

147 FERC ¶ 61,190
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

New Brunswick Energy Marketing Corporation	Docket Nos. ER14-225-002
Blue Sky East, LLC	ER12-2068-005
Canandaigua Power Partners, LLC	ER10-2460-006
Canandaigua Power Partners II, LLC	ER10-2461-006
Erie Wind, LLC	ER12-682-007
Evergreen Wind Power, LLC	ER10-2463-006
Evergreen Wind Power III, LLC	ER11-2201-010
First Wind Energy Marketing, LLC	ER10-2464-003
Longfellow Wind, LLC	ER13-1585-003
Niagara Wind Power, LLC	ER13-17-004
Stetson Holdings, LLC	ER12-1311-006
Stetson Wind II, LLC	ER10-2466-007
Vermont Wind, LLC	ER11-4029-006
PSEG Energy Resources & Trade LLC	ER10-1789-003
Public Service Electric and Gas Company	ER10-1768-002
PSEG Power Connecticut LLC	ER10-1793-002
PSEG Fossil LLC	ER10-1770-002
PSEG Nuclear LLC	ER10-1771-002
PSEG New Haven LLC	ER12-1250-002

ORDER ON SIMULTANEOUS TRANSMISSION IMPORT
LIMIT VALUES FOR THE NORTHEAST REGION

(Issued June 6, 2014)

1. In December 2013 and February 2014, the above-captioned entities (collectively, Applicants)¹ submitted updated market power analyses for the Northeast region in

¹ New Brunswick Energy Marketing Corporation was granted an extension of time to submit its updated market power analysis to February 14, 2014. Additionally, we note that some of the Applicants submitted amendments to their filings.

accordance with the reporting schedule adopted in Order No. 697.² Applicants included Simultaneous Transmission Import Limit (SIL) values for the December 2011–November 2012 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).³ In addition, New Brunswick Energy Marketing Corporation (New Brunswick Energy Marketing) submitted SIL values for the New Brunswick System Operator balancing authority area, which includes the area served by the Northern Maine Independent System Administrator, Inc.

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)⁴ 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

² *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 848-50, *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), *aff'd sub nom. Mont. Consumer Counsel v. FERC*, 659 F.3d 910 (9th Cir. 2011), *cert. denied*, 133 S. Ct. 26 (2012).

³ 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.

⁴ SIL values may be based on simultaneous TTC. *See* Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 364; Order No. 697-A, FERC Stats. & Regs. ¶ 31,268 at P 133.

this order. The updated market power analyses for those transmission owners likewise are being addressed in separate orders in the relevant dockets.

I. Background

4. In Order No. 697, the Commission adopted a regional filing schedule for filing updated market power analyses.⁵ 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.⁶ 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.⁷

5. Each of the Northeast RTOs submitted to the Commission in Docket No. AD10-2-002 SIL values for its market,⁸ including its Commission-recognized submarkets.⁹ PJM submitted SIL values for the PJM market and the PJM East, AP South and 5004/5005 submarkets 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.¹⁰ NYISO submitted SIL values for the

⁵ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 882.

⁶ *Id.* P 889.

⁷ *Id.* P 379.

⁸ PJM submitted its SIL study on October 2, 2013 (as amended on April 7, 2014); ISO-NE submitted its SIL values on November 20, 2013; and NYISO submitted its SIL values on December 19, 2013.

⁹ There are a total of seven submarkets in the Northeast RTOs. Specifically, the submarkets in PJM are PJM East, AP South, and 5004/5005; the submarkets in NYISO are New York City and Long Island; and the submarkets in ISO-NE are Connecticut and Southwest Connecticut. *See* Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 236, 246; *Exelon Corp.*, 138 FERC ¶ 61,167, at P 31 (2012).

¹⁰ 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 2012 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.

NYISO market based on simultaneous TTC and SIL values for the New York City and Long Island submarkets based on other data.¹¹

6. As part of its updated market power analysis, New Brunswick Energy Marketing submitted SIL values for the New Brunswick balancing authority area based on simultaneous TTC.

II. Discussion

7. 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.

8. With respect to the PJM market and the PJM East, AP South, and 5004/5005 submarkets, we have reviewed PJM's submission, which contains SIL values relied upon by some of the Applicants, and we find that PJM performed its SIL studies correctly, with the adjustments reflected in its April 7, 2014 amendment. Accordingly, we will accept the SIL values identified in Appendix A for the PJM market and the PJM East, AP South, and 5004/5005 submarkets.

9. Some of the Applicants also rely on SIL values provided by ISO-NE and NYISO. As noted above, ISO-NE and NYISO submitted SIL values based on simultaneous TTC for their respective markets (excluding all submarkets). New Brunswick Energy Marketing also submitted SIL values for the New Brunswick balancing authority area based on simultaneous TTC. 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

¹¹ 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.

operating the transmission system and posting availability on [Open Access Same-Time Information System (OASIS)].”¹²

10. 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.

11. 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.

12. 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.¹³ Making these adjustments ensures that the simultaneous TTC values accurately reflect

¹² 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 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).

¹³ 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 PP 8-11 (2005); *AEP Power Marketing, Inc.*, 107 FERC ¶ 61,018, Appendix E, *order on reh’g*, 108 FERC ¶ 61,026 (2004).

the transmission capability available to first-tier generators that seek to sell power into the study area.

13. We find that the simultaneous TTC values prepared by ISO-NE, NYISO, and New Brunswick Energy Marketing are consistent with the Commission's requirements as discussed above. We therefore accept the SIL values identified in Appendix A for the ISO-NE and NYISO markets and the New Brunswick balancing authority area.

14. Additionally, we will accept the SIL values identified in Appendix A for the ISO-NE Connecticut and Southwest Connecticut submarkets. 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 2012 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, 2011 to November 30, 2012. 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.

15. We also accept the SIL values identified in Appendix A for the New York City submarket. To determine SIL values for this submarket, NYISO approximated the transfer capability into the New York City submarket by summing the transfer capability of the tie lines into that submarket. We find that this approach is acceptable for the purpose of setting SIL values for the New York City submarket.¹⁵

16. As noted above, NYISO's filing in Docket No. AD10-2-002 includes a study of the Long Island submarket. To determine SIL values for this submarket, NYISO approximated the transfer capability into the Long Island submarket by calculating the transfer capability of the tie lines into that submarket. We find that the use of this data is acceptable for the purpose of setting SIL values for the Long Island submarket and, therefore, will accept these SIL values for this submarket.¹⁶

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 10-year horizon.

¹⁵ *Bayonne Energy Center LLC*, 136 FERC ¶ 61,019, at P 17 (2011).

¹⁶ *NEPM II, LLC*, 137 FERC ¶ 61,189, at P 15 (2011).

17. 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 values provided in Appendix A. In the event that the results¹⁷ 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.

¹⁷ 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 2011 to November 2012				
Study Area	Winter 2011	Spring 2012	Summer 2012	Fall 2012
1 ISO-NE	4,548	4,548	4,548	4,548
2 Connecticut	2,500	2,500	2,500	2,500
3 Southwest Connecticut	2,450	2,900	3,200	2,820
4 New Brunswick	1,768	1,742	1,337	1,305
5 NYISO	8,099	7,360	7,820	8,130
6 New York City	5,800	5,550	5,550	5,550
7 Long Island	2,100	1,430	1,430	2,090
8 PJM	11,791	5,899	8,201	12,941
9 PJM East	7,267	4,570	6,993	8,368
10 AP South	4,888	4,346	7,489	7,968
11 5004/5005	8,869	5,517	7,956	8,071