

# March 2010 Meeting Summaries

*These are summaries of orders voted on by the Federal Energy Regulatory Commission at its March 18, 2010, public meeting. They are produced by the FERC Office of External Affairs and are intended to provide only a general synopsis of the orders. They are not intended as a substitute for the Commission's orders. To determine the specific actions and the Commission's reasoning, please consult the individual orders when they are posted to FERC's eLibrary.*

**E-1**, News Release

**E-2**, News Release

**E-3**, News Release

## **FERC Directs NERC to Modify CIP Standard Assignments**

**E-4**, *North American Electric Reliability Corporation*, Docket No. RM06-22-008. In this order, FERC approves the proposed Violation Severity Level assignments for eight Version 1 Critical Infrastructure Protection (CIP) Reliability Standards, CIP-002-1 through CIP-009-1, and establishes additional guidance for determining appropriate Violation Severity Levels in the specific context of cyber security Requirements. NERC must submit modifications to 57 sets of Violation Severity Level assignments within 60 days of the order's issuance.

## **FERC Approves Relay Loadability Reliability Standard**

**E-5**, *Transmission Relay Loadability Reliability Standard*, Docket No. RM08-13-000. This Final Rule approves the Reliability Standard for transmission relay loadability reliability, which requires certain entities to set their protective relays according to specific criteria to ensure that the relays reliably detect and protect the electric network from all fault conditions, but do not limit transmission loadability or interfere with system operators' ability to protect system reliability.

## **FERC Remands Revised Time Error Correction Reliability Standard**

**E-6**, *Notice of Proposed Rulemaking Regarding Time Error Correction Reliability Standard*, Docket No. RM09-15-000. This NOPR proposes to direct NERC to modify its revised time error correction reliability standard because it would

remove the requirements that the interconnection time monitor to monitor time error and initiate and terminate time error correction. That, FERC said, renders the standard technically incomplete, creates ambiguities and makes the standard more difficult to enforce.

### **FERC Remands WECC Standard for Resource and Demand Balancing**

*E-7, Version 1 Regional Reliability Standard for Resource and Demand Balancing*, Docket No. RM09-15-000. This order remands a regional reliability standard developed by the Western Electricity Coordinating Council (WECC) and approved by NERC intended to ensure availability of minimum contingency reserves. The WECC standard, FERC said, could harm reliability because it fails to support requirements that are less-stringent than the current regional standard it would replace, and is less stringent than the NERC-wide reliability standard on contingency reserves. FERC also states that WECC relied on only eight hours of operating data to support its proposal. The Commission said there should be additional data and analysis to support the reformulated plan.

**E-8**, News Release

### **FERC Rejects NERC's Interpretation of Transmission Planning Reliability Standard**

*E-9, North American Electric Reliability Corporation*, Docket No. RM10-6-000. This order rejects NERC's interpretation of the transmission planning Reliability Standard regarding system performance following loss of a single bulk electric system element, and proposes an alternative one. NERC proposed to interpret that simulations to assess the impact of single contingency operation do not require an assessment of the transmission system performance due to a protection system failure or protection system misoperation to be in compliance with Requirement R1.3.10 of Reliability Standard TPL-002-0. Requirement 1.3.10 provides that the studies of system performance must include the effects of existing and planned protection systems, including any backup or redundant systems. The draft order indicates that NERC's proposed interpretation miscategorizes non-operation of non-redundant protection systems as protection system failure which is addressed in TPL-003-0 and TPL-004-0, and misses studying the effects of backup and redundant protection systems pursuant to Requirement R1.3.10 of TPL-002-0. Comments are due in 45 days.

**E-10**, News Release  
**E-11**, News Release  
**E-12**, News Release

### **FERC Conditionally Accepts Westar's Balancing Area Services Agreement**

**E-14**, *Westar Energy Inc.*, Docket No. ER09-1273-000. This order conditionally accepts Westar Energy Inc.'s proposed *pro forma* Balancing Area Services Agreement and Schedule 3A, Generator Regulation and Frequency Response Service. This enables Westar to charge for and provide generation regulation and frequency response services to generators located in its balancing area whose output is delivered outside its balancing area or to the Southwest Power Pool, Inc. energy imbalance market. Among other things, the Commission conditioned its acceptance on Westar using a portfolio-wide approach to compute the regulation requirements in Schedule 3A.

