

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Standardization of Generator )  
Interconnection Agreements and Procedures )      Docket No. RM02-1-000**

**COMMENTS OF  
THE NATIONAL ENERGY MARKETERS ASSOCIATION**

In accordance with the April 24, 2002, "Notice of Proposed Rulemaking," issued in the above-referenced proceeding the National Energy Marketers Association (NEM) submits the following comments in support of the Commission's initiative to develop a standard interconnection agreement and standard interconnection procedures.

The National Energy Marketers Association (NEM) is a national, non-profit trade association representing wholesale and retail marketers of energy, telecom and financial-related products, services, information and related technologies throughout the United States, Canada and the U.K. NEM's Membership includes wholesale and retail suppliers of electricity and natural gas, independent power producers, suppliers of distributed generation, energy brokers, power traders, and electronic trading exchanges, advanced metering and load management firms, billing and information technology providers, credit, risk management and financial services firms, software developers, clean coal technology firms as well as energy-related telecom, broadband and internet companies.

This regionally diverse, broad-based coalition of energy and technology firms has come together under NEM's auspices to forge consensus and to help resolve as many issues as

possible that would delay competition. NEM members urge lawmakers and regulators to implement:

- Laws and regulations that open markets for natural gas, electricity and related products, services, information and technology in a competitively neutral fashion;
- Rates, tariffs, taxes and operating procedures that unbundle competitive services from monopoly services and encourage true competition on the basis of price, quality of service and provision of value-added services;
- Competitively neutral standards of conduct that protect all market participants;
- Accounting and disclosure standards to promote the proper valuation of energy assets, equity securities and forward energy contracts, including derivatives; and
- Policies that encourage investments in new technologies, including the integration of energy, telecommunications and Internet services to lower the cost of energy and related services.

NEM strongly supports the Commission's initiative to develop a standard interconnection agreement and standard interconnection procedures. As the Commission itself noted such interconnection agreement and procedures, "will encourage needed investment in infrastructure, limit opportunities for transmission providers to favor their own generation, and ease entry for competitors while ensuring efficient siting decisions."<sup>1</sup>

NEM submits that the increased certainty afforded to market participants by a standard interconnection agreement and procedures is more vital today than ever before as current events have created a crisis of confidence in the energy markets that could dissuade needed generation investments now and through years to come.

The Commission has proposed that the standard interconnection agreement and interconnection procedures, "apply only when a generator interconnects to the

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<sup>1</sup> NOPR at page 2.

Transmission Provider's transmission system or makes wholesale sales in interstate commerce at either the transmission or distribution voltage level."<sup>2</sup> As discussed in NEM's "*National Guidelines for Implementing Distributed Generation and Related Services*" (a copy of which is attached hereto and incorporated herein), NEM submits that a major impediment to new investments in distributed generation technology has been the lack of national technical standards and uniform business practices for interconnection to the grid. Interconnection experience with utilities is often time consuming and expensive because each utility has a unique process for the interconnection of qualified facilities. NEM urges FERC to eliminate existing regulatory disincentives that discourage competitive investments to serve native load. NEM strongly supports the use of a standard application form and process to reduce the administrative costs for investors in distributed generation as well as utilities. NEM also supports the use of a standard application process, including a timeline for the incumbent utility's response to an application to install distributed generation with penalties for non-performance.

NEM also submits that all investors in distributed generation should have the opportunity to sell output from their generation on the wholesale market. This should include the ability to participate in bilateral and spot energy and capacity markets. In most areas of the country, if the generation installed by investors is of sufficient size, they already have the ability to petition FERC for the right to interconnect to the transmission grid and sell the output to the local utility or on the grid as a Qualifying Facility. However, this option is limited to only the largest distributed generation units. NEM also argues that the marketplace will benefit from standards for smaller distributed generation units as well as

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<sup>2</sup> NOPR at pages 14-15.

the uniform development of "negawatt" programs that treat all participants fairly and reward investors in distributed generation that can make commitments and meet obligations that allow their output to be traded as a commodity on the wholesale market.

For the foregoing reasons, NEM encourages the Commission to adopt a standard interconnection agreement and standard interconnection procedures as soon as practicable.

Respectfully submitted,

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