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December 31, 2015

VIA ELECTRONIC FILING

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Midcontinent Independent System Operator, Inc.
Filing of Revisions to the Open Access Transmission, Energy and Operating Reserve Markets Tariff to Reform MISO's Generator Interconnection Procedures
Docket No. ER16-____-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, and Part 35 of the regulations of the Federal Energy Regulatory Commission ("FERC" or "Commission"), 18 C.F.R. § 35.1 *et seq.*, the Midcontinent Independent System Operator, Inc. ("MISO") hereby tenders for filing proposed revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff ("Tariff" or "MISO Tariff")[1] amending MISO's Generator Interconnection Procedures ("GIP").[2] The proposed changes follow an extensive stakeholder process and are designed to reduce processing delays in MISO's generator interconnection queue and provide increased flexibility and certainty to Interconnection Customers and other affected parties.[3]

MISO requests an effective date of March 30, 2016, for the proposed Tariff revisions, which is ninety (90) days after filing.[4] To ensure that all interested parties have an adequate review period to consider the proposed Tariff revisions and supporting materials, MISO requests that the comment date for this filing be set on January 29, 2016.

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1 All capitalized terms not otherwise defined herein shall have the meaning as set forth in the Tariff and/or the proposed revisions, as applicable.

2 The GIP are set forth in Attachment X of the Tariff. The GIP includes MISO's *pro forma* Generator Interconnection Agreement ("GIA"), which is Appendix 6 to the GIP.

3 *See* Prepared Direct Testimony of Timothy Aliff ("Aliff Testimony"), at 2-3, attached hereto at Tab A.

4 Under the Commission's regulations, all Tariff revisions are required to be tendered for filing not less than sixty (60) days and not more than one hundred twenty (120) days prior to the proposed effective date. *See* 18 C.F.R. 35.3(a)(1) (2015).

I. EXECUTIVE SUMMARY

It has been four years since MISO's last queue reform effort.[5] Over time, experience grows and new challenges emerge. With the change in fuel economics and infrastructure landscape, MISO will be facing new, and significant, infrastructure challenges. Studies conducted by MISO and its stakeholders indicate base projections of reserve margin shortages as soon as 2020.[6] MISO is expecting significant new renewable and gas investment in its footprint in response to the changing regulatory landscape. These challenges require a smoothly functioning generator interconnection process, but MISO's current queue procedures are straining to meet today's needs, let alone the emerging challenges. MISO respectfully submits that urgent reform is needed to ensure that it is well equipped to handle the new challenges.

Over the past couple of years, MISO has experienced significant delays in its generator interconnection queue, particularly in the Definitive Planning Phase ("DPP").[7] As acknowledged by industry groups and MISO's information reports to the Commission,[8] the principal reason for these delays is the need to conduct multiple unscheduled restudies of lower-queued projects each time a higher-queued project is withdrawn from the queue.[9] Because generator and transmission assumptions are interrelated, whenever a higher-queued project withdraws from the queue, that withdrawal changes the underlying assumptions in the Interconnection Studies conducted by MISO for lower-queued projects. The resulting restudies, which often have a cascading effect, impair MISO's ability to administer the queue in a timely fashion and significantly delay the execution of GIAs by Interconnection Customers and extend the uncertainty in project costs. In addition, projects that are not ready to proceed[10] have no incentive to voluntarily exit the queue under the current procedures.[11] Instead, they linger in the queue until the very last moment,[12] often when the impact of their withdrawal on other projects is at its greatest.

Consistent with the Commission's standing directive to MISO "to address identified inefficiencies in its GIP,"[13] this filing builds on MISO's prior queue reform efforts and proposes several important improvements to the GIP to optimize the restudy process and address certain

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5 *See Midwest Indep. Transmission Sys. Operator, Inc*., Section 205 Filing to Revise Attachment X of the Tariff, Docket No. ER12-309-000 (November 1, 2011), as amended on January 30, 2012 and February 9, 2012.

6 *See* Aliff Testimony at 6-7.

7 The DPP is the main phase of MISO's generator interconnection process in which key Interconnection Studies take place. The DPP is the only pathway to a permanent GIA.

8 *See* Aliff Testimony at 10-11 (noting the rulemaking petition submitted by the American Wind Energy Association in Docket No. RM15-21-000 and MISO's recent informational queue report in Docket No. ER12-309-000).

9 *Id*., at 7-8.

10 Such "unready" projects may include projects that do not have financing, have not completed due diligence, have not executed a power purchase agreement, or have not met other pre-conditions that may be required to execute a GIA. *See* Aliff Testimony at 4.

11 Aliff Testimony at 4-5.

12 *See, e.g.,* WOW Comments on MISO Queue Reform, August 30, 2015 ("Having put significant cash at risk to enter the DPP, projects will do anything possible to prevent withdrawing and forfeit money at risk. Having no off ramp after seeing study results or losing a PPA, they will remain as long as possible in the DPP."), available at: https://www.misoenergy.org/_layouts/MISO/ECM/Redirect.aspx?ID=207447.

13 *See Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233, P 72 (2012).

other concerns identified by MISO and in the stakeholder process. The principal elements of the MISO proposal can be summarized as follows:

Minimization of Unscheduled Restudies. The proposed Tariff revisions are designed to minimize unscheduled restudies, which have been identified as one of the primary drivers for the current queue delays. This is mainly accomplished by: (1) subdividing the DPP into three sequential phases to provide for a structured restudy process; (2) creating two designated off-ramps for Interconnection Customers to withdraw projects that are not ready to proceed; and (3) restricting restudies after the GIA stage. First, each of the proposed DPP phases will include a System Impact Study at a defined point in the process: a preliminary study in DPP Phase I, a revised study in DPP Phase II and a final study in DPP Phase III. Second, two designated off-ramps, known as Interconnection Customer Decision Points I and II ("Decision Points") are created to allow an Interconnection Customer to withdraw its project from the queue on a more structured basis than is currently the case. Decision Point I occurs immediately after the preliminary study in DPP Phase I while Decision Point II occurs immediately after the revised study in DPP Phase II. As a result, the revised study and the final study during the DPP will be conducted by using updated facts and assumptions taking into account higher and similarly queued projects that have withdrawn at the new Decision Points, thereby incorporating a scheduled restudy in the process. This process eliminates the need for unscheduled restudies during DPP Phase I and DPP Phase II while minimizing their use in DPP Phase III. Third, the proposed revisions address restudies after the GIA stage. To minimize such restudies, MISO proposes to remove the requirement in Section 11.3.1 of the *pro forma* GIA that an Interconnection Customer with a completed GIA undergo a restudy due to a change to a higher-queued project, except when ordered by the Commission.

Enhancement of Interconnection Customer Readiness. The current procedures require Interconnection Customers to make a "cash-at-risk" payment prior to entering the DPP. This payment is known as the "M2" Milestone or the "DPP Entry Milestone." Because M2 has not prevented unscheduled restudies within the DPP, MISO proposes to add two new Milestones, M3 and M4, to be established in DPP Phases II and III. The new Milestones will follow the proposed Decision Points I and II and, at each Decision Point, the withdrawing Interconnection Customer would be refunded the immediately preceding Milestone payment. The proposed structure ensures that Interconnection Customers choosing to remain in the queue will have greater certainty because projects that are not ready to proceed are incentivized to exit at the designated Decision Points. Importantly, any portion of an Interconnection Customer's milestone payment that is "at-risk" will be used to fund cost increases, for projects that execute a GIA, in Network Upgrades caused by withdrawing projects. The new Milestone payments are calculated by using the formula that is currently being used to derive the M2 payment, which, in turn, is replaced with a simplified, flat Milestone payment developed in response to stakeholder comments.

