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Pine Gate Renewables, LLC Comments on Generator Interconnection Queue Reform
By email to: techforum@bpa.gov

Pine Gate Renewables, LLC ("Pine Gate") appreciates the opportunity to submit comments following the April 26-27 workshop hosted by Bonneville Power Administration ("BPA") in this proceeding. Pine Gate appreciates BPA staff's engagement with stakeholders on these important issues and willingness to modify certain of the proposed revisions. In particular, Pine Gate appreciates BPA's consideration of stakeholders' feedback regarding the proposed commercial readiness demonstrations, which are inconsistent with the way renewable energy projects are financed, developed, and constructed. Pine Gate submits these comments to further address other topics discussed during the April 26-27 workshop.

1. Transition Process

Pine Gate agrees with BPA staff that an efficient transition process is critical to implementing successful generator interconnection queue reforms. Pine Gate further appreciates that the backlog in the BPA generator interconnection queue is significant and that an expedient transition is necessary for the long-term viability of the BPA interconnection process. However, as currently constructed, Pine Gate does not support BPA staff's proposed transition process. Specifically, the staff proposal would materially disadvantage projects in the System Impact Study ("SIS") phase that have expended significant capital and resources with the reasonable expectation that they would remain in the current serial interconnection process.

Pine Gate therefore offers the following proposals regarding the transition process:

- Projects in the SIS/Facility study phases that have little or no network upgrade cost allocations should be permitted to remain in the transition serial process and be processed according to the timelines set forth in BPA's current tariff. PJM Interconnection, L.L.C. ("PJM") included this "fast lane" mechanism in its recent generator interconnection queue reforms. In PJM, projects with less than $5 million of network upgrade costs were provided the ability to remain in the transition serial process. In supporting its proposal to the Federal Energy Regulatory Commission ("FERC"), PJM staff explained that it is easier and requires less time to process interconnection requests with few or no network upgrades, thus allowing PJM to clear its backlogged queue faster. BPA should consider a comparable "fast lane" mechanism based on either a specific dollar threshold or a determination that network upgrades are limited to the substation at the project's point of interconnection. Additionally, Pine Gate has observed that a large driver of BPA's queue backlog stems from the extensive environmental review associated with transmission line upgrades and greenfield site development. Bonneville should therefore consider prioritizing processing requests that do not require line upgrades or greenfield site development in an effort to clear the backlog of projects more efficiently.

- BPA should consider prioritizing interconnection requests that are currently in the SIS or Facility Study phases. This would likely require a pause on processing requests from 2023 or later until BPA has made substantial progress processing the backlog. Again, PJM undertook similar measures in its recent queue reform proceeding in an effort to reduce the backlog of projects. Significantly, the fact that BPA is conducting these workshops serves as notice to future interconnection customers that applications submitted today will not be processed until a future date. Given the proposed October 2024 transition date to the cluster process, the results of any studies conducted under the serial process for these projects would likely not be indicative of later results under the cluster process.

- BPA should not require commercial readiness demonstrations as a condition of entering a transitional serial or cluster process. As numerous stakeholders have expressed in this proceeding, the proposed readiness demonstrations are inconsistent with industry-accepted timelines for developing, financing, and constructing generation projects. Furthermore, the proposed commercial readiness demonstrations are particularly ill-suited for projects entering a transitional cluster study. It is not commercially possible for a project to enter into a binding terms sheet or contract at this stage in the development cycle without more firm information regarding network upgrade costs.

- Nonetheless, if BPA does go forward with its preferred transition process, Pine Gate urges that BPA clarify that the proposed effective date for these reforms (i.e., October 2024) is also the "cut off" date for determining whether projects are eligible for the transition serial or cluster processes. Thus, if a project has an executed Facilities Study Agreement by October 2024, such project should be eligible for the transition serial process.

