

January 2012 Meeting Summaries

These are summaries of orders voted by the Federal Energy Regulatory Commission at its January 19, 2012 public meeting. The summaries are produced by FERC's Office of External Affairs and are intended to provide only a general synopsis of the orders. These are not intended as a substitute for the Commission's official orders. To determine the specific actions and the Commission's reasoning, please consult the individual orders when they are posted to FERC's eLibrary found at www.ferc.gov.

G-1, Press Release

FERC denies rehearing

E-1, ISO New England Inc., Docket No. ER10-787-005, *et al.* The order largely denies rehearing, and also grants clarifications and accepts compliance filings submitted in response to the April 13, 2011 order, with respect to changes in ISO-NE's Forward Capacity Market (FCM). The order explains that an offer floor mitigation regime using asset-class-specific benchmarks appropriately mitigates buyer-side market power, and that more comprehensive zonal modeling, in conjunction with mitigation rules that address seller-side market power, is appropriate.

FERC rules on a compliance filing

E-2, Southwestern Power Pool, Inc. Docket No. ER11-4105-000, *et al.* This order discusses whether SPP's compliance filing satisfies the requirements of Order No. 745 and rejects two aspects of SPP's compliance filing. The order directs SPP to (1) perform a net benefits test or, alternatively, demonstrate that the net benefits test requirements are satisfied by showing that, given the characteristics of its system and market, its existing practice of compensating demand response resources at the locational imbalance price is cost-effective in all hours and supports cost allocation pursuant to Order No. 745 in all hours and (2) articulate a cost allocation proposal that is consistent with Order No. 745. The order also requires SPP to explain how the measurement and verification proposal in its ongoing Order No. 719 compliance proceeding, as amended and discussed in its December 5, 2011 compliance filing, will continue to ensure that appropriate baselines are set and that demand response will continue to be adequately measured and verified as necessary to ensure demand response resource performance consistent with Order No. 745.

FERC accepts Order No. 745 compliance filing, subject to conditions

E-3, *ISO New England, Inc.*, Docket No. ER11-4336-000, *et al.* The order largely accepts ISO-NE's two-stage Order No. 745 compliance filing proposal, subject to conditions. ISO-NE's proposal includes a transition period in which it would implement many of the changes necessary to comply with Order No. 745, effective June 1, 2012, and a later fully-integrated solution in which it would be in full compliance with Order No. 745, effective June 1, 2016. The order also directs ISO-NE to either provide further justification for, or make a compliance filing to eliminate, a demand response bid floor.

E-4, Struck.

E-5, Struck.

E-7, Struck.

E-8, Struck.

FERC denies South Carolina Commission request for establishment of joint board

E-9, *Public Service Commission of South Carolina and the South Carolina Office of Regulatory Staff*, Docket No. EL11-62-000. This order denies, as beyond the reach of Federal Power Act section 209, the request by the Public Service Commission of South Carolina and the South Carolina Office of Regulatory Staff for the creation of a "joint board" under that section to address the possible impact of new or proposed regulations promulgated by the Environmental Protection Agency on the electric power sector. The order explains that such boards are to address matters arising under Part II of the Federal Power Act, and the matters raised are not cognizable under Part II. The order also denies as moot the petition's request for the production of related information by the Commission because this information is already publicly available.

FERC accepts settlement, subject to modification

E-12, *MidAmerican Energy Company*, Docket No. ER09-823-000. The order accepts a settlement agreement between MidAmerican and Clipper Windpower Development Company, LLC (Clipper) filed August 22, 2011, subject to modification regarding the standard of review. The settlement resolves all issues that had been set for hearing concerning the rates, terms, and conditions of a proposed Large Generator Interconnection Agreement between MidAmerican and Clipper for a proposed 50-megawatt wind farm.+

