

123 FERC ¶ 61,241
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Niagara Mohawk Power Corporation	Docket Nos. ER96-2585-009
New England Power Company	ER98-6-013
KeySpan-Ravenswood, Inc. ¹	ER99-2387-006
KeySpan-Glenwood Energy Center, LLC	ER02-1470-006
KeySpan-Port Jefferson Energy Center, LLC	ER02-1573-006
Granite State Electric Company	ER05-1249-006
Massachusetts Electric Company	
Narragansett Electric Company	
	EL08-15-000

ORDER ON COMPLIANCE FILING AND TERMINATING SECTION 206
PROCEEDING

(Issued June 3, 2008)

1. In this order, the Commission accepts the compliance filing submitted by National Grid USA (National Grid) on behalf of its affiliates,² as modified as discussed below. Accordingly, the Commission terminates the proceeding in Docket No. EL08-15-000 instituted pursuant to section 206 of the Federal Power Act (FPA) regarding the inclusion

¹ We note that in 2002, KeySpan-Ravenswood, Inc. made a filing in Docket No. ER02-1398-000 to change its name to KeySpan-Ravenswood, LLC.

² Niagara Mohawk Power Corporation (Niagara Mohawk), New England Power Company (New England), Granite State Electric Company (Granite State), Massachusetts Electric Company (Mass Electric), Narragansett Electric Company (Narragansett) KeySpan-Ravenswood, LLC (Ravenswood), KeySpan-Glenwood Energy Center, LLC (Glenwood), and KeySpan-Port Jefferson Energy Center (Port Jefferson) (collectively, National Grid affiliates).

of certain services in the market-based rate tariffs of National Grid's affiliates Ravenswood, Glenwood, and Port Jefferson.

I. Background

2. On September 21, 2007, National Grid filed on behalf of its affiliates with market-based rate authority proposed market-based rate tariff revisions to comply with the requirements of Order No. 697.³ On December 20, 2007, the Commission issued an order directing National Grid to file certain modifications to its affiliates' market-based rate tariffs to bring them into compliance with Order No. 697.⁴ In addition, the December 20 Order rejected as outside the scope of the compliance filing proposed new provisions in Ravenswood's, Glenwood's, and Port Jefferson's proposed market-based rate tariffs that had not previously been approved by the Commission and are not included in Appendix C of Order No. 697.⁵

3. The December 20 Order also instituted a section 206 proceeding regarding provisions in Ravenswood's, Glenwood's, and Port Jefferson's market-based rate tariffs that provide for sales of certain services in the markets administered by New York Independent System Operator, Inc. (NYISO), ISO New England, Inc. (ISO-NE), and PJM Interconnection, Inc. (PJM) that were previously in those affiliates' existing market-based rate tariffs but that are not consistent with the ancillary services previously approved by the Commission and listed in Order No. 697's Appendix C applicable provisions. The Commission gave National Grid the option either to remove these services from those affiliates' market-based rate tariffs or to show cause why it is appropriate to retain such provisions.

4. On January 22, 2008, National Grid submitted a new compliance filing, as discussed further below, revising its affiliates' market-based rate tariffs and requesting

³ *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, 72 Fed. Reg. 39,904 (July 20, 2007), FERC Stats. & Regs. ¶ 31,252 (2007), *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, 73 Fed. Reg. 25,832 (May 7, 2008), FERC Stats. & Regs. ¶ 31,268 (2008).

⁴ *Niagara Mohawk Power Corp.*, 121 FERC ¶ 61,275 (2007) (December 20 Order).

⁵ The December 20 Order also rejected as outside the scope of the compliance filing National Grid's request for a finding that the affiliate restrictions, as prescribed in section 35.39 of the Commission's regulations, are not applicable to its affiliates because none of these affiliates is a franchised public utility with captive customers.

certain clarifications. National Grid states that it has made the required modifications, additions, and deletions to its affiliates' market-based rate tariffs in accordance with the Commission's December 20 Order. National Grid explains that it also has deleted certain provisions from the affiliates' market-based rate tariffs in response to the Commission's directive either to show cause why such provisions should remain in the respective market-based rate tariffs or delete such provisions from the market-based rate tariffs.

