

149 FERC ¶ 61,105
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;
Philip D. Moeller, Tony Clark,
and Norman C. Bay.

Puget Sound Energy, Inc.

Docket No. ER14-2801-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued November 7, 2014)

1. On September 8, 2014, Puget Sound Energy, Inc. (Puget Sound) filed revisions to Schedule 5 (Spinning Reserve Service) and Schedule 6 (Supplemental Reserve Service) of its Open Access Transmission Tariff (OATT) to conform to the new Western Electricity Coordinating Council (WECC) regional Reliability Standard BAL-002-WECC-2 (Contingency Reserve) requirements. In this order, we accept the revisions for filing, effective October 1, 2014, as requested.

I. Background

2. Pursuant to section 215 of the Federal Power Act (FPA),¹ a Commission-certified Electric Reliability Organization (ERO) is responsible for developing mandatory and enforceable Reliability Standards, subject to Commission review and approval. In July 2006, the Commission certified the North American Electric Reliability Corporation (NERC) as the ERO.² A Regional Entity, such as WECC, may also develop a Reliability Standard for Commission approval to be effective in that region only.³ Once approved,

¹ 16 U.S.C. § 824o (2012).

² *North American Elec. Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh'g and compliance*, 117 FERC ¶ 61,126 (2006), *order on compliance*, 118 FERC ¶ 61,030, *order on clarification and reh'g*, 119 FERC ¶ 61,046 (2007), *aff'd sub nom. Alcoa Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

³ A Regional Entity is an entity that has been approved by the Commission to enforce Reliability Standards under delegated authority from the ERO. *See* 16 U.S.C. §§ 824o(a)(7) and (e)(4).

Reliability Standards may be enforced by NERC, subject to the Commission's oversight, or by the Commission independently.⁴

3. In April 2013, NERC and WECC petitioned the Commission to approve BAL-002-WECC-2, which specifies the quantity and types of contingency reserve that balancing authorities and reserve sharing groups in the WECC region are required to maintain to ensure reliability during normal and abnormal conditions.⁵ In November 2013, the Commission approved BAL-002-WECC-2 which, among other things, requires that balancing authorities and reserve sharing groups maintain a minimum amount of contingency reserve equal to the greater of (1) the loss of the most severe single contingency, or (2) the sum of three percent of hourly integrated load plus three percent of hourly integrated generation.⁶ Requirement R1.1.3 of BAL-002-WECC-2 provides that the minimum contingency reserve calculation is based on real-time hourly load and generating energy values averaged over each clock hour (excluding qualifying facilities covered in 18 C.F.R. § 292.101, as addressed in FERC Opinion No. 464⁷).⁸ As a balancing authority, Puget Sound is required to comply with BAL-002-WECC-2, which became effective October 1, 2014.

II. Puget Sound's Filing

4. On September 8, 2014, Puget Sound submitted revisions to Schedule 5 and Schedule 6 of its OATT to make the reserve obligations of its transmission customers under Schedules 5 and 6 consistent with Puget Sound's own obligation to supply reserves on the customers' behalf under BAL-002-WECC-2.⁹ Under Puget Sound's current

⁴ 16 U.S.C. § 824o(e).

⁵ The NERC Glossary of Terms Used in NERC Reliability Standards defines Contingency Reserve as "[t]he provision of capacity deployed by the Balancing Authority to meet the Disturbance Control Standard (DCS) and other NERC and Regional Reliability Organization contingency requirements."

⁶ *Regional Reliability Standard BAL-002-WECC-2 - Contingency Reserve*, Order No. 789, 145 FERC ¶ 61,141 (2013) (Order No. 789).

⁷ *Calif. Indep. Sys. Operator Corp.*, Opinion No. 464, 104 FERC ¶ 61,196 (2003) (Opinion No. 464).

⁸ See WECC Standard BAL-002-WECC-2 – Contingency Reserve at R1.1.3, available at <http://www.nerc.com/files/BAL-002-WECC-2.pdf>; see also Order No. 789, 145 FERC ¶ 61,141 at P 54.

