

133 FERC 61,031  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Marc Spitzer, Philip D. Moeller,  
John R. Norris, and Cheryl A. LaFleur.

Public Service Company of New Mexico	Docket Nos. ER96-1551-022
	ER01-615-018
Optim Energy Marketing, LLC	ER09-746-003
Tucson Electric Power Company	ER98-1150-011
UNS Electric, Inc.	ER07-964-002
UniSource Energy Development Company	ER07-1232-003
El Paso Electric Company	ER99-2416-008
Arizona Public Service Company	ER99-4124-025
Nevada Power Company	ER01-1529-015
Public Service Company of Colorado	ER98-4590-031

ORDER ON SIMULTANEOUS TRANSMISSION IMPORT  
LIMIT VALUES FOR THE SOUTHWEST REGION

(Issued October 12, 2010)

1. In March 2010, Public Service Company of New Mexico and Optim Energy Marketing, LLC; Tucson Electric Power Company (Tucson Electric), UNS Electric, Inc., and UniSource Energy Development Company; El Paso Electric Company; Arizona Public Service Company; Nevada Power Company (Nevada Power) (collectively, Southwest Transmission Owners); and Xcel Energy Services Inc., on behalf of its utility operating affiliate Public Service Company of Colorado (collectively, transmission owners), submitted Simultaneous Transmission Import Limit (SIL) studies as part of their updated market power analyses for the Southwest region, filed in accordance with the reporting schedule adopted in Order No. 697.<sup>1</sup>

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<sup>1</sup> *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and*

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2. In this order, the Commission accepts the SIL values identified in Appendices A and B (Commission-accepted SIL values). SIL studies are used as a basis for calculating import capability to serve balancing authority area or study area load when performing market power analyses. SIL values quantify the simultaneous transmission import capability into a study area from its aggregated first-tier area. The SIL values accepted herein, with some exceptions, as discussed below, were provided by the Southwest Transmission Owners with their updated market power analyses and by Public Service Company of Colorado, a transmission owner in the Northwest region. As discussed below, the Commission-accepted SIL values identified in Appendices A and B will be used by the Commission to analyze updated market power analyses for the Southwest region.<sup>2</sup>

### **I. Background**

3. In Order No. 697, the Commission adopted a staggered filing approach for filing updated market power analyses. The Commission recognized that the transmission-owning utilities have the information necessary to perform SIL studies and therefore determined that transmission-owning utilities would be required to file their updated market power analyses in advance of other entities in each region.<sup>3</sup>

4. The Southwest Transmission Owners' updated market power analyses for the Southwest region were due in December 2009, according to the regional reporting schedule adopted in Order No. 697. On November 12, 2009, the Southwest Transmission Owners filed a request for a 60-day extension of time to submit their updated market power analyses.<sup>4</sup> These entities explained that the extension would allow them to

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*Ancillary Services by Public Utilities*, Order No. 697, FERC Stats. & Regs. ¶ 31,252, *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268, *clarified*, 124 FERC ¶ 61,055, *order on reh'g*, Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 (2008), *order on reh'g*, Order No. 697-C, FERC Stats. & Regs. ¶ 31,291 (2009); *order on reh'g*, Order No. 697-D, FERC Stats. & Regs. ¶ 31,305 (2010).

<sup>2</sup> The updated market power analyses themselves, including any responsive pleadings, will be addressed in separate orders in the relevant dockets.

<sup>3</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 889.

<sup>4</sup> The request for an extension of time was filed by Public Service Company of New Mexico, Tucson Electric, El Paso Electric Company, Arizona Public Service Company, and Nevada Power, on behalf of themselves and their affiliates with market-based rate authority.

complete their SIL studies, share them with other transmission owners who must incorporate the SIL results into their respective market-power analyses, and allow for time to complete and submit those market power analyses to the Commission. The request for extension of time was granted to and including March 1, 2010.<sup>5</sup> On February 16, 2010, the Southwest Transmission Owners filed a request for an additional one-week extension of time. The request for an extension of time was granted up to and including March 8, 2010.<sup>6</sup>

5. In March 2010, the Southwest Transmission Owners filed their updated market power analyses. Additionally, Public Service Company of Colorado, a transmission owner in the Northwest region, filed its SIL values and data used to perform its SIL studies, to supplement Public Service Company of New Mexico's updated market power analysis for the Southwest region.<sup>7</sup> Public Service Company of Colorado explains that because Public Service Company of New Mexico and Public Service Company of Colorado are first-tier balancing authority areas, each company relies on certain data provided by the other company when performing its respective updated market power analysis.