Additional Revisions to the GIP. MISO proposes several additional changes to the GIP that are designed to streamline the process and make it more flexible and efficient. First, MISO proposes to include a new, voluntary Pre-Queue Feasibility Phase while eliminating the current Interconnection Feasibility Study. This change benefits potential Interconnection Customers by providing them with an analysis that can help guide a decision to submit an Interconnection Request, potentially saving the Interconnection Customers' time, money, and resources. Second, MISO proposes to eliminate the System Planning and Analysis ("SPA") Phase from the process, replacing it with the Pre-Queue Feasibility Phase. With the proposed restructuring of the DPP and the creation of the Pre-Queue Feasibility Phase, the SPA Phase would no longer serve a useful purpose. Finally, MISO's proposal increases the process flexibility available to Interconnection Customers as Interconnection Requests can now be reduced in size during DPP Phase I.

As detailed below, MISO has made several queue reform filings in the past and has learned from each one. In each of the queue reforms, MISO has taken stakeholder feedback and made adjustments to the proposals as was done in this current proposal. MISO is an independent entity that listens to and evaluates the positions of multiple parties with differing views of the queue reform process and its expected outcomes. The same process was used in this case. MISO has listened to Transmission Owners, wind developers and industry groups, Transmission Dependent Utilities, Independent Power Producers, and other stakeholders in the current round of queue reform. While not every participant in this process had its specific suggestions adopted by MISO, the filing reflects many stakeholder ideas, comments and refinements that emerged during discussions. To ensure a thorough vetting, MISO held meetings, presentations and discussions in different stakeholder fora, such as the Interconnection Process Task Force ("IPTF") and the Planning Advisory Committee ("PAC"). Throughout the process, MISO accepted, posted and/or responded to numerous oral and written comments from interested parties.

In response to stakeholders' concerns about currently pending interconnection requests, MISO also developed a detailed and balanced transition plan to protect customers with an advanced position in the existing queue. The transition plan was selected out of several alternatives, after discussion with stakeholders, and is consistent with the queue transition arrangements previously approved by the Commission.[14] As discussed more fully below, the transition plan identifies several categories of projects, based on their status in the existing MISO queue, and maintains queue priority based on these categories as much as possible. MISO has learned from its previous Queue Reform efforts that placing all projects in a single group can have unintended consequences on those projects. MISO's proposed transition plan balances the need to expeditiously move to the proposed process with protecting the interests and queue priority of existing projects in the MISO queue.

MISO urges the Commission to accept this queue reform proposal, as it represents another significant step forward towards improving the interconnection process. Unscheduled

[14] *See Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233, PP 100-07 (2012); *order on reh'g*, 139 FERC ¶ 61,253, PP 32-39 (2012).

restudies have become a serious issue and are impacting MISO's ability to bring new generation online in a timely fashion.[15] The resulting delays are creating a misalignment between the GIP and MISO's resource adequacy construct, which raised concerns within the stakeholder community. Implementing the proposed reforms now would allow new generation resources, irrespective of their fuel type, to meet the projected need within the identified 2020 resource adequacy timeframe.[16] While, as in prior reform efforts, parties undoubtedly will disagree about particular aspects of this proposal, past experience has shown that these periodic reform efforts are needed and do in fact benefit the process as a whole.

II. THE NEED FOR THE PROPOSED REFORM

A. MISO's Prior Queue Reform Efforts

Following the Commission's issuance of Order No. 2003,[17] MISO, along with other transmission providers, adopted a set of standardized generator interconnection procedures.[18] The Commission's goal in Order No. 2003 was to minimize opportunities for undue discrimination and expedite the development of new generation, while protecting reliability and ensuring that rates are just and reasonable. Despite these laudatory goals, many regional transmission organizations ("RTOs") and independent system operators ("ISOs") encountered considerable delays and backlogs in processing generator interconnection requests under the new procedures. Following a technical conference on interconnection queuing practices and queue-related issues, the Commission issued an order in March 2008 that directed RTOs and ISOs to develop and propose their own solutions to issues related to delays and backlogs in processing queues.[19] In response to this directive, MISO initiated a series of reforms to improve the effectiveness of its generator interconnection queue.

In June 2008, MISO proposed extensive GIP revisions to limit delays caused by inactive projects in its queue.[20] Among other things, MISO proposed to change its procedure for processing interconnection applications from a "first-come, first-served" approach to an approach based on the progress a generation project is making through several defined "milestones" towards commercial operation (*i.e.*, a "first-ready, first-served" approach). The revisions represented a substantial change and a considerable improvement over the then-

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15 For example, these restudies have delayed GIAs for some projects for more than three years. Aliff Testimony at 11.

16 Aliff Testimony at 6, 14.

17 *See Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160, *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. 1230 (2008). Order No. 2003 included standardized large generator interconnection procedures ("LGIP') and a standardized large generator interconnection agreement ("LGIA").

18 *See Midwest Indep. Transmission Sys. Operator, Inc*., 108 FERC ¶ 61,027, *order on reh'g*, 109 FERC ¶ 61,085 (2004).

19 *See Interconnection Queuing Practices*, 122 FERC ¶ 61,252, PP 8-9 (2008).

20 *Midwest Indep. Transmission Sys. Operator, Inc*., Electric Tariff Filing Regarding Interconnection Queuing Practices, Docket No. ER08-1169-000 (June 26, 2008).

effective interconnection procedures. They were accepted by the Commission in August of 2008 with some minor modifications.[21]

Between October 2008 and July 2009, MISO held a series of stakeholder meetings to address certain new challenges that arose from the introduction of Renewable Portfolio Standards ("RPS") in several member states within the MISO footprint. The increase in interconnection requests associated with RPS created the need for large transmission upgrades to deliver the output of remote wind facilities, resulting in what became known as "the first mover problem" – *i.e.*, making the upgrade cost the responsibility of solely the interconnection customer whose project would first require the upgrade. To address this and certain other interconnection issues, MISO submitted its next queue reform filing in August 2009.[22] The 2009 reforms streamlined the processing of agreements for the construction of needed upgrades to the transmission system by adopting two new *pro forma* facilities construction agreements, which solved the first mover problem.[23] The Commission accepted these reforms, with some modifications, in an order issued in December 2009.[24]

Despite these improvements, the next round of GIP reforms was triggered by queue delays associated with the failure of projects within the DPP to move through that phase, thereby causing backups. At the time, the primary factor for the backup was the lack of renewable energy purchasers in the market, which made interconnection customers reluctant to meet the milestone between the System Impact Study and the Facilities Study in the DPP or to complete a GIA. In response, MISO and its stakeholders proposed reforms in November 2011 to extend the "first-ready, first-served" principle by removing timelines for interconnection customers in order to allow them to proceed at their own pace, and proposing a number of other revisions in the GIP.[25] Under the proposal, Interconnection Customers were permitted to remain in the SPA Phase indefinitely, so long as the Interconnection Customer refreshed its study once every 18 months, and also could request to be studied using a variety of assumptions during the SPA Phase. The proposal further provided that the customer could move to the DPP at a time of its choosing by posting a study deposit, providing necessary information, and making a new M2 Milestone "cash-at-risk" payment.[26] The Commission accepted these reforms, with some modifications, in March 2012,[27] but directed MISO "to make informational filings in April 2013, April 2014, and April 2015, detailing the progress in the queue and suggesting any tariff

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21 *Midwest Indep. Transmission Sys. Operator, Inc.*, 124 FERC ¶ 61,183 (2008), *order on reh'g*, 127 FERC ¶ 61,294 (2009).

22 *Midwest Indep. Transmission Sys. Operator, Inc*., Electric Tariff Filing Regarding Interconnection Queuing Practices, Docket No. ER09-1619-000 (August 21, 2009).

23 *See* Tariff, Attach X, GIP App. 8 (Facilities Construction Agreement) and GIP App. 9 (Multi-Party Facilities Construction Agreement).

24 *Midwest Indep. Transmission Sys. Operator, Inc.*, 129 FERC ¶ 61,301 (2009).

25 *Midwest Indep. Transmission Sys. Operator, Inc*., Section 205 Filing to Revise Attachment X of the Tariff, Docket No. ER12-309-000 (November 1, 2011).

