

# Interconnection Agreement Update

*No Action Required*

August 16, 2021



# Why We're Here Today

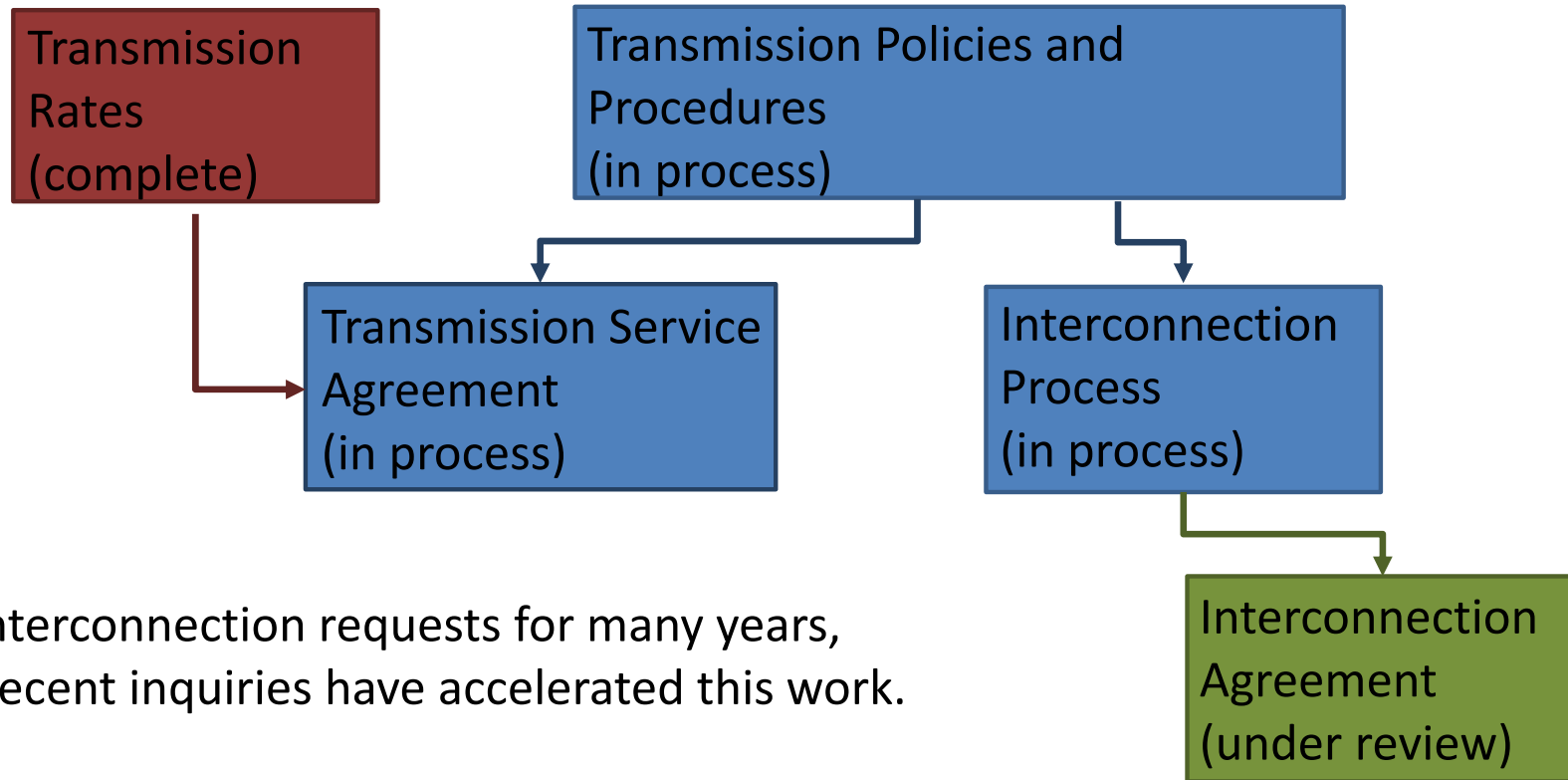
- Interconnection Background
- District Transmission Initiatives
- Interconnection Process
- Template Agreement Details
- Next Steps



# FERC History

- Energy Policy Act 1992
  - Granted FERC additional authority to remedy discrimination, including by non-jurisdictional utilities
- Pro Forma Open Access Transmission Tariff (OATT)
  - Voluntary adoption by several LPPC members
- FERC Order No. 2003
  - Added standardized Large Generator Interconnection Procedures (LGIP), template Large Generator Interconnection Agreement (LGIA) to OATT
- Energy Policy Act 2005
  - Simplified ability of FERC to address discrimination, including by non-jurisdictional utilities

# District Transmission Initiatives



No interconnection requests for many years, but recent inquiries have accelerated this work.

