

144 FERC ¶ 61,094  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Philip D. Moeller, John R. Norris,  
Cheryl A. LaFleur, and Tony Clark.

PPL Montana, LLC

Docket No. EL10-47-001

ORDER ON REHEARING

(Issued August 1, 2013)

1. On December 7, 2010, the Commission granted a petition for declaratory order (Petition) filed by PPL Montana, LLC (PPL Montana).<sup>1</sup> As requested by PPL Montana, the Commission confirmed the rights of a Network Resource Interconnection Service (NRIS) customer and clarified how NorthWestern Corporation (NorthWestern) should consider NRIS customers in its generation interconnection studies. In this order, we deny NorthWestern's request for rehearing and/or clarification of the Commission's December 7 Order.

**I. Background**

2. NorthWestern is a utility that operates electric and natural gas distribution and transmission facilities in Montana and South Dakota. PPL Montana is an exempt wholesale generator that is interconnected to NorthWestern's transmission system and that owns and operates approximately 1,250 MW of generation capacity located in the NorthWestern balancing authority area. PPL Montana's generation facilities are interconnected with the Northwestern transmission system pursuant to a 1999 Generation Interconnection Agreement (1999 GIA)<sup>2</sup> that has been interpreted by the parties to be the equivalent of NRIS.

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<sup>1</sup> *PPL Montana, LLC*, 133 FERC ¶ 61,206 (2010) (December 7 Order).

<sup>2</sup> The 1999 GIA was entered into by PPL Montana and Montana Power Company as part of the transfer of Montana Power Company's generation facilities to PPL Montana in 1999.

3. As described in the Petition, PPL Montana is in the process of upgrading its Rainbow hydroelectric generation facility from an eight unit facility to a single larger turbine. The facility currently generates 35 MW. According to PPL Montana, the change will increase the capacity of the Rainbow generation facility by approximately 23 MW. Under NorthWestern's Open Access Transmission Tariff (OATT), a customer seeking to interconnect to the NorthWestern transmission system may elect one of two interconnection services: (1) Energy Resource Interconnection Service (ERIS); or (2) NRIS. The first, ERIS, allows the interconnection customer to connect its generation facility to the transmission system and be eligible to deliver its output using the existing firm or non-firm capacity of the transmission system on an "as available" basis. The second, NRIS, is a higher level of service, allowing the interconnection customer to be designated as a Network Resource, up to the generator's full output, on the same basis as existing Network Resources interconnected to the transmission system. PPL Montana made a request for interconnection service from NorthWestern and selected NRIS treatment for the additional 23 MW from the Rainbow facility.

4. NorthWestern agreed to consider PPL Montana's request under the Large Generator Interconnection Procedures (LGIP) in its OATT. Section 3.2.2.2 of the LGIP requires NorthWestern to conduct a study to ensure that, with the full output of the NRIS customers' generation flowing onto the transmission system at peak, the aggregate of the generation can meet the aggregate of the load reliably, consistent with established criteria.<sup>3</sup> PPL Montana stated that NorthWestern completed the study for PPL Montana's request for NRIS and determined that PPL Montana will be required to pay up to \$20 million in Network Upgrades to interconnect the 23 MW from the Rainbow facility.

5. On March 10, 2010, PPL Montana filed the Petition indicating a difference of opinion with NorthWestern as to the interpretation of the Commission's directives in Order Nos. 2003<sup>4</sup> and 890.<sup>5</sup> PPL Montana stated this difference of opinion had led to a

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<sup>3</sup> NorthWestern's LGIP is Attachment M of its OATT. *See* NorthWestern Corp.'s FERC Electric Tariff, Seventh Revised Volume No. 5 (MT), Original Sheet Nos. 125-174.

<sup>4</sup> *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160, *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007).

<sup>5</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC

(continued...)

disagreement as to PPL Montana's rights as an NRIS customer and how NorthWestern should accommodate PPL Montana and other NRIS customers in its generation interconnection studies. PPL Montana requested the Commission rule on the following questions:

- Whether, in Order No. 890, the Commission intended to change either the rights of an NRIS customer delineated in Order No. 2003 or how a transmission provider must account for an NRIS customer's generation facilities in its generation interconnection studies?
  - Whether in conducting generation interconnection studies, NorthWestern must account for the entire capability of PPL Montana's generation facilities and all other NRIS generators, to inject their full output onto NorthWestern's transmission system at their respective point(s) of interconnection without being "bottled up" regardless of whether those facilities currently are designated as Network Resources at any amount or have any specifically identified transmission service arrangements?
  - Whether, if PPL Montana's generation facilities are undesignated, but later are designated or redesignated, as a Network Resource or obtain transmission service, PPL Montana can inject the full output of its generation facilities onto NorthWestern's transmission system at the point(s) of interconnection without incurring any additional generation interconnection study or Network Upgrade costs (other than costs identified through the transmission service studies) as long as an NRIS or NRIS-equivalent interconnection agreement is in place?
6. In the December 7 Order, the Commission stated that:

NorthWestern must account for the PPL Montana facilities in its generation interconnection studies in a manner that is consistent with PPL Montana's right to operate its facilities simultaneously at peak load and any output produced above peak load requirements must be able to be transmitted to other electrical areas within NorthWestern's transmission system. This will ensure that the PPL Montana facilities are not "bottled up" during peak load conditions.<sup>6</sup>

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Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on reh'g*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

<sup>6</sup> December 7 Order, 133 FERC ¶ 61,206 at P 30.

