

153 FERC ¶ 61,265  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

City of Ames  
Tennessee Valley Authority  
Virginia Electric and Power Company

Docket Nos. AD16-9-000  
AD16-10-000  
AD16-11-000

COMMISSION COMMENTS ON REQUESTS FOR  
EPA ADMINISTRATIVE ORDERS

(Issued December 2, 2015)

1. On October 15, 2015, City of Ames (Ames), Tennessee Valley Authority (TVA) and Virginia Electric and Power Company (Dominion) submitted separate requests to the Environmental Protection Agency (EPA) seeking administrative orders, pursuant to Section 113(a) of the Clean Air Act (CAA), to allow each entity additional time to comply with EPA's Mercury and Air Toxics Standards (MATS) final rule.<sup>1</sup> Ames, TVA and Dominion also submitted copies of their requests to the Commission.<sup>2</sup>

2. The MATS final rule limits mercury, acid gases and other toxic emissions from power plants. Pursuant to Section 112(i)(3)(A) of the CAA, affected sources are required to comply within three years of the MATS effective date. Pursuant to CAA Section 112(i)(3)(B), some affected sources are eligible for a one-year extension of the compliance deadline (i.e., for a total of four years). In a policy memorandum dated December 16, 2011, EPA's Office of Enforcement and Compliance Assurance described its intended approach regarding the use of administrative orders under CAA Section 113(a) with respect to sources that must operate in noncompliance with

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<sup>1</sup> EPA issued the MATS final rule pursuant to its authority under Section 112 of the CAA. See 42 U.S.C. § 7412(i)(3)(A) (2012).

<sup>2</sup> Ames, TVA and Dominion submitted their petitions to the Commission, and the Commission is providing comments to EPA, pursuant to the Commission's May 17, 2012 policy statement. See *Policy Statement of the Commission's Role Regarding the Environmental Protection Agency's Mercury and Air Toxics Standards*, 139 FERC ¶ 61,131 (2012) (Policy Statement).

MATS for up to one year to address a specific and documented reliability concern (i.e., for a total of five years).<sup>3</sup>

3. EPA states that the analysis provided in an administrative order request should demonstrate “that operation of the unit after the MATS Compliance Date is critical to maintaining electric reliability, and that failure to operate the unit would: (a) result in the violation of at least one of the reliability criteria required to be filed with the Commission, and, in the case of the Electric Reliability Council of Texas, with the Texas Public Utility Commission; or (b) cause reserves to fall below the required system reserve margin.”<sup>4</sup> The EPA Policy Memorandum indicates that the EPA intends to seek advice, as necessary and on a case-by-case basis from the Commission, among others, as the EPA decides whether it will grant an administrative order to an owner/operator. The EPA Policy Memorandum makes clear that the EPA decision as to whether to grant an administrative order to an owner/operator is solely the decision of the EPA and that the concurrence or approval of any entity is not a condition for approval or denial of an administrative order request.<sup>5</sup>

4. On May 17, 2012, the Commission issued a Policy Statement explaining how it will provide advice to the EPA for it to rule on requests for an administrative order to operate in noncompliance with EPA’s MATS rule. The Commission’s Policy Statement provided that the Commission will advise the EPA by submitting written Commission comments to the EPA based on the Commission’s review of the information provided in an informational filing containing the request for the administrative order provided to the Commission in an AD docket.<sup>6</sup> The Commission’s comments would provide advice to the EPA on whether, based on the Commission’s review of the informational filing, there might be a violation of a Commission-approved Reliability Standard, and may also identify issues within its jurisdiction other than a potential violation of a Commission-approved Reliability Standard.

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<sup>3</sup> The Environmental Protection Agency’s Enforcement Response Policy for Use of Clean Air Act Section 113(a) Administrative Orders in Relation to Electric Reliability and the Mercury and Air Toxics Standard (Dec. 16, 2011), *available at* <http://www.epa.gov/mats/pdfs/EnforcementResponsePolicyforCAA113.pdf> (EPA Policy Memorandum).