5. Also on January 22, 2008, National Grid submitted on behalf of Ravenswood, Glenwood, and Port Jefferson its answer to the show cause portions of the December 20 Order. National Grid states that it has deleted all of the provisions in Glenwood's and Port Jefferson's market-based rate tariffs for which the Commission instituted the FPA section 206 investigation. Similarly, in regard to Ravenswood's market-based rate tariff, National Grid states that it has deleted all of the provisions that are subject to the section 206 investigation, with one exception. National Grid asserts that the only remaining issue under the section 206 investigation is whether it is unjust or unreasonable to continue to include in Ravenswood's market-based rate tariff provisions regarding voltage support service and black start service in NYISO.

II. Notice of Filing

6. Notice of National Grid's filing was published in the *Federal Register*⁶ with interventions and protests due on or before March 24, 2008. On February 29, 2008, NYISO filed a timely motion to intervene.

III. Discussion

A. Procedural Matters

7. Pursuant to Rule 214 of the Commission's Rules of practice and Procedure, 18 C.F.R. § 385.214 (2007), NYISO's timely, unopposed motion to intervene serves to make it a party to this proceeding.

B. Standard Required Provisions

8. In the December 20 Order, the Commission directed National Grid and its affiliates to include in their respective market-based rate tariffs two standard required provisions in accordance with Order No. 697. Specifically, the Commission explained that Order No. 697 adopted two standard required provisions that each market-based rate seller must include in its tariff: (1) a provision requiring compliance with Commission regulations, and (2) a provision identifying all limitations and exemptions regarding the

⁶ 73 Fed. Reg. 6175 (2008).

seller's market-based rate authority.⁷ Therefore, the Commission directed Niagara Mohawk, New England, Granite State, Mass Electric, Narragansett, and Ravenswood, within 30 days of the December 20 Order, to revise their respective market-based rate tariffs to comport with the above requirements.⁸ We find that the affiliates' market-based rate tariffs provisions relating to limitations and exemptions have been revised in accordance with the December 20 Order and are effective as of September 18, 2007.⁹ However, we note that Mass Electric's market-based rate tariff designation is incorrect.

⁷ December 20 Order, 121 FERC ¶ 61,275 (citing Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 914-915, 923). Specifically, the Commission noted that Niagara Mohawk failed to include in the limitation section of its market-based rate tariff the citation to the order whereby the Commission accepted Niagara Mohawk's commitment to limit its market-based rate sales in New York. The Commission further found that New England, Granite State, Mass Electric, Narragansett, and Ravenswood failed to include in their respective market-based rate tariffs the provision regarding limitations and exemptions as directed by Order No. 697 and clarified that inclusion of this required provision in a seller's market-based rate tariff is necessary regardless of whether a seller is subject to a limitation on its market-based rate authority or has been granted any exemptions, waivers, or blanket authorizations.

⁸ *Id.* P 9-11.

⁹ Niagara Mohawk, FERC Electric Tariff, Sixth Revised Volume No. 4, Original Sheet No. 1 and Substitute Original Sheet No. 2 (supersedes FERC Electric Tariff, Fifth Revised Volume No. 4); New England Power Company, FERC Electric Tariff, Second Revised Volume No. 10, Substitute Original Sheet No. 1 (supersedes FERC Electric Tariff, First Revised Volume No. 10); Granite State Electric Company, FERC Electric Tariff, First Revised Volume No. 1, Substitute Original Sheet No.1 (Supersedes FERC Electric Tariff, Original Volume No. 1); Narragansett Electric Company, FERC Electric Tariff, First Revised Volume No. 2, Substitute Original Sheet No. 1 (supersedes FERC Electric Tariff, Original Volume No. 1); KeySpan-Ravenswood, LLC, FERC Electric Tariff, First Revised Volume No. 1, Original Sheet No. 1 and Substitute Original Sheet No. 3 (supersedes FERC Electric Tariff, Original Volume No. 1, Original Sheet Nos. 1 and 3-4); KeySpan-Glenwood Energy Center LLC, FERC Electric Tariff, First Revised Volume No. 1, Substitute Original Sheet No. 2 (Supersedes FERC Electric Tariff, Original Volume No. 1, Original Sheet Nos. 2-4); and KeySpan-Port Jefferson Energy Center LLC, FERC Electric Tariff, First Revised Volume No. 1, Substitute Original Sheet No. 2 (supersedes FERC Electric Tariff, Original Volume No. 1, Original Sheet Nos. 2-4).