⁹ Puget Sound Filing at 3.

Schedule 5, transmission customers are required to purchase from Puget Sound, or make alternative comparable arrangements to obtain, an amount of spinning reserves equal to 3.13 percent of the customer's reserved capacity for point-to-point transmission service, or 3.13 percent of the customer's monthly network load for network service customers. Under Puget Sound's current Schedule 6, transmission customers are required to purchase from Puget Sound, or make alternative comparable arrangements to obtain, an equivalent amount of supplemental reserves. Customers are not assessed a reserve obligation for generation located in the Puget Sound balancing authority area under Puget Sound's current Schedule 5 or 6.¹⁰

5. Puget Sound states that the proposed revisions to Schedule 5 would require transmission customers to purchase from Puget Sound, or make alternative comparable arrangements to obtain, an amount of spinning reserves equal to 1.5 percent of the customer's reserved capacity for point-to-point transmission service, or 1.5 percent of the customer's monthly network load for network service customers, plus 1.5 percent of the capacity of a generating resource (including designated network resources) identified as the "source" in the transmission customer's transmission schedule and located within or dynamically scheduled to Puget Sound's balancing authority area. Transmission customers would be required to purchase from Puget Sound, or make alternative comparable arrangements to obtain, an equivalent quantity of supplemental reserves under Puget Sound's proposed revisions to Schedule 6.¹¹

6. Puget Sound requests waiver of the Commission's 60-day notice requirement pursuant to section 35.11 of the Commission's regulations, in order for its revisions to become effective October 1, 2014, which is the date BAL-002-WECC-2 became effective.¹² Puget Sound contends that good cause exists to grant the waiver because the proposed OATT amendments are being filed to make Puget Sound's transmission customer reserve obligations under Schedules 5 and 6 of the OATT consistent with Puget Sound's own obligation to supply reserves on the customers' behalf under a new, mandatory regional reliability standard.¹³

¹⁰ *Id.* at 2.

¹¹ *Id.* at 2-3.

¹² *Id.* at 3.

¹³ *Id.*

III. Notice of Filing and Responsive Pleadings

7. Notice of the filing was published in the *Federal Register*, 79 Fed. Reg. 55,447 (2014), with interventions and protests due on or before September 29, 2014. Timely motions to intervene were filed by Powerex Corp. and the Sacramento Municipal Utility District (SMUD). Sierra Pacific Industries, Inc. (Sierra Pacific) filed a timely motion to intervene and protest. Puget Sound filed a motion for leave to answer and answer to the protest on October 14, 2014. Sierra Pacific filed a motion for leave to answer and answer on October 16, 2014.

A. Sierra Pacific Protest

8. Sierra Pacific argues that Puget Sound has failed to demonstrate that the proposed OATT revisions conform to BAL-002-WECC-2 and result in rates for transmission customers that are just and reasonable, and not unduly discriminatory or preferential, as required by section 205 of the FPA.¹⁴ Sierra Pacific states that it owns an approximately 28 MW cogeneration facility that is integrated with its saw mill in Mount Vernon, Washington and is self-certified as a qualifying facility. Sierra Pacific explains that the facility is interconnected with Puget Sound's transmission system and that Sierra Pacific has contracted with Puget Sound to provide backup and maintenance power in the event of a planned or forced outage at the facility. Sierra Pacific states that, after serving the load of its saw mill, Sierra Pacific sells any surplus energy generated by its facility (up to 18 MW) to SMUD.¹⁵ Sierra Pacific purchases firm point-to-point transmission service from Puget Sound and therefore, is subject to charges under Schedule 5 and Schedule 6 of the Puget Sound OATT.¹⁶

9. Sierra Pacific states that Requirement R1.1.3 of BAL-002-WECC-2 provides that the minimum contingency reserve calculation should be based on "real-time hourly load and generating energy values averaged over each Clock Hour (excluding Qualifying Facilities covered in 18 C.F.R. § 292.101, as addressed in FERC Opinion 464)."¹⁷ Sierra Pacific claims that Puget Sound has failed to demonstrate that the proposed revisions to Schedules 5 and 6 of its OATT are just and reasonable, and not unduly discriminatory or preferential because (1) they charge "transmission customers based on capacity rather than net generation (or real-time hourly load and generating energy values average over

¹⁴ Sierra Pacific Protest at 2.

