

FEDERAL ENERGY REGULATORY COMMISSION  
Washington, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:  
Adelanto Solar, LLC  
Docket No. ER15-1883-000

July 22, 2015

Mr. Joel D. Newton  
Senior Attorney for Adelanto Solar, LLC  
NextEra Energy Resources, LLC  
801 Pennsylvania Avenue, N.W.  
Suite 220  
Washington, D.C. 20004

Reference: Market-Based Rate Authorization

Dear Mr. Newton:

On June 5, 2015, you filed on behalf of Adelanto Solar, LLC (Adelanto Solar) an application for market-based rate authority with an accompanying tariff. The proposed market-based rate tariff provides for the sale of energy, capacity, and ancillary services at market-based rates.<sup>1</sup> Adelanto Solar requests waivers commonly granted to similar market-based rate applicants.

Your filing was noticed on June 8, 2015, with comments, protests or interventions due on or before June 26, 2015. None was filed.

Pursuant to the authority delegated to the Director, Division of Electric Power Regulation - West, under 18 C.F.R. § 375.307, your submittal filed in the referenced docket is accepted for filing, effective August 5, 2015, as requested.<sup>2</sup> Based on your

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<sup>1</sup> Adelanto Solar requests authorization to sell ancillary services in the markets administered by PJM Interconnection, L.L.C., New York Independent System Operator, Inc., ISO New England Inc. (ISO-NE), California Independent System Operator Corp. (CAISO), Midcontinent Independent System Operator, Inc., and Southwest Power Pool, Inc. Adelanto Solar also requests authorization to engage in the sale of certain ancillary services as a third-party provider in other markets.

<sup>2</sup> We note that Adelanto Solar is not being granted authority to make third-party sales of operating reserves to a public utility that is purchasing ancillary services to

representations, Adelanto Solar meets the criteria for a Category 2 seller in the Southwest region and a Category 1 seller in the Northeast, Southeast, Central, Southwest Power Pool, and Northwest regions and is so designated.<sup>3</sup>

You state that Adelanto Solar will own and operate a 20 megawatt (MW) solar generation facility located in Adelanto, California, within the CAISO market. You further state that output of the facility will be fully committed under a long-term power purchase agreement. You add that Adelanto Solar is wholly owned by Adelanto Solar Funding, LLC, an indirect subsidiary of NextEra Energy, Inc. You represent that Adelanto Solar is affiliated with several entities that own generation facilities in the CAISO market and first-tier balancing authority areas. You state that certain affiliates of Adelanto Solar have Open Access Transmission Tariffs on file with the Commission, namely Florida Power & Light Company, Sagebrush, a California Partnership, Sky River LLC, and Peetz Logan Interconnect, LLC. You further state that another affiliate, New Hampshire Transmission, LLC, has turned over control of its transmission facilities to ISO-NE. Therefore, you represent that Adelanto Solar and its affiliates have mitigated any transmission market power. Further, you affirmatively state that Adelanto Solar has not erected barriers to entry and will not erect barriers to entry into the relevant market.

You represent that Adelanto Solar meets the criteria for Category 1 seller status in the Northeast, Southeast, Central, Southwest Power Pool, and Northwest regions because it does not own or control generation in each region; it does not own, operate, or control transmission facilities other than the limited equipment necessary to connect individual generating facilities to the transmission grid; it is not affiliated with anyone that owns, operates, or controls transmission facilities or a franchised public utility in the same

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satisfy its own open access transmission tariff requirements to offer ancillary services to its own customers. If Adelanto Solar seeks such authority, it must make the required showing and receive Commission authorization prior to making such sales. *See Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies*, Order No. 784, FERC Stats. & Regs. ¶ 31,349, at PP 200-202 (2013), *order on clarification*, Order No. 784-A, 146 FERC ¶ 61,114 (2014).

<sup>3</sup> *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). Adelanto Solar must file an updated market power analysis for each region in which it is designated as a Category 2 seller in compliance with the regional reporting schedule adopted in Order No. 697.

region as Adelanto Solar's generation assets; and it does not raise other vertical market power issues.

### **Market-Based Rate Authorization**

The Commission allows power sales at market-based rates if the seller and its affiliates do not have, or have adequately mitigated, horizontal and vertical market power.<sup>4</sup>

You state that Adelanto Solar relies on NRG Power Marketing LLC's recently accepted market power analysis<sup>5</sup> to demonstrate that Adelanto Solar passes both the pivotal supplier and the wholesale market share screens for the CAISO market. Accordingly, Adelanto Solar's submittal<sup>6</sup> satisfies the Commission's requirements for market-based rate authority regarding horizontal market power.

Based on your representations, Adelanto Solar's submittal also satisfies the Commission's requirements for market-based rates regarding vertical market power.

Adelanto Solar's request for waiver of Subparts B and C of Part 35 of the Commission's regulations requiring the filing of cost-of-service information, except for sections 35.12(a), 35.13(b), 35.15 and 35.16 is granted. Adelanto Solar's request for waiver of Part 41 and Part 141 of the Commission's regulations concerning accounting and reporting requirements is granted with the exception of 18 C.F.R. §§ 141.14 and 141.15.<sup>7</sup> Adelanto Solar's request for waiver of Part 101 of the Commission's regulations is hereby granted, with the exception that waiver of the provisions of Part 101 that apply to hydropower licensees is not granted with respect to licensed hydropower projects.<sup>8</sup> Notwithstanding the waiver of the accounting and reporting requirements here,

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<sup>4</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 62, 399, 408, 440.

