

November 12, 2009

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

RE: *Southwest Power Pool, Inc.*, Docket No. ER10-_____
Submission of Large Generator Interconnection Agreement

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act, 16 U.S.C. § 824d, and section 35.13 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations, 18 C.F.R. § 35.13, Southwest Power Pool, Inc. ("SPP") submits an executed Large Generator Interconnection Agreement ("LGIA") between SPP as Transmission Provider, Taloga Wind, LLC ("Taloga Wind") as Interconnection Customer, and Oklahoma Gas & Electric Company ("OG&E") as Transmission Owner ("Revised Taloga Wind LGIA") (SPP, Taloga Wind, and OG&E are known hereinafter as "the Parties").¹ The Revised Taloga Wind LGIA modifies an existing LGIA between the same Parties designated as Service Agreement No. 1677 ("Original Taloga Wind LGIA"). The Original Taloga Wind LGIA was filed with, and accepted by, the Commission in Docket No. ER09-248-000.² SPP is submitting the Revised Taloga Wind LGIA for filing because it includes language and terms and conditions that do not conform to the *pro forma* LGIA in SPP's Open Access Transmission Tariff ("SPP Tariff") effective on October 8, 2008.³ SPP requests an effective date of October 13, 2009 for the Revised Taloga Wind LGIA.

¹ A copy of the Revised Taloga Wind LGIA, which is designated as First Revised Service Agreement No. 1677, is attached as Exhibit I to this transmittal letter.

² See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-248-000 (Dec. 23, 2008) ("December Letter Order").

³ See SPP Tariff at Attachment V, Appendix 6 (hereinafter "the *pro forma* LGIA"). The Original Taloga Wind LGIA was executed on October 8, 2008, and therefore was subject to the *pro forma* LGIA that was effective at that time. Because the Revised Taloga Wind LGIA only revises Appendix B of the Original Taloga Wind LGIA, the Revised Taloga Wind LGIA does not constitute a new interconnection request requiring a new interconnection agreement that conforms

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I. Background

On October 8, 2008, the Parties entered into the Original Taloga Wind LGIA, which provides for the interconnection of Taloga Wind's 129.6 MW wind energy generation facility ("Taloga Wind Facility"). The Taloga Wind Facility will consist of 54 Mitsubishi 2.4 MW wind turbines with step-up transformers for a total output of 129.6 MW that will be interconnected to the 138 kV bus at OG&E's Dewey District Substation.

On June 25, 2009, Taloga Wind notified SPP and OG&E that, pursuant to Article 5.16 of the Original Taloga Wind LGIA, it was suspending construction of the upgrades necessary to interconnect the Taloga Wind Facility.⁴ On September 29, 2009, Taloga Wind notified SPP and OG&E of its intention to proceed under the Original Taloga Wind LGIA. Due to the time that elapsed between Taloga Wind's suspension notification on June 25, 2009, and its notification that it was ready to proceed on September 29, 2009, certain circumstances changed with regard to Taloga Wind's interconnection request. Specifically, because of the delay caused by the suspension, completion dates for several of the milestones in Appendix B of the Original Taloga Wind LGIA no longer were feasible and therefore needed revising.⁵

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to the current *pro forma* LGIA. As the Commission has recognized, interconnection agreements that do not propose increases in capacity or material modifications of the characteristics of the existing generating facility do not constitute new interconnection requests and thus do not need to conform to a transmission provider's current *pro forma* interconnection agreement. See *Midwest Indep. Transmission Sys. Operator, Inc.*, 122 FERC ¶ 61,019, at P 20 (2008) ("We note that not all changes to existing or planned generating facilities require new [interconnection agreement]s"); *New England Power Co.*, 109 FERC ¶ 61,364, at P 13 (2004) (discussing how agreements that do not propose increases in capacity or material modifications of the characteristics of an existing generating facility do not constitute new interconnection requests). Thus, the Revised Taloga Wind LGIA is subject to the *pro forma* LGIA that was effective as of October 8, 2008, and all references to the *pro forma* LGIA refer to the *pro forma* LGIA effective as of October 8, 2008.

⁴ Article 5.16 of the Original Taloga Wind LGIA is the same as Article 5.16 of the *pro forma* LGIA. See *pro forma* LGIA at Article 5.16 (providing that the interconnection customer reserves the right to suspend at any time all work under the LGIA).

⁵ The milestones in Appendix B of the Revised Taloga Wind LGIA (and the Original Taloga Wind LGIA) are conforming language because Appendix B of the Revised Taloga Wind LGIA is consistent with Appendix B of the *pro forma* LGIA. Appendix B of the *pro forma* LGIA provides a fill-in-the-blank for parties
(continued . . .)