¹⁵ *Id.* at 3, n.5.

¹⁶ *Id.* at 3.

¹⁷ *Id.* at 4 (citing Order No. 789, 145 FERC ¶ 61,141 at P 54).

each Clock Hour”); and (2) they do not “exclude qualifying facilities covered in 18 C.F.R. § 292.101, as addressed in FERC Opinion 464” in accordance with the language of BAL-002-WECC-2.¹⁸

10. Accordingly, Sierra Pacific requests that the Commission direct Puget Sound to revise Schedules 5 and 6 of its OATT to: (1) base its charges on “real-time hourly load and generating energy values averaged over each Clock Hour” (rather than capacity); and (2) exclude qualifying facilities covered in 18 C.F.R. § 292.101, as addressed in FERC Opinion No. 464, and make such revisions effective October 1, 2014. Alternatively, Sierra Pacific asks that the Commission accept the revisions subject to refund and institute further proceedings to determine if the revisions are just and reasonable and not unduly discriminatory or preferential.¹⁹

B. Puget Sound Answer

11. Puget Sound argues that the two purported errors identified in Sierra Pacific’s protest do not require corrective action by the Commission and that the proposed OATT revisions should be accepted.²⁰ In response to Sierra Pacific’s argument that Schedules 5 and 6 must base charges on real-time hourly load and generating energy values averaged over each clock hour, rather than capacity, Puget Sound asserts that Sierra Pacific confuses Puget Sound’s contingency reserve obligation at any given time under BAL-002-WECC-2—which is measured by clock-hour average integrated generation and load—with the fixed cost to Puget Sound of maintaining sufficient reserves to be in compliance with a variety of hourly integrated generation and load scenarios over the course of a month or year, during which period fixed costs do not change in response to clock-hour average integrated generation and load.²¹

12. Puget Sound states that, while its compliance with BAL-002-WECC-2 during a particular hour will be measured based on the average integrated output of generation in Puget Sound’s balancing authority area, average hourly output is a backward-looking metric. To ensure compliance with BAL-002-WECC-2, Puget Sound explains that it must make a forward-looking determination of the amount of generation output that could be injected into its balancing area authority during any particular clock hour, and

¹⁸ Sierra Pacific Protest at 6.

¹⁹ *Id.* at 7.

²⁰ Puget Sound Answer at 2-3.

²¹ *Id.*

maintain sufficient operating reserves in order to comply with BAL-002-WECC-2 given that determination.²² Puget Sound asserts that determining the amount of operating reserves that a balancing authority must plan for and maintain must take into account the capacity of a generator to produce energy, even if it is not operating at full capacity in every hour.²³ Puget Sound states that it must plan for and maintain sufficient reserve capacity even in peak scenarios, in the event a generator operating at peak capacity experiences a contingency and must be taken offline, and that the costs of maintaining sufficient operating reserve capacity to remain compliant with its contingency reserve obligations are not reduced during clock hours when average integrated generation in its balancing authority area is less than full capacity.²⁴ Accordingly, Puget Sound argues that charges under Schedules 5 and 6 should not be reduced to reflect sub-capacity clock hours.

