BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION

In Re:		
Capacity and Energy Payments to Cogenerators Under PURPA	))))	**Docket No. 4822**

GEORGIA POWER COMPANY'S RESPONSE TO THE EMERGENCY PETITION OF PINE GATE RENEWABLES, LLC FOR EXTENSION OF TIME AND PETITION FOR DECLARATORY RULING ON INTERCONNECTION COSTS FOR QUALIFYING FACILITIES

COMES NOW Georgia Power Company ("Georgia Power" or the "Company") and responds to Pine Gate Renewables, LLC's ("Pine Gate") Emergency Petition for Extension of Time and Petition for Declaratory Ruling on Interconnection Costs for Qualifying Facilities (the "Petition"). For the reasons set forth below, Pine Gate's Petition should be denied.

I. Background.

On January 30, 2024, Pine Gate filed the Petition seeking (a) an extension of time in which to execute Qualifying Facility Interconnection Agreements ("QFIAs") for five solar projects under development by Pine Gate, (b) a declaratory ruling that it is not required to provide $30,050,000 in financial security for an interconnection facility upgrade identified by QF Interconnection Study Reports because it is a prior planned upgrade by the Municipal Electric Authority of Georgia ("MEAG"), and (c) a declaratory ruling that the estimated operations and maintenance costs (the "O&M Costs") are unreasonable. On February 6, 2024, Georgia Power and Pine Gate executed a stipulation to resolve Pine Gate's first request seeking an extension of time to execute the QFIAs and proposing a schedule for the Commission's consideration of Pine Gate's declaratory ruling requests.

II. The Commission-Approved Procedures Require Pine Gate to Make Payment or Provide Security for the Costs of the Interconnection Facility Upgrade.

Pine Gate does not dispute that the identified interconnection facility upgrade is necessary for interconnected operations of its solar projects with Georgia's Integrated Transmission System ("ITS"). Pine Gate's complaint is that the identified Affected System-owned Interconnection Facility Upgrade project (the "Facility Upgrade") is a prior planned project that MEAG included in the Ten-Year Plan and, thus, MEAG is responsible for the costs of the upgrade. As such, Pine Gate argues that it is only responsible for the cost to accelerate the timing of the Facility Upgrade and has no obligation to provide financial security in the event MEAG does not move forward with the project. Pine Gate's argument, however, ignores the plain language of the Commission-approved Georgia Power Company State-Jurisdictional Qualifying Facility Transmission Generator Interconnection Procedures ("QF-TGIP" or the "Procedures") and, if accepted, would shift the costs of the Facility Upgrade to Georgia Power's customers, if MEAG decides not to complete the project.

On March 11, 2021, the Commission approved a stipulation in this docket reinforcing the requirement that qualifying facilities pay their total reasonable interconnection costs.[1] Over the course of the next year, the Company worked with Commission Staff to finalize the jurisdictional QF-TGIP and QFIA templates. The Commission approved the resulting jurisdictional QF-TGIP and QFIA templates on May 17, 2022.[2]

The approved Procedures establish a clear method for determining interconnection costs and allocating those costs to the responsible parties. Upon receipt of a QF Interconnection Request, Southern Company Services, as agent for Georgia Power, conducts a QF Interconnection Study to

[1] "Order" In re: Capacity and Energy Payments to Cogenerators Under PURPA; Docket 4822 (March 11, 2021).
[2] "Order Approving Qualifying Facility Interconnection Procedures and Interconnection Agreement Documents;" Docket 4822 (May 24, 2022).

identify Affected Systems and the Interconnection Upgrades that must be completed before the QF can be declared ready for commercial operation under the terms of the QFIA.[3] The Procedures explain that the QF Interconnection Study Report may identify certain upgrades that are necessary for interconnected operations of the QF with the ITS, including receipt of the output of the facility in a manner comparable to native load resources that are not necessary until after the QF's projected commercial operation date.[4] The Procedures also specifically state that "the Study Report will describe the required upgrade and need date; the QFIA will address the payment or financial security that Generator must provide and further details about the future project."[5] Each of these steps acts as a safeguard to protect Georgia Power's customers and ensure that they are not required to pay for a QF's unpaid interconnection costs.

