

November 2013 Meeting Summaries

These are summaries of orders voted by the Federal Energy Regulatory Commission at its November 21, 2013 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 summaries 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.

A-3, Press Release

E-1, *Small Generator Interconnection Agreements and Procedures*, Docket No. RM13-2-000. This final rule amends 18 CFR Part 35 to incorporate revisions to the *pro forma* Small Generator Interconnection Agreements (SGIA) and *pro forma* Small Generator Interconnection Procedures (SGIP). The final rule: (1) provides Interconnection Customers the option of requesting a pre-application report regarding system conditions at a possible point of interconnection; (2) revises the two-megawatt threshold for participation in the Fast Track Process included in section 2 of the *pro forma* SGIP; (3) revises the supplemental review following failure of the Fast Track screens to include a minimum load screen and other screens to determine if a small generating facility may nonetheless be interconnected safely and reliably; (4) revises the *pro forma* SGIP Facilities Study Agreement to allow an Interconnection Customer to provide written comments on upgrades required for interconnection; and (5) revises the definition of Small Generating Facility in the *pro forma* SGIP and *pro forma* SGIA to specifically include storage devices and revise provisions related to measuring the capacity of small generating facilities, including storage devices, to determine if a resource is a small generating facility and whether it is eligible for the Fast Track Process.

FERC approves a final rule

E-2, *Version 5 Critical Infrastructure Protection Reliability Standards*, Docket No. RM13-5-000. This final rule approves the Version 5 Critical Infrastructure Protection Reliability Standards, CIP-002-5 through CIP-011-1, submitted by the North American Electric Reliability Corporation (NERC). The final rule also approves 19 new or revised definitions associated with the CIP version 5 Standards for inclusion in the Glossary of Terms Used in NERC Reliability Standards. The final rule further directs NERC to develop modifications to the CIP version 5 Standards, and submit an informational filing.

FERC proposes a rule

E-3, *Monitoring System Conditions – Transmission Operations Reliability Standard; Transmission Operations Reliability Standards; Interconnection Reliability Operations and Coordination Reliability Standards*, Docket Nos. RM13-12-000, RM13-14-000, and RM13-15-000. This Notice of Proposed Rulemaking (NOPR) proposes to remand North American Electric Reliability Corporation's (NERC) proposed revisions to the Transmission Operations (TOP) and Interconnection Reliability Operations and Coordination Reliability Standards. The NOPR indicates that, because NERC's proposed revisions would no longer require entities to plan to operate within all system operating limits, a remand is appropriate. The NOPR raises other questions regarding NERC's proposed revisions and indicates that, depending on the explanations provided in NOPR commenters, further modifications on remand may be directed. The NOPR also proposes to approve NERC's proposed revision to Reliability Standard TOP-006.

FERC approves a final rule

E-4, *Electric Reliability Organization Proposal to Retire Requirements in Reliability Standards*, Docket No. RM13-8-000. The final rule addresses the North American Electric Reliability Corporation's (NERC) proposed retirement of 34 requirements within 19 Reliability Standards in response to the Commission's proposal in paragraph 81 of the March 15, 2012 order in Docket No. RC11-6-000. The final rule approves the retirement of the 34 requirements that either provide little protection for Bulk-Power System reliability or are redundant with other aspects of the Reliability Standards. In addition, the final rule withdraws 41 outstanding Commission directives that NERC make modifications to Reliability Standards that have been addressed in some other manner, are redundant with another directive, or provide general guidance as opposed to a specific directive.

FERC grants, in part, a request for declaratory order, subject to further tariff modifications

E-5, *Bonneville Power Administration*, Docket Nos. NJ12-7-000 & NJ12-13-000. The order grants, in part, Bonneville's petition for a declaratory order finding that its transmission tariff is a safe harbor reciprocity tariff. The order finds that certain proposed changes to Bonneville's tariff substantially conform with or are superior to the Commission's *pro forma* transmission tariff. However, the order also finds that several provisions of Bonneville's tariff – principally, allowing Bonneville to limit generator imbalance service for reasons other than physical infeasibility (*i.e.*, for reasons other than unreasonably impairing reliability), and allowing Bonneville to retain a price cap on reassignments of transmission capacity – must be modified in order for the tariff to be a safe harbor reciprocity tariff. Thus, the order finds that the Commission is unable to grant Bonneville's request for safe harbor reciprocity status at this time.

