposed to rename its existing interim interconnection service agreement (Interim ISA) as the E&P Agreement. Transmittal Letter at 10; PJM August 2 Answer at 43.

²⁵¹ SOO Green Protest at 2; Illinois CUB states that it supports SOO Green's proposal for SOO Green to be processed through the RTEP. Illinois CUB Comments at 1.

²⁵² SOO Green Protest at 10.

143. AEP argues that revisions are required for PJM's proposed generator interconnection agreement (GIA), and proposes specific revisions to provide additional notice to project developers of the potential risks associated with construction prior to execution of the GIA; to protect transmission customers and ensure that if a lien is filed for work performed by the project developer, that the project developer is the responsible party, and revisions that manufacturer warranties and any warranties held by a contractor are transferred when title to facilities transfers. AEP states that it also proposes revisions to Section 9.0 of the Form of Engineering and Procurement Agreement to correct what appears to be an administrative error.²⁵³

144. In its answer, regarding the E&P Agreement comments, PJM contends that its changes to the Interim ISA and the E&P Agreement and that it is limited to pre-construction activities are consistent with Order No. 2003.²⁵⁴ Regarding the provisions service comments, PJM states that, while it updated terminology in the GIA it did not substantively change the scope of the provisions or when the provisions can be exercised.²⁵⁵ PJM also contends that the concerns with providing provisional service prior to studies being completed is that it would be unclear how PJM can ensure that the system will remain reliable and what obligations it would need to place on a project developer.

145. Regarding SOO Green's argument that merchant transmission should not be part of the interconnection process, PJM contends that it is irrelevant and beyond the scope of this proceeding, is currently occurring in a separate proceeding, and should be dismissed.²⁵⁶

146. In its answer, PJM states that while it does not necessarily oppose consideration of the changes suggested by AEP to the *pro forma* GIA and Engineering and Procurement Agreement in a later stakeholder process, no party requested these changes during the stakeholder process, and the *pro forma* agreements contained in proposed Tariff, Part IX, should be accepted as just and reasonable.²⁵⁷ PJM adds that it has commenced a "Phase II" stakeholder process to consider additional revisions to the Tariff additions and

²⁵³ AEP Comments at 1-2.

²⁵⁴ PJM August 2 Answer at 44.

²⁵⁵ *Id.* at 45.

²⁵⁶ *Id.* at 31-32.

²⁵⁷ PJM November 7 Answer at 8.

revisions proposed in the instant filing, and AEP's concerns are better addressed through that process.

i. Commission Determination

147. Several commenters express a preference for alternatives and propose specific revisions. As explained above, under FPA section 205, the Commission determines the justness and reasonableness of the proposal before it and is not obligated to consider whether the proposal is more or less reasonable than other alternatives.²⁵⁸ Therefore, we need not address commenters' preferred alternative approaches.

148. Because PJM is not proposing to change its approach regarding merchant transmission interconnection requests, we reject SOO Green's arguments with respect to PJM's currently-effective process for evaluating merchant transmission interconnection requests as outside of the scope of this proceeding.

149. PJM also notes that it has commenced a "Phase II" stakeholder process to consider additional revisions to the Tariff proposal in the instant filing. We encourage PJM to continue to work with its stakeholders to develop further refinements as considered in this Phase II stakeholder process.

The Commission orders:

(A) PJM's proposed Tariff revisions are hereby accepted, subject to condition, to be effective November 30, 2022, January 3, 2023, and December 31, 9998, as requested, as discussed in the body of this order.

(B) PJM is hereby directed to submit a compliance filing within 30 days of the issuance of this order, as discussed in the body of this order.

(C) PJM is hereby directed to submit a further compliance filing specifying the effective date for Part VIII of its Tariff no less than 60 days prior to the effective date, as discussed in the body of the order.