<sup>4</sup> EPA Policy Memorandum at 7.

<sup>5</sup> *Id.*

<sup>6</sup> Policy Statement, 139 FERC ¶ 61,131 at P 21.

A. Ames

1. Request for EPA Administrative Order

5. Ames owns and operates the Steam Electric Plant Unit Nos. 7 and 8 electric generating units. Located in Ames, Iowa, Unit No. 7 is a 33 megawatt (MW) coal-fired steam turbine unit and Unit No. 8 is a 65 MW coal-fired steam turbine unit. Ames requests an EPA administrative order to continue operating Unit No. 7 for a four month period, from April 16, 2016 to August 16, 2016.<sup>7</sup> Ames explains that the administrative order will allow Ames to continue running Unit No. 7 while Unit No. 8 is converted to natural gas and, subsequently, will allow Unit No. 7 to be converted to natural gas.<sup>8</sup> Ames states that the conversion of Unit No. 7 is scheduled to be completed by August 16, 2016.<sup>9</sup>

6. Ames, a municipal electric system within the Midcontinent Independent System Operator, Inc. (MISO) region, contends that it will be unable to avoid violations of Reliability Standards developed by the North American Electric Reliability Corporation (NERC) without load shedding if Unit Nos. 7 and 8 are deactivated before Unit No. 8 is converted to natural gas.<sup>10</sup> Specifically, Ames asserts that the simultaneous removal from service of Unit Nos. 7 and 8 for conversion to natural gas would result in potential violations of Transmission Planning (TPL) Reliability Standard for Category B and C contingencies without load shedding.<sup>11</sup> Ames also claims that Unit Nos. 7 and 8 provide service to a number of major facilities in the City of Ames.<sup>12</sup> Ames explains that,

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<sup>7</sup> Ames Submission at 1.

<sup>8</sup> *Id.* at 1. Ames explains that it is converting Unit Nos. 7 and 8 to natural gas, but because “the two units are considered reliability critical units in the Central Iowa transmission region, construction on the units could not be undertaken simultaneously for conversion to natural gas.” *Id.* at 2.

<sup>9</sup> *Id.* at 16.

<sup>10</sup> *Id.* at 4.

<sup>11</sup> *Id.* A Category B contingency refers to an event resulting in the loss of a single element while a Category C contingency refers to event(s) resulting in the loss of two or more (multiple) elements. *See* Reliability Standard TPL-002-0b (System Performance Following Loss of a Single BES Element), Table 1 (Transmission System Standards — Normal and Emergency Conditions).

<sup>12</sup> *Id.* at 2 (identifying the Iowa Department of Transportation, Mary Greeley Medical Center and U.S. Department of Agriculture’s National Animal Disease Center).

without an administrative order, the loss of Unit Nos. 7 and 8 “exposes both the City [of Ames] and the transmission region to serious consequences, including voltage collapse and blackout.”<sup>13</sup>

7. In a memorandum attached to Ames’s submission, MISO concurs with Ames’s reliability assessment.<sup>14</sup> MISO states that without Unit Nos. 7 and 8 “outage of the two 161kV interconnection circuits to the City of Ames system or outage of both Ames area 161/69kV transformers results in voltage collapse during peak load conditions.”<sup>15</sup> MISO also explains that “[d]uring shoulder load periods severe thermal and voltage violations are observed for outage of both 161kV interconnection circuits or both 161/69kV transformers which prevents the ability to perform planned maintenance on these facilitates without the availability of the Ames Unit 7 & 8.”<sup>16</sup>

## 2. Commission Comment

8. Based on our review of Ames’s submission, we find that the loss of Unit Nos. 7 and 8 might result in Ames violating NERC Reliability Standards without the use of load shedding.<sup>17</sup> Accordingly, we believe that Ames’s Unit No. 7 is needed during the requested four-month period to maintain electric reliability and to avoid possible NERC Reliability Standard violations.

