

135 FERC ¶ 61,227
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.

Atlantic Renewables Projects II	Docket Nos. ER10-2822-002
Blue Creek Wind Farm LLC	ER11-2112-002
Carthage Energy, LLC	ER11-2507-001
Casselman Windpower LLC	ER11-2482-001
Central Maine Power Company	ER11-2536-001
Energetix, Inc.	ER11-2509-001
Flat Rock Windpower LLC	ER10-2952-001
Flat Rock Windpower II LLC	ER10-2955-001
Hardscrabble Wind Power LLC	ER11-2483-001
Hartford Steam Company	ER11-2512-001
Iberdrola Renewables, Inc.	ER10-2994-003
Lempster Wind, LLC	ER11-2484-001
Locust Ridge Wind Farm LLC	ER11-2485-001
Locust Ridge Wind Farm II LLC	ER11-2486-001
New York State Electric & Gas Corporation	ER11-2563-001
NYSEG Solutions, Inc.	ER11-2516-001
PEI Power II, LLC	ER11-2514-001
Providence Heights Wind, LLC	ER11-2487-001
Rochester Gas and Electric Corporation	ER11-2564-001
Streator-Cayuga Ridge Wind Power LLC	ER11-2488-001
PSEG Energy Resources & Trade LLC	ER99-3151-017
Public Service Electric and Gas Company	ER97-837-014
PSEG Power Connecticut LLC	ER03-327-009
PSEG Fossil LLC	ER08-447-007
PSEG Nuclear LLC	ER08-448-007

ORDER ON SIMULTANEOUS TRANSMISSION IMPORT
LIMIT VALUES FOR THE NORTHEAST REGION

(Issued June 10, 2011)

1. In December 2010, the above-captioned entities (collectively, Applicants) submitted updated market power analyses for the Northeast region in accordance with the reporting schedule adopted in Order No. 697.¹ Applicants included Simultaneous Transmission Import Limit (SIL) values for the December 2008-November 2009 study period for the markets they studied. They relied upon values provided by the three regional transmission organizations (RTOs) in the Northeast: PJM Interconnection, L.L.C. (PJM), New York Independent System Operator, Inc. (NYISO), and ISO New England, Inc. (ISO-NE) (collectively, the Northeast RTOs).²
2. In this order, the Commission accepts the SIL values identified in Appendix A (Commission-accepted SIL values). These Commission-accepted SIL values will be used by the Commission to analyze updated market power analyses submitted for the Northeast region. SIL studies are used as a basis for calculating import capability to serve load in the relevant geographic market when performing market power analyses. SIL values quantify a study area's simultaneous import capability from its aggregated first-tier area. The values accepted herein are based on SIL studies, or alternatively, simultaneous Total Transfer Capability (TTC)³ or, as discussed below, other data in the case of certain submarkets. Applicants' updated market power analyses themselves, including any responsive pleadings, are being addressed in separate orders in the relevant dockets.
3. We note that other transmission owners in the Northeast region also submitted updated market power analyses relying on some of the same values we are accepting in this order. The updated market power analyses for those transmission owners likewise are being addressed in separate orders in the relevant dockets.

¹ *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and 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).

² The Northeast region, with the exception of the area served by the Northern Maine Independent System Administrator, Inc., is comprised of the markets administered by the Northeast RTOs.

³ SIL values may be based on simultaneous TTC. *See* Order No. 697-A, FERC Stats. & Regs. ¶ 31,268 at P 133.

I. Background

4. In Order No. 697, the Commission adopted a regional filing schedule for filing updated market power analyses.⁴ The Commission explained that the transmission-owning utilities have the information necessary to perform SIL studies and therefore determined that such utilities would be required to file their updated market power analyses in advance of other entities in each region.⁵ The Commission stated that to the extent that an RTO or independent system operator (ISO) conducts transmission studies and makes that information available, a seller may rely on the information obtained from its RTO/ISO to conduct its SIL study.⁶

5. Each of the Northeast RTOs submitted to the Commission in Docket No. AD10-2-001 SIL values for its market,⁷ including its Commission-recognized submarkets.⁸ PJM submitted SIL values for the PJM market and the PJM East submarket based on SIL studies. ISO-NE submitted SIL values for the ISO-NE market based on simultaneous TTC and SIL values for the Connecticut and Southwest Connecticut submarkets based on other data.⁹ NYISO submitted SIL values for the NYISO market based on simultaneous

⁴ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 882.