7. The Commission also noted that to the extent PPL Montana seeks to redesignate its facilities to deliver to specific loads or locations, “additional studies or upgrades may be necessary to reduce congestion to levels that are acceptable to PPL Montana. However, there should be no added costs for upgrades associated with generation interconnection.”<sup>7</sup> The Commission found that, consistent with Order No. 2003, “NRIS customers must be able to operate their facilities simultaneously at peak load and ensure that any output produced above peak load requirements can be transmitted to other electrical areas within the transmission provider’s transmission system.”<sup>8</sup>

## **II. Request for Clarification/Rehearing**

8. On January 6, 2011 Northwestern filed a request for rehearing and/or clarification. On January 21, 2011, PPL Montana filed an answer to NorthWestern’s request.

## **III. Discussion**

### **A. Procedural Matters**

9. Rule 713(d) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.713(d) (2012) prohibits answers to requests for rehearing. Although NorthWestern has styled its pleading as a request for clarification, we find it to be a request for rehearing and, on that basis, reject PPL Montana’s answer pursuant to Rule 713(d).

### **B. Substantive Matters**

10. As discussed below, we deny NorthWestern’s request for rehearing and/or clarification of the December 7 Order.

#### **1. Request for Rehearing and/or Clarification**

11. NorthWestern requests rehearing of the December 7 Order on the basis that it is inconsistent with Order No. 2003-A and Northwestern’s existing requirements to conduct generation interconnection studies under Order No. 2003 and the LGIP.<sup>9</sup> Specifically, Northwestern asserts that the Commission erred in failing to explain its departure from previous requirements that only the output of the interconnecting generating facility be

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<sup>7</sup> *Id.* PP 30-31 (internal citations omitted).

<sup>8</sup> *Id.* P 31.

<sup>9</sup> NorthWestern Rehearing Request at 10.

considered in the interconnection study process as opposed to all of the NRIS customer's generation facilities.<sup>10</sup>

12. Furthermore, NorthWestern states that the Commission erred by requiring NorthWestern to design its transmission system to provide a higher level of service "based perhaps on the total generation interconnection requests," which would lead to the over-building of transmission and "'guarantee' transmission service for the uncommitted portion of an existing NRIS generator."<sup>11</sup> NorthWestern argues that in the December 7 Order the Commission did not address its argument that there is a need to displace undesignated Network Resources with the output of the generating facility in its interconnection studies and that the December 7 Order is inconsistent with Order No. 2003-A.<sup>12</sup>

13. In the alternative, NorthWestern requests clarification regarding what NRIS generation output, if any, it may displace when conducting interconnection studies. Specifically, NorthWestern argues that the Commission failed to reconcile its decision with prior determinations when it directed NorthWestern to "account for [all] the PPL Montana facilities in its generation interconnection studies."<sup>13</sup>

14. NorthWestern also seeks clarification as to whether all of an NRIS customer's facilities should be studied during the interconnection study process. Specifically, NorthWestern seeks clarification as to whether the transmission provider must account for all facilities, whether designated or undesignated, interconnected to the transmission provider's system or owned or controlled by the interconnection customer.<sup>14</sup> NorthWestern also argues that the Commission should specify the sink on the NorthWestern system that will absorb the output produced above peak requirements.<sup>15</sup>

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<sup>10</sup> *Id.* at 11.

<sup>11</sup> *Id.* at 12-13.

<sup>12</sup> *Id.* at 12.

<sup>13</sup> *Id.* at 7 (citing December 7 Order, 133 FERC ¶ 61,206 at P 30).

<sup>14</sup> *Id.* at 9.

<sup>15</sup> *Id.* at 9-10.

## 2. Commission Determination

15. As the Commission stated in the December 7 Order, NorthWestern must account for the PPL Montana facilities in its generation interconnection studies in a manner that is consistent with PPL Montana's right to operate its facilities simultaneously at peak load and any output produced above peak load requirements must be able to be transmitted to other electrical areas within NorthWestern's transmission system.<sup>16</sup> We disagree that this outcome is inconsistent with Order No. 2003-A. NorthWestern states that Order No. 2003-A explains that the purpose of NRIS "is to provide only those Network Upgrades needed to allow the aggregate generation in the [interconnecting] facility's local area to be delivered to the aggregate load on the transmission provider's system, such that the output of the generation facility will not be 'bottled up' during peak load conditions."<sup>17</sup> However, Order No. 2003-A also explains that:

to provide [NRIS and ERIS], the Transmission Provider often must construct Network Upgrades to provide the Transmission System with the capacity to receive the output of the Generating Facility. Including this capability with [NRIS and ERIS] is appropriate because it allows the Interconnection Customer to obtain a minimal capability of delivery service under the Transmission Provider's OATT without the need to construct additional upgrades.<sup>18</sup>

16. NorthWestern has not demonstrated that the conclusions in the December 7 Order were in error. In the December 7 Order, the Commission considered arguments similar to those raised by NorthWestern on rehearing. The Commission stated that, consistent with Order Nos. 2003 and 890, NorthWestern must conduct its generation interconnection studies in a manner that preserves the rights of existing NRIS customers, such as PPL Montana.<sup>19</sup> We therefore deny rehearing.

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<sup>16</sup> December 7 Order, 133 FERC ¶ 61,206 at P 30.

<sup>17</sup> NorthWestern Rehearing Request at 11 (citing Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 at P 531 and Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 927).

<sup>18</sup> Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 at P 517.

<sup>19</sup> December 7 Order, 133 FERC ¶ 61,206 at PP 30-31.

17. The December 7 Order was appropriately limited to the issues raised in the Petition. NorthWestern's requests for clarification are therefore denied as beyond the scope of this proceeding.<sup>20</sup>

The Commission orders:

The request for rehearing and/or clarification is hereby denied, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>20</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,055, at P 33 (2012).