6. Each transmission owner conducted SIL studies for its respective home balancing authority area and shared the SIL values with the other Southwest Transmission Owners. The transmission owners filed SIL studies for 15 study areas for which the Commission had not previously accepted SIL studies for the same study period.

7. Before their filings were due, the Southwest Transmission Owners contacted Commission staff and indicated they were experiencing difficulty in calculating SIL values for some of the first-tier balancing authority areas that are not operated by public utilities as defined under Part II of the Federal Power Act (FPA).<sup>8</sup> These balancing authority areas are: Western Area Power Administration Colorado/Missouri; Western Area Power Administration Lower Colorado; Los Angeles Department of Water and Power; Turlock Irrigation District; Sacramento Municipal Utility District; Imperial Irrigation District; Comisión Federal de Electricidad; and Salt River Project. Commission staff calculated baseline SIL values for these balancing authority areas using

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<sup>5</sup> Notice of Extension of Time, Docket No. ER96-1551-000 (November 19, 2009).

<sup>6</sup> Notice of Extension of Time, Docket No. ER96-1551-000 (February 24, 2010).

<sup>7</sup> Public Service Company of Colorado submitted this information ahead of the June 2010 schedule for the Northwest transmission owners.

<sup>8</sup> 16 U.S.C. § 824 (2006).

Western Electricity Coordinating Council seasonal models and made the SIL values available to the Southwest Transmission Owners.<sup>9</sup> The Commission-accepted SIL values for these balancing authority areas are also included in Appendix A.<sup>10</sup>

8. This order does not discuss certain transmission owners in the Southwest region because they did not file SIL studies or because the transmission owners are inside the California Independent System Operator Corporation (CAISO) market. Non-transmission owners studying the CAISO market may rely on previously-accepted SIL values for the CAISO market for the December 2007 to the November 2008 study period, which is the relevant study period.<sup>11</sup>

## **II. Discussion**

9. We begin by commending the transmission owners for working together on preparation of their SIL studies and sharing the SIL values for their respective home balancing authority areas with each other. Such a coordinated approach leads to more accurate and consistent SIL study results. We have selected, from among the SIL values submitted, the Commission-accepted SIL values we will use in assessing transmission import capability for purposes of measuring market power within the Southwest region. The Commission will use these Commission-accepted SIL values when reviewing the currently pending updated market power analyses submitted by the Southwest Transmission Owners as well as the updated market power analyses filed by the non-transmission owning sellers in the Southwest region in June 2010.<sup>12</sup>

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<sup>9</sup> *Simultaneous Import Limit Results for Southwest Non-Jurisdictional Balancing Authority Areas*, Prepared by the Division of Reliability and Engineering Services (Office of Electric Reliability), March 3, 2010 (eLibrary Accession number: 20100303-3056).

<sup>10</sup> We note that these values do not differ from the values Commission staff provided to the Southwest Transmission Owners on March 3, 2010.

<sup>11</sup> *Pacific Gas and Electric Co.*, 131 FERC ¶ 61,270 (2010) (finding that Pacific Gas and Electric Company's analysis using Western Electricity Coordinating Council path ratings for the CAISO market meets the Commission's requirements of a SIL study and accepting the following SIL values for the CAISO market: Winter - 9,892 MW; Spring - 10,295 MW; Summer - 10,132 MW; and Fall - 10,067 MW).

