

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

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

San Diego Gas & Electric Co. Docket No. ER05-1070-000

San Diego Gas & Electric Co. Docket No. ER05-1071-000
(not consolidated)

ORDER ACCEPTING AMENDMENTS TO INTERCONNECTION AGREEMENTS

(Issued July 29, 2005)

1. On June 3, 2005, San Diego Gas & Electric Company filed, in Docket No. ER05-1070-000, Amendment No. 1 (TDM Amendment) to the Interconnection Agreement between SDG&E and Termoeléctrica de Mexicali S. de R. L. de C.V. and Termoeléctrica U.S., LLC (collectively TDM),¹ and in Docket No. ER05-1071-000, Amendment No. 1 (Baja Amendment) to the Interconnection Agreement between SDG&E and Baja California Power, Inc. (Baja).² SDG&E requests waiver of the Commission's sixty-day prior notice requirement³ to permit an effective date of June 4, 2005 for both Amendments. The TDM Amendment and Baja Amendment (collectively Amendments)

¹ The TDM Interconnection Agreement is designated as Service Agreement No. 18 to SDG&E's FERC Electric Tariff, Second Revised Vol. No. 6. Service Agreement No. 18 was accepted for filing by Letter Order in Docket No. ER03-217-001, dated May 6, 2003.

² The Baja Interconnection Agreement is designated as Service Agreement No. 14 to SDG&E's FERC Electric Tariff, Second Revised Vol. No. 6. Service Agreement No. 14 was accepted for filing by Letter Order in Docket No. ER02-1180-000, dated April 17, 2002.

³ 18 C.F.R. § 35.11 (2005).

reflect revised remedial action scheme (RAS) requirements as a result of the completion of the new 230 kV Miguel-Mission #2 transmission line. The Commission accepts the TDM Amendment and Baja Amendment, to be effective June 4, 2005.

Background

2. SDG&E states that as a consequence of power flows over its 500 kV transmission line from Hassayampa/Palo Verde in Arizona to SDG&E's Miguel Substation located in southwest San Diego County (Southwest Power Link), the California Independent System Operation Corporation (CAISO) in real time has been required to utilize its congestion management protocols to deal with congestion occurring at the Miguel Substation. SDG&E states that it is in the process of undertaking significant transmission expansion intended to reduce this congestion and improve delivery capability within its transmission system. One of these transmission improvements involves the new 230 kV Miguel-Mission #2 transmission line, which was expected to be completed on June 4, 2005 and begin commercial operation on June 6, 2005.

3. SDG&E states that this new line will increase the import capability at the Miguel Substation from 1500 MW to 1900 MW, but that in order to capture the full 400 MW of increased transfer capability that results from the new Miguel-Mission #2 transmission line, the existing RAS that cross-trips generation at SDG&E's Imperial Valley Substation must be modified. SDG&E claims that without these RAS changes, imports to the Miguel Substation would need to be limited to 1700 MW during typical operating conditions.

Notice of Filings, Interventions, and Protests

4. Notice of SDG&E's filing of the Amendments was published in the *Federal Register*, 70 Fed. Reg. 35,244 (2005), with comments, protests and interventions due on or before June 24, 2005. The California Public Utilities Commission filed notices of intervention in both dockets. The Imperial Irrigation District (Imperial) filed timely motions to intervene, protest and motions to consolidate in both dockets.⁴ Termoeléctrica de Mexicali S. de R. L. de C.V. filed a motion to intervene out-of-time.

5. On July 8, 2005, Imperial filed to withdraw its motions to consolidate and certain of its protests in both Docket Nos. ER05-1070-000 and ER05-1071-001. On July 11, 2005, SDG&E filed answers to Imperial's motions to withdraw.

⁴ Imperial modified its protest in Docket No. ER05-1070-000 on June 27, 2005.

Discussion

Procedural Matters

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2005), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Given the early stage of this proceeding and the absence of any undue prejudice or delay to any party, we will grant Termoeléctrica de Mexicali S. de R. L. de C.V.'s motion to intervene out of time. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2005), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept SDG&E's answer because it has provided information that assisted us in our decision-making process.