FERC dismisses, in part, and denies, in part, a complaint

E-13, *Louisiana Public Service Commission v. Entergy Corporation; Entergy Services, Inc.; Entergy Louisiana, LLC; Entergy Arkansas, Inc.; Entergy New Orleans, Inc.; Entergy Mississippi, Inc.; Entergy Gulf States Louisiana, L.L.C.; Entergy Texas, Inc.*, Docket No. EL11-63-000. The order dismisses as premature, in part, and denies, in part, a complaint filed by the Louisiana Public Service Commission (Louisiana Commission) against Entergy Corporation and seven affiliates. The Commission dismisses as premature the issues related to Entergy Corporation's allocation of the cost of transmission upgrades at the Ouachita Generating Station in Louisiana following Entergy Arkansas's withdrawal from the System Agreement and the allocation of the benefits from the settlement of a contractual dispute between Entergy Arkansas and Union Pacific Corporation over the delivery of coal supplies to two generation units in Arkansas. The order notes that the Commission previously instructed the Louisiana Commission that it could raise its concerns about the post-withdrawal allocation of the Ouachita Plant transmission upgrade costs and the coal supplies settlement benefits in a future proceeding regarding the structure of the post-withdrawal Entergy system. The order notes that the Commission has required Entergy to make a Federal Power Act section 205 filing on post-withdrawal arrangements, and that Entergy has committed to submit that filing on or about June 1, 2012. The order denies the complaint as to the remaining issues.

FERC establishes hearing and settlement judge procedures

E-14, *Mississippi Delta Energy Agency, Clarksdale Public Utilities Commission, Public Service Commission of Yazoo City, Arkansas Electric Cooperative Corporation, and South Mississippi Electric Power Association v. Entergy Services, Inc.* Docket Nos. ER11-3657-000, EL11-64-000. The order establishes hearing and settlement judge procedures to consider a complaint filed September 26, 2011 by Mississippi Delta Energy Agency, *et al.* The complaint alleges that the 2011 Rate Determination filing submitted in Docket No. ER11-3657-000 by Entergy on behalf of the Entergy Operating Companies departs from the proper application of Entergy's formula rate.

FERC grants rehearing, rejects compliance filing

E-15, *PJM Interconnection, L.L.C.*, Docket No. ER11-12-001, ER11-3445-000. The order grants a request for rehearing of, and rejects PJM's compliance filing on, proposed revisions to PJM's Operating Agreement and the parallel provision of the Attachment K – Appendix of the PJM Open Access Transmission Tariff (OATT). On March 30, 2011, the Commission conditionally accepted provisions to limit the calculation of, and the charge for, line losses only to those losses incurred on a set of newly defined facilities, Reliability Monitored Facilities. The

Commission conditioned acceptance on PJM's confirmation that it would calculate and charge for line losses that occur on all transmission facilities that it controls. The order finds PJM has failed to satisfy the condition of the March 30 order because it will not be calculating marginal line losses on all transmission facilities that it controls. The Commission requires PJM to make a compliance filing within 30 days of the date of this order to revise its tariff and operating agreement.

FERC denies request for rehearing, dismisses a notice of non-compliance

E-16, *Ameren Services Company and Northern Indiana Public Service Company v. Midwest Independent Transmission System Operator, Inc.*, Docket No. EL07-86-018. The order denies a request for rehearing filed by SESCO Enterprises LLC, Energy Endeavors LP, and JPTC, LLC (collectively, the Financial Marketers) and dismisses their Notice of Non-Compliance and Request for Immediate Commission Action. The Financial Marketers alleged that Midwest ISO has been improperly imposing real-time Revenue Sufficiency Guarantee charges on virtual demand bids in its markets since April 1, 2011 and asked the Commission to direct Midwest ISO to stop imposing such charges and to pay refunds. In the alternative, they sought rehearing of an April 7, 2011 order issued in this proceeding. The Commission denies rehearing of the April 7, 2011 order because the Commission denied rehearing in that order and the Commission does not allow rehearing of an order in these circumstances. The order also dismisses the Financial Marketers' Notice of Non-Compliance because it raises a fresh claim against Midwest ISO after the Commission has issued a final order addressing the issues raised and after the opportunity for rehearing has passed.