⁵ *Id.* P 889.

⁶ *Id.* P 379.

⁷ PJM submitted its SIL study on November 19, 2010; ISO-NE submitted its SIL values on December 2, 2010 (as amended December 22, 2010 and February 28, 2011); and NYISO submitted its SIL values on January 13, 2011 (as amended March 3, 2011). Although NYISO did not submit its SIL values to the Commission until after the Northeast transmission owners' updated market power analyses were due, NYISO made its preliminary SIL values available on its website in November 2010.

⁸ There are five submarkets in the Northeast RTOs. Specifically, the submarket in PJM is PJM East; the submarkets in NYISO are New York City and Long Island; and the submarkets in ISO-NE are Connecticut and Southwest Connecticut. Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 236, 246.

⁹ ISO-NE did not calculate simultaneous TTC for the Connecticut and Southwest Connecticut submarkets. Instead, to determine the SIL values for its submarkets, ISO-NE used the transmission limits for the Connecticut and Southwest Connecticut interfaces reported in ISO-NE's 2010 Regional System Plan. ISO-NE also examined real-time historical data for the Connecticut import interface limit and the Southwest Connecticut import interface limit to verify the accuracy of these limits.

TTC and SIL values for the New York City and Long Island submarkets based on other data.¹⁰

II. Discussion

6. We begin by commending the Northeast RTOs for their efforts in preparing and providing their SIL values. We believe that the Northeast RTOs are well positioned to calculate SIL values for their respective markets, given that these entities are responsible for the reliable operation of the high-voltage transmission facilities under their control. The Northeast RTOs also administer spot markets for energy and ancillary services and prepare regional transmission expansion plans. These responsibilities, along with their independence from market participants, make the Northeast RTOs well situated to provide SIL values for the Northeast region. Further, we commend the transmission owners in the Northeast region for using the SIL values provided by the Northeast RTOs. Such an approach helps ensure that each seller in this region is evaluated using a consistent set of import values into each study area.

7. With respect to PJM and the PJM East submarket, we have reviewed PJM's submission, which forms the basis for SIL values submitted by Applicants and find that PJM performed its SIL studies correctly. Accordingly, we will accept the SIL values identified in Appendix A for the PJM market and PJM East submarket.

8. Applicants also rely on SIL values provided by ISO-NE and NYISO. As noted above, both ISO-NE and NYISO submitted SIL values based on simultaneous TTC for their respective markets (excluding all submarkets). With respect to the use of simultaneous TTC values in lieu of a SIL study, the Commission has stated that "the use of simultaneous TTC values is consistent with the SIL study provided that these TTCs are the values that are used in operating the transmission system and posting availability on Open Access Same-Time Information System (OASIS)."¹¹

¹⁰ NYISO did not calculate simultaneous TTC for the New York City and Long Island submarkets. Instead, to determine the SIL values for its submarkets, NYISO approximated the transfer capability into its two submarkets by adding the transfer capability of the controlled ties into each submarket.

¹¹ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 364. The Commission also stated that:

[t]he simultaneous TTCs must represent more than interface constraints at the balancing authority area border and must reflect all transmission limitations within the study area and limitations within first-tier areas.

...Sellers submitting simultaneous TTC values must provide evidence that

(continued...)

9. In order for TTC values to be simultaneously feasible, there either must be only one market or balancing authority area in the first-tier area or no or very limited interconnections between any two first-tier markets or balancing authority areas. This geographical configuration is necessary to ensure that a study area's transfer capability with any individual first-tier market or balancing authority area is fully independent of the study area's transfer capability over its other interconnections. In the event there are limited interconnections between first-tier markets, the Commission will review, on a case-by-case basis, the evidence that any potential loop flow between the first tier areas is properly accounted for in the underlying SIL values.

10. Entities that have more than one market or balancing authority area in their first-tier area must demonstrate that all of their TTC values (i.e., TTC values with each of their first-tier interconnections) are simultaneously feasible. This can be demonstrated, for example, by providing historical data of the actual, hourly, real-time flows for each interface during the study period.

11. Finally, entities that submit simultaneous TTC values in lieu of a SIL study also must adjust these values, to the extent necessary, to account for transmission reliability margin and capacity benefit margin as well as long-term firm transmission reservations.¹² Making these adjustments ensures that the simultaneous TTC values accurately reflect the transmission capability available to first-tier generators that seek to sell power into the study area.