²⁵⁸ See *PJM Interconnection, L.L.C.*, 169 FERC ¶ 61,038 at P 12 (citing *OXY USA, Inc. v. FERC*, 64 F.3d at 692 (finding that under the FPA, as long as the Commission finds a methodology to be just and reasonable, that methodology "need not be the only reasonable methodology, or even the most accurate one"); *Cities of Bethany v. FERC*, 727 F.2d at 1136 (when determining whether a rate was just and reasonable, the Commission properly did not consider "whether a proposed rate schedule is more or less reasonable than alternative rate designs"))).

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(D) PJM is hereby directed to submit informational reports, as discussed in the body of this order.

By the Commission. Chairman Glick is not participating.
Commissioner Clements is concurring with a separate statement attached.

(S E A L)

Debbie-Anne A. Reese,
Deputy Secretary.

Appendix A**Tariff Records Accepted
PJM Interconnection, L.L.C.
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Appendix B**Docket Nos. ER22-2110-000 and ER22-2110-001****List of Intervenors**

Acciona Energy USA Global LLC (Acciona)
Advanced Energy Economy
AES Clean Energy Development, LLC (AES Clean Energy)
American Clean Power Association (American Clean Power)
American Electric Power Service Corporation (AEPSC)²⁵⁹
American Council on Renewable Energy (ACORE)
American Municipal Power, Inc. (AMP)
Apex Clean Energy Management, LLC (Apex)
Avangrid Renewables, LLC (Avangrid)
Borrego Solar Systems, Inc.
BP America Inc. (BP America)**
BrightNight U.S., LLC (BrightNight)
Buckeye Power, Inc. (Buckeye)
Calpine Corporation (Calpine)
Competitive Power Ventures, Inc. (CPV)
ConnectGen, LLC (ConnectGen)
Constellation Energy Generation, LLC (Constellation)
Copenhagen Infrastructure IV K/S, on behalf of its affiliate, Copenhagen Infrastructure Partners (CIP)
Cypress Creek Renewables, LLC (Cypress Creek)
David Kuranga*
The Dayton Power and Light Company d/b/a AES Ohio
Delaware Division of the Public Advocate
Dominion Energy Services, Inc. (Dominion Energy)²⁶⁰

²⁵⁹ AEPSC intervenes on behalf of its affiliates: Appalachian Power Company; Indiana Michigan Power Company; Kentucky Power Company; Kingsport Power Company; Ohio Power Company; Wheeling Power Company; AEP Appalachian Transmission Company, Inc.; AEP Indiana Michigan Transmission Company, Inc.; AEP Kentucky Transmission Company, Inc.; AEP Ohio Transmission Company, Inc.; and AEP West Virginia Transmission Company, Inc. (collectively, AEP), and AEP Energy Partners, Inc.

²⁶⁰ Dominion Energy Services, Inc. intervenes on behalf of Virginia Electric and Power Company d/b/a Dominion Energy Virginia (Dominion).

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Duke Energy Corporation (Duke)²⁶¹
Duquesne Light Company (Duquesne Light)
East Kentucky Power Cooperative, Inc. (EKPC)
EDF Renewables, Inc. (EDF Renewables)
EDP Renewables North America LLC (EDP Renewables)
Electric Power Supply Association (EPSA)
Enel North America, Inc.
Equinor Wind US LLC (Equinor)*
Exelon Corporation (Exelon)
FirstEnergy Service Company (FirstEnergy)²⁶²
Galehead Development Company (Galehead)*
Galehead Project Companies^{263*}
Hecate Energy LLC (Hecate)
Hollow Road Solar, LLC (Hollow Road)
H-P Energy Resources LLC
Illinois Citizen Utility Board (Illinois CUB)
International Electric Power, LLC (IEP) and IEP Yellow Finch, LLC (IEP Yellow Finch)*
Invenergy Renewables LLC (Invenergy)
J-Power USA Development Co. Ltd. (J-Power)
Lee County Generating Station, LLC (Lee County)**
Leeward Renewable Energy Development, LLC (Leeward)
LS Power Development, LLC (LSP Development)

²⁶¹ Duke Energy Corporation intervenes on behalf of its franchised public utility affiliates; Duke Energy Ohio, Inc.; Duke Energy Kentucky, Inc.; Duke Energy Indiana, LLC; Duke Energy Carolinas, LLC; and Duke Energy Progress, LLC (collectively, Duke Companies).

