

NOVEMBER MEETING SUMMARIES

E-1, News Release

FERC accepts CAISO's compliance filing in response to Competition Rule

E-2, *California Independent System Operator Corp.*, Docket Nos. ER09-1048-000 *et al.* The Commission accepted a California Independent System Operator Corp. (CAISO) compliance filing (subject to a further compliance filing) in response to a rule, which established reforms to improve the operation of organized wholesale electric power markets in the areas of: (1) demand response, including pricing during periods of operating reserve shortage; (2) long-term power contracting; and (3) market-monitoring policies. The Commission also recently issued a notice announcing that its staff will hold a technical conference in the near future to provide a forum for interested participants to discuss the responsiveness of Regional Transmission Organizations and Independent System Operators to their customers and other stakeholders. Following that technical conference, the Commission will issue a separate order addressing CAISO's compliance with this aspect of Order No. 719.

FERC addresses SPP's compliance filing in response to Competition Rule

E-3, *Southwest Power Pool*, Docket No. ER09-1050-000, *et al.* The Commission accepted in part and rejected in part a compliance filing in response to a rule, which established reforms to improve the operation of organized wholesale electric power markets in the areas of: (1) demand response, including pricing during periods of operating reserve shortage; (2) long-term power contracting; and (3) market-monitoring policies. The Commission also recently issued a notice announcing that its staff will hold a technical conference in the near future to provide a forum for interested participants to discuss the responsiveness of Regional Transmission Organizations and Independent System Operators to their customers and other stakeholders. Following that technical conference, the Commission will issue a separate order addressing the SPP's compliance with this aspect of Order No. 719.

FERC accepts NYISO's compliance filing in response to Competition Rule

E-5, *New York Independent System Operator*, Docket No. ER09-1142-000. The Commission accepted, subject to a further compliance filing, a compliance filing in response to a rule, which established reforms to improve the operation of organized wholesale electric power markets in the areas of (1) demand response, including pricing during periods of operating reserve shortage; (2) long-term power contracting; and (3)

market-monitoring policies. The Commission also recently issued a notice announcing that its staff will hold a technical conference in the near future to provide a forum for interested participants to discuss the responsiveness of Regional Transmission Organizations and Independent System Operators to their customers and other stakeholders. Following that technical conference, the Commission will issue a separate order addressing the New York Independent System Operator's compliance with this aspect of Order No. 719.

FERC approves rule to require entities to develop transparent and consistent methodologies for the calculation of available transfer capability

E-6, Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System, Docket Nos. RM08-19-000, *et al.* The Commission approved, with modifications, six Reliability Standards proposed by the North American Electric Reliability Corporation. The Reliability Standards require certain users, owners, and operators of the Bulk-Power System to develop transparent and consistent methodologies for the calculation of available transfer capability, to help ensure that customers are treated fairly in seeking alternative power supplies.

FERC incorporates business practice standards relating to obtaining transmission service

E-7, Standards for Business Practices and Communication Protocols for Public Utilities, Docket No. RM05-5-013. The Commission incorporated by reference in its regulations at 18 CFR 38.2 the latest version (Version 002.1) of certain business practice standards adopted by the Wholesale Electric Quadrant of the North American Energy Standards Board with certain enumerated exceptions. Incorporating these revised standards by reference will provide customers with information that will enable them to obtain transmission service on a non-discriminatory basis and will support needed infrastructure and the reliability of the interstate transmission grid.

FERC grants clarification of requirement to un-designate network resources used to support off-system sales

E-9, Preventing Undue Discrimination and Preference in Transmission Service Rehearing, Docket Nos. RM05-25-005 and RM05-17-005. The Commission granted a request for clarification of Order No. 890-C regarding the requirement to un-designate network resources used to support off-system sales. The Commission confirmed that, where an off-system buyer is buying system power from a seller that is a network

customer on an adjacent transmission system, the buyer needs transmission service on both the system on which the seller is located and the system on which the buyer is located, but that it remains the buyer's choice as to whether to procure network or point-to-point service.

