First Look: Federal Energy Regulatory Commission (FERC) Order 845

Revises the regulatory process for generating facilities to connect to the grid in order to integrate energy storage resources and reduce lengthy service queues.

WHAT IT DOES

On April 19, 2018, the Federal Energy Regulatory Commission (FERC) issued a final rule entitled Order 845 that revises the standard process all generation resources (e.g., power plants) must go through before they are given permission to connect to the electric grid. The rule implements ten reforms designed to “improve certainty for interconnection customers, promote more informed interconnection decisions, and enhance the interconnection process.” In general, the reforms give power plant owners more control over the interconnection process by, for example, allowing owners the choice to build new power lines and other facilities connecting their plant to the existing grid. This is in contrast to the previous setup where they had to wait for the utility to build them.

The rule also revises the definition of “Generating Facility” to explicitly include electric storage resources. Now, the FERC-standard interconnection agreement with which almost all utilities must comply will be open to storage devices. This policy change provides more certainty to storage developers attempting to connect to the grid.

FERC asserts in its rule that it “expect[s]...fewer interconnection requests overall and fewer interconnection requests that are unlikely to reach commercial operation” as a result of these reforms. Many utilities have recently received very high amounts of interconnection requests, which some believe include mostly speculative projects that are unlikely to ever get built. The high volume of requests can overwhelm engineers tasked with assessing new impacts on the grid and lead to significant delays in processing applications.

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