

October 4, 2019

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street NE  
Washington, DC 20426

RE: *Southwest Power Pool, Inc.*, Docket No. RM18-9-000  
Submission of Response to Data Request

Dear Secretary Bose:

On September 5, 2019, the Federal Energy Regulatory Commission (“Commission”) issued a letter (“September 5 Letter”) to Southwest Power Pool, Inc. (“SPP”) in this proceeding requesting SPP’s response to data requests regarding the interconnection of distributed energy resources (“DER”). SPP’s responses are included in this filing.

## **I. RESPONSE TO SEPTEMBER 5 LETTER**

### **Question 1:**

Under your RTO’s/ISO’s existing rules for small generator interconnection, if a DER seeks to participate in wholesale markets and plans to interconnect at the distribution level, please describe the step-by-step process by which that resource would interconnect to the system.

- a. What are the respective roles of the RTO/ISO and the distribution utility in that process?
- b. How would the DER ascertain whether it must interconnect pursuant to a state-jurisdictional interconnection process or a Commission-jurisdictional process?
- c. How does your RTO/ISO define the physical boundaries of a distribution facility when determining whether a distribution facility to which a new DER seeks interconnection is already subject to an Open Access Transmission Tariff (OATT) for purposes of making wholesale sales?<sup>1</sup>

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<sup>1</sup> See *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 104 FERC ¶ 61,103, at P 804 (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), *affd sub nom. Nat’l Ass’n of Regulatory*

**Response:**

- a. The customer would make a request for interconnection to the distribution utility. The distribution utility would first determine whether the facilities at the proposed Point of Interconnection are under the functional control of SPP. If so, the customer would be directed to submit a request for interconnection to SPP pursuant to Attachment V of the SPP Open Access Transmission Tariff (“Tariff”). If not, the distribution utility would determine whether there is a potential impact to the SPP Transmission System pursuant to SPP Business Practice 7300<sup>2</sup> and would notify SPP of the request. SPP and the interconnecting utility would jointly determine whether an affected-system study of impacts to the SPP Transmission System is necessary and which entity would conduct that study. The results of the affected-system study would be provided to the customer. If upgrades to the SPP Transmission System are required, SPP would tender an agreement for construction of the upgrades to the customer. This agreement would be a three-party agreement between SPP, the customer, and the Transmission Owner which would own the upgrade. The interconnection agreement would be between the customer and the interconnecting utility. SPP would not be a party to the interconnection agreement.
- b. The interconnecting utility should advise the customer as to the applicable process for interconnection.
- c. For the purposes of interconnection service, SPP considers only the facilities that have been placed under its functional control to be subject to the Generator Interconnection Procedures in Attachment V of the Tariff. Interconnection to other facilities may be subject to affected system evaluation pursuant to SPP Business Practice 7300.<sup>3</sup> Any resource, regardless of whether it interconnects to the SPP Transmission System or not, may make wholesale sales using SPP’s Transmission System as long

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*Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. 1230 (2008); *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, 111 FERC ¶ 61,220, at PP 5, 8, *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).

<sup>2</sup> Southwest Power Pool, Inc., Open Access Transmission Tariff Business Practices, Business Practice 7300 (posted on SPP’s website at: <https://www.spp.org/spp-documents-filings/?id=18162>).

<sup>3</sup> *Id.*

as it meets the other requirements under the Tariff for market registration and transmission service reservations, as applicable.

**Question 2:**

Does the interconnection process described in response to Question # 1 differ based on whether or not the DER is a Qualifying Facility, and if so, how?

**Response:**

No.

**Question 3:**

Does the interconnection process described in response to Question # 1 differ if the DER seeking to participate in wholesale markets is interconnecting behind a retail customer meter (whether on the distribution or transmission system), and if so, how?

**Response:**

No.

**Question 4:**

Does the interconnection process described in response to Question # 1 allow studies for bi-directional service (i.e., both from a DER to the transmission system and from the transmission system to a distribution-connected wholesale customer)?