13. Puget Sound asserts that Sierra Pacific misunderstands the nature of reserves, which Puget Sound contends the Commission has defined as a capacity product that should be billed based on peak, rather than instantaneous demand.²⁵ According to Puget Sound, the Commission has always recognized that spinning and supplemental reserves “are capacity-only services provided from generation that is available in the event of a system contingency.”²⁶ Puget Sound argues that the cost of supplying capacity products such as reserves should be recovered on the basis of peak demand in the case of load or, in the case of a generator, maximum capability to produce.²⁷ Puget Sound further asserts that the Commission has permitted balancing authorities to recover a percentage of the fixed cost of generating capacity used to supply operating reserves through OATT Schedules 5 and 6.²⁸ Thus, Puget Sound states that it is appropriate to propose to assess reserve charges to generators in its balancing authority area based on three percent of the capacity of the generator, as identified in an interconnection agreement or transmission

²² *Id.* at 6-7.

²³ *Id.* at 3.

²⁴ *Id.* at 7.

²⁵ *Id.* at 6.

²⁶ *Id.* at 3 (citing *Sierra Pac. Power Co.*, 93 FERC ¶ 61,107, at 61,306 (2000)).

²⁷ Puget Sound Answer at 7.

²⁸ *Id.* at 3.

service reservation, which represents the maximum amount of “hourly integrated generation” for which Puget Sound would have to supply contingency reserves.²⁹

14. With respect to Sierra Pacific’s claim that Puget Sound’s OATT Schedule 5 and 6 fail to exclude qualifying facilities covered in 18 C.F.R. § 292.101, as addressed in FERC Opinion No. 464, Puget Sound claims that it is aware of and plans to observe the parenthetical language in Requirement R1.1.3 of BAL-002-WECC-2 that provides for the exclusion.³⁰ Puget Sound states that Sierra Pacific implies that qualifying facilities should receive an unqualified exemption from paying reserve charges under Schedules 5 and 6 of the Puget Sound OATT. Puget Sound argues that, based on Opinion No. 464 and previous orders on WECC’s reserve standards, BAL-002-WECC-2’s exclusion for “qualifying facilities covered in 18 C.F.R. § 292.101, as addressed in FERC Order 464” should be read as applying to the behind-the-meter generation consumed by on-site load that is integrated with a qualifying facility and has a contract with a local utility for backup power supply.³¹ To the extent a qualifying facility’s net generation is not consumed behind-the-meter and is placed onto the grid, Puget Sound states that it must carry contingency reserves for such generation pursuant to BAL-002-WECC-2. Accordingly, Puget Sound argues that there is no reason qualifying facilities should be exempt from a reserve obligation for net generation and states that its proposed tariff revisions reflect that obligation.³²

15. Puget Sound explains that it intends to assess Schedule 5 and Schedule 6 charges to any qualifying facility in the Puget Sound balancing authority area that has the ability to inject net generation not consumed behind-the-meter onto the Puget Sound transmission system on the basis of such net generation. In particular, Puget Sound states that in the case of Sierra Pacific’s 31 MW³³ qualifying facility in the Puget Sound balancing authority area, which has a long-term firm point-to-point transmission reservation for 19 MW, Puget Sound will invoice Sierra Pacific for Schedule 5 and Schedule 6 service based on a combined three percent of the 19 MW transmission

²⁹ *Id.*

³⁰ *Id.* at 2.

³¹ *Id.* at 4-5 (citing Opinion No. 464, 104 FERC ¶ 61,196 at PP 11-22).

³² Puget Sound Answer at 5.

³³ Puget Sound explains that, while Sierra Pacific states that its facility is “approximately 28 MW,” Sierra Pacific’s Large Generator Interconnection Agreement with Puget Sound indicates a capacity of 31 MW.

reservation, rather than three percent of the 31 MW capacity, in recognition of the fact that the 12 MW difference between the facility's capacity and transmission reservation is generally consumed behind-the-meter and excluded from Puget Sound's reserve obligations under BAL-002-WECC-2.³⁴ Puget Sound explains that it believes that the language of its proposed OATT Schedules 5 and 6, which provides that the "billing determinants for this service shall be reduced by any portion of the purchase obligation that a Transmission Customer obtains from third parties or supplies itself[,]” allows Puget Sound the flexibility to invoice qualifying facilities with onsite load and a contract for backup power supply using a combined three percent of a qualifying facility's transmission reservation as billing determinant rather than capacity because the contract for backup supply for the onsite load effectively constitutes self-supply or third party supply of reserves.³⁵