## B. TVA

### 1. Request for EPA Administrative Order

9. TVA requests an EPA administrative order to allow the continued operation of TVA’s Paradise Fossil Plant Unit Nos. 1 and 2 electric generator units for a one-year period, from April 16, 2016 to April 16, 2017.<sup>18</sup> Unit Nos. 1 and 2 are 704 MW coal-

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<sup>13</sup> *Id.* at 9.

<sup>14</sup> *Id.*, Attachment 4 (City of Ames Import Limit Assessment Study Report) at 2. MISO is the planning coordinator for Unit Nos. 7 and 8.

<sup>15</sup> *Id.* at 6.

<sup>16</sup> *Id.*

<sup>17</sup> Policy Statement, 139 FERC ¶ 61,131 at P 17 (“The review will examine whether, based on the circumstances presented, there might be a violation of a Commission-approved Reliability Standard.”).

<sup>18</sup> TVA Submission at 2.

fired steam turbine units located near Bowling Green, Kentucky.<sup>19</sup> TVA explains that the administrative order will allow TVA to complete construction of a natural gas combined cycle (NGCC) facility at the Paradise Fossil Plant, which will not be operational until just prior to April 16, 2017.<sup>20</sup>

10. TVA, an agency of the United States government and public power provider, contends that deactivating Unit Nos. 1 and 2 before the new NGCC facility is completed would result in violations of NERC Reliability Standards.<sup>21</sup> Specifically, TVA maintains that the retirement of Unit Nos. 1 and 2 before the NGCC facility becomes operational would result in violations of Reliability Standards TPL-002-1 and TPL-001-4 (i.e., Category B contingency).<sup>22</sup> TVA explains that with the loss of Unit Nos. 1 and 2, “to operate within established system limits and maintain the stability of the transmission system, local area mitigation would include curtailment of firm load and firm transmission service to customers.”<sup>23</sup> TVA also claims that without Unit Nos. 1 and 2, TVA “loses a primary source of reactive power in the western Kentucky area,” which could create conditions where “voltage could drop below required criteria.”<sup>24</sup> TVA explains that in order to meet required voltage criteria at least one unit is required “every month, except for the ‘shoulder’ months of April and October.”<sup>25</sup>

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<sup>19</sup> TVA states that Unit Nos. 1 and 2 also provide the steam necessary for the start-up of Unit No. 3, which provides approximately 1,000 MW to TVA’s 500 kV transmission system. *Id.* at 11.

<sup>20</sup> *Id.* at 8.

<sup>21</sup> *Id.* at 11.

<sup>22</sup> *Id.* Reliability Standard TPL-001-4 is the successor to Reliability Standard TPL-002-0b. *See Transmission Planning Reliability Standards*, Order No. 786, 145 FERC ¶ 61,051 (2013).

<sup>23</sup> *Id.* (“The dropping of firm load is not allowed for single contingency events under TPL-002-1 or TPL-001-4 and correlates to loss of power for TVA customers in the affected areas.”).

<sup>24</sup> *Id.* at 12 (stating that the loss of reactive power support from Unit Nos. 1 and 2 “puts several cities, including Hopkinsville and Bowling Green, as well as the military base at Fort Campbell, at risk for increased exposure to low voltage issues resulting in load curtailment and ultimately customer power outages”).

<sup>25</sup> *Id.* at 13.

11. In a letter attached to TVA's submission, TVA Planning Coordinator states that it "concur[s] with TVA's analysis of the reliability and reserve margin issues in the [administrative order] request."<sup>26</sup>

## 2. Commission Comment

12. Based on our review of TVA's submission and attachments, we find that the loss of Unit Nos. 1 and 2 prior to the completion of the new NGCC facility might result in violations of NERC Reliability Standards. Accordingly, we believe that Unit Nos. 1 and 2 are needed during the administrative order period, as requested by TVA, to maintain electric reliability and to avoid possible NERC Reliability Standard violations.

