

# March 2012 Meeting Summaries

These are summaries of orders voted by the Federal Energy Regulatory Commission at its March 15, 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](http://www.ferc.gov).

## E-3, Press Release

### **FERC conditionally accepts compliance filing**

**E-1**, *New York Independent System Operator, Inc.*, Docket No. ER12-718-000. The order addresses a joint filing made by NYISO and PJM, in response to two Commission orders, issued in the Lake Erie Loop Flow Proceeding, requiring NYISO to implement a Market-to-Market Coordination Process to address inter-regional transactions in and around the Lake Erie region. The order conditionally accepts the applicants' filing, subject to the submission of an additional compliance filing, to be submitted by May 1, 2012. With respect to the effective date, the order provides that this issue will be considered in the Commission's later order addressing NYISO's additional compliance filing.

### **FERC approves final rule on certain electric reliability standards**

**E-6**, *Transmission Relay Loadability Reliability Standard*, Docket No. RM11-16-000. In this final rule, the Commission approves Reliability Standard PRC-023-2 (Transmission Relay Loadability) submitted by NERC. The Reliability Standard requires transmission owners, generation owners, and distribution providers to set load-responsive phase protective relays according to specific criteria to ensure that the relays reliably detect - and protect the electric network from - fault conditions, but do not limit transmission loadability or interfere with system operators' ability to protect system reliability. The final rule also approves NERC Rules of Procedure Section 1700 – Challenges to Determinations, which provides registered entities a means to challenge determinations made by planning coordinators under Reliability Standard PRC-023.

## **FERC proposes revisions to the Electric Quarterly Report Data Dictionary**

**E-8**, *Revised Public Utility Filing Requirements for Electric Quarterly Reports*, Docket No. RM01-8-012. This NOPR proposes to revise the Electric Quarterly Report (EQR) Data Dictionary to add "Simultaneous Exchange" to the list of available Product Names in the EQR. This revision will increase transparency in wholesale electricity markets through a greater understanding of these complex transactions. The revision to the EQR follows the Commission's February 16, 2012 Order in Docket No. EL10-71, which clarified the Commission's policies regarding simultaneous exchanges, and stated that the Commission would consider changes to the EQR in order to enhance the transparency of the simultaneous exchange transactions.

## **FERC approves an uncontested settlement**

**E-9**, *San Diego Gas & Electric Co., et al.*, Docket Nos. EL00-95-268, *et al.* This order approves an uncontested settlement among the California Parties and Edison Mission Marketing & Trading, Inc., Edison Source Corporation, Citizens Power Sales, LLC, and Peabody Energy Corporation and Gold Fields Mining, LLC (EMMT/Citizens) that resolves claims arising from events and transactions in the Western energy markets during the period January 1, 2000 through June 20, 2001 as they relate to EMMT/Citizens.

## **FERC denies request for declaratory order**

**E-12**, *Northern Laramie Range Alliance*, Docket No. EL11-51-000. The order denies a request for a declaratory order. On July 11, 2011, Northern Laramie Range Alliance (Northern Laramie) filed a petition for declaratory order requesting the Commission to void self-certifications of two small power production qualifying facilities (QF) submitted by Pioneer Wind Park 1, LLC (Wind Park 1) and Pioneer Wind Park II, LLC (Wind Park II). Northern Laramie contends the Wind Park 1 and Wind Park II wind facilities proposed to be installed in Converse County, WY do not meet the size requirements contained in the Commission's regulations because they are located within one mile of each other and, when considered together, have a capacity greater than the Commission's 80 MW limit on such facilities. The order finds that the two facilities are not located within one mile of each other, and accordingly denies the petition.

## **FERC declines to initiate an enforcement action**

**E-14**, *Benjamin Riggs v. Rhode Island Public Utilities Commission*, Docket No. EL12-16-000. In this Notice of Intent Not to Act, the Commission declines to initiate an enforcement action, under section 210(h)(2)(A) of PURPA, on Mr.

