

125 FERC ¶ 61,104
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.

Progress Energy, Inc.

Docket No. OA07-88-002

ORDER ACCEPTING COMPLIANCE FILING, AS MODIFIED

(Issued October 28, 2008)

1. On June 4, 2008, pursuant to section 206 of the Federal Power Act (FPA),¹ Progress Energy, Inc. (Progress Energy), on behalf of its subsidiaries Carolina Power & Light Company (Carolina Power & Light) and Florida Power Corporation (Florida Power), submitted a revised version of Attachment C (Methodology to Assess Available Transfer Capability) to its Open Access Transmission Tariff (OATT), as required by Order No. 890.² In this order, we accept Progress Energy's compliance filing, as in compliance with Order No. 890, as discussed below.

I. Background

2. In Order No. 890, the Commission reformed the *pro forma* OATT to clarify and expand the obligations of transmission providers to ensure that transmission service is provided on a non-discriminatory basis. Among other things, Order No. 890 amended the *pro forma* OATT to require greater consistency and transparency in the calculation of Available Transfer Capability (ATC),³ open and coordinated planning of transmission systems and standardization of charges for generator and energy imbalance services. The Commission also revised various policies governing network resources, rollover rights and reassignments of transmission capacity.

¹ 16 U.S.C. § 824e (2000 & Supp. V 2005).

² *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Reg. 12,266 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008).

³ The ATC components are total transfer capability (TTC), existing transmission commitments (ETC), capacity benefit margin (CBM), and transmission reserve margin (TRM).

3. The Commission established a series of compliance deadlines to implement the reforms adopted in Order No. 890. Transmission providers that have not been approved as independent system operators (ISO) or regional transmission organizations (RTO), and whose transmission facilities are not under the control of an ISO or RTO, were directed to submit, within 180 days from publication of Order No. 890 in the *Federal Register* (i.e., September 11, 2007), section 206 compliance filings to revise Attachment C of their OATTs.

4. On September 11, 2007, as amended on December 10, 2007, Progress Energy filed revised tariff sheets proposing changes to Carolina Power & Light's and Florida Power's Methodology to Assess Available Transfer Capability, Attachment C to their joint OATT.⁴ The Commission accepted the filing, as modified, and required Progress Energy to submit an additional compliance filing.⁵

II. Compliance Filing

5. On June 4, 2008, Progress Energy filed revised tariff sheets proposing changes to Carolina Power & Light's and Florida Power's Methodology to Assess Available Transfer Capability, Attachment C to their joint OATT, in compliance with the April Order. Progress Energy requests that the revised tariff sheets be made effective September 11, 2007. Specifically, Progress Energy includes revisions to: (1) provide a link to the Carolina Power & Light and Florida Power websites that show the actual ATC mathematical algorithms; (2) specify the type of database used to calculate AFC, as well as a list of the assumptions used for AFC calculations regarding load levels, generation dispatch, and modeling of planned and contingency outages for Carolina Power & Light; (3) explain CBM practices for Carolina Power & Light; (4) define interruptible demands for Florida Power; (5) provide a clear explanation of how point-to-point transmission service requests are incorporated and how modeling point-to-point transactions is comparable to modeling the assumption of economically dispatched designated resources for FPL; and (6) clearly explain Florida Power's TRM calculation methodology and the assumptions used to calculate TRM.

III. Notice of Filing and Responsive Pleadings

6. Notice of Progress Energy's filing was published in the *Federal Register*, 73 Fed. Reg. 34,285 (2008), with protests due on or before June 25, 2008. On June 25, 2008, Florida Municipal Power Agency (Florida Municipal) filed a protest. On July 10, 2008, Progress Energy filed an answer.

⁴ The joint OATT is filed at the Commission as Florida Power tariff, FERC Electric Tariff, Third Revised Volume No. 6, and Carolina Power & Light tariff, FERC Electric Tariff, Fourth Revised Volume No. 3.

⁵ *Progress Energy*, 123 FERC ¶ 61,009 (2008) (April Order).

IV. Discussion

A. Procedural Matters

7. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2008), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept Progress Energy's answer because it has provided information that assisted us in our decision-making process.

B. Substantive Matters

8. We accept Progress Energy's revised Attachment C, as discussed below, to be effective September 11, 2007.⁶

1. Existing Transmission Commitments

9. In Order No. 890, the Commission required a transmission provider to explain: (i) its definition of ETC; (ii) the calculation methodology used to determine the transmission capacity to be set aside for native load (including network load) and non-OATT customers (including, if applicable, an explanation of assumptions on the selection of generators that are modeled in service) for both the operating and planning horizons; (iii) how point-to-point transmission service requests are incorporated; (iv) how rollover rights are accounted for; and (v) its processes for ensuring that non-firm capacity is released properly (e.g., when real-time schedules replace the associated transmission service requests in its real-time calculations).⁷

a. Progress Energy's Filing

10. In the April Order, the Commission directed Progress Energy to file an additional compliance filing that clearly explained how point-to-point transmission service requests are incorporated and how modeling point-to-point transactions is comparable to modeling the assumption of economically dispatched designated resources. The revised tariff states,

The generation assumed to participate for native load and non-OATT customer impact is determined by using [a Florida Reliability Coordinating Council] approved and developed economic merit order. Point to Point (PTP) OATT transactions are modeled explicitly, and the generation

⁶ Progress Energy's Attachment C contains provisions related to both Florida Power and Carolina Power & Light. When this order addresses provisions related to one but not the other, the provisions that are not addressed are deemed accepted.

