Los Angeles Department of Water & Power

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October 13, 2022

Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

FERC Docket No. RM22-14-000
Initial Comments of the Los Angeles Department of Water and Power on FERC's Notice of Proposed Rulemaking: Improvements to Generator Interconnection Procedures and Agreements

Dear Commissioners and Commission Staff:

The Los Angeles Department of Water and Power ("LADWP") appreciates the opportunity to submit these initial comments ("Initial Comments") on the Federal Energy Regulatory Commission's ("FERC" or "Commission") Notice of Proposed Rulemaking: Improvements to Generator Interconnection Procedures and Agreements ("NOPR")[1].

I. Background

The City of Los Angeles is a municipal corporation and charter city organized under provisions of the California Constitution. LADWP is a proprietary department of the City of Los Angeles that operates a municipal utility and owns extensive electricity generation, distribution, and transmission assets both within and outside of the State of California.[2] LADWP's primary purpose is to provide reliable electricity service to LADWP's native load customers.[3] LADWP is governed by a five-member Board of Water and Power Commissioners ("Board"). The Board has the power and duty to make and enforce all necessary rules and regulations governing the construction, maintenance, operation, connection to, and use of LADWP's Water and Power Assets.[4] Los Angeles Administrative Code ("LAAC") Section 23.134 authorizes the Board "to establish and set all tariffs, terms, conditions and charges, subject to approval by a simple majority vote of the City Council."[5]

[1] *Improvements to Generator Interconnection Procedures and Agreements*, Notice of Proposed Rulemaking, 179 FERC ¶ 61,194 (2022) ("NOPR")
[2] Los Angeles City Charter §§ 600-601 ("City Charter").
[3] *Id.*
[4] *Id*. §§ 672, 675.
[5] LAAC § 23.134 states "Notwithstanding any other ordinance, rule or law of the City of Los Angeles to the contrary, the Board of Water and Power Commissioners shall have authority to establish and set all tariffs, terms, conditions and charges, subject to approval by a simple majority vote of the City Council, which relate to transmission services which would otherwise fall within the jurisdiction of the Federal Energy Regulatory Commission, or when necessary to avoid the exercise of the jurisdiction of the Federal Regulatory Commission under Section 211 of the Federal Power Act."

LADWP is as a proprietary department of the City of Los Angeles, meaning it is not a "public utility" as defined in the Federal Power Act; however, LADWP maintains an Open Access Transmission Tariff ("OATT") that is based on the FERC *pro forma* OATT. As such, LADWP has an interest in this proceeding.

II. LADWP's Initial Comments

LADWP is filing these Initial Comments to provide input on the Commission's proposed reforms to: (1) implement a first-ready, first-served cluster study process, and (2) increase the speed of interconnection queue processing.

A. Reforms to Implement a First-Ready, First Served Cluster Study Process

1. *Optional Informational Interconnection Study*

LADWP encourages the Commission to consider adding language to the Informational Interconnection Study Request[6] that requires the interconnection customer to specify reasonable interconnection points of interest. As part of the study request process, LADWP believes it is essential to allow transmission providers the flexibility to evaluate the requestor's interconnection points of interest and to make a determination whether it is unreasonable or impossible.

The Commission seeks comment on whether transmission providers should be required to establish an annual window in which interconnection customers can request an optional information interconnection study[7]. Conducting any informational studies, and other optional studies, outside of the annual cluster study process places significant burden on transmission providers. In order to meet the prescribed timelines, transmission providers must increase staffing level as well as train and maintain staff at an appropriate level of expertise. This increased staffing includes various aspects of the transmission provider's business model such as study engineers, contractual engineers, and design engineers. Having an optional informational interconnection study request window outside of the cluster study window itself would allow transmission providers to more efficiently allocate resources and reduce overlapping studies during the annual cluster study window. Having a strategically timed window so that all requests for optional informational interconnection studies are handled together may also provide the interconnection customer with the necessary information to make the decision of what projects they truly want to enter into the cluster queue window, potentially reducing speculative requests.

The Commission also seeks comment on the burdens on transmission providers conducting informational studies and whether other options would strike a better balance between interconnection customer benefit and efficient use of transmission provider resources[8]. LADWP suggests providing limits to interconnection customers' commenting periods for review of study reports to assist transmission providers in efficiently processing requests in a timely manner.

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[6] NOPR Page 325, Appendix 2 to LGIP *Informational Interconnection Study Request*
[7] *Id.* Page 43, ¶48
[8] *Id.*

2. *Public Interconnection Information*

The Commission proposes to require transmission providers to maintain a publicly available interactive heatmap of available interconnection capacity[9]. LADWP has concerns regarding the security implications of publicly releasing this information. Specifically, the Commission's proposal would require transmission providers to identify the line locations which are not currently provided as public information. LADWP is also concerned with Critical Energy Infrastructure Information issues that may come from publicly releasing a table of metrics regarding the estimated impact of a potential generating facility. Impact metrics, such as distribution factor and megawatt impact, could be used to identify highly stressed transmission lines that would be susceptible to external interference.

3. *Cluster Study*

The Commission seeks comment on whether it should require transmission providers to conduct cluster studies of subgroups of interconnection customers based geographic and electric relevance[10]. LADWP supports location-based cluster studies, i.e. studies done based on geographic and electric zones. However, due to the potential geographic and electrical variance between transmission provider areas, a more effective solution would be for individual transmission providers to determine the methodology used to form cluster areas. The Commission could adopt provisions that provide suggestions for this methodology, but such provisions should not be requirements.