26 A number of other changes to the GIP were also proposed.

27 *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233 (2012).

revisions it deems necessary to address identified inefficiencies in its GIP" and also detailing "its ability to meet the timing requirements in its GIP."[28]

B. Recent Issues with Study Delays Due to Project Withdrawals

The queue reforms described in the preceding section substantially improved the GIP, making MISO's interconnection process more robust and transparent while addressing various specific issues identified in each round. Queue reform, however, is a process that deals with issues as they arise. As the Commission recognized, MISO is charged with making sure that, when new issues are identified, solutions must be developed and reflected in the GIP. Unscheduled restudies have become such an issue and this filing proposes an appropriate solution.

As explained in the Aliff Testimony, there have been many occasions when projects enter and progress through the queue, but then are withdrawn or are deemed to have withdrawn due to inactivity.[29] Such withdrawals occur both in the DPP and following the execution of the GIA and change the underlying generation and transmission assumptions in the reliability studies conducted by MISO for lower-queued projects. The Tariff requires MISO to identify Network Upgrade costs that are required solely for the reliable interconnection of each generation interconnection request.[30] To make this determination, MISO conducts a restudy incorporating the changed transmission and generation assumptions in the re-evaluation of the reliability impact due to the interconnection of the remaining Interconnection Requests. As a result of these restudies, the Network Upgrade requirements for the remaining customers may change, which may cause additional project withdrawals and a new round of restudies adversely impacting remaining interconnection customers from a timing and potentially financial perspective.

The cascading impact of these restudies affects two critical facets of the interconnection process: Facilities Studies and Affected System Studies.[31] Every time a restudy identifies new Network Upgrades, MISO's Transmission Owners have to stop working on the existing Facilities Studies and start the process all over again for the newly identified Network Upgrades. In addition, MISO must coordinate the impact of these withdrawals with Affected Systems to ensure MISO's remaining projects do not cause reliability impacts on non-MISO transmission systems. The Facilities Studies and Affected System Studies analysis is an important part of the interconnection process and must be performed as part of the restudy evaluation. Further, MISO conducts two study cycles per year, one starting in February and the other one in August. Because the current average DPP length, due to delays, is greater than 180 days, the two cycles necessarily overlap. With a large number of projects in the queue,[32] and given the cycle overlap and the number of required Interconnection Studies, the cumulative impact of these cascading

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28 *Id*., P 72.
29 Aliff Testimony at 7-8 and n.16.
30 *Id*., at 7-8.
31 *Id*., at 8.
32 Historically, at any point in time, MISO has had between 6 and 47 projects in a DPP queue cycle. *See* Aliff Testimony at 9.

restudies is very significant, particularly when a project withdraws in the later stages of the DPP.[33] Every restudy that MISO performs, especially at the back end of the interconnection process, magnifies the negative impact of the restudy loop, as additional studies must be performed and the number of potentially impacted lower-queued requests has increased.

MISO, its Transmission Owners, and Interconnection Customers have experienced serious adverse effects as a result of cascading restudies.[34] Unscheduled restudies cause resources to be diverted from processing new queue requests to determining the impact of the withdrawal on lower queued projects, which causes studies to overlap. After restudies occur, MISO is required to reevaluate their impact on GIAs. Some GIAs, including those for resources that have achieved commercial operation, have had to be reopened and additional conditions added because of these restudies. Restudies also impact the resources available to MISO, including contracted resources through third parties and Transmission Owners. For Interconnection Customers, because they are responsible for study costs, restudies can and do increase their cost burden. In addition, a delay in the queue may adversely affect financing for a project or impose operational conditions, thereby adversely affecting Interconnection Customers' ability to plan to meet MISO's resource adequacy needs, as well as their own financial and budgetary needs.

These impacts have not gone unnoticed by MISO stakeholders and industry groups. The stakeholder comments received during and following the 2015 Resource Adequacy workshops consistently stated that misalignments between the Resource Adequacy construct and the GIP "should be a top priority for consideration in the stakeholder process."[35] Many stakeholders argued that restudies should be limited, expressing frustration with queue delays and the length of the process.[36] Industry groups have also petitioned the Commission to address delays in interconnection queues. In particular, the American Wind Energy Association ("AWEA") noted in its recent rulemaking petition seeking changes to the Commission's *pro forma* large generator interconnection procedures ("LGIP"):

> [M]any Transmission Providers continue to be delayed in completing interconnection studies, which are sometimes months and even years late, including cases when the generator in question would use fossil fuels, [footnote omitted] and restudies occur quite often. Restudies anywhere in the study process add to these delays and put the development of new generating projects at risk.[37]

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33 Aliff Testimony at 9-12.

34 *Id.*, at 12-13.

35 *See* Summary of Stakeholders' Verbal Comments, MISO Resource Adequacy Workshop, April 2, 2015, Carmel, IN, at 5, available at: https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/Workshops%20and%20Special%20Meetings/2015/Resource%20Adequacy%20Forum/20150402/20150402%20Resource%20Adequacy%20Workshop%20Feedback%20Summary.pdf.

36 *See* Aliff Testimony at 13-15.

37 *See* Petition for Rulemaking of the American Wind Energy Association to Revise Generator Interconnection Rules and Procedures, Docket No. RM15-21-000, at 14-15 (June 19, 2015); *see also* Aliff Testimony at 10.

AWEA went so far as to state that its members "continue to experience delays in receiving study results in [MISO]."[38] These comments, as well as the testimony and data provided with this filing, provide ample support to the proposed Tariff revisions.

C. Stakeholder Involvement in the Development of this Filing

This filing is the product of a year-long collaboration effort between MISO and its stakeholders to identify issues and formulate solutions. Over the past five months, the bulk of the engagement has taken place within the IPTF, which is MISO's stakeholder committee dedicated to GIP matters. Interconnection queue issues were first raised in early 2015 and grew out of stakeholder discussions concerning the interface and alignment between the GIP and Resource Adequacy.

The meeting minutes for the June 2015 and July 2015 IPTF meetings reflect discussions on the identification of queue issues and reforms, including a solicitation for comments to be covered in the August meeting. Written stakeholder comments submitted to MISO through the IPTF were made available through the IPTF website for the September, October, and November meetings. In addition to the discussions during the IPTF meetings, MISO provided written responses to stakeholder comments and timelines for upcoming events, which contemplated a Tariff filing with the Commission. Draft redline Tariff sheets of Attachment X were made available to stakeholders in advance of the October 2015 and November 2015 IPTF meetings, and Planning Advisory Committee meetings in November 2015 and December 2015, including a special December 7, 2015 meeting dedicated to queue reform issues. Queue reform draft Tariff revisions were then presented to the regularly-scheduled PAC on December 16, 2015 and have been available for stakeholder review. The stakeholder process can be summarized as follows:

- January – May 2015 IPTF – MISO and stakeholders discuss queue issues in relation to the interface and alignment of generator interconnection and Resource Adequacy.
- June 2015 IPTF – MISO and stakeholders discuss queue reforms and request comments.[39]
- July 2015 IPTF – MISO and stakeholders discuss queue reforms and MISO requests stakeholder comments to be submitted prior to the August IPTF meeting to allow for their discussion.[40]
- August 2015 IPTF – MISO presents a Queue Reform strawman proposal, stakeholder comment summary, and a queue reform timeline indicating future IPTF and PAC meetings, and a Tariff filing with the Commission prior to the end of 2015. [41]

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[38] *Id.*, at 15 n.26.

[39] Interconnection Process Task Force, 20150716 IPTF Item 01c Minutes 20150611 (July 16, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/IPTF20150716.aspx.

[40] Interconnection Process Task Force, 20150813 IPTF Item 01c Minutes 20150716 (August 13, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/IPTF20150813.aspx.

[41] Interconnection Process Task Force, 20150813 IPTF Item 06 Queue Reform 2015 (August 13, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/IPTF20150813.aspx.