<sup>12</sup> If a seller fails the market share and/or pivotal supplier screen for a particular season in a particular market using either the seller-provided or Commission-accepted SIL value, we would consider the result of the screen unchanged. Similarly, if the seller passes the screen using either value, the result is also unchanged. However, if a seller

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10. As noted above, evaluation of the Southwest region involved 15 study areas for which the Commission has not recently approved SIL values. Future filers submitting screens for the areas and study period identified in Appendices A and B are encouraged to use the Commission-accepted SIL values found in Appendices A and B. In the alternative, such filers may propose different SIL values provided that their SIL studies comply with Commission directives and they explain why the Commission should consider a different SIL value for a particular balancing authority area or study area rather than the Commission-accepted SIL values provided in Appendices A and B.

11. The SIL values accepted herein were either calculated by Commission staff (for the balancing authority areas that are not operated by public utilities as defined under Part II of the FPA) or calculated by the transmission owners. In our examination of the SIL values filed by the transmission owners we have determined that in some instances a transmission owner did not follow existing Commission direction when calculating SIL values. For example, Public Service Company of New Mexico failed to limit its SIL values for its home balancing authority area to its peak load.<sup>13</sup> Accordingly, the instant order accepts SIL values for the Public Service Company of New Mexico balancing authority area that are limited by peak load.

12. We also note that Tucson Electric's filing contained more than one set of SIL values for its balancing authority area. The instant order accepts the Tucson Electric SIL values that are limited by peak load and reduced by the amount of transmission reservations allocated to Tucson Electric's remote resources that are brought into the study area to serve native load.<sup>14</sup> Similarly, Arizona Public Service Company's filing

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fails a screen for a particular season in a particular market using the Commission-accepted SIL value, but passes using the SIL value submitted by the seller, the results

differ and the Commission would more closely examine the SIL study submitted as part of the seller's updated market power analysis to see if that SIL value from the seller's SIL study provides an acceptable SIL value for that season.

<sup>13</sup> The actual peak historical load during the study period is a reasonable upper limit to the simultaneous transmission import capability into the study area. *See Carolina Power & Light Co.*, 128 FERC ¶ 61,039, at P 9 & n.8 (2009), (citing Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 361). *See also Puget Sound Energy, Inc.*, 111 FERC ¶ 61,020, at P 12-13 (2005) (approving a SIL value limited to historical peak load).

<sup>14</sup> *AEP Power Marketing, Inc.*, 107 FERC ¶ 61,018, at Appendix E (April 14 Order) ("The power flow cases should represent...all firm/network reservations held by applicant/affiliate resources during the most recent seasonal peaks"), *order on reh'g*, 108

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contained two sets of SIL values for its balancing authority area. The instant order accepts the Arizona Public Service Company's SIL values that are reduced by the amount of transmission reservations allocated to Arizona Public Service Company's remote resources that are brought into the study area to serve native load.<sup>15</sup>

13. Arizona Public Service Company also studied the Phoenix Valley Load Pocket (Phoenix Valley), a transmission-constrained load pocket with significant reliability must run generation requirements.<sup>16</sup> However, Arizona Public Service Company did not submit the indicative screens and corresponding SIL values reduced by the amount of remote resources for the four seasons. Instead, it submitted a delivered price test analysis, which included SIL values reduced by the amount of remote resources for all ten season/load conditions required in the delivered price test. The instant order accepts these reduced SIL values for all ten season/load conditions in the Phoenix Valley, as identified in Appendix B to this order.

14. The instant order does not accept various 'proxy method' SIL values filed in lieu of actual SIL studies. Most 'proxy method' SIL values were primarily filed for the first-tier balancing authority areas that are not operated by public utilities as defined under Part II of the FPA.<sup>17</sup> Additionally, the instant order does not accept SIL values for first-tier study areas outside the Southwest region (i.e., the Southwestern Public Service

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FERC ¶ 61,026 (2004); *see also Pinnacle West Capital Corp.*, 117 FERC ¶ 61,316, at P 8 (2006) ("This import limit represents the transfer capability over and above all firm, network and grandfathered transmission rights associated with the applicant's generating units"). We note that Tucson Electric amended its filing on August 13, 2010, in part, to provide additional information regarding other adjustments to the Tucson Electric SIL values. However, there is not an adequate explanation for these additional adjustments; therefore, we will not accept them at this time.

