

At this time, FPL Energy offers comments on only one aspect of the ISO interconnection proposal. FPLE however, reserves the right to comment on other specific aspects of the interconnection policies as allowed in stakeholder meeting and formal proceedings at FERC.

Transmission - Only Interconnections.

The Large Generator Interconnection Rule understandably focuses on the network upgrades that are, or may be caused or funded by the interconnection of new generation. However the interconnection queue of the PTOs also contain requests for interconnection of Transmission-Only facilities. Our primary concern is the interaction of the proposed cost/benefit test with the compensation offered to third-party transmission project sponsors.

Under the current tariff and that proposed under MD02, third parties that sponsor (that is, pay for) transmission upgrades are entitled to compensation in the form of the FTRs, or in the future, an allocation of CRRs, in direct proportion with the capacity that they have created. This CRR allocation is not dependent upon the results of any cost/benefit test, or any finding of ratepayer need. Indeed the current tariff determines that if third parties fund the upgrade, no further finding of need is required.

While the white paper is entirely silent on the issue of transmission-only upgrades, at page 12, the ISO says "Under this pricing variation, any credit back or CRR to a generator would be subject to a Cost/Benefit test." This statement implies that ALL network upgrades could be subject to a cost/benefit test and that no FTR/CRR compensation would be granted where ratepayer benefits were not found. In the contrary, FPLE believes that in order to encourage transmission investment in the State, the ISO should continue to grant FTR/CRRs to any transmission enhancements so long as those investments are funded by third parties and are not being credited back to the project sponsor.

We ask that the ISO confirm that their position on third party transmission-only FTR/CRR compensation is unchanged.

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