²⁶² FirstEnergy intervenes as agent for its affiliates American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Mid-Atlantic Interstate Transmission LLC, West Penn Power Company, The Potomac Edison Company, Monongahela Power Company, and Trans-Allegheny Interstate Line Company (collectively, FirstEnergy Transmission Companies).

²⁶³ Galehead Project Companies are: Robertsville PV I, LLC; Bolivar PV I, LLC; Merry Hill PV I, LLC; Macon PV I, LLC; Sunbeam PV I, LLC; Cauthornville PV I, LLC; Runnymede PV I, LLC; Valentines PV I, LLC; Bracey PV I, LLC; Du Bois PV I, LLC; Sabinsville PV I, LLC; Xeo's PV I, LLC; Hooper PV I, LLC; Victoria PV I, LLC; Keysville PV I, LLC; Trillium PV I, LLC; and Java PV I, LLC.

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Michigan Public Service Commission

Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for
PJM

National Grid Renewables Development, LLC (NG Renewables)

Natural Resources Defense Council (NRDC)

New Jersey Board of Public Utilities (NJBPU)

New Jersey Division of Rate Counsel (NJ Rate Counsel)

NextEra Energy Resources, LLC (NextEra Resources)

North Carolina Electric Membership Corporation (NCEMC)

Northern Virginia Electric Cooperative (NOVEC)

NRG Power Marketing LLC and Midwest Generation, LLC (NRG PML/MWGen)

Office of the People's Counsel for the District of Columbia (DC OPC)

Ohio Federal Energy Advocate (Ohio FEA)

Old Dominion Electric Cooperative (ODEC)

Organization of PJM States, Inc. (OPSI)

Orsted Wind Power North America LLC (Orsted)

Pennsylvania Public Utility Commission

Pine Gate Renewables, LLC (Pine Gate)

PJM Industrial Customer Coalition (PJMICC)

PJM Power Providers Group (P3)

Public Service Electric and Gas Company (PSE&G)

RWE Renewables Americas, LLC (RWE Renewables)

Rockland Electric Company

Rye Development LLC

Savion, LLC

Scout Clean Energy, LLC (Scout)

Shell Energy North America (U.S.), L.P. (Shell Energy)

Sierra Club

Solar Energy Industries Association (SEIA)

SOO Green HVDC Link ProjectCo, LLC (SOO Green)

Southern Maryland Electric Cooperative, Inc. (SMECO)

Talen Energy Corporation (Talen Energy)

Tenaska, Inc. (Tenaska)

Tri Global Energy, LLC (Tri Global)

UGI Utilities Inc. (UGI)

Vistra Energy Corp. and Dynegy Marketing and Trade, LLC (DMT) (collectively, Vistra)

Wabash Valley Power Association, Inc. (Wabash)

Walden Renewables Development LLC

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*motion to intervene out-of-time

**intervened in ER22-2110-001

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.

Docket Nos. ER22-2110-000
ER22-2110-001

(Issued November 29, 2022)

CLEMENTS, Commissioner, *concurring*:

1. I reluctantly concur. PJM's interconnection process is failing customers, as thousands of megawatts of projects holding the potential to deliver lower cost energy to customers while enhancing system reliability wait years to connect to the system and face enormously costly delays. As the American Clean Power Association observes, "[d]ue to its antiquated serial study process, PJM's interconnection queue is backlogged and the situation is only getting worse. . . . As of January 2022, only one percent of all facilities studies were completed on time," with hundreds of studies delayed well past their promised timelines.¹ The Organization of PJM States notes that, astonishingly, "only 13 facilities studies were completed in April and May of 2022 against a backlog of 1,585."²