To effectuate revised milestone dates, on October 8, 2009, SPP sent a letter to Taloga Wind and OG&E proposing modifications to the completion dates in Appendix B of the Original Taloga Wind LGIA to account for the suspension (the October 8, 2009 letter is hereinafter the "Letter Agreement").⁶ Taloga Wind and OG&E executed the Letter Agreement on October 9, 2009, and October 13, 2009, respectively. The modifications set forth in the Letter Agreement are incorporated into the Revised Taloga Wind LGIA submitted in this filing.⁷

II. Description and Justification of Non-Conforming Provisions in the Revised Taloga Wind LGIA

As stated above, SPP is submitting the Revised Taloga Wind LGIA because it contains provisions that do not completely conform to the *pro forma* LGIA. While the revisions to the milestone completion dates in Appendix B do not constitute non-conforming changes,⁸ the Revised Taloga Wind LGIA, like the Original Taloga LGIA contains non-conforming language in Appendix A.⁹ However, since the filing of the Original Taloga Wind LGIA, the Commission issued two orders that held that several of the provisions that SPP routinely includes in the Appendices of its LGIAs, including the

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to enter project specific milestones for the LGIA, and Appendix B of the Revised Taloga Wind LGIA merely fills-in-the-blanks providing project specific milestones. The Commission has held that a "contract that merely 'fill in the blanks' of the pro forma tariff service agreement need not be filed, because that contract has already been reviewed and accepted by the Commission as just and reasonable." *See N. American Energy Conservation, Inc. v. CNG Transmission Corp.*, 95 FERC ¶ 61,068, at 61,182 (2001).

⁶ A copy of the Letter Agreement is attached as Exhibit III to this transmittal letter.

⁷ *See supra* note 5. The Commission previously has accepted a similar filing by SPP, where SPP updated an existing LGIA through a Letter Agreement because the updated LGIA did not increase capacity or materially modify the existing LGIA. *See Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1057-000 (June 10, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER08-1585-000 (Nov. 18, 2008) (errata issued on Nov. 19, 2008).

⁸ *See supra* note 5.

⁹ As discussed in the transmittal letter submitted with the Original Taloga Wind LGIA, the Original Taloga Wind contained non-conforming language in a Note in Appendix A, Sections 1-2, 4-5, and 7 of Appendix A, and Appendix E. *See SPP Submission of Large Generator Interconnection Agreement*, Docket No. ER09-248-000 (Nov. 6, 2009).

Original Taloga Wind LGIA, “do not deviate from the *pro forma* LGIA, but merely imbue the . . . LGIA with information the *pro forma* LGIA already contemplates will be incorporated.”¹⁰ The Commission further stated that such provisions were “just and reasonable and do not require further Commission approval.”¹¹ The Revised Taloga Wind LGIA also contains many of the same routine provisions contained in the Appendices in the LGIAs accepted by the Commission in the Solomon Forks Order and the Bear Creek Order. Therefore, these routine provisions require no “further Commission approval.”¹²

The Original Taloga Wind LGIA and the Revised Taloga Wind LGIA, however, include a non-conforming “Note” at the beginning of Appendix A not found in Appendix A of the LGIAs accepted by the Commission in the Solomon Forks Order or the Bear Creek Order.¹³ Specifically, the Note states:

The facilities described in this Appendix are based on the studies conducted in response to the Interconnection Request. In the event that other interconnection customers suspend, terminate or request unexecuted filing of their LGIAs, then additional studies may be required that could result in changes to the Interconnection Facilities and the Network Upgrades and in changes to Interconnection Customer’s cost obligations for those facilities.¹⁴

This note puts Taloga Wind on notice that if another interconnection customer terminates its interconnection request, including terminating at the end of a suspension period, or in the event another interconnection customer’s unexecuted LGIA is not accepted by the Commission, and thus, it is withdrawn from the queue, SPP may conduct restudies to re-evaluate Taloga Wind’s cost obligation. The Commission previously has accepted for filing other LGIAs, including the Original Taloga Wind LGIA, that contain this same note.¹⁵ Therefore, consistent with that precedent the Commission should accept the Revised Taloga Wind LGIA submitted herein.

¹⁰ *Sw. Power Pool, Inc.*, 128 FERC ¶ 61,022, at P 13 (2009) (“Solomon Forks Order”); *see also Sw. Power Pool, Inc.*, 128 FERC ¶ 61,116, at P 20 (2009) (“Bear Creek Order”).