Rigg's complaint against Rhode Island Public Utility Commission. Mr. Riggs asserted that the Rhode Island PUC has authorized contracts, through the adoption of a standard contract, that contain rates for renewable energy projects that exceed avoided costs in violation of PURPA, and requested that the Commission enjoin the implementation of these contracts. The order's ruling that the Commission would not initiate its own enforcement action means that Mr. Riggs may himself bring an enforcement action against the Rhode Island Utilities Commission in the appropriate court.

### **FERC denies complaint**

**E-16**, *Powerex Corp. v. United States Department of Energy, Western Area Power Administration – Sierra Nevada Region*, Docket No. EL12-21-000. This order denies Powerex's complaint, alleging that the Western Area Power Administration (Western) improperly awarded transmission capacity to Morgan Stanley. The order finds that the award did not result from preferential treatment or undue discrimination. Further, the order finds that Western complied with its Commission-accepted reciprocity tariff and established business practices. Finally, the order finds that Western properly rejected several prior requests by Powerex for transmission capacity on the same transmission line, for an overlapping period of time and, therefore, Western properly gave Morgan Stanley's request priority over the rejected Powerex requests.

### **FERC accepts tariff revisions**

**E-17**, *California Independent System Operator Corporation*, Docket No. ER12-806-000. This letter order accepts as just and reasonable the tariff revisions the California Independent System Operator Corporation (CAISO) filed to increase the number of variable operations and maintenance (VOM) cost default values from two to ten. CAISO's proposed default VOM values range from zero to five dollars per MWh depending on the generation type.

### **FERC conditionally accepts credit reform tariff revisions, directs further compliance filing**

**E-18**, *California Independent System Operator Corporation*, Docket No. ER11-3973-002. This order conditionally accepts CAISO's proposed credit reform tariff revisions, including risk management verification processes, submitted in response to the Commission's September 15, 2011 order. The order directs CAISO to submit a further compliance filing to clarify when and how often it will conduct verification of market participants' risk management policies, procedures, and

controls, and to incorporate in its tariff risk criteria now contained in its business practice manuals.

### **FERC denies rehearing**

**E-19**, *PJM Interconnection, L.L.C.*, Docket No. ER11-2875-004, *et al.* The order addresses requests for rehearing of the Commission's November 17, 2011 order which addressed PJM's proposed revisions to its Minimum Offer Pricing Rule. The petitioners seek rehearing regarding only those aspects of the November 17 order addressing the Commission's acceptance, in part, of a compliance filing submitted by PJM in response to an earlier order in this proceeding. Specifically, petitioners seek rehearing of the finding that PJM's proposed unit-specific review procedures satisfied the Commission's compliance mandate. The order denies rehearing, finding that the Commission appropriately accepted PJM's compliance filing. The order further finds that petitioners' rehearing requests are collateral attacks on the Commission's earlier order (now on appeal), and/or were addressed by the Commission in the November 17 order.

### **FERC denies rehearing**

**E-20**, *PJM Interconnection, L.L.C.; California Independent System Operator Corporation; ISO New England Inc. and New England Power Pool; Midwest Independent System Operator, Inc.; New York Independent System Operator, Inc.; Southwest Power Pool, Inc.*, Docket No. ER11-3972-001, *et al.* This order denies requests for rehearing of the Commission's September 15, 2011 orders that accepted, subject to compliance filings, tariff revisions submitted by each of the RTOs and ISOs in response to the directives of the Commission's credit reform rulemaking, Order No. 741. In Order No. 741, the Commission directed the RTOs and ISOs to revise their tariffs to reflect reforms adopted by the Commission to strengthen the credit policies used in organized wholesale electric power markets, including the establishment of minimum criteria for market participation. The order affirms the Commission's determination not to require agreed-upon uniform credit practices across the RTOs and ISOs, but instead appropriately accorded the RTOs and ISOs flexibility. The order also denies requests for rehearing of the PJM Interconnection, L.L.C. (PJM) compliance filing order, in particular, in which parties argue, among other things, that the Commission should not have required PJM to include seller credit in the limit on unsecured credit or disallowed use of seller credit in the Financial Transmission Rights (FTR) markets.

### **FERC accepts credit reform tariff revisions**

**E-21**, *PJM Interconnection, L.L.C.*, Docket No. ER11-3972-002. This order accepts PJM's proposed credit reform tariff revisions, including risk management

verification processes, submitted in response to the Commission's September 15, 2011 order.

