



Federal Energy Regulatory Commission
May 15, 2014
Open Commission Meeting
Staff Presentation
Item E-5 & E-6

"Good morning, Acting Chairman and Commissioners,

"E-5 is a draft order on rehearing and compliance filing based on existing precedent regarding the required submission of an open access transmission tariff by Terra Gen Dixie Valley LLC. E-6 is a proposal that if made final by the Commission would change its policy prospectively, as will be discussed next.

"The draft order in E-5 grants in part and denies in part Terra-Gen's request for clarification and rehearing. In this draft order, the Commission would reject Terra-Gen's claim that the Commission lacks jurisdiction under sections 205 and 206 of the Federal Power Act to require the filing of an open access transmission tariff. The draft order also clarifies that Terra-Gen's use of its interconnection facilities' capacity to serve new increments of its own needs must be on a not unduly discriminatory basis under rates and terms specified under Terra-Gen's open access transmission tariff, and grants clarification regarding certain incremental transmission pricing principles.

"In addition, the draft order finds that Terra-Gen's proposed tariff sheets partially comply with the Commission's directives and orders a further compliance filing. Finally, in keeping with recent precedent, the draft order reverses the requirement in a December 2, 2011 order in this proceeding that, in order to obtain priority rights to the Dixie Valley Line, Terra-Gen's affiliate, New York Canyon, must acquire ownership rights to the line.

"This concludes our presentation of E-5. Becky Robinson will now present E-6.

"E-6 is a draft Notice of Proposed Rulemaking on Open Access and Priority Rights on Interconnection Customer's Interconnection Facilities. These facilities are often referred to as generator lead lines or generator tie lines, and are generally constructed to enable a generation facility or multiple generation facilities to transmit power to the integrated transmission grid.

"In a series of cases since Order No. 2003, parties have raised issues regarding the extent to which, if at all, third parties should be able to have open access for transmission on the Interconnection Customer's Interconnection Facilities. In these cases, the Commission has required the Interconnection Customer to provide open access transmission service over its facilities, but has also given the Interconnection Customer an opportunity to reserve excess capacity on these facilities for its own future use, provided it adequately demonstrates its plans to use such capacity.

"Following a technical conference, a Notice of Inquiry, and informal industry outreach, the draft Proposed Rule preliminarily finds that the Commission's policies that require the owners of Interconnection Customer's Interconnection Facilities to make excess capacity available to third parties unless it can justify its planned use of the line may impose risks and burdens on generators and create regulatory inefficiencies that are not necessary to achieve the Commission's open access goals. As such, the draft Proposed Rule preliminarily finds that the Commission requirements for achieving nondiscriminatory access over Interconnection Customer's Interconnection Facilities should be reformed to reduce regulatory burdens and promote development of generating facilities while continuing to

ensure open access to transmission facilities by eligible transmission customers.

“The draft Proposed Rule would, first, give a blanket waiver of the Open Access Transmission Tariff, Open Access Same-Time Information System, and Standards of Conduct requirements to any public utility that is subject to such requirements solely because it owns, controls, or operates Interconnection Customer’s Interconnection Facilities, and that sells electric energy from its Generating Facility. Second, the draft Proposed Rule would find that those seeking transmission service over Interconnection Customer’s Interconnection Facilities that are subject to the proposed blanket waiver discussed below must follow procedures applicable to requests for interconnection and transmission service under sections 210, 211, and 212 of the Federal Power Act. And third, the draft Proposed Rule would establish a five year safe harbor period during which there would be a rebuttable presumption that it is in the public interest for an entity subject to the blanket waiver to preserve use of any excess capacity on its Interconnection Customer’s Interconnection Facilities to serve its own or its affiliates’ future phased generator additions or expansions.

“This concludes our presentation of E-6. We are happy to answer any questions you may have.”