- September 2015 IPTF – MISO posts queue reform comments from stakeholders.[42] MISO presents a summary of stakeholder comments, responses to those comments, and MISO's revised Queue Reform proposal.[43]
- October 2015 IPTF – MISO posts queue reform comments from stakeholders.[44] MISO presents a summary of stakeholder comments, responses to those comments, a further revised queue reform proposal, and an updated schedule of meetings leading to a Commission filing before the end of 2015.[45] MISO also provides draft revised Attachment X Tariff sheets for stakeholder review.[46]
- November 2015 IPTF – MISO posts queue reform comments from stakeholders.[47] MISO presents a summary of stakeholder comments, responses to those comments and corresponding adjustments to its proposal.[48] MISO also provides updated draft revised Attachment X Tariff sheets for stakeholder review.[49]
- November 2015 PAC – MISO presents the queue reform proposal containing revisions from the November 2015 IPTF to the PAC and requests comments.[50] MISO provides an explanation of the proposal and a table summary of stakeholder comments along with MISO's responses and actions taken.[51] MISO also provides draft revised Attachment X Tariff sheets for PAC review.[52]
- December 7, 2015 PAC – MISO posts queue reform comments from stakeholders.[53] MISO presents the queue reform proposal, including its draft transition plan with

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42 Interconnection Process Task Force, 20150910 IPTF Supplemental Comments on Queue Reform (September 10, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/IPTF20150910.aspx.

43 Interconnection Process Task Force, 20150910 IPTF Item 02 Queue Reform; 20150910 IPTF Queue Reform Feedback Questions (September 10, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/IPTF20150910.aspx.

44 Interconnection Process Task Force, 20151008 IPTF Supplemental Stakeholder Comments (October 8, 2015), available at https://www.misoenergy.org/Events/Pages/IPTF20151008.aspx.

45 Interconnection Process Task Force, 20151008 IPTF Item 04 Queue Reform_rev2 (October 8, 2015), available at https://www.misoenergy.org/Events/Pages/IPTF20151008.aspx.

46 Interconnection Process Task Force, 20151008 IPTF Item 04 Queue Reform_Redline Draft Attachment X (October 8, 2015), available at https://www.misoenergy.org/Events/Pages/IPTF20151008.aspx.

47 Interconnection Process Task Force, 20151105 IPTF Supplemental Comments on Queue Reform (November 5, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/IPTF20151105.aspx.

48 Interconnection Process Task Force, 20151105 IPTF Item 04 Queue Reform Presentation (November 5, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/IPTF20151105.aspx.

49 Interconnection Process Task Force, 20151105 IPTF Item 04 Queue Reform Cumulative Tariff_Redlines (November 5, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/IPTF20151105.aspx.

50 Planning Advisory Committee, 20151111 PAC Item 03j Queue Reform Update Presentation (November 11, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/PAC20151111.aspx.

51 *Id.*

52 Planning Advisory Committee, 20151111 PAC Item 03j Queue Reform Cumulative Tariff Redlines (November 11, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/PAC20151111.aspx.

53 Planning Advisory Committee, 20151207 PAC Comments on Queue Reform (December 7, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/PAC20151207.aspx.

three alternatives, to a special session of the PAC.[54] MISO also provides draft updated Attachment X Tariff sheets for PAC review.[55]

- December 16, 2015 PAC – MISO presents the queue reform proposal, the preferred transition plan proposal, responses to recently received stakeholder and PAC comments, as well as a comparison of stakeholder requests and MISO process adjustments.[56] This last item was presented in red and green text, with green text signifying areas of agreement and red text identifying areas of disagreement. MISO also provides draft updated Attachment X Tariff sheets for PAC review.[57]

III. THE PROPOSED TARIFF REVISIONS ARE JUST AND REASONABLE

The filing addresses a concrete need that has been identified in the stakeholder process and is supported by extensive testimony and other evidence submitted with this filing. The proposed Tariff revisions are an integrated package that will significantly improve the GIP by reducing queue delays associated with unscheduled restudies, streamlining MISO's interconnection process and providing additional flexibilities to Interconnection Customers. If adopted, the MISO proposal will provide a number of important benefits to MISO and its customers. These benefits conclusively demonstrate that the proposed revisions are just and reasonable and should be accepted by the Commission.

First, the proposed Tariff revisions help ensure that the unscheduled restudy problem would be mitigated to the fullest extent possible. As explained above, cascading restudies caused by withdrawing projects currently are one of the main drivers for queue delays in MISO. These delays undermine MISO's ability to administer the interconnection queue efficiently and are affecting Interconnection Customers' project schedules and costs. The evidence submitted with this filing demonstrates that the impact is significant and is likely to get worse.[58] By subdividing the DPP into three phases and by providing designated "off-ramps" for customers that are not ready to proceed, MISO's proposal replaces the current unstructured restudy process with a structured procedure, thereby significantly reducing the need for unscheduled restudies and removing the cascading effect. The proposal further optimizes the DPP process by allowing Interconnection Customers that want to withdraw a project to do so in the early phases of the queue while still getting back some or all of their cash-at-risk payments. The proposed procedure is superior to the current GIP, which, as explained above, encourages Interconnection Customers with unready projects to stay in the queue for as long as possible, thereby magnifying the negative impact of their withdrawal on lower-queued projects.

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54 Planning Advisory Committee, 20151207 PAC Queue Reform Discussion (December 7, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/PAC20151207.aspx.

55 Planning Advisory Committee, 20151207 PAC Queue Reform Cumulative Edits_Redline (December 7, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/PAC20151207.aspx.

56 Planning Advisory Committee, 20151216 PAC Item 02g Queue Reform proposal (December 16, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/PAC20151216.aspx.

57 Planning Advisory Committee, 20151216 Item 02g Queue Reform Cumulative Edits 12-16-15 Redlines (December 16, 2015 meeting), available at https://www.misoenergy.org/Events/Pages/PAC20151216.aspx.

58 Aliff Testimony at 11-13.

Second, the proposal improves customer readiness while providing certain valuable options and flexibilities that Interconnection Customers currently do not have. The additional Milestone payments, M3 and M4, will ensure that customers that enter the DPP are appropriately incentivized to move forward with their projects. The Commission previously recognized that "cash-at-risk" milestones are a just and reasonable mechanism to ensure readiness and deter Interconnection Customers with projects that are not ready to proceed from entering the DPP.[59] As Mr. Aliff explains, the current milestone, M2, occurs before projects enter the DPP and, therefore, does provide a deterrent during the DPP process.[60] Further, in determining the amounts of the new milestone payments, MISO adopted the same formula that is currently used to determine the M2 payment. This formula has already been found to be just and reasonable,[61] and MISO proposes to use these payments (to the extent they are not refunded) to mitigate cost increases for other Interconnection Customers.[62] Importantly, the proposed Milestones are accompanied by process revisions that improve customer flexibilities. As explained above, both Decision Point I and Decision Point II allow Interconnection Customers to exit the queue with the applicable milestone payments being either fully or partially refunded. This option does not exist under the current procedures and it will provide a clear benefit to both the withdrawing customer and other customers with projects in the queue. In addition, an Interconnection Customer now has a one-time option to reduce the megawatt ("MW") size of its request at Decision Point I, which currently is not permitted for requests in the DPP. This further improves the procedure by allowing customers to right-size their requests rather than withdraw from the queue. Further, Interconnection Customers are provided with a full and complete picture of Network Upgrade requirements prior to placing any Milestones "at risk" as a full Interconnection System Impact Study analysis and any applicable Affected System analysis will be provided prior to the start of the Decision Points.

Third, the MISO proposal further streamlines the GIP by removing certain redundant procedures, such as the SPA Phase, and by optimizing some existing processes. In particular, the proposed Pre-Queue Feasibility Phase and Pre-Queue Feasibility Study will allow MISO to perform the feasibility analysis prior to the submission of an Interconnection Request. This benefits Interconnection Customers by providing them with an analysis, albeit non-binding, that can help guide a decision to submit an Interconnection Request, potentially saving them time, money, and resources, should they decide to forgo the Interconnection Request. In addition, the revised procedure permits Interconnection Customers to have MISO run studies on the feasibility of their proposed projects if they do not have independent consultants to perform such studies on their own. MISO also revises the preliminary GIA option by better integrating it within the DPP process.