**Response:**

To the extent that the Generating Facility is an energy storage resource, the SPP interconnection study process would determine whether any facilities would be required specifically to support charging activities, unless the customer indicates that they will not charge from the Transmission System. In such a case, SPP would expect that the Generator Interconnection Agreement (“GIA”) will prohibit charging from the Transmission System and will contain a description of the equipment and mechanisms for ensuring the same. To the extent that the Generating Facility is not an energy storage resource, the SPP interconnection study process would only evaluate the impact of an injection of energy into the SPP Transmission System. If the facility were to include SPP Network Load, it may be subject to the provisions of Attachment AQ of the Tariff for block load additions, which is separate from the SPP interconnection study process and subject to the Tariff addressing charges for Network Load.

**Question 5:**

Under the interconnection process described in response to Question # 1, and assuming all of the individual DERs in the aggregation are new resources, which of the following would apply: (1) an aggregation of DERs located at multiple points of interconnection would be studied as one aggregated resource by your RTO/ISO and require only a single Generator Interconnection Agreement (GIA); (2) each individual DER would be studied individually and require its own GIA; (3) each DER would be studied individually with the aggregation still only requiring a single GIA; or (4) a different approach (please describe if a different approach would be used).

**Response:**

For requests to interconnect to facilities not under SPP's functional control, SPP would consult with the interconnecting utility and the Transmission Owner to determine whether an aggregate affected system study or individual affected system studies would be appropriate. The affected system study is strictly for the purpose of determining impacts to the SPP Transmission System.

For requests to interconnect to facilities under SPP's functional control, SPP would consider each unique point of interconnection to be a separate request, to be studied separately, and requiring separate GIAs.

**Question 6:**

In contrast with the scenario in Question # 5, please assume that at least some of the individual DERs in a proposed aggregation are existing resources already interconnected and in service. If multiple existing and new DERs were able to aggregate at separate points of interconnection across your RTO/ISO to participate in wholesale markets as an aggregation rather than as individual resources, under what circumstances would your RTO's/ISO's existing interconnection procedures and study processes apply to the individual DERs in the aggregation? If multiple existing and new DERs were able to aggregate at separate points of interconnection across your RTO/ISO to participate in wholesale markets as an aggregation rather than as individual resources, under what circumstances would your RTO's/ISO's existing interconnection procedures and study processes apply to the aggregation? Would any revisions be needed to accommodate aggregations of DERs (existing and new) at multiple points of interconnection?

- a. Under existing tariff rules, which entity (i.e., the RTO/ISO or the distribution utility) would be responsible for processing the interconnection of the individual DERs seeking to join an aggregation?
- b. For existing DERs that are currently not participating in wholesale markets and that interconnected under a state-jurisdictional process, under your

current interconnection procedures would the DER's decision to participate in an aggregation trigger the RTO/ISO interconnection process? Would additional studies be necessary to ensure that participation in your RTO's/ISO's wholesale markets through an aggregation does not cause reliability problems on the transmission system? If so, what studies? If not, why not? For example, would the original state-jurisdictional interconnection process have already studied the DER in a variety of operational scenarios that eliminate the need for further studies prior to wholesale market participation in your region?

- c. If existing distribution-level DERs that are currently not participating in wholesale markets join aggregations and start making wholesale sales for the first time, how would that new wholesale use of existing DERs and their associated distribution facilities impact your assessment of whether those distribution facilities are subject to your OATT? Would Commission-jurisdictional interconnection procedures apply to subsequent requests to interconnect to those distribution facilities? Why or why not?
- d. For large and small generator interconnections subject to Order Nos. 2003 and 2006, the transmission provider is required to coordinate between the interconnection customer and "affected systems" (i.e., third-party transmission systems) to ensure that any needed affected system issues are resolved.<sup>4</sup> With respect to new DERs seeking to interconnect to distribution facilities that are subject to a Commission-jurisdictional OATT, do the relevant small generator interconnection procedures in your region treat the transmission system to which the relevant distribution facilities are connected as an "affected system" in order to address any needed transmission upgrades at the initial interconnection stage?

**Response:**

To the extent that the DERs interconnect directly with the SPP Transmission System, the interconnection procedures under SPP's Tariff apply. Under current provisions of SPP's interconnection procedures, no revisions would be necessary as the aggregations could be studied under the cluster study if the customer so requests.