2. PJM has done just enough to demonstrate that its proposal is just and reasonable and not unduly discriminatory. The record demonstrates that PJM's proposed reforms, while imperfect, have the potential to substantially accelerate its broken status quo interconnection process. And although PJM's proposal can be accepted on the record before us, the Commission's Notice of Proposed Rulemaking on interconnection reforms³ remains pending and its broader record may well provide a basis for further changes to PJM's interconnection process.

3. The unfortunate fact is that PJM's interconnection queue has spiraled out of control. The region's challenges stem both from flaws in the interconnection process that PJM now revises, and from the failure of PJM's transmission planning process to plan for major infrastructure improvements needed to keep pace with a changing resource mix. PJM's proposed four-year pause on new interconnection requests is frustratingly slow and may implicate countless new projects attempting to connect to the system, but I am

¹ American Clean Power Comments at 3.

² OPSI Comments at 4. *See also* Transmittal Letter at Figure 8 (illustrating the enormous pending backlog of interconnection studies).

³ *Improvements to Generator Interconnection Procedures and Agreements*, Notice of Proposed Rulemaking, 179 FERC ¶ 61,194 (2022) (Interconnection NOPR)).

persuaded that it is a reasonable step to clear the region's enormous backlog given how long many projects will inevitably be delayed. Further, any order rejecting PJM's approach would only subject interconnecting projects and customers to additional delay as the region continued to implement its broken and outdated serial interconnection process.⁴

4. Additional steps including better transmission planning will be essential complements to PJM's proposal. Planning major network upgrades via the interconnection process does not work.⁵ It inevitably results in queue withdrawals, restudies, and delays. PJM and its customers are reaping the results of this failed approach, which will hopefully soon be corrected. It is a credit to Chairman Glick's leadership that he immediately prioritized transmission and interconnection reform at the beginning of his term, and the Commission has issued multiple Notices of Proposed Rulemaking that hold potential to help alleviate the gridlock. Yet those rulemakings will take time to play out. In the meantime, PJM's package of proposed reforms helps to chart a new course for the region.

5. Nevertheless, certain aspects of PJM's proposal are concerning. First, and perhaps most disquieting, is PJM's choice to require 100% site control for interconnection facilities at Decision Point III. Today's order accepts this proposal, which is consistent with other public utilities' generator interconnection procedures.⁶ But it is hard to ignore commenters' significant concerns that PJM's proposal "may inadvertently remove

⁴ For this reason, many stakeholders who are critical of PJM's reforms nonetheless urge their acceptance by the Commission. *See, e.g.*, OPSI Comments at 1 ("While the proposed four-year transition and two-year default processing timelines are too long, OPSI encourages FERC to approve PJM's filing expeditiously.").

⁵ *See, e.g., Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, 179 FERC ¶ 61,028, at P 36 (2022) (Regional Transmission Planning NOPR) ("Because the generator interconnection process is not designed to consider how to more efficiently or cost-effectively address transmission needs beyond the interconnection request(s) being studied, it cannot achieve the economies of scale in transmission investment needed to integrate significant quantities of new generation resources while maintaining Commission-jurisdictional rates that are just and reasonable and not unduly discriminatory or preferential.").

⁶ *See Duke Energy Carolinas, LLC*, 176 FERC ¶ 61,075 (2021) (accepting proposed site control requirements); *Dominion Energy South Carolina, Inc.*, Docket No. ER22-301-000 (2021) (same; delegated order).

eminently viable projects from its interconnection queue.”⁷ They argue that the site control requirement may prove to be too onerous in practice because gen-tie line sites may involve numerous small land parcels for which minor issues could come up, and because last minute changes in line routes may occur.⁸ PJM’s untested approach appears to be unique among RTOs.