FERC grants CAISO's waiver request concerning penalty points against two metered subsystem operators

E-12, *California Independent System Operator Corp.*, Docket No. ER10-32-000. The Commission granted the California Independent System Operator Corp.'s (CAISO) request for a waiver of provisions of its open access transmission tariff regarding the application of penalty points against two metered subsystem operators, the City of Riverside, California and the City of Vernon, California, for under-scheduling during April 2009. The Commission determined that both entities made good faith efforts to meet or exceed the CAISO's demand forecast but inadvertent errors resulted in their submission of inadequate schedules.

FERC approves CAISO's revision to strengthen the overall creditworthiness of the CAISO market

E-13, *California Independent System Operator Corp.*, Docket No. ER09-1681-000. The Commission accepted the California Independent System Operator Corp.'s (CAISO) proposed revisions to its Market Redesign and Technology Upgrade tariff to reduce the maximum unsecured credit limit for all market participants from \$150 million to \$50 million. The Commission approved the revision because the proposed reduction of the maximum unsecured credit limit is intended to decrease the CAISO market participants' exposure to default risk and strengthen the overall creditworthiness of the CAISO market.

FERC addressed rehearing of orders on CAISO's exceptional dispatch mechanism

E-15, *California Independent System Operator Corp.*, Docket Nos. ER08-1178-001, *et al.* The Commission denied requests for rehearing and granted in part and denied in part the requests for clarification of an order that accepted in part, rejected in part, and implemented transitional measures with regard to the California Independent System Operator Corp.'s (CAISO) Exceptional Dispatch mechanism. The Commission continued to find that the Exceptional Dispatch compensation mechanism should balance the need to pay resources for capacity services provided with the need to preserve incentives for generators to participate in the CAISO's voluntary backstop procurement programs. In addition, the Commission dismissed as moot requests for rehearing of an interim procedural order in these proceedings.

FERC addresses Initial Decision concerning allocation of PJM's transmission upgrades

E-16, *PJM Interconnection*, Docket Nos. ER06-456-006, *et al.* The Commission largely affirmed the Initial Decision's determination that PJM Interconnection's (PJM) proposal for allocating the costs of those transmission upgrades approved as part of PJM's Regional Transmission Expansion Plan to Merchant Transmission Facilities on a comparable basis as costs are allocated to other PJM zones is just and reasonable, with certain modifications.

FERC denies rehearing of SPP's interim interconnection procedures

E-17, *Southwest Power Pool*, Docket No. ER09-262-003. The Commission denied rehearing of an order on compliance regarding Southwest Power Pool (SPP) interim interconnection procedures. The Commission declined to require SPP to implement interim interconnection procedures, finding instead that should SPP wish to offer such service, it must do so by a tariff amendment in a separate proceeding.

FERC conditionally accepts Westar's full-requirements electric service rate schedule

E-18, *Westar Energy*, Docket No. ER09-1762-000. The Commission accepted Westar Energy's proposed Full-Requirements Electric Service Rate Schedule including a standard form Electric Service Agreement setting out the terms and conditions under which municipal wholesale customers that desire long-term, full-requirements arrangements with Westar will take service. Approval is subject to Westar Energy's submitting a compliance filing to modify a definition and to re-designate the rate schedule as a tariff.

FERC approves settlement between PG&E and Turlock Irrigation District

E-19, *Pacific Gas and Electric Co.*, Docket No. ER08-733-000. The Commission approved an uncontested settlement concerning a replacement interconnection agreement between Pacific Gas & Electric Co. and the Turlock Irrigation District. The Commission concluded that the settlement appears fair and reasonable and in the public interest.

FERC denies complaint concerning permitting of PG&E's generation stations

E-20, *Californians for Renewable Energy v. Pacific Gas & Electric Co. and California Energy Commission*, Docket No. EL09-73-000. The Commission dismissed a complaint filed on by Californians for Renewable Energy against Pacific Gas & Electric Co. (PG&E) and the California Energy Commission alleging that PG&E has been operating one of its generation stations without permits required by the Clean Air Act. The Commission dismissed the complaint because of numerous deficiencies in the filing.