Proposed TDM Amendment and Baja Amendment

7. SDG&E states that the TDM and Baja Amendments specifically revise section E.2.3 of Exhibit 5 of the Interconnection Agreements with TDM and Baja. In each of the Amendments, section E.2.3 provides for a revised list of contingencies related to RAS Requirements. SDG&E claims that it also contemplates the creation of a RAS Technical Committee to periodically review and evaluate the impact of the operation of the existing RAS and to develop means by which such impact can be mitigated. Section E.2.3 provides that in the event of a dispute, the parties have designated the CAISO as the mediator and that if a resolution of any dispute is still not possible, the dispute will be resolved through the arbitration provisions found in the CAISO Tariff.⁵ SDG&E states that the amendments also make certain other clarifications to the definition of "Significant Regulatory Events" and notifications pertaining to such events.

8. SDG&E requests that the Commission grant waiver of the sixty-day prior notice requirement to permit an effective date of June 4, 2005 for both Amendments. It contends that the grant of a waiver is in the public interest because the peak load period in Southern California is fast approaching and the availability to the market of this incremental 200 MW of transfer capability over the Southwest Power Link will allow load serving entities in Southern California access to more economic generation located in Baja, Mexico and east of California as well as help to ensure adequate electrical supplies in Southern California this summer.

⁵ See section 13.3 of the CAISO tariff.

Protests

9. Imperial protests these filings and requests that the Commission (1) require that Imperial be placed on the RAS Technical Committee so that it may have a voice in reviewing and evaluating the impact of the operation of the existing RAS and in developing means by which such impact may be mitigated, (2) withhold approval or acceptance of the filing in this docket until SDG&E has filed, and the parties have had an opportunity to comment on, a report regarding SDG&E's and the CAISO's June 13, 2005 letters to Arizona Public Service promising a meeting with Arizona Public Service and Imperial to work out a method for implementing Arizona Public Service's and Imperial's reciprocal rights to use otherwise unused Southwest Power Link capacity, (3) require SDG&E to provide an updated nomogram⁶ to determine the effects on the Imperial system of the new line and the increased generation it will enable to be imported from Mexico, and (4) deny SDG&E's request for waiver of the sixty-day notice requirement. In addition, Imperial requests that the Commission consolidate Docket Nos. ER05-1070-000 and ER05-1071-000 because the filings are identical and contain common issues of law and fact.⁷

10. Imperial states that it owns part of the Imperial Valley Substation, which is the point of interconnection between SDG&E and TDM, and that Baja owns a generator in Mexico, the power from which is transmitted to SDG&E via the Imperial Valley Substation. Imperial states that when SDG&E filed the Interconnection Agreement with TDM, it alleged the possibility that TDM's generation could cause congestion on Imperial's system. The Commission addressed this allegation by encouraging SDG&E to work with the CAISO and other affected parties to address congestion which may be caused by the operation of TDM and other generators connected to the CAISO-controlled grid.⁸ Imperial states that activities by SDG&E, TDM, and Baja have the potential to force outages of the Imperial transmission tie line that connects Imperial with the CAISO and that the new Miguel-Mission #2 transmission line will increase the potential for tripping Imperial's key transmission line.

⁶ A nomogram is a simple graphical device showing the impact on one variable of changes in one or more other variables based on prior studies of system flows.

⁷ Imperial originally requested that these dockets be further consolidated with Docket Nos. ER04-115 and ER05-1013, but withdrew this request.

⁸ *San Diego Gas & Elec. Co.*, 102 FERC ¶ 61,063 at P 13 (2003) (TDM IA Order).

11. Imperial states that section 10.8.1 of the Amendments provides that the RAS Technical Committee shall be composed of one individual from both SDG&E and TDM, for the TDM Amendment, and from both SDG&E and Baja, for the Baja Amendment, “and any other similarly situated owner or operator of generation affected by the operation of the RAS.”⁹ Imperial initially requested that if the Commission accepts the amendments, it require that SDG&E modify the amendment to guarantee Imperial full representation on the RAS Technical Committee. However, in its motions to withdraw, Imperial states that SDG&E agreed to support Imperial’s membership and participation in the RAS Technical Committee for the administration of the Interconnection Agreements with TDM and with Baja at the Imperial Valley Substation. Imperial further states that SDG&E agreed to inform the CAISO of that support and also agreed that Imperial is a joint owner in the transmission facilities at issue and is, therefore, a “similarly situated owner or operator of generation affected by the RAS,” as that phrase is used in the interconnection agreements. Therefore, Imperial withdrew its request that the Commission require that it to be made a member of the RAS Technical Committee.