Therefore, we direct Mass Electric, within 30 days of this order, to make the corrected designation to its market-based rate tariff.¹⁰

C. Change in Status Reporting Requirements

9. The Commission also directed National Grid to remove the change in status reporting requirement from its affiliates' market-based rate tariffs finding that it was unnecessary to include this language because the change in status reporting requirement has been codified in the Commission's regulations at 18 C.F.R. § 35.42 and the affiliates' market-based rate tariffs include the standard provision requiring compliance with the Commission's regulations.¹¹ We find that National Grid has removed the change in status reporting requirement language from its affiliates' respective tariffs as directed by the Commission and, thus, has met this requirement.¹²

D. Reassignment of Transmission Capacity

10. In addition, the Commission directed Glenwood and Port Jefferson to remove provisions regarding the reassignment of transmission capacity from their respective market-based rate tariffs because the Commission determined in Order No. 697 that provisions concerning the reassignment or sale of transmission capacity or firm transmission rights are not required to be included in a seller's market-based rate tariff. Thus, the Commission directed all market-based rate sellers to remove provisions governing these services from their market-based rate tariffs, finding that sellers who seek to reassign transmission capacity should adhere to the provisions of Order No. 890.¹³ We find that Glenwood and Port Jefferson have removed all provisions concerning the reassignment of transmission capacity from their market-based rate tariffs as directed by the Commission.¹⁴

¹⁰ The corrected designation should reflect FERC Electric Tariff, First Revised Volume No. 2, Substitute Original Sheet No. 1.

¹¹ See Order No. 697, FERC Stats. & Regs. ¶ 31,252 at Appendix C.

¹² December 20 Order, 121 FERC ¶ 61,275 at P 35.

¹³ See Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 920 (citing *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats & Regs. ¶ 31,241, at P 814-816 (2007), *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007)).

¹⁴ December 20 Order, 121 FERC ¶ 61,275 at P 32-34.

E. Market Identification

11. We note that the December 20 Order directed Ravenswood, Glenwood, and Port Jefferson to add the specific Regional Transmission Organization/Independent System Operator (RTO/ISO) market acronym (i.e., NYISO, PJM, ISO-NE) where the sale of Commission-approved ancillary services are located as shown in Appendix C. We erred in our instruction. We clarify that we intended Ravenswood, Glenwood, and Port Jefferson to add the market (i.e, PJM:, New York:, New England:) at the front of the service provision in accordance with Appendix C to Order No. 697. Therefore, we direct Ravenswood, Glenwood, and Port Jefferson, within 30 days of this order, to make these corrections to their market-based rate tariffs.

F. Provisions Rejected as Outside the Scope of a Compliance Filing

12. In the December 20 Order, the Commission found that Ravenswood's, Glenwood's, and Port Jefferson's proposed market-based rate tariffs included new provisions for which they had not previously requested approval. The Commission accepted those new provisions to the extent that they were consistent with the ancillary services provisions previously approved by the Commission for sale at market-based rates and listed in Appendix C to Order No. 697. However, the Commission rejected the inclusion in Ravenswood's proposed market-based rate tariff of "energy and balancing services" in ISO-NE and "reactive supply and voltage service, and black start capability" in PJM and ISO-NE. The Commission also rejected the inclusion in Glenwood's and Port Jefferson's market-based rate tariffs of "installed capability" in PJM.¹⁵ All of these services were rejected as outside the scope of the compliance filing because none of them was previously included in these affiliates' market-based rate tariffs and none of these services comports with the list of Commission-approved ancillary services found in Appendix C to Order No. 697.