Finally, MISO is proposing a balanced transition plan, which provides appropriate protections to customers with projects that are currently pending in the queue. MISO recognizes the importance of a clear and equitable transition process and has invested considerable time and resources in developing and discussing with stakeholders its proposed transition plan. As

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59 *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233, PP 146-51 (2012).
60 *See* Aliff Testimony at 26.
61 *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233, P 152 (2012).
62 *See* Aliff Testimony at 31-32.

explained by Mr. Aliff, MISO considered, and reviewed with its stakeholders, three different transition alternatives, each providing varying levels of grandfathering to Interconnection Customers.[63] After weighing various competing interests and priorities, MISO chose the middle case. The proposed transition plan gives priority to existing projects over future Interconnection Requests, depending on their GIA status, Facilities Studies status, or Interconnection System Impact Studies status. The proposed order of priority is as follows:

- Interconnection Customers that have already executed a non-provisional GIA, or have requested that MISO file a non-provisional GIA unexecuted by the effective date of the new process, for a project will not be subject to the new GIP requirements with respect to that project. Additionally, Interconnection Customers that either have GIA negotiations ongoing or have a completed Network Upgrade Facilities Study for a project by the requested effective date of the new proposed Tariff revisions will not be subject to the new requirements for that project.

- Interconnection Requests where Network Upgrade Facilities Studies were ongoing at the time of the effective date of the new proposed Tariff revisions will continue on their path to a GIA. MISO would complete the GIA negotiations for these projects under the new, shortened timeframe in the proposed process in order to expedite the transition.

- MISO will complete the studies for Interconnection Requests where Interconnection System Impact Studies were ongoing at the time of the effective date of the revised Tariff provisions. For all such projects, MISO will complete Interconnection System Impact Studies and place all such projects in the Decision Point II of "Cycle 1." All Interconnection Customers with projects in DPP Decision Point II of the DPP Cycle 1 would be given two choices, or paths, to proceed through the GIP. The first path would allow the Interconnection Customer to proceed straight to DPP Phase III provided the Interconnection Customer pays the M4 Milestone payment, consistent with the new Tariff revisions. Since MISO is moving these projects directly to Decision Point II and the projects will not proceed through Decision Point I, MISO is not requesting these Interconnection Customers to pay the M3 Milestone. The second path would allow the Interconnection Customer to not proceed through Cycle 1 but allow them to be combined with "Cycle 2" projects (beginning in fall of 2016) which would be considered lower-queued to DPP Cycle 1 projects. If Interconnection Customers use the second path, then the Interconnection Customers would be required to pay M3 and M4 during Decision Points I and II consistent with the new Tariff provisions. Under both paths, MISO is not requiring Interconnection Customers to pay the M2 milestone, as all existing Interconnection Customers have already paid the M2 milestone under the current process. MISO will accept the already paid M2, as calculated under the current

[63] Aliff Testimony at 38.

process, as the M2 Milestone payment and will not require this M2 to be trued up to the new calculation of M2.

- Any Interconnection Customer that does not fall into one of the above categories will be required to pay M2 and proceed under the new procedures if it has a new request in 2016, or does not have an Interconnection System Impact Study commenced as of March 30, 2016, with respect to a pending project.

MISO submits that the proposed transition plan is just and reasonable because it minimizes the impact of the change on customers while providing a number of options. Importantly, it permits a timely transition to the new queue process to be in place in time to address the potential for generation deficiencies in the future.

IV. DESCRIPTION OF PROPOSED TARIFF REVISIONS

This section provides an overview of the proposed Tariff changes. Additional explanation and information on these proposed Tariff changes is available in the Aliff Testimony and the proposed Tariff revisions enclosed with this transmittal letter.

A. Attachment X, Generator Interconnection Procedures

Section 1 – Definitions

MISO proposes to revise the definition of Definitive Planning Phase by expanding its scope. Currently, the DPP is performed once, during the final phase of the GIP. As proposed, the DPP is expanded into three distinct phases, DPP Phase I, DPP Phase II, and DPP Phase III. The three phases allow MISO to perform an iterative and structured review of the Interconnection System Impact Study, taking into account changes to higher and similarly queued projects, including instances where a project withdraws from the queue before completing a GIA.

The term Interconnection Feasibility Study is deleted. The function of the Interconnection Feasibility Study has been replaced by the Pre-Queue Feasibility Study. A conforming change is made to Interconnection System Impact Study.

The definition for Interconnection Study has been updated to include the proposed Pre-Queue Feasibility Study.

The terms Optional Interconnection Study, Optional Interconnection Study Agreement, Regular Generator Interconnection System Impact Study, and System Planning and Analysis Phase are deleted from the GIP and are replaced by the Pre-Queue Feasibility Study. The Pre-Queue Feasibility Study is an optional preliminary evaluation of the system impact from the proposed project that would take place during the Pre-Queue Phase. The Pre-Queue Phase occurs before a project is placed in the queue and before the start of DPP Phase I.

Section 2 – Interconnection Service Products

The title of Section 2 has been changed from "Scope and Application" to "Interconnection Service Products." As proposed, Section 2 describes the types of Interconnection Service offered by the Transmission Provider. Information that currently resides in Section 2 concerning the scope and application of the GIP has been moved to Section 3. MISO has added a description of two existing, but previously not specifically articulated, Interconnection Service products, NR Interconnection Service only and External NR Interconnection Service. MISO is not revising those products, but merely adding them to the list of products provided.

Section 3 – Interconnection Process Description

The title of Section 3 has been changed from "Interconnection Requests" to "Interconnection Process Description." As proposed, Section 3 describes the scope and application of the GIP, much of which is carried over from the current GIP provisions. Section 3 also now includes a high-level overview of the GIP, briefly discussing the Pre-Queue Phase, the DPP, the Interconnection Studies, the Interconnection Facilities Study, and the GIA. Following the overview, Section 3 now includes a description of queue position, Group Study organization, transferability of queue positions, and project modifications, all of which came from current Section 4. Section 3 also includes new provisions addressing project modifications that are proposed after a project enters the DPP. Specifically, MISO is clarifying when a project may change its Point of Interconnection ("POI"). Under the current GIP, a POI may be changed pursuant to Section 4.4 if it would improve the costs and benefits of the interconnection and the change is agreed to by the Transmission Provider, Transmission Owner, and Interconnection Customer. Additionally under the existing GIP, a change may be made pursuant to Section 8.3 if the Transmission Provider identifies in the System Impact Study that changing the POI can lower the cost of Network Upgrades without increasing the total cost of Transmission Owner Interconnection Facilities, Network Upgrades, and where known, the Interconnection Customer Interconnection Facilities. In the proposed Section 3.6, MISO is proposing to expand the ability to change POI similar to the current Section 4.4 by allowing a POI change to occur if all parties agree and the change would improve the "costs and/or benefits" of the interconnection. This change should be identified prior to or during the Point of Interconnection Review in DPP Phase I. MISO is proposing to eliminate its authority to move a POI pursuant to existing Section 8.3. Certain stakeholders have suggested that a project should be able to change its POI throughout the DPP process. MISO, however, believes it is best to limit POI changes to prior to the preliminary System Impact Study commencing. Not only will this speed model review during DPP Phases II and III, but it will prevent a POI change from potentially impacting other projects costs or reliability with no "off-ramp" for the impacted customer.