12. We find that the simultaneous TTC values prepared by ISO-NE and those prepared by NYISO meet the Commission's requirements as discussed above. We therefore accept the SIL values identified in Appendix A for the ISO-NE and NYISO markets.

these values account for simultaneity, account for all internal transmission limitations, account for all external transmission limitations existing in first-tier areas, account for all transmission reliability margins, and are used in operating the transmission system and posting availability on OASIS.

Id. (footnote omitted).

¹² See Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 364; Order No. 697-A, FERC Stats. & Regs. ¶ 31,268 at P 142; *Pinnacle West Capital Corp.*, 110 FERC ¶ 61,127, at P 8-11 (2005); *AEP Power Marketing, Inc.*, 107 FERC ¶ 61,018, Appendix E, *order on reh'g*, 108 FERC ¶ 61,026 (2004).

13. Additionally, we will accept the SIL values identified in Appendix A for the ISO-NE Connecticut and Southwest Connecticut submarkets.¹³ ISO-NE does not calculate TTC values for its submarkets nor post such data on its OASIS, thereby necessitating a different method of determining SIL values for Connecticut and Southwest Connecticut. To determine SIL values for its two submarkets, ISO-NE relied on the transmission limits reported in its 2010 Regional System Plan.¹⁴ In addition, ISO-NE reviewed real-time historical data for the Connecticut import interface and the Southwest Connecticut import interface at the peak hour of each day from December 1, 2008 to November 30, 2009. This historical data represents the limits that ISO-NE uses in operating its system in real time. We find that use of this data is acceptable for the purpose of setting SIL values for the two ISO-NE submarkets.

14. This order does not address SIL values for the NYISO submarkets because neither Applicants nor other Northeast transmission owners relied upon such values in their updated market power analyses. Should the need arise, the Commission will consider values for the NYISO submarkets in the future.

15. The Commission will use the Commission-accepted SIL values identified in Appendix A when reviewing the pending updated market power analyses submitted by transmission owners in the Northeast region. Future filers submitting screens for the markets and study period identified in Appendix A, including the non-transmission owning sellers in the Northeast region, are encouraged to use these Commission-accepted SIL values. In the alternative, a filer may propose different SIL values provided that the filer's accompanying SIL studies comply with Commission directives and that the filer fully supports the values used and explains why the Commission should consider a different SIL value for a particular market other than the Commission-accepted SIL

¹³ We note that transmission owners in the Northeast filed their updated market power analysis prior to ISO-NE's February 28, 2011 amendment to its December 2, 2010 submission; therefore filers studying the Southwest Connecticut submarket did not include these values in their filings. However, the amendment reflects SIL values for the Southwest Connecticut submarket that properly have been limited to peak load. Therefore, the SIL values we accept in Appendix A for the Southwest Connecticut submarket are those values that ISO-NE submitted in its February 28, 2011 amendment.

¹⁴ The Regional System Plan is a transmission plan for the New England region prepared annually by ISO-NE in accordance with Attachment K of ISO-NE's Open Access Transmission Tariff. These plans determine resources and transmission facilities needed to maintain reliable and economic operation of New England's bulk electric power system over a ten-year horizon.

values provided in Appendix A. In the event that the results¹⁵ for one or more of a particular seller's screens differ if the seller-supplied SIL value is used instead of the Commission-accepted SIL value, the order on that particular filing will examine the seller-supplied SIL study and address whether the seller-supplied SIL value is acceptable. However, when the overall results of the screens would be unchanged, i.e., the seller would pass using either set of SIL values or fail using either set of SIL values, the order would be based on the Commission-accepted SIL values found in Appendix A and would not address the seller-supplied SIL values.

The Commission orders:

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

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

¹⁵ Results refer to the results of the market share and/or pivotal supplier screens. For example, if a seller fails the market share screen for a particular season in a particular market using either SIL value, we would consider the result unchanged. Similarly, if the seller passes the screen using either value, the result is also unchanged.

Appendix A**Accepted SIL Values (MW) for the Northeast Region**

Study Period of December 2008 to November 2009

Study Area	Winter 2008	Spring 2009	Summer 2009	Fall 2009
1 ISO-NE	4,448	4,448	4,448	4,448
2 Connecticut	2,500	2,500	2,500	2,500
3 Southwest Connecticut	2,580	2,470	3,220	2,260
4 NYISO	7,749	7,710	7,816	7,716
5 PJM	5,040	6,280	15,010	10,000
6 PJM East	5,390	6,060	6,690	5,880