### **FERC Denies Rehearing and Grants Clarification of Order No. 697-C**

**E-15**, *Market-Based Rates For Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities* (Order No. 697-D), Docket No. RM04-7-008. This order denies rehearing and grants clarification of certain standards for obtaining and retaining market-based rate authority. The order denies requests for rehearing of the tariff provision governing mitigated sales at the metered boundary. In addition, the order provides clarification on the requirement that sellers file a notification of change in status when they acquire sites for new generation capacity development.

### **FERC Grants Waiver for ISO-NE Forward Capacity Market Deadline**

**E-17**, *Pittsfield Generating Company, L.P. and Pawtucket Power Associates, L.P.*, Docket No. ER10-722-000. This order grants Pittsfield and Pawtucket's request for waiver of the deadline prescribed in ISO-NE's Forward Capacity Market Rules to allow Pittsfield and Pawtucket to modify their facilities' Summer Qualified Capacity ratings so that their full rated capacity can be offered in the fourth Forward Capacity Auction.

### **FERC Denies Rehearing Request in California Settlements**

**E-18**, *San Diego Gas & Elec. Co. v. Sellers of Energy and Ancillary Servs.*

Docket Nos. EL00-95-238, *et al.* This order denies a request for rehearing filed by Californians for Renewable Energy, Inc. of a Commission order approving a settlement agreement between the California Parties and Cargill Power Markets.

### **FERC Denies Rehearing for MAPP Incentives**

**E-19**, *Baltimore Gas & Electric Company*, Docket No. ER09-745-001. This order denies rehearing requests by the Maryland Public Service Commission and the Maryland People's Counsel regarding transmission incentives for BG&E's portion of the Mid-Atlantic Power Pathway (MAPP) Project.

### **FERC Denies Rehearing of a California Settlement Agreement**

**E-20**, *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services*, Docket Nos. EL00-95-239, *et al.* This order denies a January 19, 2010, rehearing request by the Sacramento Municipal Utility District (SMUD) of a December 17, 2009, FERC approval of a settlement between the California Parties and the Los Angeles Department of Water and Power.

### **FERC Denies Rehearing of a California Settlement Agreement**

**E-21**, *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services*, Docket Nos. EL00-95-237, *et al.* This order denies the SMUD's request for rehearing of FERC's December 17, 2009, approval of a settlement between the California Parties and PECO/Exelon.

### **FERC Denies Rehearing of a California Settlement Agreement**

**E-22**, *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services*, Docket Nos. EL00-95-240, *et al.* This order denies SMUD's request for rehearing of FERC's December 17, 2009, approval of a settlement between the California Parties and Comision Federal de Electricidad.

### **FERC Grants NERC's Request for CIP Standard Interpretation**

**E-23**, *North American Electric Reliability Corp.*, Docket No. RD10-3-000. This order grants NERC's request for approval of its interpretation that the scope of the term "ports" as used within Reliability Standard CIP-007-2 Requirement

R2, applies to logical ports and not physical ports. The order further states that should NERC fail in its intention to address the physical ports issue, the Commission will take action that could include directing NERC to produce a modified or new standard that includes security of physical ports.

### **FERC Approves NERC Plan for Nuclear Power Plant Compliance**

**E-24**, *North American Electric Reliability Corp.*, Docket No. RM06-22-011. This order approves NERC's proposed Implementation Plan for nuclear power plant generator owners' and operators' compliance with Version 1 of the Critical Infrastructure Protection Reliability Standards (CIP Standards) filed in response to the Commission's directive in Order No. 706-B. The order reviews the information submitted in NERC's compliance filing regarding the NERC's and the Nuclear Regulatory Commission's scope of systems determination process. The order further directs NERC to make a compliance filing submitting plans for the implementation of Versions 2 and 3 of the CIP Standards by owners and operators of U.S. nuclear power plants on the same schedule established for Version 1.

### **FERC Approves Termination of QF Mandatory Purchase Obligation for Two New York Utilities**

**E-25**, *New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation*, Docket No. QM10-3-000. This order grants the application of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation to terminate the obligation to enter into new contracts to purchase electric energy from QFs larger than 20 MW, with the exception of one QF owned by Cornell University. The Commission found that Cornell, given the nature of its QF and NYISO's market rules, did not have effective access to markets. This is the first case that applies the Commission's regulation giving QFs larger than 20 MW the opportunity to rebut the presumption of access to NYISO's markets.

### **FERC Approves Open Access Waivers**

**E-26**, *Evergreen Wind Power V, LLC, et al.*, Docket Nos. OA10-4-000 and ER09-1549-000. This order grants the request by Evergreen Wind Power and others for waiver of Order Nos. 888, 889, 890 and of section 35.28 and Parts 37 and 358 of the Commission's regulations, finding that their transmission facilities are limited and discrete. The order also finds that Applicants meet the Commission's definition of a small public utility because each project has annual electric sales of no more than 4 million MWh.