Section 4 – Procedures for Interconnection Requests Submitted Prior to Effective Date of Generator Interconnection Procedures

The title to the current Section 5 is proposed for use as the title to Section 4. The current title to Section 4, "Queue Position", along with the description of the queue position process, is now included within Section 3. The proposed Section 4 includes the provisions concerning the

procedures for Interconnection Requests submitted prior to the effective date of the proposed GIP. Such Interconnection Requests will be required to transition to the proposed GIP upon acceptance by the Commission in accordance with Section 4. As proposed, Interconnection Requests that are proceeding through a Network Upgrade Facilities Study, are negotiating a GIA, or are ready to negotiate a GIA, as of the effective date of the proposed GIP, will not be subject to the obligations set forth in the proposed DPP as stated in Section 7 of Attachment X, but will progress toward the anticipated filing of a GIA. Additionally, any project that has executed a non-provisional GIA prior to the effective date of the proposed Tariff revisions will also not be subject to the obligations of the new Section 7.

Interconnection Requests that have paid their existing DPP entry milestone payment (M2) and are proceeding through an Interconnection System Impact Study as of the effective date of the proposed GIP have two options with respect to transitioning to the DPP as proposed in Section 7. The Interconnection Request may choose to pay the proposed M4 milestone payment and enter DPP Phase III. Or, the Interconnection Request may choose to enter DPP Phase I without truing-up their existing M2 milestone payment.

Any other Interconnection Request that does not qualify for the transition options noted above but chooses to progress through the queue will be required to, if not yet complete, submit a valid Interconnection Request, and proceed through the DPP in its entirety as proposed in Section 7.

Section 4, as proposed, contemplates a 180-day transition period, starting on the day following the GIP effective date, for Interconnection Requests to become compliant with the proposed GIP.

The transition plan is based on moving to the new queue process in a timely manner as well as reducing the impact of the change on currently queued generators. In Queue Reform III, all projects were lumped into the same bucket. MISO heard from stakeholders that this led to many projects withdrawing and caused additional restudies. MISO is proposing this category based approach based on lessons learned from the last queue reform, in order to minimize the harm to existing projects and maintain queue priority to the extent possible.

Section 5 – Pre-Queue Feasibility Phase

Proposed Section 5 is now entitled "Pre-Queue Feasibility Phase" and describes in greater detail the defined terms of Pre-Queue Phase and the Pre-Queue Feasibility Study. While the Pre-Queue Phase is focused on MISO's consultations with Interconnection Customers and educating them about the GIP, the Pre-Queue Phase has the added focus of helping Interconnection Customers understand their level of readiness to successfully complete the GIP. New to the GIP is the Pre-Queue Feasibility Study, which is a non-binding, information-only, study performed by MISO upon request from the Interconnection Customer. The Pre-Queue Feasibility Study is designed to provide a preliminary analysis of system impacts from a proposed project, so that the Interconnection Customer may have the benefit of such information prior to submitting an Interconnection Request. The Pre-Queue Feasibility Study is optional such that Interconnection Customers may submit an Interconnection Request without requesting

the Pre-Queue Feasibility Study. The Pre-Queue Feasibility Study replaces the Interconnection Feasibility Study, which is a required study under the current GIP. The Interconnection Feasibility Study is deleted from the GIP.

Section 6 – Interconnection Requests

The title to current Section 6, "Pre-Queue Phase and Interconnection Feasibility Study" is changed to "Interconnection Requests." As proposed, Section 6 picks up at the end of the Pre-Queue Phase and describes the information and steps required to submit a valid Interconnection Request. The three main elements of a valid Interconnection Request are the Interconnection Request in the form of Appendix 1 to the GIP, the study deposits, and the first milestone payment. Section 6 includes a clarified schedule for study deposits.

Section 6 also describes the revision of the entry milestone payment, which is known as "M2." The M2 amount is equal to $5,000 per MW of the new gross nameplate capacity of the Generating Facility. M2 must be provided by the Interconnection Customer with its Interconnection Request, prior to entering DPP Phase I. In addition, Section 6 explains the steps MISO will take upon receipt of a valid Interconnection Request, or if there are any deficiencies in the request.

MISO modified the existing M2 milestone to be a "flat fee" based upon stakeholder feedback. The current Feasibility Study is performed six times a year and is used solely for the purpose of calculating the M2 Milestone payment. The proposed flat fee obviates the need to perform the Feasibility Study. In addition, MISO's stakeholders pointed out that having a known M2 requirement at the time of the application is more useful because it provides accounting and budgeting certainty. MISO heard from some stakeholders that the amount of the M2 milestone was too high and that $2,000-$3,000 per MW would be more appropriate. MISO appreciates that the milestone payment is a significant hurdle and believes it is just, reasonable, and beneficial for Interconnection Customers. MISO is concerned that lowering the entry milestone will allow an increased number of non-ready projects into the queue and will dilute the value of the proposed three phase approach. By essentially letting Interconnection Customers use DPP Phase I as a sandbox, the System Impact Study results received by Interconnection Customers in Phases I and II would likely vary significantly. Unfortunately, ready projects would see the more realistic results in DPP Phase II and may be forced to withdraw at the risk of their M2 milestone or proceed with a potentially increased Network Upgrade burden, without the benefit of the M2 milestones from those non-ready projects from DPP Phase I to mitigate that harm. Lowering the entry milestone into the DPP diminishes the certainty gains achieved by MISO's proposed process.

Section 7 – Definitive Planning Phase

The key features of MISO's queue reform proposal reside in Section 7. Section 7, previously entitled "System Planning and Analysis Phase," is now renamed the "Definitive Planning Phase." Rather than existing as a single, final, phase, the DPP is expanded into three distinct phases, DPP Phase I, DPP Phase II, and DPP Phase III.

Section 7 sets forth the purpose, eligibility, duration, and operation of the DPP. Section 7 describes each phase individually. DPP Phase I is the initial phase, where an Interconnection Customer has entered the queue and MISO provides the Interconnection Customer with study models to be used for the first required Interconnection Study for the project, the preliminary Interconnection System Impact Study. Following the Interconnection Customer's receipt of the preliminary Interconnection System Impact Study analysis, the Interconnection Customer enters Interconnection Customer Decision Point I. Interconnection Customer Decision Point I, a period of 20 days, provides the Interconnection Customer with three options. The Interconnection Customer may remain in the queue and proceed to DPP Phase II by paying the second milestone payment, M3. The Interconnection Customer may remain in the queue and proceed to DPP Phase II while reducing the size of its Interconnection Request. Or, the Interconnection Customer may withdraw its Interconnection Request and receive a refund of its M2 and any remaining study deposits. Once the Interconnection Customer proceeds into DPP Phase II, the M2 is "at risk." Milestone payments not otherwise refunded because an Interconnection Customer withdrew its Interconnection Request will be used to offset increases in Network Upgrade costs borne by the remaining Interconnection Requests that proceed and execute a GIA.

If the Interconnection Customer pays the M3, it will enter DPP Phase II. In DPP Phase II, MISO will provide updated study models taking into account any changed facts and assumptions that arose during DPP Phase I. The updated study models will be used to perform the next study, the revised Interconnection System Impact Study. Following the Interconnection Customer's receipt of the revised Interconnection System Impact Study analysis, the Interconnection Customer enters Interconnection Customer Decision Point II. Interconnection Customer Decision Point II, a period of 20 days, provides the Interconnection Customer with two options. The Interconnection Customer may remain in the queue and proceed to DPP Phase III by paying the third milestone payment, M4. Or, the Interconnection Customer may withdraw its Interconnection Request and receive a refund of its M3 and any remaining study deposits. Once the Interconnection Customer proceeds into DPP Phase III, the M3 and M4 are "at risk." Interconnection Customers, however, that complete the GIP, execute a GIA, and satisfy the Initial Payment milestone of the GIA, will be refunded its M2, M3, and M4.

If the Interconnection Customer pays the M4, it will enter DPP Phase III. In DPP Phase III, MISO will provide updated study models taking into account any changed facts and assumptions that arose during DPP Phase II. The updated study models will be used to perform the final Interconnection System Impact Study. DPP Phase III will also include the completion of the Interconnection Facilities Study. The first portion of the Interconnection Facilities Study will begin upon the completion of Interconnection Customer Decision Point II, with the second portion beginning after the final Interconnection System Impact Study is complete. In the event an Interconnection Request is withdrawn during DPP Phase III, MISO will perform an analysis to determine if a restudy is necessary. If a restudy is not necessary, it will not be performed.