C. Sierra Pacific Answer

16. Sierra Pacific notes that Puget Sound argues that Schedule 5 and 6 charges should not be reduced to reflect sub-capacity clock hours because reserves are a capacity product and the cost of supplying reserves should be recovered on the basis of peak demand in the case of load or, in the case of a generator, maximum capability to produce.³⁶ Sierra Pacific asserts that the Commission should reject Puget Sound's argument because it is attempting to re-litigate an issue already decided by the Commission in Order No. 789. In support of its assertion, Sierra Pacific states that, when considering NERC's proposal for BAL-002-WECC-2, the Commission noted that the existing WECC-BAL-STD-002-0 called for each balancing authority to maintain a contingency reserve based on: (1) the loss of generating capacity due to forced outages of generation or transmission equipment that would result from the most severe single contingency; or (2) the sum of five percent of load responsibility served by hydro generation and seven percent of load responsibility served by thermal generation.³⁷ Sierra Pacific states that, by contrast, BAL-002-WECC-2 requires that each balancing authority maintain contingency reserves equal to the sum of three percent of the load (generation minus station service minus net actual interchange) and three percent of net generation (generation minus station service).³⁸

³⁴ *Id.* at 5-6.

³⁵ *Id.* at 6, n.11.

³⁶ Sierra Pacific Answer at 3-4.

³⁷ *Id.* at 4 (citing Order No. 789, 145 FERC ¶ 61,141 at P 31).

³⁸ Sierra Pacific Answer at 4.

17. Sierra Pacific further asserts that other transmission providers in the Pacific Northwest region of WECC have adopted changes to OATT Schedules 5 and 6 that are consistent with Order No. 789. Sierra Pacific states that NorthWestern Corporation filed changes to its Montana OATT Schedules 5 and 6 to specify minimum operating reserves equal to the sum of “(i) three percent (3%) of the hourly integrated generation (serving load or selling off-system) and (ii) three percent (3%) of the Transmission Customer’s hourly integrated load.”³⁹ Sierra Pacific explains that these proposed changes were recently accepted by delegated letter order.⁴⁰ Sierra Pacific states that the Bonneville Power Administration uses billing factors for spinning and supplement operating reserves based on hourly integrated load and hourly integrated generation.⁴¹ Sierra Pacific contends that Puget Sound has provided no explanation for why it is different from other WECC transmission providers.⁴²

18. Sierra Pacific claims that Puget Sound asserts no revisions to its OATT need to be made for the qualifying facility exclusion in BAL-002-WECC-2 because, even though Schedules 5 and 6 base charges on capacity, those schedules provide that “[t]he billing determinants for this service shall be reduced by any portion of the purchase obligation that a Transmission Customer obtains from third parties or supplies itself.”⁴³ Sierra Pacific argues that this language is ambiguous and should be revised to provide clarity to the qualifying facility exclusion. Sierra Pacific asserts that the current reference to capacity in Schedules 5 and 6 could be interpreted as nameplate capacity, or the capacity limitation of an interconnection agreement, and that there is no assurance that a contract for backup service to a qualifying facility would be treated as self-supply or third party supply of reserves. Sierra Pacific contends that, therefore, the Commission should direct Puget Sound to revise Schedules 5 and 6 to explicitly provide for the qualifying facility exclusion established in Opinion No. 464.⁴⁴

³⁹ *Id.* at 5 (citing NorthWestern Corp. (Montana) OATT Order No. 789 Compliance Filing, Docket No. ER14-2546-000, at Attachments 1-4 (filed July 31, 2014)).

⁴⁰ *NorthWestern Corp.*, Docket No. ER14-2546-000 (Sept. 19, 2014) (delegated letter order).