12. Imperial contends that congestion similar to that occurring at the Miguel Substation also occurs at the Imperial Valley Substation. Imperial notes that it is a co-owner of the Southwest Power Link with SDG&E. In Docket No. ER05-1013-000, the CAISO recently filed a Southwest Power Link Operations Agreement (Operations Agreement) with SDG&E, but not with the other co-owners of the Southwest Power Link, Imperial and Arizona Public Service Company (Arizona Public Service). In that docket, Arizona Public Service filed two letters dated June 13, 2005 from the CAISO and from SDG&E to Arizona Public Service, recognizing the ability of Arizona Public Service and other Southwest Power Link participants to have reciprocal rights to use unused capacity and committing to work out a method for implementing these rights.

13. Imperial asserts that because the Southwest Power Link has a central role in the instant filings and its role in congestion management which could be triggered by the increased amounts of generation from TDM that may be brought into California pursuant to the terms proposed in the Agreements, the Commission should withhold any approval or acceptance in these dockets until SDG&E and the CAISO have fulfilled their commitments to Arizona Public Service and Imperial and met with those parties to work out a method of addressing these Southwest Power Link issues. In addition, Imperial asks that the Commission require SDG&E to file a report, with opportunity for comment

⁹ See section 10.8.1 of the Amendments.

by other interested parties, within one week after the parties have held this meeting, but no later than July 20, 2005.¹⁰

14. In its motions to withdraw, Imperial states that it met with SDG&E representatives to discuss these issues on June 30, 2005. Imperial therefore withdrew its request “that the Commission withhold approval or acceptance of the filing in this docket until SDG&E has filed a report, by July 20, 2005, as the parties had an opportunity to comment thereon, regarding SDG&E’s and the ISO’s June 13, 2005 letters to [Arizona Public Service and Imperial] promising a meeting to work out a method for implementing [Arizona Public Service’s and Imperial’s] reciprocal rights to use otherwise unused [Southwest Power Link] capacity.”¹¹

15. However, Imperial did not withdraw its request that the Commission set this proceeding for hearing and hold the hearing in abeyance pending discussions before a Settlement Judge if the parties are unable to agree on a method to resolve outstanding Southwest Power Link issues.

16. Imperial also requests that the Commission deny SDG&E’s request for waiver of the Commission’s sixty-day notice requirement for both of the Amendments, stating that SDG&E offers no explanation as to why it could not complete the negotiation and filing of these Amendments, or why it could not make this filing sixty days before the date that it knew its new line would be completed and ready for commercial operation.

17. Imperial also contends that it had not been provided with an updated nomogram to determine the effects on the Imperial system of the upgraded line and that SDG&E should be required to provide an updated nomogram for its review and, if necessary, comment, before the filing should be allowed to take effect. In its motion to withdraw, Imperial states that SDG&E confirmed that it will cooperate with Imperial to assess any impacts derived from the latest nomogram for imports of Mexican generation reflecting the operation of the new Miguel-Mission #2 transmission line. Further, SDG&E will review the nomogram with Imperial to ensure that there are no adverse effects on the

¹⁰ Imperial states that the report should explain what actions, if any, the parties have agreed to undertake to address the Southwest Power Link issues, and the parties should have the opportunity to comment on that report. It continues that if the parties have been unable to agree, then the Commission should set these proceedings for hearing, and hold that hearing in abeyance while the parties attempt to resolve their differences with the assistance of a Commission Settlement Judge.

¹¹ Requests for withdrawal at 3-4.

Imperial system and from the changes in the RAS that were the subject of the amended interconnection agreements with Baja and TDM on Imperial's electric system. Imperial, therefore, withdrew its request that SDG&E be required to provide it with an updated nomogram.

Commission Determination

18. Our review of the Amendments indicates that they appear to be just and reasonable, and that they have not been shown to be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. The Commission therefore accepts the Amendments, and grants waiver of the sixty-day prior notice requirement to permit the proposed Amendments to become effective on June 4, 2005, as requested by SDG&E.

Waiver of the Sixty-Day Notice Requirement

19. The Commission's regulations allow the Commission to provide that a rate schedule shall be effective as of a date prior to the date the rate schedule would become effective in accordance with the Commission's Rules of Practice and Procedure, *i.e.* with less than sixty days notice. Generally, under *Central Hudson Gas & Electric Corporation*,¹² the Commission will not grant waiver of the sixty-day prior notice requirement of section 205 of the Federal Power Act (FPA),¹³ absent good cause. In its answers, SDG&E states that it was not able to file the Amendments earlier than June 3, 2005 because as recently as April of this year, the Miguel-Mission #2 transmission line was contemplated to be completed in September 2005. SDG&E asserts that it accelerated the completion of this project to reduce the congestion costs that otherwise would have to be paid by its customers. We believe that under these circumstances, good cause exists to grant waiver.