¹¹ *See* Solomon Forks Order at P 13.

¹² *Id.*

¹³ *See* Revised Taloga Wind LGIA at Appendix A.

¹⁴ *Id.*

¹⁵ *See Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1219-000 (July 24, 2009); *See Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-1234-000 (July 24, 2009).
(continued . . .)

III. Effective Date and Waiver

SPP requests an effective date of October 13, 2009 for the Revised Taloga Wind LGIA. Pursuant to section 35.11 of the Commission's rules and regulations, 18 C.F.R. § 35.11, SPP requests a waiver of the Commission's 60-day notice requirement set forth at 18 C.F.R. § 35.3. Waiver is appropriate because the Revised Taloga Wind LGIA is being filed no later than 30 days after the effective date of service.¹⁶

IV. Additional Information

A. Information Required by Section 35.13 of the Commission's Regulations, 18 C.F.R. § 35.13:

(1) Documents submitted with this filing:

Included with this transmittal letter are the following:

- (a) Exhibit I: Clean copy of the Revised Taloga Wind LGIA;
- (b) Exhibit II: Redlined pages illustrating the non-conforming differences between the Revised Taloga Wind LGIA and the *pro forma* LGIA;
- (c) Exhibit III: Copy of the Letter Agreement between the Parties; and
- (d) Exhibit IV: Redlined pages illustrating the differences between the Revised Taloga Wind LGIA and the Original Taloga Wind LGIA.

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22, 2009); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER09-132-000 (Dec. 17, 2008).

¹⁶ See *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, at 61,983-84, *order on reh'g*, 65 FERC ¶ 61,081 (1993).

(2) Effective Date:

As discussed above, SPP respectfully requests that the Commission accept the Revised Taloga Wind LGIA with an effective date of October 13, 2009.

(3) Service:

SPP has served a copy of this filing on the representatives for Taloga Wind and OG&E listed in the Revised Taloga Wind LGIA.

(4) Basis of Rate:

All charges will be determined in accordance with the SPP Tariff.

B. Communications

Copies of this filing have been served upon all Parties to the Revised Taloga Wind LGIA. Any correspondence regarding this matter should be directed to:

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The Honorable Kimberly D. Bose

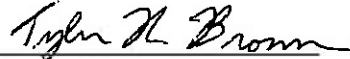
November 12, 2009

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V. Conclusion

For all the foregoing reasons, SPP respectfully requests that the Commission accept the Revised Taloga Wind LGIA with an effective date of October 13, 2009.

Respectfully submitted,



Wendy N. Reed

Carrie L. Bumgarner

Tyler R. Brown

**Attorneys for Southwest Power
Pool, Inc.**

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EXHIBIT I

INTERCONNECTION AGREEMENT

entered into by the

Southwest Power Pool, Inc.,

Oklahoma Gas and Electric Company

and

Taloga Wind, LLC.

entered into on the 8th day of October, 2008

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Appendix A - Interconnection Facilities, Network Upgrades, and Distribution Upgrades

Appendix B – Milestones

Appendix C – Interconnection Details

Appendix D – Security Arrangements Details

Appendix E – Commercial Operation Date

Appendix F – Addresses for Delivery of Notices and Billings

Appendix G – Interconnection Requirements For a Wind Generating Plant

STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT ("Agreement") is made and entered into this ____ day of _____ 2008, by and among Taloga Wind, LLC., a limited liability company organized and existing under the laws of the State of Oklahoma ("Interconnection Customer" with a Large Generating Facility), and Southwest Power Pool, a corporation organized and existing under the laws of the State of Arkansas ("Transmission Provider") and Oklahoma Gas and Electric Company, a Corporation organized and existing under the laws of the State of Oklahoma ("Transmission Owner"). Interconnection Customer, Transmission Provider and Transmission Owner each may be referred to as a "Party" or collectively as the "Parties."
Recitals

WHEREAS, Transmission Provider functionally controls the operation of the Transmission System; and,

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and,

WHEREAS, Transmission Owner owns facilities to which the Large Generating Facility is to be interconnected and may be constructing facilities to allow the interconnection; and,

WHEREAS, Interconnection Customer, Transmission Provider and Transmission Owner have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility with the Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Standard Large Generator Interconnection Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used or the Open Access Transmission Tariff (Tariff).

Article 1. Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Transmission System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission System in accordance with Good Utility Practice.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by the Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure in Section 12 of the Tariff for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Transmission Owner's facilities and equipment that are not included in the Transmission System. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of Transmission Provider, is imminently likely (as determined in a