

# Forward Capacity Market (FCM) / Generator Interconnection Process Stakeholder Group

*Stakeholder Meeting No. 12*

*May 16, 2008*

*Sturbridge, MA*

# Agenda

Welcome and Introductions	10:00 – 10:10
Notion of Treatment for Long Lead-time Resources	10:10 – 12:00
Lunch	12:00 – 1:00
Term Sheet Review and Discussion	1:00 – 3:30
Next Steps and Upcoming Schedule	3:30 – 3:45
Adjourn	3:45

# Schedule

- **Markets/Reliability/Transmission Committees**
  - Discussion: May - July
  - Reliability Committee/Transmission Committee vote: July 21-22
  - Markets Committee vote: August 11-13 (summer meeting)
- **Participants Committee Vote: September 5**
- **Filing: October**

# Discussion of Long-Lead Treatment

Al McBride, Project Manager, New Resource Qualification

# Long-Lead Treatment

- Generators in the New England Interconnection Queue, with development life-cycles that are longer than the time between the Forward Capacity Auction (FCA) and the beginning of the Capacity Commitment Period, will be allowed advance opportunity to study and “secure” transmission plans/obligations sufficient for FCM participation through the Large Generator Interconnection Procedure (LGIP) process

# Long-Lead Treatment (cont.)

- The long-lead facility would be modeled in “near-term” analysis used to determine the requirements needed to meet the overlapping impact standard and would adhere to the FCM qualification requirements
  - Financial Assurance
  - Quarterly Critical Path Schedule milestone submittals
- The long-lead facility thereby secures its overlapping interconnection space until the FCA consistent with its Commercial Operation Date (COD)

# Long-Lead Treatment (cont.)

- Later queued resources seeking to qualify for “near-term” FCAs will be analyzed using a model that includes the long-lead resource and its upgrades
- Later queued resources will be responsible for upgrades that are incremental to the upgrades of the long-lead resource
- However, later queued resources may be responsible for the advancement of upgrades needed in earlier Capacity Commitment Periods

# Long-Lead Treatment (cont.)

- In addition to the increased Schedule 22 requirements, long-lead resources shall begin immediate payment, as follows, such that transmission construction of any needed upgrades may proceed to minimize uncertainty for other projects
  - Binding Financial Commitments for the greater-of \$1M or 5% of upgrade costs due with System Impact Study Agreement
  - Additional Binding Financial Commitments for 5% of upgrade costs due with Facilities Study Agreement

# Long-Lead Treatment (cont.)

- If the long-lead time project does not
  - Demonstrate compliance with a project development schedule, or
  - Satisfy the requirements for Financial Assurance or at-risk investment, or
  - Does not clear as a capacity resource in FCA associated with its Commercial Operation Date, then
  - It will be removed from the capacity interconnection queue and will not be entitled to that queue priority
- In that event, the later queue position resource that cleared in an earlier FCA will continue as an Existing Capacity Resource for all purposes

# Underlying Scenario for Examples

- Queue Position 1 - 1,000 MW, COD = June 1, 2017 (FCA8)
- Queue Position 2 - 100 MW, COD = June 1, 2014 (FCA5)

# Example 1

- Overlapping Impact Upgrades for QP1 (1,000 MW) in 2017 = **\$100M**
  - This QP1 cost is determined without the presence of QP2 and does not change if QP2 clears in an earlier FCA
- Overlapping Impact Upgrades for QP2 (100 MW) in 2014 = **\$10M**
  - This near-term QP2 cost is determined without the presence of QP1
  - This is consistent with a resource interconnecting with a subordinate status (perhaps by means of an Optional Study) and may invoke the Construction Sequencing provisions of the Tariff
- Overlapping Impact Upgrades for QP2 (100 MW in addition to 1,000 MW from QP1) in 2017 = **\$0**
  - This final QP2 cost is determined with the presence of QP1
  - This is consistent with the Construction Sequencing provisions of the Tariff

QP – Queue Position

# Example 2

- Overlapping Impact Upgrades for QP1 (1,000 MW) in 2017 = **\$100M**
  - This QP1 cost is determined without the presence of QP2 and does not change if QP2 clears in an earlier FCA
- Overlapping Impact Upgrades for QP2 (100 MW) in 2014 = **\$0M**
  - This near-term QP2 cost is determined without the presence of QP1
- Overlapping Impact Upgrades for QP2 (100 MW in addition to 1,000 MW from QP1) in 2017 = **\$10M**
  - This final QP2 cost is determined with the presence of QP1
  - This is consistent with a resource interconnecting with a subordinate status (perhaps by means of an Optional Study)
  - The \$10M upgrade must be achievable between the 2017 FCA and the Commitment Period
  - QP2 is not responsible for the \$10M if QP1 does not clear

# Observations

1. The mechanics of Long-Lead treatment are very similar to the mechanics of Single Queue proposal
2. However, the preservation overlapping impact priority at the original queue position is achieved by meeting the higher requirements of the pursuit of Long-Lead treatment

# Question

- As long as a resource is meeting the additional requirements of a Long-Lead resource, specifically
  - Demonstrating schedule progress
  - Posting Financial Assurance
  - Paying for transmission upgrades
- ...Would we allow such a resource to secure its overlapping priority at the original queue position?
  - i.e., the QP1 cost is determined without the presence of QP2 and does not change if QP2 clears in an earlier FCA
- Such a resource would continue to be “New” for FCA purposes, until it cleared in an FCA

