

For Discussion Purposes Only

FCM-Generator Interconnection Study Group

Principles and Issues

Revised January 25, 2008

Organizing Principles and Issues

In this document, the principles and issues discussed on January 10, 2008, are reorganized to group related items for further discussion. Principles and issues are not listed in any priority order.

To simplify this document, all earlier outline numbering and rankings have been removed, and principle and issue numbers from Jan. 10th (P-1., I-1., etc.), have changed as these items have been reorganized. The reorganization has resulted in several issues being re-categorized as principles.

PRINCIPLES

- P-1. Changes to the FCM and/or queue process should promote ease of administration of the overall process.
- P-2. The process for sharing information on potential overlapping impacts should provide results to developers in a timely manner to expedite the development of resources.
- P-3. The rules governing the interconnection and qualification of resources and the process and standards for determining overlapping impacts should be transparent prior to the first deadline to participate in the auction to which the rules apply.
- P-4. Changes to the queue process should be consistent with the FCM settlement.*
- P-5. The process should promote competition and efficiency.
- P-6. Changes to the queue process should be “consistent with or superior to” FERC precedent.

ISSUES

Intra-zonal Issues

- I-1. Changes to the queue process should address the intra-zonal deliverability of new capacity resources. [Presented for initial discussion Jan. 10.]
- I-2. How should existing generation be treated in addressing the intra-zonal deliverability of capacity resources?

Study Coordination

- I-3. The queue and transmission delivery study processes should be better coordinated with the Forward Capacity Market (FCM) process. Should interconnection studies performed for

* Concepts developed during the process that may be inconsistent with the settlement will not be precluded from final consideration.

For Discussion Purposes Only

the generator interconnection process and the FCM process be performed in a consistent manner? [Presented for initial discussion Jan. 10.]

- I-4. Should the generator interconnection process and the FCM process require the study of clusters of resources rather than individual resources under some or all circumstances?
- I-5. Should the Schedule 22 (Large Generator Interconnection Procedures) timeline be re-evaluated?

Queue Priority

- I-6. When resources have overlapping interconnection impacts, how should queue position affect resource selection?
- I-7. Should the queue order be maintained and should bilateral transactions be encouraged between overlapping projects to increase market efficiency?
- I-8. Should the FCA allow for the selection of a replacement resource when a resource qualified during the FCM process withdraws or is unable to fulfill its capacity obligation? Should new resources be able to procure the rights to deliver capacity from existing resources?
- I-9. Should projects earlier in the queue be able to block projects later in the queue? And how can the concept of “blocking” be distinguished from competitive market participation where some or all of the new capacity is not needed?
- I-10. Should changes to the queue process take into account the anticipated effects on the efficiency of the auction?
- I-11. What changes, if any, should be made to the generator interconnection process and FCM process to accommodate resources with long lead times
- I-12. Should we change the milestones to get in the queue, and what milestones should a resource be required to meet to stay in the queue?
- I-13. If a resource in the queue repeatedly does not qualify or clear in the auction, how should that impact its queue position?
- I-14. What rights should a new qualified resource not selected in the FCA retain?

Single Issues

- I-15. The issue of grandfathering should be addressed.
- I-16. Are any changes needed to accommodate self supply?