Order No. 845 / Order No. 845-A
Surplus Interconnection Service

Susan McGill
Manager, Interconnection Analysis
Summary of Order No. 845

- Revises the *pro forma* LGIP and LGIA to require Transmission Provider (TP) to establish an expedited interconnection process, separate from the interconnection queue, for surplus interconnection service (P 467);
- Adds new definition of Surplus Interconnection Service (P 467);
- Establishes Surplus Interconnection Service Requirements in new section 3.3 and 3.3.1 of the *pro forma* LGIP (P 467); and
- Restricts Surplus Interconnection Service when new interconnection service would be more appropriate (P 473)
Summary of Order No. 845

• Pursuant to new Sections 3.3 and 3.3.1:
  – TP must provide a process that allows an Interconnection Customer (IC) to utilize or transfer Surplus Interconnection Service at an existing Point of Interconnection (POI)
  – The existing IC or one of its affiliates has priority to use this service; if they do not exercise this priority, the service may be made available to another entity;
  – A Surplus Interconnection Service Request may be submitted by the existing IC with an existing generator, one of its affiliates or another entity
  – TP will provide a process for evaluating these requests.
New Definition of Surplus Interconnection Service

- “Surplus Interconnection Service shall mean any unused portion of Interconnection Service established in a Large Generator Interconnection Agreement, such that if Surplus Interconnection Service is utilized the Interconnection Service limit at the Point of Interconnection would remain the same.” [Ref Order 845 P 459]
Summary of Order No. 845

• Studies for Surplus Interconnection Service shall consist of:
  – Reactive power, short circuit/fault duty, stability analyses and any other appropriate studies;
  – Steady-state analyses may be performed as necessary to ensure that all required reliability conditions are studied;
  – If Surplus Interconnection Service was not studied under off-peak conditions, off-peak steady state analyses shall be performed to the required level necessary to demonstrate reliable operation of this service; or
  – If the original SIS is not available, both off-peak and peak analyses may need to be performed for the existing generator associated with the request for Surplus Interconnection Service
• Other Requirements Detailed in Order No. 845:
  – Surplus Interconnection Service cannot exceed the total interconnection service already provided by the original ISA (P 472);
  – If the original LGIA is for ERIS, any surplus service associated with that LGIA at the same POI would be ERIS; and if the original LGIA is for NRIS, either ERIS or NRIS service could be offered to the surplus customer (P 472);
  – The new service would allow an existing IC to make a specified and limited amount of surplus service available at a particular POI under a variety of circumstances, e.g., on a continuous basis or on a scheduled, periodic basis (P 472).
• FERC noted that it is possible for a surplus service customer to increase the total generator’s capacity at a POI, provided that the total combined generating output at the POI for both the original and surplus customer is limited to and shall not exceed the maximum level allowed under the original LGIA (P 475).

• FERC stated that agreements between the original IC, the surplus customer, and the TP are necessary to establish conditions, e.g., term of operation, the interconnection service limit, mode of operation and the parties’ roles and responsibilities
  – FERC declined to require the agreements as part of the pro forma LGIA (PP 499, 500)
Summary of Order No. 845

• Specific requirements for a deactivating generator – Surplus Interconnection Service:
  – Cannot be offered if the original IC’s generating facility is scheduled to retire and permanently cease commercial operation before the surplus customer’s generating facility begins commercial operation. (P 473).
  – Shall not be available when the original IC retires/permanently ceases commercial operation (P 504).
Summary of Order No. 845

• Limited continuation of surplus service following retirement and permanent cessation of commercial operation is permitted for a limited period not to exceed one year after the date of retirement and permanent cessation of commercial operation of the original IC when two conditions are met (PP 505, 506):
  – Surplus customer’s generator must have been studied by TP for sole operation at the POI at the time of the interconnection of the surplus customer; and
  – The original customer must have agreed in writing that the surplus customer may continue operation at either its limited share of the original unit’s capacity under the ISA or at any level below such limit upon retirement/permanent cessation of the existing facility.
• In response to NYISO’s request for rehearing/clarification, FERC agreed that it was not appropriate to limit the flexibility to request independent entity variations and clarified that TPs may request such variations relative to surplus interconnection service (PP 140, 141).

• For regions that can accommodate surplus interconnection service, FERC clarified that such service:
  • Cannot be granted if doing so would require new network upgrades; and
  • Should have no additional impacts affecting the determination of what upgrades are necessary for interconnection customers that are already in the queue (845-A P 135).
PJM’s Compliance Approach

• Add FERC’s new definition of Surplus Interconnection Service

• Utilize PJM’s existing interconnection process to the greatest extent possible

• Explain how PJM’s process would satisfy Surplus Interconnection Service under the Independent Entity Variation
Requirements for Independent Entity Variations

- Includes a definition of surplus interconnection service
- Provides an expedited interconnection process, separate from the interconnection queue for the use of surplus interconnection service
- Allows affiliates of the original interconnection customers to use surplus interconnection service for another interconnecting generating facility
- Allows for the transfer of surplus interconnection service that the original interconnection customer or one of its affiliates does not intend to use
- Specifies what reliability-related studies and approvals are necessary to provide surplus interconnection service and to ensure the reliable use of surplus interconnection service

Ref Order 845-A, P 140
PJM’s Compliance Approach

- Interconnection Surplus Service is available to:
  - An original IC’s generating facility capability (which is based on the size of the facility it constructs and operates) (P 490);
  - With a three-party *pro forma* Interconnection Service Agreement.

- Service requests will be limited to the minimum of the ISA MFO or the facility as-built capability.

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<th>As-Built Capability</th>
<th>ISA MFO</th>
<th>Maximum Available for Surplus Service</th>
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<tbody>
<tr>
<td>Example 1</td>
<td>90 MW</td>
<td>100 MW</td>
<td>90 MW</td>
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<tr>
<td>Example 2</td>
<td>110 MW</td>
<td>100 MW</td>
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Required Information

- Attachment N
- Study deposit
- Site control
- Completed System Impact Study data form
- Permission from owner of existing generator owner
- Description of operating mode
• Request will be treated as a zero (0) MW request in the interconnection queue, eligible for an expedited process (e.g. similar to the small generation interconnection process).

• PJM will review load flow, short circuit, and dynamic analysis, as needed for the request.

• Analysis will focus on ensuring existing system headroom is preserved and no new network upgrades are required.
Results of Surplus Interconnection Service Study

• If the Surplus unit will not utilize any existing transmission system capability (e.g. system headroom) or require new network upgrades, PJM will issue:
  – A study report confirming acceptance of Surplus Service
  – A revised ISA to the existing unit referencing the surplus unit
  – An ISA to the new surplus unit reflecting 0 MW MFO and 0 MW Capacity Interconnection Rights and additional language related to surplus operation
  – The original IC and the surplus customer must enter into an agreement memorializing the terms of their arrangement.

• If the surplus unit does not pass the analysis tests, the unit may retain its queue priority and proceed through interconnection study process.
• Original unit obligated to provide test data to maintain CIRs

• Original unit may transfer CIRs to surplus unit pursuant to Tariff, section 230.4. Today, transfer of CIRs requires the assignee to have either an existing project in the study queue or submittal of a new Interconnection Request.

• Service will expire 1 year after the original unit deactivates or permanently ceases commercial operation
  – Surplus unit may transfer expiring CIR by submitting a new Interconnection Request