Section 7 also includes new provisions in the GIP for a provisional GIA. The provisional GIA will be made available to requesting Interconnection Customers at MISO's discretion and in accordance with the criteria set forth in the GIP. The provisional GIA process is not a substitute for the DPP and the Interconnection Studies; rather, it is available to certain Interconnection

Customers that have demonstrated a higher level of readiness with respect to their ability to complete the GIP and seek an interconnection prior to the regular Interconnection Studies to be completed. A provisional GIA is available at the request of the Interconnection Customer at the time of submitting its Interconnection Request, during Decision Point I, or any time Interconnection Customer Decision Points I or II become delayed by more than ninety (90) Calendar Days.

MISO received feedback from stakeholders asking for a two-day period following each Decision Point during which the Interconnection Customer could withdraw as well and be refunded their appropriate milestone payment. Certain stakeholders believe this would be useful for Interconnection Customers in case a project withdrawing during that Decision Point could impact their project, in which case that project would also like to withdraw. MISO does not believe this two-day period will be of value for stakeholders and would likely be abused or gamed. Interconnection Customers could simply wait to withdraw from the MISO queue at the end of the two-day period, rather than during the Decision Point, which will defeat the purpose of adding the two-day period. Additionally, if a two-day period is added based on the justification provided above, why not add a provision to allow for additional two-day periods to be provided in case other Interconnection Customers want to withdraw based upon other projects withdrawing during the preceding two-day period. This becomes an unrealistic use of time and resources to allow non-ready projects to remain in the queue for longer periods of time.

MISO also received feedback from stakeholders that the M3 and M4 milestones are too high. MISO recognizes that it is proposing increased readiness milestones, but believes the milestones are appropriately balanced by the benefits of increased certainty in the queue and adding two off-ramps for Interconnection Customers. Additionally, the increased milestones are intended to help offset the impact the withdrawing project has on other projects. MISO recognizes that there is risk that a project's Network Upgrades may increase should other projects withdraw in the same cycle. MISO believes having substantial M3 and M4 milestones will best protect Interconnection Customers from these cost shifts. MISO did hear from some stakeholders that the milestones are appropriate and have the potential to improve the queue: "Paying essentially 3 (of today's) M2 milestone 'cash at risk' is an additional significant financial burden, but a sacrifice that Interconnection Customers understand has the potential to improve the process."[64] It is also important to remember two key items. First, a project that continues to demonstrate readiness throughout the three DPP Phases will be refunded all three milestone payments after executing their GIA and making the Initial Payment to the Transmission Owner. Second, the milestones are a fraction of the total cost of building a Generating Facility. According to AWEA, the typical cost to develop and construct a wind power plant is approximately $1.94 million per megawatt,[65] whereas the United States Energy Information Administration ("EIA") approximates the cost at $2.2 million per megawatt.[66] When

[64] Wind on the Wires Comments on Queue Reform from Oct 8th 2015 IPTF, October 23, 2015, available at: https://www.misoenergy.org/_layouts/MISO/ECM/Redirect.aspx?ID=211276.

[65] American Wind Energy Association, The Cost of Wind Energy in the U.S., available at http://www.awea.org/Resources/Content.aspx?ItemNumber=5547.

[66] U.S. Energy Information Administration, Table 1, Updated estimates of power plant capital and operating costs, available at http://www.eia.gov/forecasts/capitalcost/xls/table1.xls.

considering the average cumulative milestones of approximately $13,000 as indicated above, MISO's Milestone payments would represent 0.59% to 0.67% of the installed cost per megawatt for a wind power plant. Similarly, according to the EIA, the typical cost to develop and construct a conventional combined cycle gas plant is approximately $917,000/MW.[67] MISO's proposed average cumulative milestones of approximately $13,000 would translate to approximately 1.4% of the installed cost per megawatt of conventional combined cycle gas plants.

Section 8 – Engineering & Procurement ("E&P") Agreement

Section 8, as proposed, addresses the Engineering & Procurement Agreement that is available to the Interconnection Customer. The terms of proposed Section 8 are unchanged from the existing Section 9. The terms of current Section 8, entitled "Definitive Planning Process," reside in Section 6 and Section 7, as described above.

Current Section 8.2 contains a provision that grants a refund of the DPP entry milestone if the Network Upgrade cost estimates increase by more than 25 percent between the Interconnection System Impact Study and the Interconnection Facilities Study. As proposed, this provision will be deleted from the GIP; however, the proposed revisions to the GIP contain other opportunities for milestone refunds. As described above in Section 7, DPP Phase I and DPP Phase II include refund provisions for M2 and M3 under certain circumstances during Interconnection Customer Decision Point I and Interconnection Customer Decision Point II. MISO has heard stakeholder concerns regarding removing this provision. MISO believes that continuing to allow an Interconnection Customer to withdraw in DPP Phase III, when the Facility Study is performed, and get any milestone payments back will perpetuate late stage restudies and defeat the essential element of the proposed reform. This is particularly true in light of the fact that the 25 percent differential could be as small as a few thousand dollars. It is not reasonable to provide a risk-free withdrawal opportunity to Interconnection Customer at such a late stage in the process over potentially small amounts of dollars, but which will cause great harm to other customers. The 25 percent withdrawal provision is just and reasonable under the existing GIP provisions, because the existing GIP provisions accommodate restudy at any time. Such a provision would have a severe negative impact on the proposed process. MISO believes it has enhanced the 25 percent off-ramp currently available to Interconnection Customers by instituting the two Decision Points that enable Interconnection Customers to be refunded some or all of their Milestone payments. This adds additional certainty for Interconnection Customers as they are now provided with a full and complete picture of their Network Upgrade requirements at each DPP Phase and before they must make a decision to place any Milestones "at risk."

[67] *Id.*

Section 9 – Generator Interconnection Agreement (GIA), Facilities Construction Agreement (FCA), and Multi-Party Facilities Construction Agreement (MPFCA)

Section 9 takes its title from current Section 11. As proposed, Section 9 eliminates the Optional Interconnection Study, whose function has been replaced by the Pre-Queue Feasibility Study and the Provisional Interconnection Study.

Sections 9 through 13 contain conforming changes consistent with those described above. Additionally, MISO has revised the timeline for GIA negotiation and execution in order to expedite the time from queue date to a complete, executed GIA. MISO has balanced this reduced timing with a provision in Section 6.3.2 that requires MISO to arrange meetings to discuss the provisions of the *pro forma* Generator Interconnection Agreement with the Interconnection Customer, its technical staff, and any legal representation. The Interconnection Customer is required to acknowledge in writing that it has read the terms and conditions of the *pro forma* Generator Interconnection Agreement prior to entering DPP Phase III.

Current Section 14 and current Section 15 no longer exist as separate sections in the GIP and are now located in proposed Section 12 and proposed Section 13, respectively.

B. Appendix 1 to GIP – Interconnection Request for a Generating Facility (and Attachments A, B, C, and D)

Appendix 1 to the GIP contains conforming changes and has been reformatted for clarity and ease of use.

C. Appendix 2 to GIP – Notification of a Completed Interconnection Study

Appendix 2, which is used in conjunction with the System Planning and Analysis Phase, is deleted along with the proposed removal of that phase from the GIP. Results of the Interconnection Studies will be provided to the Interconnection Customer in conjunction with the phases of the DPP. As proposed, Appendix 2 will remain as a reserved section and will preserve the numbering of the remaining appendices. The metadata associated with the eTariff record of Appendix 2 will reflect the new title of "[RESERVED]" but will not appear in redline due to constraints within MISO's eTariff software.

D. Appendix 3 to GIP – Certification Codes and Standards

There are no substantive changes to Appendix 3.