In accordance with the Commission-approved Procedures, Southern Company Services conducted the QF Interconnection Studies for the Pine Gate projects, which identified the Facility Upgrade as an Affected System-owned Interconnection Facility Upgrade.[6] Paragraph 16 of the Procedures specifically addresses this situation:

> If the GPC Study Report identifies the necessity of Interconnection Facilities on an Affected System's Electric System, GPC will contact the Affected System utility to determine what modifications to its Electric System would be necessary and to obtain a cost estimate and projected schedule for such upgrades. **The QFIA Exhibit A will include those estimates and Generator will make payment or provide security as provided in QFIA Exhibit A.** GPC will arrange with the Affected System for performance of the necessary project engineering, procurement, construction, and testing.[7]

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[3] Georgia Power Company State-Jurisdictional Qualifying Facility Transmission Generator Interconnection Procedures, Section III, para. 6-10.
[4] *Id.* at para. 13.
[5] *Id.*
[6] *See, e.g.,* GPCQF-1046 Qualifying Facility Study – Phase II, pp. 14, 17.
[7] QF-TGIP, para. 16 (emphasis added).

Pine Gate correctly notes that the Facility Upgrade was identified as a prior planned project in the Ten-Year Plan. Accordingly, it is currently anticipated that MEAG will complete and pay for the project. But MEAG is not obligated to complete the project. Given the dynamic nature of the ITS, it is possible that the Facility Upgrade could fall out of the Ten-Year Plan but still be needed to accommodate the interconnection of the Pine Gate projects. Notably, once the Pine Gate projects are designated as network resources to serve GPC's native load, the Facility Upgrade will be necessary to deliver energy from the Pine Gate projects to serve GPC's native load, regardless of whether MEAG completes and pays for the project. Thus, if MEAG does not complete the upgrade as currently contemplated, Georgia Power will be required to complete the upgrade to accommodate Pine Gate's projects. By withholding the financial security contemplated by the Procedures, Pine Gate shifts the risk of paying for the $30,050,000 Facility Upgrade to Georgia Power customers. The Procedures were specifically drafted to protect Georgia Power customers by requiring the QF to pay or post security for their interconnection costs. Therefore, to protect Georgia Power's customers from bearing the cost of the Facility Upgrade that was properly identified through the Commission-approved Procedures, the Commission should declare that Pine Gate must provide the necessary financial security, consistent with the Procedures and the QFIA.

III. The O&M Costs are Reasonable Estimates of Georgia Power's Actual Costs and Comply with Commission Orders in this Docket and the Procedures.

The approved Procedures and QFIA require the payment of interconnection costs, including estimated operations and maintenance costs. Specifically, the Procedures state:

> Each QFIA, including the detailed QFIA Exhibit A, will address the financial terms of the interconnection agreement. Interconnection Costs include three components: (i) installation costs; (ii) operations and maintenance (O&M) / administrative / metering; and (iii) tax impact amount. The applicable Exhibit A will detail the estimated Interconnection Costs; GPC will determine the final installation costs and

associated O&M and tax impact amounts as part of a final reconciliation after the Facility reaches commercial operation under the QFIA, resulting in refund/invoice in accordance with the QFIA.[8]

Without any evidentiary support, Pine Gate claims the O&M Costs are unreasonable because they are higher than what Pine Gate has experienced in other jurisdictions and because Georgia Power has not detailed for Pine Gate the formula by which the O&M Costs are calculated. Pine Gate does not dispute its obligation to pay O&M Costs, but rather disputes the amount.

In estimating O&M Costs, Georgia Power uses generally the same methodology as relied upon for many large load customers, including those on Real Time Pricing ("RTP"), who are obligated to pay O&M Costs. The six components that make up the projected O&M costs are: (1) an annual O&M percentage calculated using relevant FERC accounts for Transmission and Distribution expenses; (2) annual equipment replacement to account for replacing the equipment at failure at no additional cost to the QF; (3) an annual administrative percentage to account for administrative costs; (4) annual ad valorem taxes; (5) annual control center costs; and (6) meter totalization costs.[9] Georgia Power's methodology for calculating O&M Costs is fair, reasonable, and equitably applied to QFs and large load customers alike. Pine Gate's complaint regarding the allocation of O&M Costs to its projects should be rejected.

IV. Conclusion.

For the reasons set forth above, Georgia Power requests that the Commission deny Pine Gate's requests for declaratory ruling and instead protect Georgia Power customers from potentially assuming the costs of the Facility Upgrade by finding that (1) Pine Gate is required to

[8] QF-TGIP, para. 12.
[9] Components (5) and (6) are unique O&M costs for generators and, because of their nature, are not charged to RTP customers.

pay or post security for all the interconnection costs identified in the QFIAs as directed by the Procedures, and (2) Pine Gate is required to pay the reasonable O&M Costs consistent with Georgia Power's well-established formula as set forth in the QFIAs.

Respectfully submitted, this 16th day of February, 2024.

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