FERC sets up hearing to addresses California refund remand proceeding

E-22, *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator Corp. and the California Power Exchange*, Docket No. EL00-95-184. The Commission established an evidentiary, trial-type hearing before an Administrative Law Judge to address the issues remanded by the United States Court of Appeals for the Ninth Circuit. The hearing will address the issue of whether any individual public utility seller engaged in a tariff or statutory violation prior to October 2, 2000 and whether any such violation affected the market clearing price. The Commission also reopened the record to allow participants to submit additional evidence on block forward market transactions and energy exchange transactions entered into during the refund period (October 2, 2000 – June 20, 2001).

FERC denies rehearing and provides clarification on conditions imposed on Harbinger's acquisition of Mirant voting securities

E-23, *Harbinger Capital Partners Master Fund I, Harbinger Capital Partners Special Situations Fund*, Docket No. EC08-59-002. The Commission rejected Harbinger's argument on rehearing that the Commission did not provide adequate reasoning to justify the imposition of conditions on Harbinger's acquisition of up to 25 percent of Mirant Corp.'s voting securities. The Commission also clarified several of the conditions imposed on the transaction.

FERC denies rehearing and provides clarification on conditions imposed on Harbinger's acquisition of Sunoco voting securities

E-24, *Harbinger Capital Partners Master Fund I, Harbinger Capital Partners Special Situations Fund*, Docket No. EC08-117-001. The Commission rejected Harbinger's argument on rehearing that the Commission did not provide adequate reasoning to justify the imposition of conditions on Harbinger's acquisition of up to 20 percent of Sunoco's voting securities. The Commission also clarified several of the conditions imposed on the transaction.

FERC to convene technical conference to provide guidance for performing SIL studies

E-25, *Carolina Power & Light Co.*, Docket No. ER99-2311-012. The Commission addressed a request for clarification or rehearing of an order in which the Commission adopted Commission-adjusted Simultaneous Transmission Import Limit (SIL) study values for use in analyzing the southeast region transmission owners' 2008 updated market power analyses. The Commission granted the request for clarification and directed staff to convene a technical conference to provide guidance for performing SIL studies with the goal of producing more consistent results.

FERC addresses rehearing of order authorizing incentives for the Maine Power Connection Project

E-26, *Central Maine Power Co. and Maine Public Service Co.*, Docket No. EL08-77-001. The Commission granted a motion to lodge evidence that the Aroostook Wind Energy Project, which was to be connected to the grid in southern Maine by the Maine Power Connection Project, has been discontinued. The Commission also determined that, in light of the cancellation of the Aroostook Wind Energy Project, the Maine Power Connection Project no longer exists in the form that the Commission considered when it previously authorized transmission rate incentives for that Project and its sponsors will have to submit a new filing seeking transmission rate incentives for any redesigned project.

FERC denies rehearing and provides clarification on conditions imposed on Harbinger's acquisition of Entegra voting securities

E-28, *Entegra Power Group, Gila River Power, Union Power Partners, Harbinger Capital Partners Master Fund I, Harbinger Capital Partners Special Situations Fund*, Docket No. EC08-87-001. The Commission rejected Harbinger's argument on rehearing that the Commission did not provide adequate reasoning to justify the imposition of conditions on Harbinger's acquisition of between 10 and 20 percent of Entegra's voting securities. The Commission clarified several of the conditions imposed on the transaction, including the condition that Harbinger not exercise control over Entegra.

FERC addresses petition concerning jurisdiction over sales to end use customers

E-29, *Sun Edison*, Docket No. EL09-31-000. The Commission addressed the petition of Sun Edison for a declaratory order confirming that certain of its subsidiaries' sales to end use customers do not constitute the sale of electric energy at wholesale in interstate commerce or the transmission of electric energy in interstate commerce for purposes of

the Federal Power Act, nor involve jurisdictional rates for purposes of the Public Utility Holding Company Act of 2005 (PUHCA 2005). The Commission determined that such sales do not constitute the sale of electric energy at wholesale in interstate commerce or the transmission of electric energy in interstate commerce under the Federal Power Act, nor do they involve jurisdictional rates under PUHCA 2005. Sun Edison also sought certain waivers from the Commission's regulations implementing PUHCA 2005. Because qualifying facility (QF) status is easy to establish, and because QFs are already exempt from the PUHCA 2005 regulations from which Sun Edison seeks waiver, the Commission denied the request for waiver.