## **FERC to Revoke MBRs for Failure to File EQRs**

**E-27**, *Electric Quarterly Reports I; G&G Energy, Inc., et al.*, Docket Nos. ER02-2001-014, *et al.* In this order FERC identifies four public utilities with authority to sell power at market-based rates that failed to file their required Electric Quarterly Reports for the third quarter of 2009, including two that also failed to file for the fourth quarter of 2009, and notifies these companies that their market-based rate authorizations will be revoked unless they comply with the Commission's requirements within 15 days of the issuance of this order.

## **FERC Accepts New England Fuel/O&M Compliance Filing**

**E-28**, *ISO-New England, Inc., and New England Power Pool*, Docket No. ER09-1546-001. The draft order accepts ISO-New England, Inc.'s compliance filing revising from 30 to 60 days the deadline by which a market participant must submit a section 205 filing to recover fuel and variable O&M costs, and additional support for its mitigation threshold.

## **FERC Updates Form 556 and Waives Filing Requirements for QFs sized 1 MW or smaller**

**E-31**, *Revisions to Form, Procedures, and Criteria for Certification of Qualifying Facility Status for a Small Power Production or Cogeneration Facility*, Docket No. RM09-23-000. This final rule updates the Commission's Form 556, used by cogeneration and small power production facilities either to self-certify qualifying facility (QF) status or to apply for Commission certification of QF status. The final rule also revises the Commission's regulations to remove the contents of Form 556 from the regulations, and in their place to provide that an applicant seeking to certify QF status of a small power production or cogeneration facility must complete, and electronically file, the Form 556 that is in effect at the time of filing. The final rule exempts 1 MW and smaller generating facilities from the Form 556 filing requirement, i.e., the need to file a Form 556 with the Commission, in order to be a QF.

## **FERC Denies Resale Power Group of Iowa and WPPI Energy's Petition for Declaratory Order**

**E-32**, *Resale Power Group of Iowa, WPPI Energy*, Docket No. EL09-71-000. This order denies a petition for a declaratory order that the only amount that Resale Power Group of Iowa and WPPI Energy can be required to pay for transmission service over integrated transmission facilities owned by ITC Midwest LLC and Central Iowa Power Cooperative is the rate paid to Midwest Independent Transmission System Operator, Inc. (Midwest ISO) under the Midwest ISO tariff.

### **FERC Affirms Denial of Acquisition Adjustment Incentive for Transco Purchase of Interests in Municipality's Transmission Facilities**

**E-33**, *Startrans IO, L.L.C*, Docket, No. ER08-413-002. This order denies the request for rehearing and clarification filed by Startrans IO, L.L.C. (Startrans), of the Commission's March 31, 2008, order that denied Startrans' request for an acquisition adjustment transmission rate incentive for its purchase of ownership interests in transmission facilities from a municipal entity.

**M-1**, News Release

### **FERC Upgrades Pipeline Business Practice Standards**

**G-1**, *Standards for Business Practices for Interstate Natural Gas Pipelines*, Docket Nos. RM96-1-030 and RM96-1-036. This Final Rule revises FERC regulations establishing standards for interstate natural gas pipeline business practices and electronic communications to incorporate by reference into its regulations the most recent version of the standards, Version 1.9, adopted by the Wholesale Gas Quadrant of the North American Energy Standards Board applicable to natural gas pipelines. The rule upgrades the Commission's current business practice and communication standards to include standards governing Index-Based Capacity Release and Flexible Delivery and Receipt Points and to reflect the Commission's findings in Order Nos. 682, 698, 698-A, 712, and 717, as well as standards related to transactional reporting, communication protocols and technical standards.

### **FERC Clarifies Negotiated Rate Filing Requirements**

**G-2**, *Texas Eastern Transmission, LP*, Docket No. RP99-480-026, *et al.* This order grants Texas Eastern's request for clarification and accepts Texas Eastern's compliance filing, effective as requested. On November 13, 2009, Texas Eastern filed a request for clarification, or alternatively, rehearing, regarding the timing for

filing negotiated rate tariff sheets containing negotiated usage and fuel rates with replacement shippers, along with a compliance filing. Among other things, this order finds that if a pipeline and a replacement shipper agree to a negotiated usage or fuel rate and the pipeline is unable to file the negotiated rate sheet with the Commission before the start of the capacity release transaction, the Commission will generally permit the negotiated rate sheet to take effect on a retroactive basis to the start of the release transaction.

