

1 Q: Re: Brattle Group Report, p. 10 , FERC Order 890, *pro forma OATT*

2
3 Citation 1 (Brattle Group Report, page 10):

4
5 NAPs are tailored for specific contexts and frequently differ based
6 on the interconnecting customer's location (e.g., transmission or
7 distribution), customer type (e.g., generation or load), and size or
8 customer end-use. Similarly, NAPs may vary between investments
9 providing benefits to a single region or multiple regions. Thus,
10 providing a benchmark between Hydro's existing and proposed
11 NAPs is challenging and requires identifying similar contexts for
12 comparison. As we understand that new loads are the driving factor
13 to develop a new NAP, we have focused on reviewing Canadian
14 NAPs focused on new load. To provide context on how
15 interconnections, in this case, generator interconnections, are
16 addressed by the FERC, we give an overview of existing policies.
17 Given that Hydro's proposed NAP applies to non-utility generators
18 as well as load, the FERC's generation interconnection policies are
19 applicable to the case of Hydro. (underlining added)

20
21 Citation 2 (FERC Order 890 *pro forma OATT*):

22
23 **27 Compensation for New Facilities and Redispatch Costs**

24
25 Whenever a System Impact Study performed by the Transmission
26 Provider in connection with the provision of Firm Point-To-Point
27 Transmission Service identifies the need for new facilities, the
28 Transmission Customer shall be responsible for such costs to the
29 extent consistent with Commission policy. Whenever a System
30 Impact Study performed by the Transmission Provider identifies
31 capacity constraints that may be relieved by redispatching the
32 Transmission Provider's resources to eliminate such constraints, the
33 Transmission Customer shall be responsible for the redispatch costs
34 to the extent consistent with Commission policy. (underlining added)

35
36 **32.4 Facilities Study Procedures**

37
38 When completed, the Facilities Study will include a good faith
39 estimate of (i) the cost of Direct Assignment Facilities to be charged
40 to the Eligible Customer, (ii) the Eligible Customer's appropriate

1 **share of the cost of any required Network Upgrades, and (iii) the**
 2 **time required to complete such construction and initiate the**
 3 **requested service. The Eligible Customer shall provide the**
 4 **Transmission Provider with a letter of credit or other reasonable**
 5 **form of security acceptable to the Transmission Provider equivalent**
 6 **to the costs of new facilities or upgrades consistent with commercial**
 7 **practices as established by the Uniform Commercial Code. The**
 8 **Eligible Customer shall have thirty (30) days to execute a Service**
 9 **Agreement or request the filing of an unexecuted Service Agreement**
 10 **and provide the required letter of credit or other form of security or**
 11 **the request no longer will be a Completed Application and shall be**
 12 **deemed terminated and withdrawn. (underlining added)**

- 13
- 14 a) **Please confirm that FERC has a long-standing transmission pricing policy,**
 15 **referenced in Order 890¹, which specifically addresses network upgrades**
 16 **driven by transmission customers.**
- 17
- 18 b) **Please confirm that, when network upgrades are required in order for a**
 19 **FERC-jurisdictional utility to provide service to a transmission customer,**
 20 **the customer is required to provide the Transmission Provider with**
 21 **security equivalent to the costs of new facilities or upgrades.**
- 22
- 23 c) **Please explain why Brattle’s review made reference to FERC’s policy**
 24 **applicable to generator interconnections, but not to that applicable to**
 25 **transmission customers.**
- 26
- 27 A. a) Confirmed. Paragraphs 883 and 884 of Order 890 refer to the “higher of”
 28 pricing policy, discussed in the Brattle Report on pages 19-20.
- 29
- 30 b) Confirmed. In addition to providing security equal to the cost of the network
 31 upgrades as cited above, the transmission customer is responsible for a share of
 32 the costs, as quoted in the *pro forma* OATT. While the cited text applies to
 33 network integration transmission service, the same requirement applies to
 34 point-to-point transmission customers as provided in section 19.4 of the *pro*
 35 *forma* OATT.
- 36
- 37 c) Generation customers are a type of transmission customer. Reference was
 38 made in the Brattle Report to FERC policies regarding the network upgrades

¹ E.g., FERC, Order 890, paras. 883 and 884.

1 required from generation customers as the proposed network additions policy in
2 Labrador would be applied to non-utility generation.