

1 Q. Reference: 2018 Cost of Service Methodology Review Report, Appendix A, Cost of Service
2 Methodology Review, Christensen Associates Energy Consulting (CAEC), Nov. 15, 2018,
3 page 30 (86 pdf)

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5 Citation:

6 **Sub-functionalization**

7 **Generator Interconnection Facilities.** In the past, utilities have often functionalized
8 generator interconnection facilities and their associated costs as transmission.

9 However, more recently, some electricity service providers have been assigning all-
10 in financial costs to the generation function. Additionally, the U.S. FERC has set up
11 specific features for the assignment of all-in costs of interconnection facilities to
12 the individual generators obtaining interconnection services. Such functional
13 assignment is facilitated by a bright line of demarcation that is immediately
14 observable: Interconnection facilities are built to connect generation to the grid;
15 flows are one way; facilities are sized according to the capability of the relevant
16 station.

17

18 a) Please provides references to the orders referred to in which FERC has set up specific
19 features for the assignment of all-in costs of interconnection facilities to the individual
20 generators obtaining interconnection services.

21

22 b) Based on the bright-line of demarcation referred to, would the LIL be considered a
23 Generator Interconnection Facility by the FERC? Please explain your response.

1 A. This response has been provided by Christensen Associates Energy Consulting.

2
3 a) Potentially relevant orders of the Federal Energy Regulatory Commission with
4 respect to the open access transmission tariff (OATT) rules for generator
5 interconnection are too numerous to assemble, or list. However, the notion of
6 facilities associated with generator interconnection can be succinctly defined as
7 follows:

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9 *“Interconnection Facilities shall mean the Transmission*
10 *Provider's Interconnection Facilities and the Interconnection*
11 *Customer's Interconnection Facilities. Collectively,*
12 *Interconnection Facilities include all facilities and equipment*
13 *between the Generating Facility and the Point of*
14 *Interconnection, including any modification, additions or*
15 *upgrades that are necessary to physically and electrically*
16 *interconnect the Generating Facility to the Transmission*
17 *Provider's Transmission System. Interconnection Facilities are*
18 *sole use facilities and shall not include Distribution Upgrades,*
19 *Stand Alone Network Upgrades or Network Upgrades.”* (Source:
20 Definitions section of the FERC’s Standard Large Generator
21 Agreement set forth in Appendix 6 of the Standard Large
22 Generator Interconnection Procedures (LGIP) in FERC Order
23 2003-C.)

24
25 Assignment of the costs of interconnection facilities to the respective generator
26 follows accordingly. The FERC’s *pro forma* Large Generator Interconnection
27 Agreement (LGIA) and, similarly, the Small Generator Interconnection
28 Procedures (SGIP) under FERC Order 2006 were initially put in place in 2003 and
29 2005, respectively. Since its introduction in 2003, the LGIA and LGIP in
30 particular, have evolved steadily through a series of rulemaking procedures,

1 culminating in FERC orders implementing LGIA and LGIP revisions, often variants
2 of the initial change, as proposed. Similarly, the SGIP of 2005 was subject to
3 significant reform by the FERC in 2013.

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5 b) Please see the Christensen Associates Energy Consulting portion of the response
6 to PUB-NLH-034.