FERC grants, in part, and denies, in part, a complaint

E-6, *Hudson Transmission Partners v. New York Independent System Operator, Inc.* (NYISO), EL12-98-000. The order grants, in part, and denies, in part, the complaint by Hudson Transmission Partners, LLC (HTP) alleging that NYISO improperly implemented its New York City buyer-side market mitigation exemption test with respect to HTP's new merchant transmission facility. The order grants the complaint to the extent that it requires NYISO to provide the specific scaling factor (used to project energy revenues, which, in turn, are used in the mitigation analysis) that it applied to the HTP project, to explain in detail how such a factor was calculated, and to support its methodology. The order also directs NYISO to file a proposed tariff provision to incorporate the scaling methodology into its tariff. In addition, the order finds that NYISO should use HTP's actual cost of capital in the mitigation calculation, rather than the proxy cost of capital that NYISO used. However, the order further finds, in NYISO's favor, that NYISO appropriately included both the 2009 and 2010 Class Years in its mitigation analysis, appropriately relied on the data available at the time NYISO did its analysis rather than earlier data, appropriately used a scaling factor in projecting energy revenues for purposes of its analysis, and appropriately used PJM Base Residual Auction market clearing prices to estimate PJM capacity prices for purposes of its analysis.

FERC approves a final rule

E-10, *Regional Reliability Standard BAL-002-WECC-2 – Contingency Reserve*, Docket No. RM13-13-000. This final rule approves Western Electricity Coordinating Council's (WECC) regional Reliability Standard BAL-002-WECC-2 (Contingency Reserve). The final rule also retires the currently effective WECC regional Reliability Standard BAL-STD-002-0 (Operating Reserves) and removes two WECC Regional Definitions, "Non-Spinning Reserve" and "Spinning Reserve," from the NERC Glossary of Terms. The final rule further directs NERC to submit an informational filing after the first two years of implementation of regional Reliability Standard BAL-002-WECC-2 containing data that addresses the adequacy of contingency reserve in the Western Interconnection.

FERC grants request for a waiver

E-11, *Genesis Solar, LLC*, Docket No. OA13-8-000. This order grants Genesis Solar's request for waiver of its obligation under the Commission's regulations to file an Open Access Transmission Tariff, to establish and maintain an Open Access Same-Time Information System, and to comply with the Commission's Standards of Conduct.

FERC accepts and suspends proposed tariff, and makes it effective subject to refund after a five-month suspension

E-12, *Trans Bay Cable LLC*, Docket No. ER13-2412-000. The order accepts and suspends Trans Bay's proposed increase to its transmission revenue requirement and makes it effective subject to refund and a maximum five-month suspension period. The order also establishes settlement judge and hearing procedures to determine, among other things, the discounted cash flow range of reasonable returns on equity (ROE). The order further finds that the ultimate ROE should be set at the upper end of that range, not to exceed the filed 13.5 percent.

FERC accepts withdrawal of a proposed transmission service agreement

E-13, *Arizona Public Service Corporation*, Docket No. ER13-1612-000. This order grants Arizona Public Service Company's (APS) request to withdraw its proposed revisions to the Reciprocal Transmission Service Agreement (Agreement) with PacifiCorp and terminates the associated hearing and settlement judge procedures. The Commission set these proposed revisions for hearing and settlement judge procedures in an order issued on July 31, 2013. Following the July 31 order, APS and PacifiCorp engaged in bilateral discussions and agreed to terminate the Agreement and replace it with a conforming Transmission Service Agreement for firm point-to-point transmission service under the APS Open Access Transmission Tariff.

FERC denies rehearing

G-1, *High Island Offshore System, L.L.C.*, Docket No. RP09-487-004. This order denies rehearing of the Commission's Order on Reserved Issue, which addressed a question reserved for later Commission resolution in accordance with a settlement of HIOS' most recent general Natural Gas Act section 4 rate case. Specifically, this order affirms the Commission's determination that a Storm Event Surcharge applies to certain Rate-Schedule FT-2 shippers.