2. Network Cost Allocation

Pine Gate strongly supports Alternative 2—the proportional impact approach. The proportional impact approach is the industry-accepted measure for allocating network upgrade costs caused by generator interconnection requests. This approach, which is traditionally based on a distribution factor analysis, is utilized in multiple jurisdictions including, but not limited to, the California Independent System Operator, Inc., Midcontinent Independent System Operator, Inc., Southwest Power Pool, Inc., PJM, the Public Service Company of Colorado, and Tri-State Generation and Transmission Association, Inc. As FERC explained in the NOPR, the proportional impact method "will ensure just and reasonable Commission-jurisdictional rates because it will allow the transmission provider to allocate network upgrade costs among several interconnection customers that may benefit from (and cause the need for) certain network upgrades."[1] In this way,

[1] NOPR at P 88.

the proportional impact method is consistent with FERC's bedrock principle of cost causation, which has been upheld by various federal courts.[2]

Conversely, Pine Gate opposes the proportional capacity approach (Alternative 1). Perhaps most significantly, the proportional capacity approach is inconsistent with FERC's cost causation principle. Whereas the proportional impact method identifies the "cost causers" and beneficiaries of specific network upgrades, the proportional capacity approach simply assumes that large projects are disproportionately benefitting from network upgrades, even though that may not be the case. Furthermore, the proportional capacity method does not incentivize project developers to undertake up-front due diligence and research to identify areas on the transmission system that would require less costly network upgrades. Additionally, the proportional approach may actually incentivize developers to break large projects up into smaller pieces, thus resulting in even more interconnection requests. Specifically, under Alternative 1, an interconnection customer would not be responsible for network upgrades costs if it represents one percent or less of the total requested megawatts included in the applicable cluster area. By breaking projects up into smaller pieces, interconnection customers would be able to evade network upgrades costs that would have been appropriately allocated to them under the proportional impact approach.

Pine Gate understands BPA staff's concerns regarding use of a proportional impact method, but believes those concerns can be addressed or mitigated. First, Pine Gate appreciates that BPA staff is not familiar with performing DFAX analyses given staff's use of PSLF powerflow software. Using such software, Pine Gate believes that proportional impact analyses could be performed using the Power Transfer Distribution Factor. Second, Pine Gate understands BPA staff's concerns that distribution factors represent only a single point in time, that the scenarios to assess them can be subject to interpretation, and that using multiple scenarios may lead to interconnection customers cherry-picking their most favorable result. However, Pine Gate maintains that these concerns can be addressed with correct processes, as has been done in other jurisdictions. For example, MISO develops a pre-defined set of bench cases set forth in section 6.1 of Business Practice Manual-15. These cases are designed to incorporate a reasonable set of assumptions, which allows for a reasonable assessment of reliability impacts.[3] SPP also develops a set of base models used for reliability analysis throughout the Interconnection Study. In addition, SPP utilizes a similar methodology to assemble a set of models. Section 4.2.1 of SPP's DISIS Manual outlines this methodology.[4]

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[2] *See, e.g.*, Order No. 845-A, 166 FERC ¶ 61,137, at P 78 ("The principle of cost causation generally requires that costs are to be allocated to those that cause the costs to be incurred and reap the resulting benefits.") (citing *S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41, 87 (D.C. Cir. 2014)).

[3] MISO Business Practice Manual 15, Generation Interconnection, § 6.1.1.1, https://cdn.misoenergy.org/BPM%20015%20-%20Generation%20Interconnection49574.zip.

[4] SPP Generator Interconnection Manual (DISIS Manual) § 4.2.1 https://opsportal.spp.org/documents/studies/DISIS%20Manual.pdf.

3. First Ready-First Served Cluster Study Process

Pine Gate supports Alternative 3—the First Ready-First Served ("FR/FS") cluster study approach. Pine Gate agrees with BPA staff that this approach provides customers with more useful information early in the process, particularly information pertaining to interconnection costs. This approach has been successful in MISO and SPP, and was recently approved by FERC in PJM.