### **FERC accepts credit reform tariff revisions**

**E-22**, *Midwest Independent Transmission System Operator, Inc.*, Docket No. ER11-3970-002. This order accepts MISO's proposed credit reform tariff revisions, including risk management verification processes, submitted in response to the Commission's September 15, 2011 order.

### **FERC accepts informational filing**

**E-25**, *ISO New England Inc.*, Docket No. ER12-757-000. This order accepts the informational filing that ISO-NE makes prior to every Forward Capacity Auction (FCA). In the filing, ISO-NE informs the Commission of the multiple inputs to the auction, including de-list bids and out-of-market capacity, and also reports which resources have been qualified to participate in the auction.

### **FERC denies rehearing, accepts compliance filing**

**E-26**, *ISO New England Inc.*, Docket Nos. ER11-2580-001 and -002. This order denies rehearing of the Commission's February 28, 2011 order, and accepts ISO-NE's compliance filing, with proposed revisions (including incorporating a methodology for determining individual interconnection transfer capabilities) to the tie benefits calculation methodology set forth in its Tariff.

### **FERC accepts credit reform tariff revisions**

**E-27**, *ISO New England Inc. and New England Power Pool*, Docket Nos. ER11-3953-002 and ER11-3953-003. This order accepts ISO-NE's and NEPOOL's proposed credit reform tariff revisions, including risk management verification processes, submitted in response to the Commission's September 15, 2011 order.

### **FERC rules filing to be non-compliant; directs additional compliance filing**

**E-28**, *New York Independent System Operator, Inc.*, Docket No. ER12-1281-000. The order finds non-compliant a NYISO filing submitted in response to two Commission orders issued in this proceeding requiring NYISO to implement a new interface pricing policy applicable to certain interregional transactions in, and around, the Lake Erie region. The order finds the NYISO's filing to be non-compliant because, among other reasons, it fails to adopt a pricing initiative that,

as required by the compliance mandate, is consistent with PJM's methodology. The order thus directs the NYISO to make an additional compliance filing.

### **FERC rejects credit reform compliance filing, directs submission of a new compliance filing**

**E-29**, *New York Independent System Operator, Inc.*, Docket No. ER11-3949-003. This order rejects NYISO's credit reform compliance filing, including risk management verification processes, submitted in response to the Commission's September 15, 2011 order. The order finds that NYISO's proposed verification process does not comply with the directives contained in the September 15, 2011 order. The order directs NYISO to submit a new proposed verification process.

### **FERC accepts compliance filing**

**E-33**, *Southwest Power Pool, Inc.*, Docket Nos. ER11-3967-002 and ER11-3967-003. This order accepts SPP's proposed credit reform tariff revisions, including risk management verification processes, submitted in response to the Commission's September 15, 2011 order.

### **FERC denies rehearing**

**G-1**, *Texas Gas Transmission, LLC*, Docket No. RP11-1999-002. This order denies rehearing of the Commission's July 13, 2011 order which lifted the suspension on certain tariff revisions that set forth the parameters under which Texas Gas may, in future rate proceedings, seek discount-type adjustments for negotiated rate agreements. This order, in denying rehearing, explains that the tariff language at issue does not guarantee a discount-type adjustment, but only sets forth a reasonable framework within which Texas Gas will have the burden of proving that any discount-type adjustment is just and reasonable and does not cause inappropriate cost-shifting to shippers paying recourse rates.

### **FERC accepts revised tariff provisions**

**G-2**, *Texas Gas Transmission, LLC*, Docket No. RP11-2569-002, *et al.* The order finds that Texas Gas' proposed tariff revisions comply with the Commission's October 31, 2011 order that conditionally accepted Texas Gas' proposal to implement a new Enhanced Nominations Service (ENS). That earlier order required tariff revisions, among other things, to provide reasonable advance notice of bumping to interruptible shippers prior to effective gas flow. In its November

30 compliance filing, Texas Gas states that it will provide one-hour advance notice of bumping to interruptible shippers based upon preliminary scheduled quantities followed by a final notice of bumping at the time of effective gas flow.