# District Transmission Initiatives

- *Transmission Rates—Board approved 2020*
- **Interconnection Agreement template—Board approval end of Q3**
- Transmission policies and procedures—Board review Q4
  - Service requests, system model, study process, etc.
  - Generator interconnection process
- Large load interconnection process
  - Developed in response to initial cryptocurrency boom
  - Synced with large generator interconnection process

# Interconnection Process

- Application—initiates process and reserves place in queue
- Studies
  - Feasibility, System Impact, Facilities
  - Affected Systems, Environmental
  - Interconnection Customer responsible for study costs, posts deposits
- Interconnection Agreement—terms and conditions for connecting
  - Large loads (over 5 MW) that affect transmission system—one request, several inquiries
  - Large generators (over 20 MW)—one request, several inquiries
- Transmission service is requested, studied, and contracted through a separate process

# Interconnection Agreement Highlights

- Template agreement based on FERC template agreement
  - Customer-specific elements—based on facility design, study results, and Interconnection Customer’s target dates—memorialized in appendices
- Interconnection Customer cost responsibility:
  - Design, procurement, and construction of interconnection facilities, both customer-owned and District-owned
  - Distribution and transmission system upgrades
    - Customer receives credits against transmission service bill for transmission system upgrade costs
  - Interconnection facility O&M
- Interconnection Customer operational responsibilities:
  - Data provision, system protection, coordination on outages, maintenance, and emergencies
- For large loads, required to meet resource quality requirements (CETA, EIA, resource adequacy) and indemnify District from compliance costs

# Next Steps

- Board approval of template Interconnection Agreement
- Finalize transmission policies and procedures
  - Board introductory presentation in Q3
  - Board detailed discussion in Q3-Q4
  - Board approval Q4



# Appendix

Supplemental Information not part of public presentation

# Interconnection Agreement Details

Articles	Titles/Topics	Key Elements
Article 1	Definitions	Generator > 20 MW or Load > 5 MW
Article 2	Effective Date, Term, and Termination	<ul style="list-style-type: none"> <li>• 10 years with annual rollover</li> <li>• Provision for disconnection, equipment removal at termination</li> </ul>
Article 3	Compliance with Laws and Regulations	
Article 4	Scope of Service	Energy vs Network; no transmission service
Article 5	Interconnection Facilities Engineering, Procurement, and Construction	Criteria and responsibility for District-owned and customer-owned facilities
Article 6	Testing and Inspection	Testing requirements before and after start of commercial operations
Article 7	Metering	Meter inspection schedule, customer option to pay for more frequent
Article 8	Communications	Requirements for comms/data equipment

# Interconnection Agreement Details (cont.)

Articles	Titles/Topics	Key Elements
Article 9	Operations	<ul style="list-style-type: none"> <li>Operational requirements</li> <li>Reactive power provisions</li> <li>Outages, interruptions, system protection</li> </ul>
Article 10	Maintenance	Allocates responsibility; requires coordination
Article 11	Performance Obligation	<ul style="list-style-type: none"> <li>Allocates responsibility for interconnection facilities and system upgrades</li> <li>Transmission rate credits for advance funded network upgrades</li> <li>Credit provisions</li> </ul>
Article 12	Invoice	
Article 13	Emergencies	Customer and District authorities in emergencies
Article 14	Regulatory Requirements and Governing Law	Governed by WA law
Article 15	Notices	
Article 16	Force Majeure	

# Interconnection Agreement Details (cont.)

Articles	Titles/Topics	Description
Article 17	Default	Termination as non-exclusive option for uncured breach
Article 18	Indemnity, Consequential Damages, and Insurance	<ul style="list-style-type: none"> <li>• Reciprocal indemnification, insurance requirements, and limitations on non-direct damages</li> <li>• Disclaimer of regulatory requirements for non-retail large loads</li> </ul>
Article 19	Assignment	
Article 20	Severability	
Article 21	Comparability	Interconnection service provided on comparable basis to what District provides itself, including Standards of Conduct
Article 22	Confidentiality	Explicit Public Records Act exception
Article 23	Environmental Releases	

# Interconnection Agreement Details (cont.)

Articles	Titles/Topics	Description
Article 24	Information Requirements and Audit Rights	Obligations to allow information access and audit
Article 25	Information Access and Audit Rights	
Article 26	Subcontractors	
Article 27	Disputes	Informal resolution attempt, followed by binding resolution if agreed to by the parties
Article 28	Representations, Warranties, and Covenants	
Article 29	Joint Operating Committee	Committee of District and all Interconnection Customers to coordinate operating and technical considerations
Article 30	Miscellaneous	

# Interconnection Agreement Details (cont.)

Articles	Titles/Topics	Description
Appendix A	Interconnection Facilities, Network Upgrades, and Distribution Upgrades	Technical description of specific facilities
Appendix B	Milestones	Dates for design, procurement, construction, in-service testing, and commercial operation
Appendix C	Interconnection Details	Details on generating or load facility, communications systems, meteorological and forced outage data, balancing authority requirements
Appendix D	Test Conditions	Test conditions prior to commercial operation
Appendix E	Commercial Operation Date	Form letter for start of commercial operation notification
Appendix F	Addresses for Delivery of Notices and Billings	