- a. The Tariff is applicable for requests for direct interconnection to the SPP Transmission System.

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<sup>4</sup> *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 104 FERC ¶ 61,103, at P 118 (2003); *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, 111 FERC ¶ 61,220, at P 543 (2005).

- b. No, for existing DERs that are currently not participating in wholesale markets and that interconnect under a state-jurisdictional process, under current interconnection procedures, the DER's decision to participate in an aggregation would not trigger the RTO/ISO interconnection process. To the extent that the interconnecting utility determines that the aggregation would create the possibility that the DER could impact the SPP Transmission System, the utility would have an obligation to inform SPP and to determine whether additional studies would be needed. SPP's current Tariff and Business Practices do not address the scenario as stated. Unless the state jurisdictional utility contacted SPP regarding potential system impacts, SPP would not know whether the DER would have been studied under the state jurisdictional interconnection process in a variety of operational scenarios that might eliminate the need for further studies prior to wholesale market participation in the SPP region.
- c. Such distribution facilities are not subject to the Tariff in this situation. The Tariff would not apply to non-jurisdictional facilities; however, there might be an obligation for the utility to coordinate with SPP regarding potential impacts to the SPP Transmission System.
- d. Yes.

**Question 7:**

If the individual DERs in an aggregation are seeking to interconnect to a combination of distribution facilities, some of which are subject to a Commission jurisdictional OATT and some that are not subject to an OATT, would any, all, or only a subset of the DERs in the aggregation be required to go through the interconnection process you described in response to Question #1 and to execute GIA(s) under your tariff? Please explain.

**Response:**

Only a request seeking to interconnect to facilities under SPP's functional control would be subject to the SPP Generator Interconnection Procedures found in Attachment V of the Tariff.

**Question 8:**

If available, please provide data on or estimates of the number of individual DERs in your region that are directly participating today in your RTO/ISO markets as compared to DERs in your region that are not participating in wholesale markets. If possible, please provide estimates by resource type and participation model (i.e., generator, demand response, etc.).

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**Response:**

There is no DER directly participating in the SPP Integrated Marketplace; SPP does not consider cogeneration facilities to be DER. SPP is not aware of the amount of DER in the SPP region that may be a part of the regulated retail environment.

**Question 9:**

Do you or the distribution utilities in your region have data on or estimates of how many distribution facilities, as defined in your answer to Question #1.c. above, are currently subject to an OATT compared to the total number of distribution facilities in the RTO/ISO footprint?

- a. If yes, please provide this data or estimates.
- b. How is this information managed and updated?

**Response:**

No, SPP does not have the requested data.

- a. N/A
- b. N/A

**Question 10:**

Is your RTO/ISO engaged in any ongoing discussion or coordination with state or local authorities regarding the interconnection process for DERs? If so, please describe this discussion or coordination.

**Response:**

SPP participated in an Arkansas Public Service Commission workshop regarding policies related to DER:

In the Matter of an Investigation of Policies Related to Distributed Energy Resources Docket No. 16-028-U, September 4-6, 2019 Workshop, Location: Midcontinent Independent System Operator, Inc.

The interconnection process was not discussed. It will be the topic of a workshop to be held in October 2019.

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**Question 11:**

If a DER needs to transmit its output over distribution facilities to make sales into the RTO/ISO markets, are there any existing tariff provisions that govern such service? If so, please list and describe such provisions and describe whether that service is bi-directional.

**Response:**

Schedule 10 (Wholesale Distribution Service) under the Tariff might be applicable depending on the specific utility involved. To the extent that a DER were designated as a Network Resource or Designated Resource, SPP Network Integration Transmission Service would extend to the Resource. To the extent that Point-To-Point Transmission Service was needed, SPP Transmission Service would extend to the Resource. SPP Transmission Service is not bi-directional.

**II. CONCLUSION**

SPP appreciates the opportunity to respond to the Commission's questions in this proceeding.

Respectfully submitted,

*/s/ Christopher M. Nolen*

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