### **FERC denies petition for a declaratory order**

**G-3**, *Magellan Pipeline Company, L.P.*, Docket No. OR12-7-000. The order denies Magellan's petition for declaratory order requesting approval of priority committed space and an overall rate structure involving the proposed expansion of Magellan's refined petroleum products pipeline system in Texas. The order denies the rulings requested by Magellan in its petition, finding that premium, firm service must be at a premium rate.

### **FERC issues a preliminary permit**

**H-1**, *Lock+ Hydro Friends Fund I*, Project No. 14107-000. The order issues a preliminary permit to Lock+ Hydro Friends Fund I (Lock Hydro) to study the feasibility of the proposed Longhorn Dam Project No. 14107, to be located on the Lower Colorado River in the City of Austin, in Travis County, Texas. The City of Austin and the Lower Colorado River Authority filed timely motions to intervene. The order dismisses allegations that Lock Hydro has engaged in site banking, and finds that other issues raised are premature at this time.

### **FERC grants rehearing**

**H-2**, *Appalachian Power Company*, Project No. 739-026. The order grants the rehearing request filed by Appalachian Power Company, seeking revision of several articles in the Commission's December 27, 2011 order issuing a new license for the continued operation of its Claytor Hydroelectric Project No. 739, located on the New River in Pulaski County, Virginia. The order grants rehearing, extends filing deadlines for three license articles, and deletes one license article.

### **Order denies rehearing and late motion to intervene**

**H-3**, *New York State Electric and Gas Corporation*, Project No. 2738-081. The order denies rehearing of a Secretary's notice rejecting a request for rehearing by American Whitewater, which had not intervened in a proceeding regarding a study of the feasibility of whitewater boating releases at New York State Electric and Gas Corporation's Saranac Project, located on the Saranac River in Clinton County, New York. The order also denies American Whitewater's subsequent late

motion to intervene, and, further, finds that the underlying Commission staff order accepting a whitewater boating study report was correct on the merits.

### **FERC denies rehearing**

**C-1, *Tennessee Gas Pipeline Company*, Docket Nos. CP11-44-001 and RP11-1597-001.** This order denies a request for rehearing of the Commission's November 3, 2011 order ruling on Tennessee's proposal to abandon certain onshore and offshore facilities located in the Gulf of Mexico and Louisiana and sell the abandoned facilities to a non-jurisdictional company. In that same filing, Tennessee requested the Commission approve a settlement it negotiated with certain of its shippers regarding the proposed rate treatment and rate relief pertaining to the proposed sale of the facilities.

In its November ruling, the Commission dismissed the settlement and, by applying the primary function test, determined that some of Tennessee's facilities perform a gathering function exempt from the Commission's jurisdiction under NGA section 1(b), and that the other facilities at issue perform a transmission function, subject to FERC jurisdiction. The Commission denied abandonment authority to Tennessee for the facilities performing transmission functions, and granted abandonment authority for the facilities performing gathering functions. For the facilities performing gathering functions, the November order required Tennessee to refunctionalize its facilities as gathering, effective the date of the order. On rehearing, the Commission affirms its ruling and denies rehearing of the refunctionalization requirement and the Commission's dismissal of Tennessee's settlement.

### **FERC authorizes, with conditions, a new gas storage facility in Louisiana**

**C-2, *Sawgrass Storage, L.L.C.*, Docket No. CP11-523-000.** This order authorizes Sawgrass to construct and operate a new interstate natural gas storage facility in South Downsville Field, a depleted gas reservoir located in Lincoln and Union Parishes, Louisiana, to serve markets in the Gulf Coast Production Region. The proposed facility will have approximately 30 billion cubic feet (Bcf) of working gas capacity and maximum injection and withdrawal capabilities of 300 MMcf/d. The project will interconnect, through a new 13.9-mile, bi-directional pipeline, to the Midcontinent Express Pipeline, about nine miles southeast of Farmerville, Louisiana. Sawgrass proposes to provide open-access firm and interruptible storage services and interruptible hub services (i.e., enhanced and interruptible parking and loan, interruptible balancing service, and interruptible imbalance trading service). The order grants Sawgrass's request to charge market-based rates for these services because Sawgrass will not be able to exert market power in the Gulf Coast Production Region.