6. The 100% site control requirement is particularly concerning given its potential to facilitate potential anti-competitive conduct on the part of the interconnecting transmission owner. Because the path or location for interconnection facilities can potentially be changed late in the process by the transmission owner during the facilities study,⁹ I am concerned that a generation-owning transmission owner could utilize the facilities study process to direct a late-stage route change, which when coupled with PJM’s 100% site control requirement, could lead an otherwise viable project to withdraw from the queue.

7. It is therefore critical as PJM’s proposal is implemented to ensure that transmission owners give comparable treatment to all projects, whether developed by an affiliated entity or a competitor. Because of this concern I encourage stakeholders to bring any unduly discriminatory conduct to the Commission’s attention. While I vote to accept PJM’s proposal based on the record before us, I must of course reevaluate whether a tariff is just and reasonable and not unduly discriminatory based on any additional evidence of its implementation that comes before the Commission.

8. I encourage PJM to modify its site control requirements to address the potential for undue discrimination, consistent with the directions the Commission gave to MISO in a similar proceeding. As the Commission concluded therein, undue discrimination may be guarded against by affording a customer additional time to demonstrate site control where a change is required late in the study process, and by declining to require site control demonstration for land owned by the transmission owner.¹⁰ With these modest further reforms, PJM would reduce the risk of undue discrimination, as well as the

⁷ American Clean Power Comments at 9.

⁸ *See id.* at 9-10.

⁹ *See Midcontinent Independent System Operator*, 166 FERC ¶ 61,187 at P 33 (2019) (summarizing commenter concerns about a site control requirement interacting with transmission owner control over the path of facilities).

¹⁰ *See id.* at P 46 (directing MISO to “include these clarifications in its proposal” if it “chooses to file similar revisions in the future”).

potential for waiver requests or disputes related to late-stage changes in the path for interconnection that may otherwise complicate implementation of its queue reforms.

9. My second significant concern with PJM's proposal is its elimination of operational penalties for late transmission service request studies. In my view, PJM's proposal is "consistent with or superior to" the requirements of Order No. 890 only due to the unique circumstances of PJM's interconnection process. As the Order notes, "PJM's proposal allows PJM to move to a more efficient cluster study approach while not disrupting its current practice of processing transmission service requests in the interconnection queue."¹¹ The "reasonable efforts" standard controls the timing of the interconnection requests in PJM's combined queue, and while this standard may be inadequate incentive for grid operators to process requests on a reasonable timeline, it applies in other regions as well. As such, the appropriate forum for reconsidering the reasonable efforts standard is the Commission's broader Notice of Proposed Rulemaking on interconnection reform.¹²

10. Finally, as discussed above, I am concerned that despite the proposed reforms, PJM's interconnection process remains too slow to effectively serve customers. In this regard I note that PJM's proposed reforms accepted today are but one step upon which several others could conceivably be layered. Further changes that hold potential to accelerate PJM's interconnection queue include modifying the threshold at which network upgrades are triggered by the interconnection process,¹³ and adjustments to cost allocation for interconnection upgrades such that network upgrade costs are less likely to spur queue withdrawal.¹⁴ I also encourage PJM and other regions facing similar

¹¹ Order at P 127.

¹² See Interconnection NOPR at PP 161-173 (discussing the potential elimination of the reasonable efforts standard).

¹³ See, e.g., Regional Transmission Planning NOPR at P 159 (discussing a proposal "to limit generator interconnection studies to focus on direct, localized impacts of new generation," which supporters contend would "help unburden constrained and backlogged interconnection queues"). The R Street Institute highlights the Electricity Reliability Council of Texas (ERCOT) interconnection process as a model worth emulating. It states that "[i]ndustry experts consider ERCOT's GI process to be perhaps the most effective domestically," and argues that the region achieves a much faster 2-3 year project development cycle by refraining from imposing a deliverability requirement on interconnecting projects, and instead subjecting developers to congestion and curtailment risk and handling network upgrades via the transmission planning process. Initial Comments of the R Street Institute, Docket No. RM22-14, at 6-7 (filed Oct. 13, 2022).