<sup>5</sup> *NRG Power Marketing LLC*, Docket No. ER10-1569-007 (April 22, 2014) (delegated letter order).

<sup>6</sup> The next time Adelanto Solar makes a market-based rate filing with the Commission, it must include a revised tariff in compliance with Appendix C – Limitations and Exemptions Regarding Market-Based Rate Authority to include appropriate citations. *Niagara Mohawk Power Corporation*, 121 FERC ¶ 61,275 (2007) at P 8. *See also*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268 at P 384.

<sup>7</sup> *Citizens Energy Corp.*, 35 FERC ¶ 61,198 (1986); *Citizens Power and Light Corp.*, 48 FERC ¶ 61,210 (1989) (*Citizens Power*); *Enron Power Marketing, Inc.*, 65 FERC ¶ 61,305 (1993), *order on reh'g*, 66 FERC ¶ 61,244 (1994) (*Enron*).

<sup>8</sup> Hydropower licensees are required to comply with the requirements of the

Adelanto Solar is expected to keep its accounting records in accordance with generally accepted accounting principles.

Adelanto Solar requests blanket authorization under Part 34 of the Commission's regulations for all future issuances of securities and assumptions of liability. A separate notice was published in the Federal Register establishing a period during which protests could be filed. None was filed. Adelanto Solar is authorized to issue securities and assume obligations or liabilities as guarantor, indorser, surety, or otherwise in respect of any security of another person; provided that such issue or assumption is for some lawful object within the corporate purposes of Adelanto Solar, compatible with the public interest, and reasonably necessary or appropriate for such purposes.<sup>9</sup>

Adelanto Solar must file an Electric Quarterly Report (EQR) with the Commission, consistent with Orders Nos. 2001<sup>10</sup> and 768.<sup>11</sup> Adelanto Solar must file EQRs electronically with the Commission consistent with the procedures set forth in Order No. 770.<sup>12</sup> Adelanto Solar further must timely report to the Commission any

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Uniform System of Accounts pursuant to 18 CFR Part 101 to the extent necessary to carry out their responsibilities under Part I of the Federal Power Act (FPA). We further note that a licensee's status as a market-based rate seller under Part II of the FPA does not exempt it from its accounting responsibilities as a licensee under Part I of the FPA. *See Seneca Gen., LLC*, 145 FERC ¶ 61,096, at P 23, n.20 (2013) (citing *Trafalgar Power, Inc.*, 87 FERC ¶ 61,207, at 61,798 (1999) (noting that "all licensees are required to comply with the requirements of the Uniform System of Accounts to the extent necessary to carry out their responsibilities under [s]ections 4(b), 10(d) and 14 of the FPA")).

<sup>9</sup> *Citizens Power*, 48 FERC ¶ 61,210; *Enron*, 65 FERC ¶ 61,305.

<sup>10</sup> *Revised Public Utility Filing Requirements*, Order No. 2001, FERC Stats. & Regs. ¶ 31,127, *reh'g denied*, Order No. 2001-A, 100 FERC ¶ 61,074, *reh'g denied*, Order No. 2001-B, 100 FERC ¶ 61,342, *order directing filing*, Order No. 2001-C, 101 FERC ¶ 61,314 (2002), *order directing filing*, Order No. 2001-D, 102 FERC ¶ 61,334, *order refining filing requirements*, Order No. 2001-E, 105 FERC ¶ 61,352 (2003), *order on clarification*, Order No. 2001-F, 106 FERC ¶ 61,060 (2004), *order revising filing requirements*, Order No. 2001-G, 120 FERC ¶ 61,270, *order on reh'g and clarification*, Order No. 2001-H, 121 FERC ¶ 61,289 (2007), *order revising filing requirements*, Order No. 2001-I, FERC Stats. & Regs. ¶ 31,282 (2008).

<sup>11</sup> *Elec. Mkt. Transparency Provisions of Section 220 of the Fed. Power Act*, Order No. 768, FERC Stats. & Regs. ¶ 31,336 (2012), *order on reh'g*, Order No. 768-A, 143 FERC ¶ 61,054 (2013).

<sup>12</sup> *See Revisions to Electric Quarterly Report Filing Process*, Order No. 770, FERC Stats. & Regs. ¶ 31,338, at P 3 (2012) (citing Order No. 2001, FERC Stats. &

change in status that would reflect a departure from the characteristics the Commission relied upon in granting market-based rate authority in accordance with Order No. 697.<sup>13</sup>

This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against any of the applicant(s).

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R § 385.713.

Questions regarding the above order should be directed to:

Federal Energy Regulatory Commission  
Attn: Melissa Lozano  
Phone: (202) 502-6267  
Office of Energy Market Regulation  
888 First Street, N.E.  
Washington, D.C. 20426

Sincerely,

Steve P. Rodgers, Director  
Division of Electric Power  
Regulation - West

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Regs. ¶ 31,127 at P 31).

<sup>13</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 1015-1046; 18 C.F.R. § 35.42 (2013). *See also Reporting Requirement for Changes in Status for Public Utilities with Market-Based Rate Authority*, Order No. 652, FERC Stats. & Regs. ¶ 31,175, *order on reh'g*, 111 FERC ¶ 61,413 (2005).