### C. Dominion

#### 1. Request for EPA Administrative Order

13. Dominion requests an EPA administrative order to allow the continued operation of its Yorktown Power Station Unit Nos. 1 and 2 electric generator units for a one-year period, from April 16, 2016 to April 16, 2017.<sup>27</sup> Unit No. 1 is a 159 MW coal-fired steam turbine unit and Unit No. 2 is a 164 MW coal-fired steam turbine unit located near Yorktown, Virginia. Dominion explains that an administrative order will allow the completion of transmission upgrades known as the "Skiffes Creek Project," which will not be operational until the second quarter of 2017, prior to the deactivation of Unit Nos. 1 and 2.<sup>28</sup>

14. Dominion, a load serving member of PJM, contends that an administrative order is justified to minimize the risk of losing reliable electric service to the North Hampton Roads area and to avoid violations of NERC Reliability Standards.<sup>29</sup> Dominion states that deactivation of Unit Nos. 1 and 2 prior to completion of the Skiffes Creek Project could lead to loss of service (i.e., require load shedding in the North Hampton Roads area under certain grid operating conditions) and could potentially damage Dominion's

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<sup>26</sup> *Id.*, Attachment C (Written Concurrence of Planning Coordinator) at 2. TVA Planning Coordinator is the planning coordinator for Unit Nos. 1 and 2. *Id.* at 10.

<sup>27</sup> Dominion Submission at 1.

<sup>28</sup> *Id.* at 21. Dominion describes the Skiffes Creek Project as a new high-voltage electric transmission line across the James River near Williamsburg, Virginia and related project components. *Id.* at 1.

<sup>29</sup> *Id.* at 17.

electrical facilities in this area.<sup>30</sup> Dominion also maintains that an administrative order is necessary to avoid violations of NERC Reliability Standards unless Dominion resorts to load shedding.<sup>31</sup> Dominion cites power flow studies indicating that its transmission facilities will not satisfy NERC Reliability Standards if the Skiffes Creek Project is not in service by the time Unit Nos. 1 and 2 are deactivated.<sup>32</sup> Specifically, Dominion maintains that the retirement of Unit Nos. 1 and 2 before completion of the Skiffes Creek Project would result in Category B, C and D violations under the NERC Transmission Planning Reliability Standards without load shedding.<sup>33</sup> Dominion contends that the Skiffes Creek Project will address each of these potential NERC Reliability Standard violations.<sup>34</sup>

15. In a letter attached to Dominion's submission, PJM concurs that "the Deactivation of both Yorktown Unit Nos. 1 and 2 will adversely affect the reliability of the PJM Transmission System, and that updates to the system were required."<sup>35</sup>

## 2. Commission Comment

16. Based on our review of Dominion's submission and attachments, we find that the loss of Dominion's Yorktown Unit Nos. 1 and 2 prior to the completion of the Skiffes

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<sup>30</sup> *Id.*

<sup>31</sup> *Id.* North Hampton Roads includes Charles City County, James City County, York County, Williamsburg, Yorktown, Newport News, Poquoson, Hampton, Essex County, King William County, King and Queen County, Middlesex County, Mathews County, Gloucester County, the City of West Point, King George County, Westmoreland County, Northumberland County, Richmond County, Lancaster County, and the City of Colonial Beach. *Id.* at 7.

<sup>32</sup> *Id.* at 17; *see also id.*, Attachment O (Skiffes Creek Project and Yorktown Generation Retirement Studies).

<sup>33</sup> *Id.* at 18-19; *see also supra* note 11. A Category D contingency refers to an extreme event resulting in two or more (multiple) elements removed or cascading out of service. *See* Reliability Standard TPL-002-0b (System Performance Following Loss of a Single BES Element), Table 1 (Transmission System Standards — Normal and Emergency Conditions).

<sup>34</sup> *Id.* at 20.

<sup>35</sup> *Id.*, Attachment K (PJM April 11, 2014 Letter) at 1. PJM is the planning coordinator for Unit Nos. 1 and 2. *Id.* at 6.

Creek Project might result in violations of NERC Reliability Standards in the absence of load shedding. Accordingly, in our view, Dominion's Yorktown Unit Nos. 1 and 2 are needed during the administrative order period, as requested by Dominion, to maintain electric reliability and to avoid possible NERC Reliability Standard violations.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.