FERC holds in abeyance a decision on a complaint

E-17, *Louisiana Public Service Commission v. Entergy Corporations, Entergy Services, Inc, Entergy Louisiana, LLC, Entergy Arkansas, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc.*, Docket No. EL11-57-000. The order holds in abeyance a decision on a complaint filed August 4, 2011 by the Louisiana Commission against Entergy Corporation, Entergy Services, Inc. (Entergy), and the Entergy Operating Companies. The Louisiana Commission seeks to modify the Entergy rough production cost equalization bandwidth formula set forth in Service Schedule MSS-3 to the Entergy System Agreement to include costs associated with the Little Gypsy Repowering Project that was cancelled in 2009 due to changed economic conditions. In a September 16, 2011 amended complaint, the Louisiana Commission seeks either to classify Little Gypsy costs as fixed and permanently assign them to all Entergy Operating Companies, or to amend Service Schedule MSS-3 to allow the inclusion of the Little Gypsy costs. Noting that Entergy plans to make a Federal Power Act section 205 filing by

March 31, 2012 to include Little Gypsy cancellation costs in the 2012 bandwidth formula calculation, the order holds the complaint in abeyance pending further Commission action.

FERC approves final rule that makes technical corrections to FERC regulations

M-1, *Technical Corrections to Commission Regulations*, Docket No. RM11-30-000. The final rule makes minor changes to the Commission's regulations by revising references that have become outdated for various reasons or contain typographical errors. Generally, these changes add or delete language in the current regulations by eliminating obsolete information, incorporating reference to updated electronic filing options, modernizing language, and correcting incorrect citations and clerical mistakes. The revisions are intended to be ministerial and/or informational in nature.

FERC grants request for a determination

G-2, *Kenai Pipe Line Company, Tesoro Alaska Company, Tesoro Logistics Operations, LLC*, Docket No. OR11-21-000. The order grants the applicants' request for a determination that certain oil pipeline routes and other facilities in Alaska are not subject to the Commission's jurisdiction under the Interstate Commerce Act because they are not used by other shippers and will only be used by Tesoro to support its refinery operations at the Nikiski Facilities near the Cook Inlet in Kenai.

FERC rules on contract dispute, orders filing of revised tariff records

G-3, *ETC Tiger Pipeline, LLC*, Docket No. RP11-1432-000, RP11-1432-001. The order finds in favor of ETC Tiger in a contract dispute with two of its shippers involving the commencement date of certain service agreements for firm service on ETC Tiger's pipeline system. The order determines the appropriate effective date for the service agreements is December 1, 2010. In addition, the order accepts, effective December 1, 2010, certain non-conforming agreements and related tariff records.

H-1, Struck.

FERC authorizes certificate for a new salt dome storage facility in Texas

C-1, *Golden Triangle Storage, Inc.*, Docket No. CP11-531-000. The order grants Golden Triangle Storage, Inc.'s request for a certificate of public convenience and necessity to construct and operate two new salt dome storage caverns (Caverns 3

and 4) at its existing storage facility in Jefferson County, Texas. The order also grants Golden Triangle's request to charge market-based rates for its new expansion storage capacity.

FERC authorizes pipeline and related facilities in California

C-2, *Kern River Gas Transmission Company*, Docket No. CP11-46-000. The order grants Kern River's application for a certificate to construct 8.6 miles of pipeline lateral and a meter station to provide natural gas service to Molycorp Minerals, LLC, in San Bernardino County, California. The pipeline will deliver to Molycorp the natural gas necessary for it to generate electricity for its own use in its mining and processing operations. Kern River will charge a negotiated rate for service in accordance with a firm transportation service agreement.