FERC denies rehearing; amends license

H-1, *Public Utility District No. 1 of Okanogan County, Washington*, Project No. 12569-004. The order denies American Whitewater's rehearing request of the July 9, 2013 order issuing a new license for the Enloe Hydroelectric Project No. 12569, to be located on the Similkameen River near the city of Oroville in Okanogan County, Washington. The order concludes that Commission staff did not violate the National Environmental Policy Act in determining that an aesthetic flow study was not needed prior to project construction, finding that, prior to project operation, flows over the existing dam and waterfalls located below the dam cannot be controlled to the extent needed to conduct a study of the actual aesthetics effects of a range of flows and that, after the project is in

operation, the license order provides a means for testing the proposed flow's effect on aesthetics and water quality while providing a framework for making improvements, if needed. The order also amends the July 9 order to include conditions added to the project's water quality certification by the Washington Pollution Control Hearings Board after the license order was issued. The new conditions require that minimum flows for aesthetic values be monitored and evaluated during the initial three years of operation and that permanent minimum flows be established based on that evaluation.

FERC issues new hydroelectric license, denies competing license application

H-2, *FirstLight Hydro Generating Company and City of Norwich Department of Public Utilities*, Project Nos. 2662-012 and 12968-001. The order issues a new license to FirstLight, the current licensee, to continue operation and maintenance of the Scotland Hydroelectric Project No. 2662 and denies the competing license application of Norwich Public Utilities. The project is located on the Shetucket River, in Windham County, Connecticut. The order concludes there are no significant differences between the proposals of the two applicants. Therefore, under the marginal incumbent preference established in Federal Power Act section 15(a)(2), the order awards the new license to FirstLight.

FERC approves a final rule

C-1, *Revisions to Auxiliary Installations, Replacement Facilities, and Siting and Maintenance Regulations*, Docket Nos. RM12-11-000 and RM12-11-001. This final rule: (1) amends the Commission's regulations to clarify that auxiliary installations defined under section 2.55(a) must be constructed within the authorized right-of-way or facility site and use the same temporary work space used to construct existing facilities; (2) amends the Commission's regulations to exempt from the landowner notification requirements of Part 157, replacement projects that alter the original facility's designed delivery capacity if the projects do not involve ground disturbance; and (3) codifies the common industry practice of notifying landowners prior to coming onto their property.

FERC authorizes new natural gas pipeline facilities in Maryland

C-2, *Columbia Gas Transmission, LLC*, Docket No. CP13-8-000. The order grants a request filed October 22, 2012, by Columbia to construct and operate the Line MB Expansion Project that would include about 21 miles of new 26-inch diameter natural gas pipeline and appurtenant facilities that would be located in Baltimore and Harford Counties, Maryland. The Line MB Expansion Project is part of Columbia's system-wide modernization program and is intended for the purpose of enhancing pipeline safety and service reliability.

FERC authorizes construction and operation of new natural gas pipeline facilities

C-3, *Transcontinental Gas Pipe Line Company, LLC*, Docket No. CP13-30-000. This order authorizes Transcontinental Gas Pipe Line Company, LLC (Transco) to construct and operate approximately 91 miles of 24-inch diameter pipeline along its existing South Virginia Lateral “A,” approximately seven miles of 24-inch diameter greenfield pipeline, a compressor station, and related facilities in Virginia, Maryland, Pennsylvania, and New Jersey (Virginia Southside Expansion Project). The project will allow Transco to provide Virginia Power Services Energy Corp., Inc. with 250,000 Dth/d of transportation service to serve the planned natural gas-fired power station of its affiliate, Virginia Electric and Power Company in Brunswick County, Virginia, and to provide Piedmont Natural Gas Company, Inc. with 20,000 Dth/d of service at its Pleasant Hill meter station in Northampton County, North Carolina.

FERC grants rehearing

C-4, *Discovery Gas Transmission, LLC*, Docket No. CP12-516-001. This order grants Discovery’s request for rehearing of the Commission’s May 24, 2013 order which granted Discovery a certificate of public convenience and necessity authorizing it to construct and operate a new junction platform, a mainline extension pipeline to extend Discovery’s existing system to the new platform, an emergency outage lateral pipeline, and other appurtenant facilities. Specifically, Discovery challenged the May 2013 order’s requirement that it recalculate its incremental recourse rates based on the design capacity of the mainline extension. Generally, initial rates are designed based on the capacity of the pipeline. However, in granting rehearing and approving Discovery’s initially `proposed incremental rates for service, this order takes into account the steep decline curve for new offshore production, Discovery’s use of 30-inch diameter pipeline only to physically accommodate system pigging needs, and Discovery’s rate schedule not guaranteeing it revenue recovery from the project. In an abundance of caution, this order also requires Discovery to file a cost and revenue study after four years of operation of the extension justifying its incremental initial rates.