¹⁴ See, e.g., Comments of Nextera Energy, Inc., Docket No. RM22-14, at 7 (filed

challenges to consider the potential implementation of a forward-looking interconnection study process pursuant to which interconnection customers connecting to certain parts of the system could be given interconnection cost information on a more advanced basis that is less subject to unpredictable variation based on where a project falls in relation to others in the queue.¹⁵

11. In closing, I note once again that the connection between regional transmission planning and interconnection processes cannot be overstated. Forward-looking planning of transmission infrastructure with significant regional benefits will greatly reduce the strain on the interconnection process. A well-planned transmission system would yield a simpler study process for PJM, and would facilitate an interconnection process less likely to trigger disproportionately high-cost network upgrades, spurring queue withdrawals and further delays. Conversely, the need for further interconnection reforms will be heightened should the region fail to coalesce on a portfolio of beneficial projects that significantly reduce the strain on the interconnection process.

12. I encourage PJM to prioritize working with the states in its region to come together around a shared vision to facilitate the construction of needed transmission projects in a manner that all can agree is fair, such that it can make significant progress toward building necessary regional transmission infrastructure as we have recently seen in other regions.¹⁶ Given the gravity of PJM's interconnection queue challenges, its

oct. 13, 2022) (arguing that “[p]articipant funding reform is necessary to ensure the transmission grid does not become an impediment to the timely and efficient interconnection” of new facilities).

¹⁵ For example, T. Bruce Tsuchida of The Brattle Group recommends proactive planning for generation interconnection, citing MISO and SPP's JTIQ process as an example in the affected systems context of how forward-looking planning may provide greater certainty to interconnection customers while planning the system in a more optimal fashion. See Tsuchida, in conjunction with ESIG Proactive Planning Task Force, *Proactive Planning for Generation Interconnection: A Case Study of SPP and MISO* (August 17, 2022), available at <https://www.esig.energy/resources/proactive-planning-for-generator-interconnection-a-case-study-of-spp-and-miso-bruce-tsuchida-august-2022/>.

¹⁶ For example, MISO recently coalesced around a Long Range Transmission Planning portfolio, and has plans in the works for several additional tranches of projects. See MISO, MTEP21 Report Addendum: Long Range Transmission Planning Tranche 1 Portfolio Report, at 6 (outlining four planned tranches of transmission projects), available at <https://cdn.misoenergy.org/MTEP21%20Addendum-LRTP%20Tranche%201%20Report%20with%20Executive%20Summary625790.pdf>. In New York, the state's Transmission Owners and the New York Public Service

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efforts to address its clogged interconnection process should be an ‘all hands on deck’ moment, with the RTO using every conceivable tool at its disposal to process its queue faster. That includes hiring more staff, paying more to attract necessary personnel, and pioneering new and creative techniques to alleviate the backlog. Absent such actions, it is incumbent on the Commission to continue its assessment of PJM’s interconnection and transmission planning processes to ensure that they remain just and reasonable.

For these reasons, I respectfully concur.

Allison Clements
Commissioner

Commission recently came together around a cost allocation approach for certain transmission upgrades needed to meet the state’s policy goals, following on the New York State Energy Research and Development Authority (NYSERDA)’s completion of a Power Grid Study. *See Consolidated Edison*, 180 FERC ¶ 61,106 (2022); NYSERDA, *Initial Report on the New York Power Grid Study* (2021), available at <https://www.nyserda.ny.gov/About/Publications/Energy-Analysis-Technical-Reports-and-Studies/Electric-Power-Transmission-and-Distribution-Reports/Electric-Power-Transmission-and-Distribution-Reports---Archive/New-York-Power-Grid-Study>.

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