13. National Grid states that it included these services in the market-based rate tariffs of Ravenswood, Glenwood, and Port Jefferson to provide a complete listing of the ancillary services that each company may sell, but National Grid notes that these affiliates do not currently sell these services in the PJM and ISO-NE markets. Therefore, in order to comply with the Commission's directive, National Grid states it has removed references to such services from the market-based rate tariffs of Ravenswood, Glenwood, and Port Jefferson. However, National Grid requests that the Commission confirm that the deletion of references to these services will not affect transactions entered into

¹⁵ *Id.* P 18, 37-38.

previously by Ravenswood, Glenwood, and Port Jefferson “when their [respective market-based] tariffs expressly authorized sales of these services.”¹⁶

14. We will accept the deletion of these services from Ravenswood’s, Glenwood’s, and Port Jefferson’s market-based rate tariffs. We confirm that to the extent that the Commission previously approved services for sale in a particular market and such services were included in a company’s Commission-approved market-based rate tariff, the subsequent deletion of these services from a company’s market-based rate tariff would not affect transactions entered into prior to deletion of these services from the tariff. However, we reiterate that our review of Ravenswood’s market-based rate tariff indicates that Ravenswood did not previously request nor did the Commission previously authorize the sale of “reactive supply and voltage service, and black start capability” in the PJM and ISO-NE markets.

15. However, as discussed below, although “energy and balancing services” was not identified in Order No. 697 as a Commission-approved ancillary service in ISO-NE, we find that the affiliates’ authorization to sell energy and balancing services at market-based rates is encompassed within their existing authority to sell energy at market-based rates. Similarly, in the December 20 Order, the Commission found that “[a]lthough the Commission has not approved installed capacity as an ancillary service, Glenwood and Port Jefferson have authority to sell installed capacity as part of their authorizations to sell energy and capacity at market-based rates and, therefore ‘installed capacity’ need not be listed separately.” Thus, any transactions for these services previously entered into under the affiliates’ market-based rate tariffs are not affected by the deletion of these provisions from the affiliates’ proposed market-based rate tariffs.¹⁷

G. Section 206 Proceeding

16. In the December 20 Order, the Commission found that Ravenswood, Glenwood, and Port Jefferson included in their revised market-based rate tariffs other services that were not listed in Appendix C to Order No. 697, but that were included in their existing Commission-approved market-based rate tariffs. Although these provisions were previously accepted, we noted that inclusion of such provisions in Ravenswood’s, Glenwood’s, and Port Jefferson’s market-based rate tariffs as ancillary services was not

¹⁶ National Grid’s January 22, 2008 compliance filing at 7. We find National Grid’s request for confirmation that deletion of the referenced services will not affect transactions previously entered into unclear, particularly in light of National Grid’s statement that “these affiliates do not currently sell these services in the PJM and ISO-NE markets.”

¹⁷ December 20 Order, 121 FERC ¶ 61,275 at P 26.

consistent with the RTO/ISO ancillary services set forth in Appendix C of Order No. 697 and, therefore may not be just and reasonable.¹⁸ Thus, the Commission instituted a section 206 proceeding in Docket No. EL08-15-000 regarding the continued inclusion of these provisions in Ravenswood's, Glenwood's, and Port Jefferson's market-based rate tariffs as discussed below.

Energy Imbalance/ Energy and Balancing Services

17. The Commission instituted a section 206 proceeding in Docket No. EL08-15-000 regarding the inclusion of "energy and balancing services" or "energy imbalance service" as part of Ravenswood's, Glenwood's, and Port Jefferson's respective market-based rate tariffs in the NYISO and ISO-NE markets. The Commission determined that because to date it had not received or reviewed a market power analysis for "energy and balancing services" or "energy imbalance service" as an ancillary service in those markets, it may not be just and reasonable to allow market-based rate sales of these services in those markets. As a result, the Commission directed Ravenswood, Glenwood, and Port Jefferson to either show cause why such provisions should remain in their market-based rate tariffs, or to submit revised market-based rate tariffs removing these provisions.¹⁹

18. National Grid notes that the Commission accepted the market-based rate tariff provisions authorizing the sale of energy and did not set for investigation the continued justness and reasonableness of Ravenswood's, Glenwood's, and Port Jefferson's sales of energy at market-based rates.²⁰ National Grid contends that the Commission's authorization for Ravenswood, Glenwood, and Port Jefferson to sell "energy imbalance" and "balancing" services at market-based rates is encompassed within the Commission's authorization for them to make sales of electric energy at market-based rates.²¹ Therefore, National Grid submits that for these reasons and in order to comply with the Commission's requirement, it has removed these services from Ravenswood's, Glenwood's, and Port Jefferson's market-based rate tariffs for the NYISO and ISO-NE markets. However, National Grid requests that the Commission confirm that the

¹⁸ *Id.* P 19.

