

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suedeem G. Kelly.

American Electric Power Service Corporation

Docket No. ER03-458-001

ORDER DENYING REHEARING

(Issued March 3, 2004)

1. In an order issued on March, 28, 2003,¹ the Commission accepted, subject to certain conditions not relevant here, an executed Interconnection and Operating Agreement (IA) filed by American Electric Power Service Corporation (AEP) on behalf of Indiana Michigan Power Company and Berrien Energy Center, LLC. Michigan Electric Transmission Company, LLC (METC) and the Midwest Independent System Operator, Inc. (Midwest ISO), jointly filed a request for rehearing of the March 28 Order. Because the Commission has previously resolved the issues the parties raise on rehearing, we will deny the requests. This order will benefit customers by assuring that the Commission's generator interconnection policies are consistently applied.

Background

2. In their protests to AEP's filing, METC and Midwest ISO argued that the proposed interconnection could harm reliability and unfairly impose costs on their transmission system, which interconnects with the AEP transmission system. In the March 28 Order, the Commission rejected the protest, as we had already held that "interconnection agreements are not the appropriate vehicle to address responsibilities for upgrades on other systems."² In this regard, we expressed our concern that holding newly interconnecting generators responsible for such upgrades "would create substantial obstacles to the construction of new generation at the very time that the Commission is

¹ American Electric Power Service Corp., 102 FERC ¶ 61,336 (2003) (March 28 Order).

² March 28 Order, 102 FERC ¶ 63,336 at P 14 (footnote omitted), citing Nevada Power Co., 99 FERC ¶ 61,347 (2002); Ohio Power Co., 102 FERC ¶ 61,269 (2003) (Ohio Power).

trying to encourage the building of new generation.”³ We further stated that the protestors’ concerns about reliability were answered by the fact that, under the terms of the IA, the parties were required to comply with Regional Transmission Organization (RTO), North American Reliability Council (NERC) and East Central Area Reliability Council (ECAR) standards.

3. On rehearing, METC and Midwest ISO contend that the March 28 Order failed to adequately respond to their arguments that the proposed interconnection could harm reliability on their transmission system and cause them to incur costs that should be borne by others.

Discussion

4. Subsequent to the request for rehearing in this proceeding, the Commission issued the rehearing order in Ohio Power,⁴ concerning an unexecuted IA filed by AEP. There, we rejected claims by METC and Midwest identical to those raised here, expressing the same concern about discouraging the building of generation cited in the March 28 Order. Furthermore, concerning reliability issues, the Commission clarified that:

[I]t is unlikely that an interconnection alone would affect the reliability of a neighboring transmission system. But in the rare event that an interconnection alone may cause a reliability problem on neighboring systems, AEP’s [Open Access Transmission Tariff] would govern [, which] makes the transmission customer chiefly responsible for facilities on other systems, with AEP’s assistance.[⁵]

5. Having decided the issues here raised by METC and Midwest ISO on rehearing in Ohio Power, the Commission denies the parties’ request for rehearing.⁶

³ Id. (internal quotations and footnote omitted).

⁴ Ohio Power, 104 FERC ¶ 61,243 (2003).

⁵ Ohio Power, 104 FERC ¶ 61,243 at P 18 (citations omitted).

⁶ Because this IA was filed prior to the Commission’s rulemaking concerning generator interconnection, the rule does not apply here. Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at P 911 (2003), reh’g pending. However, we note that the outcome would be the same under the rule. See id. at P 116 to P 122.

The Commission orders:

The request for rehearing filed by METC and the Midwest ISO is hereby denied, as explained in the body of this opinion.

By the Commission.

(S E A L)

Linda Mitry,
Acting Secretary.