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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 after BPA's March 15- 16 workshop in this proceeding. We support BPA's approach of reviewing and considering options presented in the FERC NOPR and best practices from transmission providers across the country. Pine Gate is submitting comments on the topics of commercial readiness, transition process, holistic reform, and offramps.

1. **For commercial readiness, Pine Gate supports BPA's Alternative #2 and opposes BPA's Alternatives' #1 and #3.**

Pine Gate opposes the commercial readiness demonstration proposed in BPA's Alternative #1 and Alternative #3, as it unsuitable for BPA's market. The requirement is problematic for a variety of reasons, but primarily because of its general conflict with typical project development timelines and the processes within which they occur. The upfront costs associated with interconnection can be a significant gating item in deciding whether a project is commercially viable. In Pine Gate's experience, off takers in BPA are generally not interested in engaging with developers until there are some certainties around the costs of their network upgrades and their construction timelines. For example, in Portland General Electric's 2021 RFP, a requirement to qualify for the shortlist is to have "a completed system impact study," and to qualify for the final shortlist, the project must have "a completed facilities study."[1] The bidder also must have an "achievable plan for long-term transmission service," which requires an understanding of the potential costs and timelines for receiving long-term service, and this study process requires an interconnection request. Therefore, it is unreasonable to demonstrate an executed term sheet or selection in a Resource Plan or Resource Solicitation process before a cluster study or facility study even begins.

Rather than the proposed commercial readiness demonstrations, BPA should instead adopt an increasingly "at-risk" readiness deposit framework that aligns with BPA's Alternative #2. Under this framework, queue entry requirements such as site control and study deposits coupled with a readiness deposit framework would deter immature or unviable projects from entering, or remaining in, the interconnection queue. Unlike the proposed commercial readiness demonstrations, which are tied to often irrelevant or arbitrary milestones, the readiness deposits are linked to relevant project specific details, such as project size and estimated network upgrade cost.

[1] Portland General Electric 2021 All-Source RFP – *Final Draft*. December 6, 2021. Pages 16-17.

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2. **For the transition process, Pine Gate opposes Alternative #1 and may support Alternative #2 pending additional information from BPA.**

BPA has presented two alternatives to the serial process: Alternative #1 that follows the FERC NOPR, and Alternative #2 that also follows the FERC NOPR, but BPA has discretion over which projects can enter the Transitional Serial and Transitional Cluster processes.

Pine Gate supports allowing late-stage customers to continue under a serial process. Interconnection customers at this late stage in the interconnection process have made significant financial investments based on current interconnection procedures and should be permitted to proceed to commercial operation under those procedures.

However, Pine Gate has several concerns with Alternative #1 that we raised in our FERC NOPR comments. Pine Gate does not support the proposed transition process to the extent it incorporates the FERC NOPR's proposed commercial readiness demonstrations and withdrawal penalty structure. As Pine Gate previously explained, the proposed commercial readiness demonstrations are fundamentally flawed and should be replaced with a readiness deposit framework.

Furthermore, BPA should not require transitional serial customers to "provide a deposit equal to 100 [percent] of the interconnection facility and network upgrade costs allocated to the interconnection customer in the system impact study report," as proposed in the FERC NOPR. It is premature and unreasonable to require interconnection customers to pay the full cost of interconnection and network upgrades at this point in the interconnection process. Similarly, regarding the transition cluster study, the proposed $5 million deposit is arbitrary as it is likely not indicative of estimated costs for network upgrades across all customers. Rather, the deposits for the transitional serial and transition cluster agreements should instead reflect a percentage of network upgrade costs allocated to the interconnection customer.

For Alternative #2, Pine Gate appreciates that BPA is considering alternative definitions of "late-stage" that would qualify for transitional serial and cluster processes that suits BPA's queue. While there are some clean and simple ways to draw the line (e.g., having all applications submitted before 2022, or projects that trigger less than $5 million in network upgrades, enter the transitional serial process), Pine Gate would appreciate more information from BPA to make a recommendation. Expected timelines on the transition process, and guidance on which path a request will be placed in, are needed for customers to make informed decisions on their projects. The following data points would be useful for all stakeholders:

- The number of months it would take BPA to process the current queue under the current serial process.

- The number of requests BPA thinks it can process under the status quo before the October 2024 transition.

- The number of months BPA expects it will need to process a cluster in the new process, from application deadline to LGIA execution.

- If BPA is considering suspending efforts on 2022 applications or applications that have not yet finished a feasibility study in order to process the late-stage requests more quickly. If so, we would like to know if this suspension would affect the earlier points.

As explained earlier, Pine Gate also recommends removing the commercial readiness demonstrations in Alternative #2.

**3. BPA should focus its efforts on developing the ability to process large clusters, rather than trying to eliminate "speculative" interconnection requests.**

Pine Gate supports mechanisms that will permit customers to interconnect in a more efficient and timely manner, such as more stringent financial commitments and site control requirements. However, focusing narrowly on the issue of removing speculative projects obscures the critical need for more fundamental reforms to the generator interconnection process and the numerous complex factors driving large interconnection queues and, unfortunately, large backlogs. Factors such as the Inflation Reduction Act of 2022 and other federal legislation, the growing and unmet demand for clean energy, and near-term decarbonization goals, have significantly increased the volume of commercially viable new resources. Additionally, the costs to interconnect can determine a project's commercial viability, which can only be discovered by going through the interconnection study process.

For example, even though MISO uses a cluster study process, and requires a tiered study deposit and a readiness deposit at the time of application submission, MISO still received a record- number of applications in its 2022 application period. There were 171 GW of new requests, a 120% increase from its 2021 cluster[2] and 90% of the capacity of its existing fleet.[3]

Pine Gate therefore asks BPA to consider the myriad other factors and variables impacting generator interconnection processes and timelines. This is the only way to achieve holistic reforms that will result in sustainable generator interconnection processes that will support the evolving energy landscape.

[2] MISO. MISO's Generator Interconnection Queue cycle set new record. September 27, 2022. https://www.misoenergy.org/about/media-center/misos-generator-interconnection-queue-cycle-set-new-record/
[3] MISO. Fact Sheet: March 2023. https://www.misoenergy.org/about/media-center/corporate-fact-sheet/

**4. BPA should consider incorporating off ramps for requests that do not contribute to network upgrades.**

Requests that do not contribute to the need for network upgrades are more likely to be ready first and commercially viable. In PJM's new process, projects that qualify can receive an LGIA after Phases 1 and 2, rather than waiting for other projects in the cluster to complete Phase 3.[4] In the workshop, BPA did not discuss these types of opportunities. Pine Gate recommends that off ramps are considered, so projects do not need to wait unnecessarily for their LGIA. The need for off ramps would depend on how long a new cluster study would take to complete and the number of phases in a new process.

To conclude, Pine Gate looks forward to continuing the efforts with BPA staff and stakeholders in this proceeding to craft a permanent generator interconnection process and transition mechanism that will meet the needs of BPA, interconnection customers, and other stakeholders. Please do not hesitate to reach out if we can be of any assistance in this process.

Respectfully Submitted,

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[4] PJM. Interconnection Process Reform. April 27, 2022. Slides 24 & 26. 20220427-item-02a-interconnection-process-reform-presentation.ashx (pjm.com)