¹⁹ *Id.* P 20, 22.

²⁰ National Grid's January 22, 2008 compliance filing at 9-10.

²¹ National Grid notes that the Commission found it unnecessary for Glenwood and Port Jefferson to list "installed capacity" separately in their market-based rate tariffs because authorization to make such sales was included in their authorizations to sell capacity at market-based rates. National Grid argues that the same principle applies to "energy imbalance" and "balancing" services.

Commission's authorization for sales of energy at market-based rates covers sales used to supply energy imbalance service under NYISO's and ISO-NE's tariffs.

19. In support of National Grid's submittal, NYISO asserts that the Commission has consistently approved market-based energy sales into the NYISO spot markets.²² NYISO argues that these authorizations are essential to the smooth functioning of NYISO's real-time energy market. NYISO contends that even though the Commission stated that it had not received or reviewed a market power analysis for energy and balancing services or energy imbalance service as an ancillary service in the NYISO or ISO-NE markets, and that it may not be just and reasonable to allow market-based rate sales of these services in those markets, NYISO does not view these statements as revising the Commission's prior holdings authorizing the sale of energy at market-based rates into NYISO's real-time energy market. NYISO believes that the December 20 Order only addressed whether the proposed market-based rate tariff language properly reflected the boilerplate description of the ancillary services offered by NYISO in Order No. 697 and thus, did not consider the competitiveness of NYISO's real-time energy market. As such, NYISO requests that the Commission clarify that the December 20 Order does not alter prior Commission rulings authorizing the sale of energy at market-based rates into NYISO's real-time energy markets.²³

20. We find that National Grid has complied with the December 20 Order by removing provisions regarding energy and balancing services from Ravenswood's market-based rate tariff. However, we note that although National Grid states that it has removed energy imbalance service from Glenwood's and Port Jefferson's market-based rate tariffs, these services are still included in their revised market-based rate tariffs. Therefore, we direct Glenwood and Port Jefferson, within 30 days of the date of this order, to submit a compliance filing removing energy imbalance service from their market-based rate tariffs. Additionally, we agree that the affiliates' authorization to sell energy at market-based rates into NYISO and ISO-NE encompasses energy imbalance service, and clarify that the December 20 Order does not affect any prior Commission authorization of the sale of energy at market-based rates into NYISO's and ISO-NE's real-time energy market.²⁴

²² NYISO comments at n.5 (citing *Central Hudson Gas & Elec. Corp.*, 86 FERC ¶ 61,062, at 61,235 (1999)).

²³ *Id.* at 6.

²⁴ See, e.g., *Central Hudson Gas & Electric Corp.*, 88 FERC ¶ 61,138 (1999), *order on reh'g*, 90 FERC ¶ 61,045 (2000), *order on reh'g*, 95 FERC ¶ 61,008 (2001).

Cost-Based Services

21. In the December 20 Order, the Commission instituted a section 206 proceeding directing Ravenswood to either remove reactive supply and voltage service, and black start capability from its existing market-based rate tariff for the NYISO market or show cause why these provisions should remain in its market-based rate tariff. The Commission also noted that Ravenswood's proposed market-based rate tariff restated language from its existing market-based rate tariff that "[s]ales of reactive power supply and voltage service, and black start capability shall be made on a cost-basis in compliance with NYISO rules and procedures."²⁵ The Commission found that none of these services was identified in Order No. 697 as a Commission-approved ancillary service, and explained that although it had previously allowed these cost-based provisions as part of Ravenswood's existing market-based rate tariff, inclusion of such provisions conflicts with exiting Commission policy that cost-based provisions should not be included in a seller's market-based rate tariff. Hence, the Commission found that inclusion of these provisions in Ravenswood's market-based tariff may not be just and reasonable.²⁶

22. In its show cause answer, National Grid asserts that continuing to include these provisions is neither unjust nor unreasonable. First, National Grid argues that because Ravenswood's tariff provides that these services will be made available pursuant to NYISO's Commission-approved Market Administration and Control Area Services Tariff (NYISO Services Tariff), it ensures that the terms of those sales are just and reasonable. Secondly, National Grid notes that the fixed rates for compensation reflected in the NYISO Services Tariff limits the prices charged by Ravenswood and all other suppliers of voltage support and in-City black start services to NYISO.²⁷ National Grid argues that retaining these provisions in Ravenswood's market-based rate tariff is consistent with the requirements of Order No. 697 that a seller set forth limitations on its market-based rate authority. National Grid contends that the Commission's general policy against including "cost-based" provisions in a seller's market-based rate tariff should not apply in this situation, especially in these circumstances.²⁸

²⁵ December 20 Order, 121 FERC ¶ 61,275 at P 20.