FERC addresses request for rate incentives for a transmission project in Southern California

E-30, *Green Energy Express*, Docket No. EL09-74-000. The Commission conditionally approved the rate incentives requested by Green Energy Express (Green Energy) for a proposed transmission project that would deliver up to 2,000 megawatts of otherwise location-constrained renewable resources to load centers in southern California. The Commission determined that Green Energy did not demonstrate that its project would either ensure reliability or reduce the price of delivered power by reducing congestion; accordingly the Commission conditioned the grant of incentives on approval of the project in the California Independent System Operator's (CAISO's) transmission planning process, and directed Green Energy to submit a filing informing the Commission whether the project was approved or disapproved in the CAISO's planning process within 30 days of such decision.

FERC granted request for firm priority rights for capacity on the Milford Line

E-31, *Milford Wind Corridor*, Docket No. EL09-70-000. The Commission granted Milford Wind Corridor's (Milford) petition for declaratory order requesting that the Commission confirm Milford's firm priority rights to use the entire 1,000 megawatts (MW) of capacity on the already-constructed 88-mile, 345 kilovolt transmission line (Milford Line) that is intended to connect Milford's multi-phased 1,000 MW wind-powered generating facilities to the integrated transmission grid. Because Milford has shown that it has specific plans for phased development of 1,000 MW of generation, the Commission granted Milford's request for firm priority rights for the full 1,000 MW capacity of the Milford Line. The Commission also granted Milford waiver of the requirements of Order Nos. 888, 889 and 890, and the Standards of Conduct requirements of Part 358 of the Commission's regulations for the Milford Line.

FERC addresses request to initiate action concerning an alleged PURPA violation

E-32, *JD Wind 1, JD Wind 2, JD Wind 3, JD Wind 4, JD Wind 5, and JD Wind 6*, Docket No. EL09-77-000. The Commission declined to initiate an enforcement action pursuant to the section 210(h) of the Public Utility Regulatory Policies Act of 1978 (PURPA). The Commission, however, declared that a decision of the Public Utility Commission of Texas, which determined that certain wind-powered generation is not entitled to a legally enforceable obligation and to an avoided cost rate calculated at the time that obligation is incurred, is inconsistent with the requirements of PURPA and the Commission's regulations implementing PURPA.

FERC addresses petition concerning the Dow Pipeline System

G-1, *Dow Chemical Co.*, Docket No. PR09-31-000. The Commission addressed a petition for declaratory order that authorizes Dow Hydrocarbons (Dow) to link an assignment of firm intrastate pipeline capacity on the Dow Pipeline system, to be used for firm interstate transportation service under section 311(a)(2) of the Natural Gas Policy Act of 1978, with an assignment of some or all of Dow Chemical's capacity rights at the liquefied natural gas import terminal owned and operated by Freeport LNG Development. The Commission determined that, given the unique circumstances presented by this case, Dow has justified the Commission's granting Dow's request, subject to conditions, and that the benefits of granting Dow the requested authorizations outweigh concerns about the limits Dow proposed to place on the availability of firm section 311 transportation service.

FERC proposes to incorporate business practices applicable to natural gas pipelines

G-2, *Standards for Business Practices for Interstate Natural Gas Pipelines*, Docket No. RM96-1-036. The Commission proposed to incorporate by reference in its regulations at 18 CFR § 284.12 the latest version (Version 1.9) of business practice standards adopted by the Wholesale Gas Quadrant of the North American Energy Standards Board (NAESB) applicable to natural gas pipelines, with certain enumerated exceptions. The standards proposed to be incorporated include standards adopted in response to Order Nos. 682, 698, 698-A, 712, and 717, as well as standards related to transactional reporting, communication protocols, and technical standards.

G-3, G-4, and G-5 – News Release

FERC denies rehearing of compliance order concerning Seneca Falls in New York

H-1, *Seneca Falls Power Corp.*, Project No. 2438-095. The Commission denied Seneca Falls Power Corp.'s request for rehearing of a compliance order. The Commission

affirmed the determination that Seneca Falls Power Co. violated its license requirements to (1) acquire rights necessary for project operation; (2) control reservoir surface elevations; (3) file results of wetland vegetation monitoring, and (4) construct a car-top launch facility.