⁷ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at *pro forma* OATT, Att. C.

assumed to participate for Point to Point (PTP) OATT is determined by using [a Florida Reliability Coordinating Council] approved and developed economic merit order.⁸

b. Parties' Arguments

11. Florida Municipal raises the concern that the Florida Reliability Coordinating Council's determinations will not be accurate and that the tariff's reference to "[a Florida Reliability Coordinating Council] approved and developed economic merit order" could be interpreted as approval of the validity of those results and used to shield scrutiny of this component of the Florida Power's ETC calculation. Florida Municipal states that, if questions arise regarding the Florida Reliability Coordinating Council results, it will first attempt to use the Florida Reliability Coordinating Council process to address disputes. If that process is unsuccessful, Florida Municipal wants an opportunity to seek a remedy through the Commission.

12. In its answer, Progress Energy points out that the ATC process is a joint process that has been developed and implemented by the Florida Reliability Coordinating Council and its members, including Florida Power and Florida Municipal. Progress Energy says that the process relies on the accuracy of the data and assumptions submitted by each participating member. Moreover, neither Florida Power nor the Florida Reliability Coordinating Council is in a position to ensure the absolute accuracy or validity of the data provided by other participants. To resolve Florida Municipal's concern, Progress Energy clarifies that its tariff language "does not absolve [Florida Power] from full responsibility to support and justify its ETC calculations if questioned, or otherwise foreclose challenges to [Florida Power]'s use and reliance on future [Florida Reliability Coordinating Council] determinations of the economic merit order if, for example, the underlying data on which [Florida Reliability Coordinating Council]'s determination rests is flawed."⁹

c. Commission Determination

13. We note that Progress Energy admits that it remains responsible for its ETC calculations and reliance on Florida Reliability Coordinating Council determinations. We find that the Florida Reliability Coordinating Council process provides an opportunity for all concerned parties to provide input to the basis for the ATC calculation methodology and processing. Any issues concerning the methodology itself and/or the accuracy and adequacy of the underlying data used in its implementation should first be

⁸ Progress Energy filing, Att. C, FPC First Revised Sheet No. 210C.

⁹ Progress Energy Answer, 2-3.

resolved through the Florida Reliability Coordinating Council process. If Florida Municipal is not satisfied with the resolution of the issue there, it may file a complaint with the Commission under section 206 of the FPA.

2. Transmission Reserve Margin

14. In Order No. 890, the Commission required a transmission provider to explain: (i) its definition of TRM; (ii) its TRM calculation methodology (e.g., its assumption on load forecast errors, forecast errors in system topology or distribution factors and loop flow sources) for both the operating and planning horizons; (iii) the databases used in its TRM assessments; and (iv) the conditions under which the transmission provider uses TRM. If the transmission provider does not use TRM, it must so state.¹⁰

a. Progress Energy's Filing

15. In the April Order, the Commission directed Progress Energy to file an additional compliance filing that explains Florida Power's TRM calculation methodology and the assumptions used to calculate TRM. The revised tariff provides a revised description of Florida Power's TRM methodology.

b. Parties' Arguments

16. Florida Municipal asserts that the revised description of the TRM methodology is ambiguous about the relationship between firm ATC, non-firm ATC, and TRM. Florida Municipal seeks to reconcile the following statement, "To the extent that system conditions allow without adversely impacting reliability, TRM will be made available for transmission service on a nonfirm basis,"¹¹ with the fact that TRM does not appear in the equations for non-firm ATC.¹²

17. Florida Power affirms that the quoted sentence and its non-firm ATC algorithm are correct. Florida Power states that TRM will normally be made available on its system as non-firm ATC. However, if reliability issues arise, Florida Power may subtract TRM from non-firm ATC. In that instance, TRM will be deducted from TTC, thereby reducing available non-firm ATC. To provide greater transparency, Florida Power agrees to post on Open Access Same-Time Information System (OASIS) all instances in which Florida Power modifies the ATC equation to subtract TRM from non-firm ATC if a reliability issue dictates. Florida Power will also modify its Business Practices to add the posting of such instances to OASIS.

¹⁰ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at *pro forma* OATT, Att. C.

¹¹ Progress Energy filing, Att. C, FPC First Revised Sheet No. 210D.

¹² Progress Energy filing, Att. C, FPC Second Revised Sheet No. 210.

c. **Commission Determination**

18. We have reviewed the formulae used by Florida Power to calculate non-firm ATC and find that they correctly do not include TRM. If the non-firm ATC formulae did include TRM, that would reduce the ATC available for non-firm load. A significant amount of non-firm ATC is, in fact, “borrowed” from TRM. When TRM is needed in an emergency to cover firm load, then non-firm load is curtailed. TRM therefore is correctly accounted for in firm ATC calculations, but not in non-firm ATC calculations.

Therefore, we find that the formulae used for calculation of non-firm ATC, as shown on Florida Power Second Revised Sheet No. 210, are correct. We also acknowledge Florida Power’s commitment to modify its business practices to add the posting on OASIS of all instances in which it modifies the ATC equation to subtract TRM from non-firm ATC if a reliability issue dictates.

The Commission orders:

Progress Energy’s compliance filing is hereby accepted, effective September 11, 2007, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.