²⁶ *Id.* P 10.

²⁷ National Grid's answer to show cause order at 18-19.

²⁸ National Grid's January 22, 2008 compliance filing at 12-13; National Grid's answer to show cause order at 18-20.

23. National Grid contends that the NYISO's pricing rules for voltage support and black start services are not "cost-based" in the sense of establishing prices based on the demonstrated costs of each supplier. Rather, National Grid explains that Ravenswood and other suppliers are paid for these services at generally applicable fixed rates that were previously negotiated by NYISO and market participants and approved in the NYISO Services Tariff.²⁹ National Grid asserts that the Commission's general policy against including cost-based provisions as part of a market-based rate tariff should not be applied to exclude the specification that a seller's authority to sell certain ancillary services is subject to a limitation established by a RTO/ISO where the limitation is not based on the seller's individually calculated costs. Therefore, National Grid argues that the Commission should find that it is just and reasonable to retain these provisions as part of Ravenswood's market-based rate tariff under its limitations and exemptions provision after deleting the inaccurate reference to these services being provided on a "cost-basis."

24. In the alternative, National Grid requests that if the Commission determines that voltage support and black start services should be treated as services provided on a cost-basis, then the Commission should find that it is just and reasonable for Ravenswood's market-based rate tariff to omit any references to the supply of these ancillary services and for the rates, terms, and conditions for the supply of these ancillary services to be specified solely in the NYISO Services Tariff.³⁰

25. NYISO also argues that Ravenswood should be permitted to continue to sell voltage support or black start and system restoration services in the NYISO market either directly under the rates, terms, and conditions of the NYISO Services Tariff or under Ravenswood's revised market-based rate tariff, which references the NYISO Services Tariff. NYISO is concerned that the Commission's show cause order could inadvertently and adversely impact supplies of voltage support and black start and system restoration services in the NYISO market.³¹ Therefore, NYISO asks that the Commission clarify that Ravenswood may either rely on the express provisions of the NYISO Services Tariff, or on Ravenswood's revised market-based rate tariff to sell voltage support or black start and system restoration services in the NYISO market.

26. NYISO explains that the rates, terms, and conditions under the NYISO Services Tariff have been signed by National Grid and have been reviewed previously and

²⁹ National Grid's answer to show cause order at 4, 14-17.

³⁰ National Grid's January 22, 2008 compliance filing at 13.

³¹ NYISO comments at 3-5.

accepted by the Commission.³² Furthermore, NYISO urges that if the Commission requires National Grid to remove references to “reactive supply and voltage service” and “black start capability” from Ravenswood’s market-based rate tariff, the Commission should also find that Ravenswood and other sellers that have signed the NYISO Services Tariff are authorized to sell voltage support and black start and system restoration services to the NYISO market pursuant to the NYISO Services Tariff.

27. The Commission will accept Ravenswood’s revised market-based rate tariff. We note that although National Grid states in its show cause answer that it has not removed provisions concerning the supply of voltage support and black start services to the NYISO that are provided on a cost-basis in compliance with NYISO rules and procedures, our review of Ravenswood’s market-based rate tariff indicates that these provisions have been removed.

28. In addition, we reject National Grid’s suggestion that it be able to classify these services as limitations under Order No. 697’s limitations and exemptions provision. As clarified in the December 20 Order, limitations identify all limitations on a particular seller’s market-based rate authority. This includes, for example, markets where a seller does not have market-based rate authority.³³ As NYISO clarifies, and we agree, the NYISO Services Tariff governs sales of voltage support and black start and system restoration services to NYISO and specifies the rates, terms, and conditions that are charged by suppliers of these services. So, as National Grid claims, the terms of sale for these services are generally applicable to all sellers who provide these services to NYISO under the NYISO Services Tariff.³⁴ Thus, since the negotiated rate terms apply to all sellers of voltage support and black start and system restoration services, we will not allow these services to be classified as limitations on Ravenswood’s market-based rate authority. Further, we find that continuing to allow such services as part of Ravenswood’s market-based rate tariff is duplicative.