E. Appendix 4 to GIP – Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverted-Based Small Generating Facility No Larger than 10 kW ("10 kW Inverter Process")

There are no substantive changes to Appendix 4.

F. Appendix 5 to GIP – Pre-Queue Feasibility Study Agreement (and Attachment A)

Appendix 5 to GIP contains conforming changes consistent with the removal of the Optional Interconnection Study from the GIP and the introduction of the Pre-Queue Feasibility Study.

G. Appendix 6 to GIP – Generator Interconnection Agreement (GIA) (and Appendices A through I to GIA)

Appendix 6 to GIP contains conforming changes consistent with those described above. In addition, Article 11 of the GIA has been revised to delete the requirement that an Interconnection Customer with a completed GIA must undergo a restudy due to a change to a higher-queued project. As proposed, a restudy will be performed for an affected Interconnection Customer with a completed GIA only if ordered by the Commission.

H. Appendix 7 to GIP – Interconnection Procedures for a Wind Generating Plant

There are no substantive changes to Appendix 7.

I. Appendix 8 to GIP – Facilities Construction Agreement (and Appendices A, B, and C)

There are no substantive changes to Appendix 8.

J. Appendix 9 to GIP – Multi-Party Facilities Construction Agreement (and Appendices A, B, and C)

Article 2 and Article 6 of the Multi-Party Facilities Construction Agreement have been modified to remove provisions concerning the withdrawal of Interconnection Requests from the Agreement and MISO's accompanying ability to declare a restudy. Article 6 has also been modified to remove a provision requiring a restudy where an Interconnection Customer withdraws from the Agreement and the resulting cost adjustment causes the cost estimate for remaining Interconnection Customers to increase by 25 percent. MISO believes removing this provision is just and reasonable to the same reasons as noted above in Section 8.

K. Appendix 10 to GIP – Interconnection Study Model Review Form

There are no substantive changes to Appendix 10.

L. Appendix 11 to GIP – Monitoring and Consent Agreement (and Attachment A)

There are no substantive changes to Appendix 11.

M. Appendix 12 to GIP – Energy Displacement Agreement (and Attachment A)

There are no substantive changes to Appendix 12.

N. Quarterly Operating Limit Study Deposit

MISO is proposing an additional Tariff revision that was discussed in MISO's stakeholder process. MISO is proposing to require Interconnection Customers to provide MISO with a $10,000 deposit to cover the cost of Quarterly Operating Limit Studies, if applicable to the Interconnection Customer. The *pro forma* GIA already contemplates that the Interconnection Customer is responsible for the cost of such studies, but MISO does not have a mechanism to efficiently charge Interconnection Customers for these studies. MISO estimates the cost of these Quarterly Operating Limit Studies to be approximately $2,500 per year. Asking for a larger deposit that covers multiple years of studies will be administratively more efficient for MISO and Interconnection Customers, rather than asking for a deposit each year. MISO will refund any remaining deposit when the Interconnection Customer is no longer subject to the Quarterly Operating Limit Studies. MISO discussed this Tariff revision at the February 2015, March 2015, July 2015, and August 2015 IPTF meetings, as well as the September 2015 and October 2015 PAC meetings.

O. Changes to eTariff Record of Attachment X

Rather than one massive eTariff record for MISO's GIP, including its *pro forma* GIA, FCA, and MPFCA, MISO proposes to break its GIP into sections based upon the appendix structure already contained in MISO's GIP. To be specific, MISO's GIP will now be one "parent" eTariff record, with its Interconnection Request, *pro forma* GIA, FCA, MPFCA, and other appendices to the GIP as "child" eTariff records of the "parent" GIP record. This change will help minimize formatting errors and eliminate the need for MISO and its stakeholders to download the entirety of Attachment X when only a portion is needed.

V. REQUEST FOR WAIVERS AND EXTENDED COMMENT PERIOD

MISO submits that the requirements of Section 35.13 of the Commission's regulations, 18 C.F.R. § 35.13 (2015), that have not been specifically addressed herein are inapplicable to this filing. To the extent that the Commission determines any of these sections to be applicable to this filing, MISO respectfully requests waiver of the requirements of such sections.

MISO recognizes that this filing is of great stakeholder interest and deserving of sufficient time for stakeholders to prepare comments. MISO therefore has extended the requested effective date beyond the traditional statutory 60-day period and requests that the Commission establish a comment period that ends on Friday, January 29, 2016. This should provide for ample preparation time as stakeholders return from holiday vacations to comment on this filing and accommodate the transition of the queue process by fall 2016.

In order to properly implement the new GIP provisions and break the restudy link as discussed above, MISO respectfully requests that the Commission grant a waiver of Sections

11.3.1 and 11.3.2 of all previously filed GIAs to allow MISO to perform a restudy of those projects only if directed by the Commission. In granting tariff waivers, the Commission generally focuses on the following four criteria: (1) the entity seeking the waiver acted in good faith; (2) the waiver is of a limited scope; (3) a concrete problem needs to be remedied; and (4) the waiver will not have undesirable consequences, such as harming third parties.[68] MISO is requesting to waive this requirement in order to break the link of cascading restudies and provide additional certainty to existing projects as well as all future projects. The waiver applies to the finite number of GIAs issued by MISO. As discussed above, the restudy problem, in particular the cascading effect of restudies, is a concrete problem that needs to be remedied. Without this waiver, MISO would continue to be required to amend executed GIAs to revise contingent facilities for units in operation and cascading down to each queue cycle until the first cycle under the new process (receiving the GIA without 11.3.1 and 11.3.2). Such waiver will not have undesirable consequences, such as harming third parties. In fact, the waiver will grant greater certainty to existing and future projects.

MISO proposes to negotiate, execute, and report the existing and conforming *pro forma* GIA, FCA, and MPFCAs in its Electronic Quarterly Reports. MISO will not provide the revised *pro forma* GIA to Interconnection Customers until the Commission approves MISO's new process. This will prevent MISO from needing to amend executed GIAs should the Commission modify or reject MISO's proposed revisions to its *pro forma* GIA.

VI. SERVICE

MISO has served a copy of this filing electronically, including attachments, upon all Tariff Customers under the Tariff, MISO Members, Member representatives of Transmission Owners and Non-Transmission Owners, the MISO Advisory Committee participants, as well as all state commissions within the region. In addition, the filing has been posted electronically on MISO's website at: www.misoenergy.org/Library/FERCFilingsOrders/Pages/FERCFilings.aspx for other interested parties in this matter.

VII. SUPPORTING DOCUMENTS

Accompanying this transmittal letter are:

Tab A – Prepared Direct Testimony of Timothy Aliff;

Tab B – MISO Stakeholder Presentations on Queue Reform

Tab C – Redline Tariff Sheets; and

Tab D – Clean Tariff Sheets.

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[68] *ISO New England, Inc*., 117 FERC ¶ 61,171 at P 21 (2006), *citing Wisvest-Connecticut*, 101 FERC ¶ 61,372 at 62,551 (2002); *Great Lakes Gas Transmission Limited Partnership*, 102 FERC ¶ 61,331 (2003); *TransColorado Gas Transmission Co*., 102 FERC ¶ 61,330 (2003); *Northern Border Pipeline Co*., 76 FERC ¶ 61,141 (1996).

VIII. PROPOSED EFFECTIVE DATE

MISO requests that the proposed Tariff revisions be made effective on March 30, 2016.

IX. COMMUNICATIONS

All correspondence and communications in this matter should be addressed to:

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X. CONCLUSION

WHEREFORE, for all the reasons stated above, the Midcontinent Independent System Operator, Inc., respectfully requests that the Commission accept this filing without modification or condition, grant the requested waivers and permit this filing to become effective on March 30, 2016, as set forth herein.

Respectfully submitted,

/s/ Jacob T. Krouse

Jacob T. Krouse
Attorney for the Midcontinent Independent System Operator, Inc.

Attachment