20. In addition, Imperial states that its concern in regard to SDG&E's seeking waiver of the Commission's sixty-day notice requirement, was that SDG&E's request for waiver seems to be "part of SDG&E's strategy to file for permission to take various actions that could have adverse affects on interconnected utilities such as [Imperial], without allowing those interconnected utilities the time necessary to determine the impact of the filings, much less to attempt to negotiate with SDG&E to mitigate any adverse impacts." Imperial also notes that it had not been provided with an updated nomogram and that the sixty-day notice requirement could be used to provide for the nomogram's review.

¹² 60 FERC ¶ 61,106 (1992).

¹³ 16 U.S.C. § 824d (2000)

21. In its motions to withdraw, Imperial states that SDG&E confirmed that it will cooperate with Imperial to assess any impacts derived from the latest nomogram reflecting the operation of the new Miguel-Mission #2 transmission line and that SDG&E will review the nomogram with Imperial to ensure that there are no adverse effects on the Imperial system and from the changes in the RAS that were the subject of the amended interconnection agreements with Baja and TDM on Imperial's electric system. Thus SDG&E's agreement to cooperate with Imperial to identify any adverse impacts of the Miguel-Mission #2 transmission line on the Imperial system addresses Imperial's concerns.

Southwest Power Link Issues

22. In its protest, Imperial requests that the Commission require SDG&E to fulfill its commitments to Imperial and Arizona Public Service to hold a meeting to discuss a method of addressing the "[Southwest Power Link] issues," namely what rights Imperial and Arizona Public Service have "to use unused capacity of other [Southwest Power Link] Participants in accordance with the [Southwest Power Link] Participation Agreements."¹⁴ Imperial further requests that, if the parties have been unable to agree on a method for addressing these issues, the Commission set these proceedings for hearing and hold that hearing in abeyance while the parties attempt to resolve their differences with the assistance of a Commission Settlement Judge. We deny this request.

23. Imperial bases its request for a hearing on the assertion that the Southwest Power Link has a central role to this proceeding. However, the fact that congestion over the Southwest Power Link was a reason leading to the construction of the Miguel-Mission #2 transmission line does not make Imperial's rights to use capacity over the Southwest Power Link an issue in this proceeding. The only issue currently before the Commission is whether or not the Amendments, which concern modifications to the RAS between SDG&E and Baja and SDG&E and TDM, are just and reasonable. Therefore, Imperial's request for a hearing on the Southwest Power Link issues is denied as beyond the scope of this proceeding.¹⁵

24. We note that Imperial did not protest the CAISO's filing of a Southwest Power Link Operations Agreement between the CAISO and SDG&E (Operations Agreement) in Docket No. ER05-1013-000, which contained a provision stating that the Southwest

¹⁴ Protests at 8.

¹⁵ Because there are no issues in these proceedings that require hearing procedures, we will not consolidate Docket Nos. ER05-1070-000 and ER05-1071-000.

Power Link Participants have rights to use the unused Southwest Power Link capacity of other Southwest Power Link Participants.¹⁶ If Imperial had concerns about the implementation of the Operations Agreement, it should have voiced its concerns in that proceeding. In the alternative, if Imperial believes that SDG&E is not upholding its obligations under the [Southwest Power Link] Participation Agreements, Imperial may file a complaint under section 206 of the FPA.

The Commission orders:

(A) The Amendments are hereby accepted, effective June 4, 2005.

(B) Imperial's request for hearing is hereby denied, as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

¹⁶ Section 7.2 of the Operations Agreement states that:

If the Schedules submitted by the Scheduling Coordinator for [Arizona Public Service/Imperial Southwest Power Link] Transactions do not fully utilize the transmission capacity of the [Arizona Public Service/Imperial Southwest Power Link] Shares, the ISO shall have the right to use all or any portion of unused capacity on the [Southwest Power Link] in real-time in accordance with the [Southwest Power Link] Agreements. [Arizona Public Service and Imperial] have reciprocal rights to use unused transmission capacity on the SDG&E [Southwest Power Link] Share in accordance with the [Southwest Power Link] Agreements.