Other Services Listed in Existing Market-Based Rate Tariffs, but not in Appendix C to Order No. 697

29. In the December 20 Order, the Commission directed Glenwood and Port Jefferson to show cause why the following provisions from their existing market-based rate tariffs

³² Id. at 3-4 (citing *New York Independent System Operator, Inc.*, 115 FERC ¶ 61,005 (2006); *New York Independent System Operator, Inc.*, Docket No. ER06-310-000 (March 21, 2006) (unpublished letter order)).

³³ December 20 Order, 121 FERC ¶ 61,275 at P 5, 8.

³⁴ National Grid’s answer to show cause order at 14-17.

should be included as part of their proposed market-based rate tariffs: (1) NYISO- (a) replacement reserves; (b) automatic generation control; and (c) additional ancillary services that the Commission may specify and authorize from time-to-time; (2) ISO-NE- (a) installed capability; and (b) additional ancillary services that the Commission may specify and authorize from time-to-time; (3) PJM- (a) replacement reserves; and (b) additional ancillary services that the Commission may specify and authorize from time-to-time. The Commission found that although these services were in Glenwood's and Port Jefferson's existing market-based rate tariffs as ancillary services, inclusion of these additional services was not consistent with the RTO/ISO ancillary services previously approved by the Commission and listed in Order No. 697's Appendix C applicable provisions.³⁵

30. The Commission found that it was not necessary for Glenwood and Port Jefferson to list these services separately because: (1) replacement reserve service is not an ancillary service, thus sellers may offer such services under their market-based rate tariffs without a separate authorization; (2) automatic generation control is included as part of regulation and frequency response service, thus, it need not be listed separately; and (3) sellers already have authorization to sell installed capacity as part of their authorizations to sell energy and capacity at market-based rates.³⁶

31. In the December 20 Order, the Commission determined that it would not allow Glenwood and Port Jefferson to include in their market-based rate tariffs additional services that the Commission may specify and authorize from time-to-time because the provision causes confusion as to whether the tariff lists all services that are available or whether there are other services available that have not been specified in the tariff. The Commission concluded that to the extent it authorizes market-based rate sales for ancillary services that are not presently listed in Appendix C, the Commission will reflect on its website³⁷ the appropriate language that sellers wishing to provide the service must include in their market-based rate tariffs.³⁸

32. National Grid states that based on the Commission directives and its explanation that it is not necessary to list separately the above services in Glenwood's and Port Jefferson's market-based rate tariffs, National Grid has removed such services from their market-based rate tariffs. The Commission finds that Glenwood's and Port Jefferson's

³⁵ December 20 Order, 121 FERC ¶ 61,275 at P 23.

³⁶ *Id.* P 24-26.

³⁷ <http://www.ferc.gov/industries/electric/gen-info/mbr.asp>

³⁸ December 20 Order, 121 FERC ¶ 61,275 at P 27.

market-based rate tariffs comply with the December 20 Order in this regard and we will accept their market-based rate tariffs contingent on them making a compliance filing as discussed above.

H. Show Cause Order and Refund Effective Date

33. We find that National Grid has revised its tariff in accordance with the December 20 Order with the exception of a few minor issues to be addressed in a subsequent compliance filing. There is no need for further investigation into these matters; therefore, we terminate the section 206 proceeding instituted in Docket No. EL08-15-000.

The Commission orders:

(A) National Grid's affiliates' revised market-based rate tariff sheets are hereby accepted for filing, effective September 18, 2007, as modified, as discussed in the body of this order.

(B) Ravenswood, Glenwood, and Port Jefferson are hereby directed to submit a compliance filing to revise their market-based rate tariffs, within 30 days of the date of this order, as discussed in the body of this order.

(C) The section 206 proceeding in Docket No. EL08-15-000 is hereby terminated, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.