However, Pine Gate is concerned regarding the proposed study timeline to LGIA execution, which would take up to 45 months. This is significantly longer than what interconnection customers expect in the current BPA serial process. It is also much longer than the timelines that have been implemented in other markets, as shown in the table below:

Market	Estimated Timeline to LGIA Execution
PJM	710 days (~23 months)
MISO	373 days (~12 months)
SPP	2 years

In Pine Gate's experience, prolonged timelines encourage more speculative projects to enter the interconnection queue because market conditions become increasingly uncertain with each future year.

Pine Gate offers the following suggestions for way to shorten the estimated timeline:

- Require the Study Deposit at the point of application submission (as opposed to at the Customer Engagement window) so it can be reviewed at the time of the rest of the application.
- Assign cluster areas before the Phase 1 cluster study and have scoping meetings for each cluster area to reduce the number of scoping meetings and so customers can be earlier informed about the cluster areas.
- Shorten the Customer Review periods in Phases 1 and 2 from 1 month to two weeks.
- Shorten Validation and Cure periods in Phase 2 and Facility Study from 2 months to 1 month.
- If possible, overlap the Facility Study and Environmental Study (if one is required) as much as possible, preferably beginning Environmental Study as soon as facilities are identified in Facility Study.

Furthermore, Pine Gate encourages BPA to explore ways in which it can overlaps cluster study processes, as is done in other markets. For example, in PJM, the Phase 1 process begins concurrently with the Phase 3 process for the previous cluster.[5] Pine Gate also urges BPA to consider ways by which it can shorten the timelines for the Facilities Study phase. Given BPA's

[5] https://www.pjm.com/-/media/committees-groups/committees/mrc/2022/20220427/20220427-item-02a-interconnection-process-reform-presentation.ashx.

historical rate of processing 15 Facilities Studies per year and BPA's intent for the Facilities Study phase to remain serial, it is critical to find more efficiencies in how these studies are processed in order to prevent further backlogs.

Finally, with respect to project downsize modifications, Pine Gate recommends that BPA permit reductions at Phase 1 and Phase 2 to provide interconnection customers needed flexibility and allow them to right-size their projects to accommodate reasonable network upgrade cost allocations. For example, in MISO and PJM, reductions of up to 100% Maximum Facility Output ("MFO") are permitted at Phase 1 and reductions of 10% MFO are permitted at Phase 2.

4. Other Issues

a. Interconnection Information Access

Pine Gate supports BPA's proposal to perform a two phased cluster study approach and provide a publicly available interconnection capacity heat map. That said, Pine Gate recognizes that BPA faces constrained resources. For this reason, Pine Gate recommends that BPA prioritize allocating resources to ensuring timely and accurate completion of the cluster study processes, as opposed to interconnection information access.

The proposed heat map would provide utility to interconnection customer, particularly if it is updated on a regular basis. Pine Gate recommends that BPA publish new data after Phase 1 and Phase 2 study results are posted. As contemplated in the NOPR, such information should include estimated incremental injection capacity (in MW) available at each bus under N-1 conditions as well as a table of results showing the estimated impact of the addition of a proposed project.[6]

[6] *See* NOPR at P 51.

b. Modelling Requirements

Pine Gate supports the second modified alternative solution put forth by BPA staff that would require generators to submit detailed models within 30 days of receipt of the Phase 1 Cluster Study. Pine Gate also supports BPA's proposal to require dynamic models, which is consistent with standard practices in other markets. Pine Gate agrees with BPA that it is not appropriate to require Electromagnetic Transient ("EMT") models at initial application. Such models should be provided by the interconnection customer on an as-needed basis or, alternatively, at a later study stage. Furthermore, Pine Gate notes that BPA should provide interconnection customers prior notice of when an EMT model will be required given that such models often take a month or more to procure.

Respectfully Submitted,

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