⁴¹ Sierra Pacific Answer at 6.

⁴² *Id.*

⁴³ *Id.* at 6-7.

⁴⁴ *Id.* at 7.

IV. Discussion

A. Procedural Matters

19. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

20. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2), prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We will accept the answers because they have provided information that has assisted us in our decision-making process.

B. Substantive Matters

21. The Commission will accept Puget Sound's proposed revisions to its OATT, effective October 1, 2014, as requested. We find Puget Sound's proposed OATT revisions to be just and reasonable and not unduly discriminatory or preferential.

22. We are not persuaded by Sierra Pacific's arguments that Schedules 5 and 6 of Puget Sound's OATT must base their charges on "real-time hourly load and generating energy values averaged over each Clock Hour" and explicitly exclude qualifying facilities "covered in 18 C.F.R. § 292.101, as addressed in FERC Opinion No. 464."⁴⁵ Regional Reliability Standard BAL-002-WECC-2 imposes an independent obligation on Puget Sound to maintain the prescribed minimum amount of contingency reserves. As Puget Sound explains, BAL-002-WECC-2 imposes the requirement to carry reserves while Schedules 5 and 6 of Puget Sound's OATT "enable [Puget Sound] to recover the costs incurred...to carry reserves for generation and load in compliance with the new Reliability Standard BAL-002-WECC-2."⁴⁶ Neither BAL-002-WECC-2 nor Order No. 789 requires entities such as Puget Sound to revise their OATTs to include the exact language that is contained in BAL-002-WECC-2.

23. Accordingly, we disagree with Sierra Pacific's argument that the proposed amendment to Puget Sound's OATT is not just and reasonable because it "does not conform to the regional Reliability Standard BAL-002-WECC-2."⁴⁷ Puget Sound is obligated to comply with BAL-002-WECC-2 regardless of whether Puget Sound's OATT

⁴⁵ See Sierra Pacific Protest at 7.

⁴⁶ Puget Sound Answer at 1.

⁴⁷ See Sierra Pacific Protest at 1.

contains the same language as the standard. The question in this case is whether Puget Sound's proposed OATT revisions result in rates that are just and reasonable and not unduly discriminatory or preferential.

24. We find that Puget Sound's proposed OATT revisions that would calculate transmission customer charges under Schedules 5 and 6 using the customer's reserved capacity for point-to-point transmission service (or the customer's monthly network load for network service customers), plus the capacity of the generating resource identified as the "source" in the transmission customer's transmission schedule, are just and reasonable and not unduly discriminatory or preferential.

25. As Puget Sound explains, its contingency reserve obligation at any given time under BAL-002-WECC-2, which is measured using a percentage of clock-hour average integrated generation and load, may be different than the fixed cost to Puget Sound of maintaining reserves sufficient to be in compliance with the standard in a variety of scenarios that could occur over a period of time.⁴⁸ The clock-hour average integrated generation and load measure in the standard is a metric that is used to determine if, during a given hour in the past, an entity had an amount of contingency reserves at least equal to the required minimum percentage of integrated generation and load that was on the entity's system at that time. However, in order to ensure compliance with the standard, an entity such as Puget Sound must forecast the amount of generation and load that may be on its system during any given hour and obtain reserves sufficient to cover that amount. As Puget Sound acknowledges, it must maintain sufficient reserves to comply with BAL-002-WECC-2 even in peak scenarios in the event that, for example, a generator operating at peak capacity must be taken offline.⁴⁹ Therefore, we believe it is just and reasonable for Puget Sound to assess charges under Schedules 5 and 6 based on the capacity of a transmission customer's generator and/or transmission reservation because that capacity represents a reasonable forecast of the customer's peak generation and/or load and Puget Sound must maintain contingency reserves on the basis of those peak amounts in order to ensure compliance with BAL-002-WECC-2.