<sup>15</sup> Arizona Public Service Company's March 8, 2010 Filing, Attachment 1 at 13, Table 1.

<sup>16</sup> The Commission previously determined that the Phoenix Valley is a relevant geographic market. *Pinnacle West Capital Corp.*, 120 FERC ¶ 61,153, at P 29 (2007).

<sup>17</sup> *See, e.g.*, Arizona Public Service Company's March 8, 2010 Filing, Attachment 1 at 10 & n.20, 11 (explaining that Arizona Public Service Company used a proxy method to estimate the highest and lowest bounding limits of SIL values for the study areas where there was not a SIL study performed prior to March 2010).

Company and PacifiCorp East balancing authority areas) that were not supported by accompanying SIL studies.

15. We note that Nevada Power's March 2010 filing included SIL study results for the Nevada Power balancing authority area but not for the Sierra Pacific Power Company (Sierra Pacific) balancing authority area, which is the subject of an updated market power analysis for the Northwest region filed in June 2010.<sup>18</sup> Nevada Power's updated market power analysis properly accounted for generation owned or controlled by its affiliate Sierra Pacific in relevant first-tier markets where both Nevada Power and Sierra Pacific owned or controlled generation, as both companies are subsidiaries of the same parent company.<sup>19</sup>

The Commission orders:

The specific Commission-accepted SIL values identified in Appendices A and B to this order are hereby accepted for purposes of analyzing updated market power analyses for the Southwest region, as discussed in the body of this order.

By the Commission.

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Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>18</sup> Nevada Power's March 8, 2010 Filing at 5 & n.11. The Nevada Power and Sierra Pacific balancing authority areas are located in separate reporting regions (the Nevada Power balancing authority area in southern Nevada is included as part of the Southwest region while the Sierra Pacific balancing authority area in northern Nevada is included as part of the Northwest region; therefore, Sierra Pacific does not share the same reporting schedule as Nevada Power). Nevada Power's March 8, 2010 Filing at 4; Sierra Pacific Power Co., Updated Market Power Analysis, Docket No. ER01-1527-016, at 4 (filed June 28, 2010).

<sup>19</sup> Nevada Power's March 8, 2010 Filing at 3, 4 n.8.

## Appendix A

### Accepted SIL Values (MW) for the Southwest Region

Study Period of December 2007 to November 2008

Abbreviation	Balancing Authority Area	Winter 2007	Spring 2008	Summer 2008	Fall 2008
1 APS	Arizona Public Service	882	2,104	2,259	1,806
2 CFE	Comisión Federal de Electricidad	248	868	562	830
3 EPE	El Paso Electric	842	937	887	967
4 IID	Imperial Irrigation District	0	333	433	333
5 LADWP	Los Angeles Department of Water and Power	1,860	2,315	1,947	2,492
6 NEVP	Nevada Power	3,204	3,486	3,350	3,785
7 PNM	Public Service Company of New Mexico	1,815	1,808	1,815	1,803
8 PSCO	Public Service Company of Colorado	1,638	2,003	1,666	2,082
9 SMUD	Sacramento Municipal Utility District	1,056	1,704	1,815	1,705
10 SRP	Salt River Project	0	0	0	0
11 TEP	Tucson Electric Power	735	1,354	1,534	1,881
12 TID	Turlock Irrigation District	342	238	635	236
13 WACM	Western Area Power Administration Colorado/Missouri	0	1,083	0	746
14 WALC	Western Area Power Administration Lower Colorado	0	0	0	0

## Appendix B

### Accepted SIL Values (MW) for the Southwest Region (continued) Study Period of December 2007 to November 2008

<b>Abbreviation</b>	<b>Study Area</b>	<b>Season/Load Condition</b>	<b>SIL (MW)</b>
PVLP	Phoenix Valley Load Pocket	Summer Super Peak 1	1,499
		Summer Super Peak 2	2,385
		Summer Peak	4,061
		Summer Off Peak	5,073
		Winter Super Peak	1,694
		Winter Peak	2,588
		Winter Off Peak	2,751
		Shoulder Super Peak	4,119
		Shoulder Peak	5,471
		Shoulder Off Peak	5,962