

MEMORANDUM

TO: NEPOOL Participants Committee Members and Alternates

FROM: Eric Runge, NEPOOL Counsel

DATE: April 25, 2024

RE: Order No. 2023-A Revisions to the ISO-NE Tariff

At the May 2, 2024 Participants Committee meeting, you will be asked to support the ISO's proposed revisions to Section II (the "OATT") of its Transmission, Markets and Services Tariff ("Tariff") in response to the requirements of FERC's Order No. 2023-A¹ (collectively, the "Order 2023-A Revisions"). Order No. 2023-A, issued on March 21, 2024, did not necessitate major changes to the Order No. 2023 compliance proposal that the Participants Committee unanimously supported at its March 7 meeting, and most of the proposed incremental changes are in the nature of specific clarifying revisions to the pro forma procedures and agreements. In addition to requiring ISO-NE to make certain incremental changes, Order No. 2023-A also extended the underlying Order No. 2023 compliance filing deadline to May 16, 2024.²

As detailed herein, the Transmission Committee, at its April 25, 2024 meeting, considered and unanimously recommended Participants Committee support for the ISO-proposed Order No. 2023-A Revisions.

FERC ORDER NO. 2023 BACKGROUND

By way of brief background, the FERC issued Order No. 2023 on July 28, 2023.³ The final rule requires jurisdictional transmission providers to make major reforms to the standardized large generator interconnection procedures and agreements, and also requires some changes to the small generator interconnection procedures and agreements.

¹ Order No. 2023-A, issued on Mar. 21, 2024 in Docket No. RM22-14-001, is the FERC's order on requests for rehearing and/or clarification of Order No. 2023 regarding reforms to the standardized interconnection procedures and agreements. Order No. 2023-A can be accessed here: [Order No. 2023-A](#). NEPOOL counsel summarized and provided a memo on Order No. 2023-A, which can be accessed here: [NEPOOL Counsel Memo on Order 2023-A](#). NEPOOL counsel also provided a presentation on Order No. 2023-A to the Transmission Committee at its March 27 meeting, which can be accessed here: [NEPOOL Counsel Presentation on Order No. 2023-A](#).

² The ISO plans to submit its Order 2023-related compliance filing(s) on or by May 14, 2024.

³ *Improvements to Generator Interconnection Procedures and Agreements*, Order No. 2023, Docket No. RM22-14-000, 184 FERC ¶ 61,054 (July 28, 2023) ("Order No. 2023"). Order No. 2023 can be accessed [here](#). See NEPOOL Counsel [Memorandum](#) and [Presentation](#) on Order No. 2023 for a full summary of the reforms and new requirements of the final rule.

At a high level, Order No. 2023 requires interconnection reforms to address interconnection queue delays, backlogs, inefficiencies, the advent of new technologies, and to expedite the clean energy transition. The reforms fall into three main categories, including reforms to: (1) implement a first-ready, first-served cluster study process; (2) increase the speed of interconnection queue processing; and (3) incorporate technological advancements into the interconnection process. The biggest change required is to discontinue the serial first-come, first served interconnection process and move all interconnection requests (except for a small category to be addressed during a transition period) to a first-ready, first served cluster study process, with readiness deposit requirements, withdrawal penalties and revised cost allocation methods. Appendix 1 to this memorandum lists some of the key reforms required under Order No. 2023.

Along with the Order Nos. 2023/2023-A compliance filing, ISO-NE will also submit a voluntary filing under Section 205 of the Federal Power Act of proposed revisions to Schedule 23 (Small Generator Interconnection Procedures) Schedule 25 (Elective Transmission Upgrade Interconnection Procedures) and Market Rule 1 (related to the Forward Capacity Market) to better harmonize the interconnection rules across the Tariff. These voluntary revisions were supported by the Participants Committee at its March 7 meeting as part of the overall Order No. 2023 package of Tariff revisions.

TRANSMISSION COMMITTEE CONSIDERATION & VOTE

All of the proposed Order No. 2023-A revisions are contained within the OATT and, therefore, under the purview of the Transmission Committee. At its April 25, 2024 meeting, the Transmission Committee reviewed the ISO-proposed Order No. 2023-A incremental OATT revisions and voted unanimously to recommend Participants Committee support for those revisions, with no abstentions.⁴ The Transmission Committee-recommended Order No. 2023-A Revisions as well as additional background material from ISO-NE regarding the same can be found on the [webpage for the TC's April 25 meeting](#).⁵

PROPOSED RESOLUTION FOR PARTICIPANTS COMMITTEE ACTION

A motion to support the Order No. 2023-A Revisions will require a minimum 66.67% Vote in favor to pass. The following form of resolution may be used for Participants Committee action on the Order 2023-A Revisions:

⁴ At the Transmission Committee meeting, in response to a Participant request, the ISO proposed to make one additional Tariff revision clarifying the use of surety bonds in the interconnection process. The ISO explained the concept to the Transmission Committee but needed further time for internal review of specific Tariff language, and committed to provide the language prior to the Participants Committee vote. The Transmission Committee consented to this approach for resolving the matter.

⁵ The ISO-NE presentation summarizing the Order No. 2023-A Revisions and discussing implementation details can be accessed directly at: https://www.iso-ne.com/static-assets/documents/100010/2024_04_12_tc_order2023a_adjustments_and_redline_updates_presentation.pdf.

RESOLVED, that the Participants Committee supports revisions to Section II of the Tariff, as proposed by ISO-NE in response to FERC Order No. 2023-A and recommended by the Transmission Committee at its April 25, 2024 meeting, and as reflected in the materials distributed to the Participants Committee in advance of this meeting, together with [any changes agreed to by the Participants Committee at this meeting and] such non-substantive changes as may be approved by the Chair and Vice-Chair of the Transmission Committee.

APPENDIX 1: ORDER NO. 2023 KEY REFORMS

Order No. 2023 reforms the interconnection process to ensure that interconnection customers are able to interconnect in a reliable, efficient, transparent and timely manner. Among its many reforms, Order No. 2023:

- Requires Transmission Providers to transition to a first-ready first-served cluster study process from the serial first-come, first-served study process.
- Requires Transmission Providers to implement a transition mechanism for interconnection customers that meet eligibility requirements.
- Increases financial obligations and readiness requirements for interconnection customers looking to join, and proceed through, the interconnection queue. The increases in financial obligations and site control requirements are intended to discourage speculative interconnection requests.
- Establishes public interconnection information requirements, such as the use of a heat map, to provide better transparency about the viability of potential points of interconnection prior to entering the queue.
- Requires interconnection customers to demonstrate 90 percent site control at the time of the interconnection request and limits the ability to provide a deposit in lieu of site control.
- Imposes financial penalties for withdrawing from the queue, the costs of which increase in amount based on the stage at which the customer withdraws.
- Removes the “reasonable efforts” standard for Transmission Providers conducting interconnection studies and establishes firm study deadlines along with financial penalties on Transmission Providers that fails to meet them.
- Creates a uniform approach to Affected System coordination.
- Establishes requirements for including new technologies – including co-located resources and electric storage resources – in the interconnection process. Order No. 2023 allows co-location of multiple generating facilities behind a single Point of Interconnection.
- Increases the availability of surplus interconnection service by allowing interconnection customers to access surplus interconnection service once the original interconnection customer has an executed (or filed unexecuted) Large Generator Interconnection Agreement (“LGIA”).
- Requires Transmission Providers evaluate and consider alternative transmission technologies.
- Incorporates modeling and ride-through requirements for non-synchronous generating facilities.