FERC denies rehearing of order on preliminary permit applications for the Marseilles Lock and Dam in Illinois

H-2, *Marseilles Land and Water Co.*, Project No. 13351-001 *et al.* The Commission denied rehearing of a staff order accepting a license application filed by Marseilles Land and Water and dismissing three preliminary permit applications filed by the City of Marseilles, Illinois and two preliminary permit applications filed by Marseilles Land and Water Company proposing to study the feasibility of developing hydropower at the U.S. Army Corps of Engineers' Marseilles Lock and Dam in LaSalle County, Illinois. The Commission determined that there is sufficient evidence to support staff's action of dismissing the City's applications and staff's conclusion that the City's permit and Marseilles Land and Water license applications proposed to develop the same water resources.

FERC denies rehearing of order denying complaint concerning the Oroville Project in California

H-3, *Butte County, California v. California Department of Water Resources*, Docket No. EL09-55-001 and Project No. 2100-171. The Commission denied rehearing of an order denying a formal complaint filed by Butte County, California. Butte County alleged that that California Department of Water Resources (California DWR) had violated the recreation and public safety requirements of its license for the Oroville Project in Butte County, California. The Commission affirmed its prior conclusion that the County failed to show that California DWR had in any way violated its license or the Commission's regulations.

FERC denies rehearing of order on ability to refund headwater benefits payments

H-4, *Albany Engineering Corp. v. Hudson River-Black River Regulating District*, Docket No. EL06-91-004 and Project No. 12252-031. The Commission denied rehearing of an order determining, on remand from the D.C. Circuit Court of Appeals, that the Commission cannot order refunds of headwater payments that were collected outside of the Commission's authorization. The Commission also denied a motion to establish interim headwater benefits payments.

C-2, News Release

FERC approves changes to Texas Eastern's system in Pennsylvania

C-3, *Texas Eastern Transmission*, Docket No. CP09-68-000. The Commission issued Texas Eastern Transmission a certificate and related abandonment authority to make modifications to its system, through construction and abandonment of certain pipeline and compression facilities in Greene, Fayette, Bedford, Franklin, Adams, Lancaster, and York Counties, Pennsylvania. The Commission concluded that the project provides substantial benefits without any significant identified adverse impacts on existing customers, other pipelines, and with only limited impacts on landowners and communities.

FERC authorizes abandonment of Matagorda Offshore Pipeline System located offshore Texas

C-4, *Florida Gas Transmission Co.*, Docket No. CP09-461-000. The Commission authorized Florida Gas Transmission Co. to abandon its service obligations rendered through its partial ownership interest in the Matagorda Offshore Pipeline System (MOPS) facilities located offshore Texas. The Commission approved the abandonment because the utilization rate of Florida Gas Transmission Co.'s capacity in the MOPS facilities has dropped to zero, and there are no continuation of service issues involved in the proposed abandonment since there are no customers currently receiving or requesting firm service.

FERC approves construction of Sundance Trail Expansion Project in Wyoming

C-5, *Northwest Pipeline*, Docket No. CP09-415-000. The Commission authorized Northwest Pipeline to construct and operate its Sundance Trail Expansion Project. The new project facilities consist of approximately 15.5 miles of 30-inch diameter pipeline loop between milepost 422.2 to 437.7 in Lincoln County, Wyoming and the replacement of the two centrifugal compressor units at the Vernal Compressor Station. The Commission concluded that the project will provide takeaway capacity for a growing supply source in the Piceance Basin without any significant identified adverse impacts on existing customers, other pipelines, and with only limited impacts on landowners and communities.

FERC denies rehearing of order authorizing the Pier Reinforcement Project in Calvert County, MD

C-6, *Dominion Cove Point LNG*, Docket No. CP09-60-002. The Commission denied

rehearing of an order authorizing Dominion Cove Point LNG to upgrade, modify and expand the existing offshore pier at Cove Point's LNG terminal in Calvert County, Maryland. The Commission approved the proposed Pier Reinforcement Project because it will enable the safe docking and handling at the pier of LNG vessels larger than the pier is currently capable of handling. This will provide LNG shippers with greater flexibility in acquiring and scheduling cargoes from a variety of supply sources from around the world.