26. Sierra Pacific contends that Puget Sound's arguments in support of its proposal to calculate charges under Schedules 5 and 6 using capacity are an attempt to re-litigate an issue already decided by the Commission in Order No. 789.⁵⁰ In support of this contention, Sierra Pacific points to language in the regional Reliability Standard that

⁴⁸ See Puget Answer at 2.

⁴⁹ *Id.* at 7.

⁵⁰ Sierra Pacific Answer at 4.

preceded BAL-002-WECC-2 which allowed entities to maintain reserves based on “the loss of generating capacity...that would result from the most severe single contingency” and states that now, BAL-002-WECC-2 determines necessary reserves based on net generation.⁵¹ Sierra Pacific also points to a statement in Order No. 789 that a calculation of minimum contingency reserves based on three percent of net generation and three percent of net load would fairly balance the responsibilities of contingency reserve providers with the financial obligations of those who would benefit most from those services.⁵²

27. We disagree with Sierra Pacific and do not believe that Order No. 789 decided the issue before the Commission in this case. In Order No. 789, the Commission determined whether to approve a regional Reliability Standard under section 215 of the FPA. Order No. 789 did not address the OATT language that would be acceptable under FPA section 205 for purposes of recovering the costs of complying with BAL-002-WECC-2.

28. Sierra Pacific further argues that the Commission should require Puget Sound to base its Schedules 5 and 6 charges on real-time hourly load and generating energy values because other transmission providers in the Pacific Northwest region of WECC have adopted changes to their OATTs that are different than Puget Sound’s proposed changes and that, Sierra Pacific contends, are “consistent with the Commission’s ruling in Order No. 789.”⁵³ Sierra Pacific contends that Puget Sound has provided no explanation for why its tariff language is different from the language adopted by the transmission providers that Sierra Pacific cites.⁵⁴

29. We are not persuaded by Sierra Pacific’s arguments. In this order, we find that, given the particular circumstances of this case, Puget Sound’s proposed OATT revisions are just and reasonable and not unduly discriminatory or preferential. This finding does not necessarily require Puget Sound’s OATT to be identical to the OATTs of other transmission providers or require an explanation from Puget Sound as to why its OATT may not be identical to those of other transmission providers. Puget Sound has adequately explained why its proposed OATT revisions do not mirror the language in BAL-002-WECC-2.

⁵¹ *Id.*

⁵² *Id.* at 4-5.

⁵³ *Id.* at 5.

⁵⁴ *Id.* at 6.

30. We also find that Puget Sound's proposed OATT revisions are just and reasonable and not unduly discriminatory or preferential even though BAL-002-WECC-2's exclusion for "Qualifying Facilities covered in 18 C.F.R. § 292.101, as addressed in FERC Order 464" will not be explicitly repeated in Schedules 5 or 6. As noted above, BAL-002-WECC-2 imposes an obligation that is independent from any OATT requirements. Accordingly, even if an OATT does not explicitly repeat the exclusion that is in the standard, the language of the standard itself provides that "Qualifying Facilities covered in 18 C.F.R. § 292.101, as addressed in FERC Order 464," will be excluded from the calculation of the minimum amount of contingency reserves to be maintained. We do not believe it is necessary for Puget Sound to reproduce the exclusion in Schedules 5 or 6.

31. However, we clarify that while we accept Puget Sound's proposed revisions even though Schedules 5 and 6 will not repeat this exclusion, Puget Sound and other entities that must comply with BAL-002-WECC-2 remain obligated to exclude "Qualifying Facilities covered in 18 C.F.R. § 292.101, as addressed in FERC Order 464" when determining the charges that their customers are assessed for purposes of recovering the costs of complying with BAL-002-WECC-2.⁵⁵

The Commission orders:

Puget Sound's proposed revisions to its OATT are hereby accepted, effective October 1, 2014, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁵⁵ Puget Sound has represented that it intends to observe this obligation and will not assess Sierra Pacific charges under Schedule 5 or 6 for the portion of its qualifying facility's generation that falls within the exclusion. *See* Puget Sound Answer at 2, 5-6.