Reforms for Small Utility-Scale Interconnections

New federal standards may make it easier than ever for distributed generation (DG) projects to connect to the grid.

Following nearly a year of public comment and stakeholder participation, the Federal Energy Regulatory Commission (FERC)—the agency responsible for regulating the high-voltage electricity grid—issued reforms to the interconnection rules for wholesale DG systems up to 20 megawatts in size and subject to FERC jurisdiction. The reforms target certain provisions of the “Standardization of Small Generator Interconnection Agreements and Procedures” or “Order No. 2006,” which was established in 2005.

“FERC’s rule changes are an important step forward for interconnection in the United States,” says Jane Weissman, president and CEO of the Interstate Renewable Energy Council (IREC), which worked with FERC and other stakeholders to help develop the proposed changes.

The new rule, which was finalized in November, makes it possible for more projects to avoid undergoing a full interconnection study and connect to the grid more quickly. The changes address the growing volume of interconnection applications and the number of circuits that are starting to include smaller-scale renewable generation sources.

Under the original rule, only projects 2 MW or smaller qualified for fast-track interconnection—all others had to carry out costly and time-consuming studies. One change revises fast-track eligibility for systems up to 5 MW, based upon individual system and resource characteristics. The new rule also creates a pre-application report process that enables generators to obtain available system information which will assist small generators in evaluating the potential costs and time frame associated with their project.

The FERC rule-making process began in February 2012 when Solar Energy Industries Association (SEIA) filed a petition against FERC. A key contention was that a project could not continued on page 12

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According to the Interstate Renewable Energy Council, roughly 95,000 distributed grid-connected PV systems were installed in the United States in 2012 and nearly 300,000 total residential PV systems are now connected to the grid. More than 3,800 wind turbines were installed in 2012, and 69,000 systems are now grid-connected, according to the U.S. Department of Energy.

Under the new FERC rules, PV systems less than 5 MW, like this 4.5 MW installation at Westford Solar Park in Westford, Massachusetts, may be eligible for fast-tracking.
be approved for fast-track interconnection unless it was less than 2 MW and the total DG was less than 15% of the line section’s annual peak load. According to SEIA, the 15% rule excluded the majority of solar projects from the fast-track process, forcing them to perform interconnection studies and upgrade processes that often jeopardized project viability through higher costs and the length of time required to get approval.

While FERC’s jurisdiction is limited to large, interstate transmission lines utilized by wholesale energy generators, states tend to follow FERC’s lead. The agency’s 2005 standards—which established the first set of interconnection procedures for wholesale electricity generation projects under 20 MW in size—were adopted by many states and remain in place today.

With rare exceptions, the majority of smaller wholesale DG systems connect to the distribution grid via lower-voltage lines regulated at the state level. This is why it is important for state regulatory bodies to similarly update their interconnection rules.

“Many of the top solar states—those with high numbers of residential and net-metered systems—already have severe backlogs. These new procedures will benefit those states immediately. Other states may not have backlogs now, but DG is growing rapidly. Those states need to act fast to avoid lengthy interconnection queues,” says Sky Stanfield, an attorney with Keyes, Fox & Wiedman who represented IREC interests in the rule-making process.

“The hope is that these new rules will trickle down to the state level. These changes will open up the markets for solar and wind across the country, and get these systems connected to the grid quickly,” says Ted Ko, associate executive director of Clean Coalition, a California-based nonprofit organization working to accelerate the transition to local renewable energy sources.

While the rule change won’t immediately affect the average homeowner or small business, it will likely have a far-reaching impact on DG and help spur community solar projects in the long run, according to Stanfield. Rhone Resch, president and CEO of SEIA, says the decision will help to reduce interconnection bottlenecks and bring PV systems online faster.

—Kelly Davidson