### **FERC Sets Gas Quality Proposal for Hearing**

**G-3**, *Texas Eastern Transmission, LP*, Docket No. RP10-30-000. On October 2, 2009, Texas Eastern Transmission, LP (Texas Eastern) filed tariff sheets pursuant to section 4 of the Natural Gas Act (NGA) to revise its tariff with respect to gas quality and interchangeability issues. The Commission accepted and suspended Texas Eastern's filing to be effective April 1, 2010. On December 8, 2009, Commission staff held a technical conference on Texas Eastern's filing. The draft order sets the stipulated issues resulting from the technical conference for hearing.

### **FERC Denies Exxon Mobil, Hess Rehearing Requests**

**G-5**, *Sea Robin Pipeline Company, LLC*, Docket No. RP09-995-001. This order denies a rehearing request made by ExxonMobil Gas & Power Marketing Company, A Division Of Exxon Mobil Corporation, and Hess Corporation, of a September 30, 2009, order accepting and suspending Sea Robin's proposed tariff sheets to establish a mechanism to recover hurricane-related costs, to be effective March 1, 2010, subject to refund and the outcome of a hearing. The order reaffirms the Commission's holding that Sea Robin's filing does not violate filed rate doctrine or rule against retroactive ratemaking. However, the types of hurricane-related costs that may be recovered must still be determined in the hearing.

### **FERC Denies Preliminary Permit Rehearing Request**

**H-1**, *City of Angoon, Alaska Petersburg Municipal Power and Light City and Borough of Wrangell, Alaska Cascade Creek, LLC*, Project Nos. 13366-001, 13364-001, 13363-001 and 12619-003. This order denies Petersburg's request for rehearing of Commission staff's order issuing a preliminary permit to the City of Angoon, Alaska, and denying Petersburg's competing permit application.

## **FERC Approves License Amendment Request**

**H-2**, *Southern California Edison Company*, Project No. 382-076. The order grants licensee Southern California Edison Company's request to amend its license by deleting the requirement to file a flow augmentation (whitewater flow) plan and to instead require the licensee, pursuant to section 4(e) of the Federal Power Act, , to provide funds to the Forest Service for improvements to a downstream whitewater take-out facility.

## **ERC Revises Policy for Pipeline Accounting**

**C-1**, *Southern Natural Gas Company and Southeast Supply Header, LLC*, Docket Nos. CP09-36-002, CP09-40-001 and AD10-3-000. This order, along with C-2, announces the Commission's new accounting policy on the Accrual of Funds Used During Construction (AFUDC). The new policy will allow such accrual prior to the date a pipeline files its NGA section 7(c) application. In light of the new policy, the order grants Southern's request for rehearing of the Commission's denial of Southern's proposal for AFUDC accrual prior to the date of its certificate application filing, and grants intervention to INGAA, which supported Southern's argument that existing policy on AFUDC accrual should be changed. The order also allows Southern to charge its system-wide rate for interruptible service, and its generally applicable system-wide fuel rate for the proposed service

## **FERC Revises Accounting Policy**

**C-2**, *Florida Gas Transmission Company LLC*, Docket Nos. CP09-17-001, AC08-161-002, and AD10-3-000. This order, along with C-1, announces the Commission's new accounting policy on the Accrual of Funds Used During Construction (AFUDC). The new policy will allow such accrual prior to the date a pipeline files its NGA section 7(c) application. In light of the new policy, the order grants Florida Gas Transmission Company LLC's request for rehearing of the Commission's denial of the pipeline's proposal for AFUDC accrual prior to the date of its certificate application filing.

## **FERC Issues Gulfstream Certificate for Compressor Station**

**C-3**, *Gulfstream Natural Gas System, L.L.C.*, Docket No. CP10-4-000. This order grants Gulfstream's request for authorization under section 7 of the NGA to construct and operate additional compression at its existing Compressor Station No. 420 in Florida (Phase V Expansion Project). The order also grants

Gulfstream's request for a predetermination that it may roll-in its project costs in its next general rate proceeding.

### **FERC Issues Final Rule for Alaska Gas Open Season**

**C-4**, *Regulations Governing the Conduct of Open Seasons for Alaska Natural Gas Transportation Projects*, Docket No. RM05-1-002. This rule amends FERC regulations governing open seasons for Alaska natural gas transportation projects. The rule eliminates references to “energy affiliates” to be consistent with Order No. 717, in which the Commission eliminated the concept of “energy affiliates” in response to the U.S. Court of Appeals for the D.C. Circuit decision in *National Fuel Gas Corporation v. FERC*.