4. *Network Upgrade Cost Allocation*

Regarding the Commission's proposal to revise the pro forma LGIP to include a new subsection 4.2.3 to require transmission providers to allocate network upgrade costs to interconnection customers within a cluster using a proportional impact method[11]. LADWP agrees that the proportional impact method provides a reliability-based approach that shifts the cost of network upgrades to the interconnection customers that cause more stress on the impacted facilities. However, implementing the different aspects of the proportional impact method will require significant additional work for the transmission provider. For instance, distribution factors are a fairly reasonable estimate of the thermal impact on a facility. However, the cluster may have both Energy Resource Interconnection Service (ERIS) and Network Resource Integration Service (NRIS) requests. Using distribution factors may require additional analysis in order to reconcile the differing generation assumptions used in the two types of interconnection service requests. Given the additional work required for the proportional impact method, LADWP believes that the 150-day time limit proposed by the Commission in its cluster study proposal is the bare minimum amount of time that should be afforded to transmission providers. If this process is implemented, LADWP suggests allowing, at a minimum, an additional 30 days for the cluster process as the additional analyses and sorting out the study assumptions will add significant time to the process which may be amplified by the number of projects in the cluster.

[9] *Id.* Page 45, ¶51
[10] *Id.* Page 65, ¶77
[11] *Id.* Page 71 ¶88

5. *Shared Network Upgrades*

Regarding the Commission's proposal to allocate network upgrade costs between interconnection customers in different cluster studies that benefit from the same network upgrade[12], LADWP suggests limiting the sharing of cost responsibility to only to the next cluster. The sharing of network upgrade costs across multiple cluster study years could add significant complexity and study time for transmission providers. For instance, if there is a project that is anticipated to be completed in less than five years, projects in the subsequent one to five cluster study years would potentially share network upgrade costs. This would potentially require the transmission provider to continually update the analyses of customers over a five year period that may have already completed the system impact study process and/or facility study process. As a result of this added burden, completion of the Large Generator Interconnection Agreement (LGIA) process and the finalizing of cost responsibility for each project may be delayed.

Additionally, LADWP requests clarification regarding how the transmission distribution factor threshold of 20%[13] was chosen by the Commission in its proposal.

B. Reforms to Increase the Speed of Interconnection Queue Processing

1. *Affected Systems*

The Commission proposes for transmission providers to provide affected system interconnection customers with study results, cost estimates, and timing estimates in a single 90-day affected systems study period[14]. LADWP believes that an additional study is necessary to provide the interconnection customer with accurate cost and scheduling estimates. This additional study would allow for greater coordination with design engineering teams to develop estimates that are more accurate. Accurate estimates would improve the efficiency of the overall process by minimizing the amount of discrepancies that are discovered after the construction agreement has already been activated. LADWP requests for the Commission to consider revising its proposal to include an additional study for the transmission provider to refine the affected system study results and estimates. This step would take place immediately after the 90-day affected systems study period and prior to providing the interconnection customer with a facilities construction agreement. This additional study would have a study period separate from the affected systems study.

The Commission also proposes to require that "transmission providers provide data monthly, or more frequently as needed, regarding the amount and location of generation in the transmission provider's interconnection queue as well as updated information about the transmission provider's transmission system"[15]. LADWP requests clarification as to what specific data "updated information about the transmission provider's transmission system" refers to.

[12] *Id.* Page 77, ¶98
[13] *Id.* Page 78, ¶98
[14] *Id.* Page 138, ¶190
[15] *Id.* Page 136, ¶187

The Commission seeks comment on whether the information required for the affected system study report provides adequate information to the affected system interconnection customer[16]. LADWP believes that the study report should also include whether modifications to Remedial Action Schemes, or other special protection systems, may be required.

The Commission seeks comment on whether its proposed reform will adversely affect reliability for the transmission provider acting as the affected system or the host transmission provider[17]. The Commission also seeks comment on the potential impact of requiring transmission providers acting as the affected systems to use ERIS modeling standards when an interconnection customer seeks NRIS in the host transmission provider's system[18]. The dispatching assumptions of an interconnection request can make a significant difference to flow patterns in the interconnected transmission system. Parallel paths will inherently absorb the unscheduled flow intended for the host systems. As the number of requests continue to grow in each area, these unscheduled flows continue to increase and begin to affect the downstream system of the affected system rather than just the local system that the ERIS methodology is designed to evaluate. This results in approval of interconnection projects without sufficient network upgrades identified and affected systems taking the responsibility of maintaining reliability by developing operating procedures, capital projects or performing curtailments with additional stress of energy that is not even being delivered to the affected system. LADWP recommends modifying the proposal to allow the affected system to determine the need for NRIS or ERIS study methodologies based on individual interconnection requests without further filing requirements.

III. Conclusion

LADWP appreciates the opportunity to provide input on the Commission's proposed reforms to its *pro forma* generator interconnection procedures and agreements.

Sincerely,

Simon Zewdu

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[16] *Id.* Page 144, ¶199
[17] *Id.* Page 154, ¶213
[18] *Id.* Page 155, ¶215