

July 2010 Meeting Summaries

These are summaries of orders voted on by the Federal Energy Regulatory Commission at its July 15, 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, Fact sheet

E-2, News Release

FERC Approves NERC's Interpretation of Requirements Regarding Security of Critical Cyber Assets

E-3, *North American Electric Reliability Corp.*, Docket No. RD10-13-000. The order approves NERC's interpretation of Requirement 1.1 of Critical Infrastructure Protection (CIP) CIP-006-2, Cyber Security – Physical Security of Critical Cyber Assets. Requirement 1.1 requires that all cyber assets within an electronic security perimeter reside within a physical security perimeter, specifically an enclosed “six-wall” border. The interpretation clarifies that, where a six-wall border cannot be established by the Responsible Entity, the alternative protection measures to control physical access to the cyber assets may be either physical or logical so long as security is the equivalent or better than a “six-wall” border.

FERC Grants Rehearing; Revises Implementation Guidelines for MOD Reliability Standards

E-4, *Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Capacity Benefit Margins, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments; Mandatory Reliability Standards for the Bulk-Power System; and Standards for Business Practices and Communications Protocols for Public Utilities*, Order No. 729-B, Docket Nos. RM08-19-003 and RM05-5-019. The draft order grants several

requests for rehearing of Order No. 729-A, by revising the implementation timelines for six Modeling, Data, and Analysis (MOD) Reliability Standards approved in Order No. 729 and the corresponding NAESB business practice standards approved in Order No. 676-E. The MOD Reliability Standards and the corresponding NAESB business practice standards thus will become effective as of the first day of the first calendar quarter occurring after their approval by the Commission, i.e., April 1, 2011.

FERC Conditionally Accepts NYISO's Compliance Filing

E-5, *New York Independent System Operator, Inc (NYISO)*, Docket No. OA08-52-007. The draft order conditionally accepts NYISO's filing to comply with the Commission's October 15, 2009 order on Order No. 890 compliance, which addresses, among other issues, NYISO's planning process with respect to comparable treatment of resources in proposed solutions to reliability needs, NYISO's megawatt impact methodology, and reporting requirements regarding beneficiaries who vote against projects. The draft order finds that NYISO generally complied with the October 15, 2009 Order and accepts NYISO's filing with the condition that NYISO include in the tariff the qualifications and criteria for regulated backstop, market-based, and alternative regulated solutions, which are currently found in NYISO's Comprehensive Reliability Planning Process Manual.

FERC Accepts, Subject to Refund, Revisions to Depreciation Rates for Transmission Services Provided by South Carolina Electric & Gas Co.

E-6, *South Carolina Electric & Gas Co.*, Docket Nos. ER10-1268-000, ER10-516-000, ER10-855-000. This draft order accepts South Carolina Electric and Gas Company's (SCE&G) proposed revisions to the depreciation rates in its formula rate for transmission service, suspends them for a nominal period, and makes them effective June 1, 2010, subject to refund. The order also establishes hearing and settlement judge procedures, and consolidates SCE&G's filing with the ongoing proceedings in Docket Nos. ER10-516-000 and ER10-855-000, which involve related issues.

FERC Dismisses Three Self-Certifications of Exempt Wholesale Generator Status; Provides Guidance on When Recertification is Appropriate

E-8, *BG Dighton Power, LLC, et al.*, Docket No. EG06-73-000, et al. The order dismisses three self-recertifications of exempt wholesale generator status as

unnecessary and provides guidance on when recertification is appropriate; recertification is necessary only where there is a material change in facts that affects an EWG's status as an EWG.

FERC Accepts Filing by ISO New England

E-9, *ISO New England, Inc.*, Docket No. ER10-1185-000. The draft order accepts an informational filing made by ISO-NE regarding the qualification of capacity resources to participate in the fourth Forward Capacity Auction scheduled to begin August 2, 2010.

FERC Conditionally Accepts, Subject to Compliance Filing

E-10, *Cal. Indep. Sys. Operator Corp.*, Docket No. ER10-765-000. On February 16, 2010, the California Independent System Operator Corporation (CAISO) filed its Proxy Demand Resource proposal to allow load or an aggregation of loads capable of measurably and verifiably reducing their electric demand in response to CAISO dispatch instructions to participate in certain of the CAISO's wholesale markets as demand response. The proposal requires the load or aggregation of load to be represented by a demand response provider. The proposal compensates market participants for responding to price signals by reducing electricity use by retail customers. Such compensation is based on cleared day-ahead and/or real-time energy dispatch instructions. The proposal was submitted in response to the Commission's direction in Order No. 719. The draft order conditionally accepts the CAISO's proposal, subject to a compliance filing.

FERC Acts on New England ISO's Proposed Revisions to Its Financial Assurance and Billing Policies

E -11, *ISO New England Inc.*, Docket No. ER10-942-000. The draft order addresses proposed revisions to ISO-NE's financial assurance and billing policies. The order accepts the proposed shortened billing and payment cycle, separate financial assurance requirements for Transmission charges and ISO charges, reallocation of payment defaults in the first instance to only similarly situated entities (i.e., to the same participant type as the defaulting entity), eliminating corporate guarantees as acceptable financial assurance, and eliminating the use of unsecured credit for FTRs, but denies otherwise eliminating the use of unsecured credit.

FERC Accepts NYISO's Implementation Plan for Offering Long-Term Firm Transmission Rights for Non-Historic Points of Injection and Withdrawal

E-12, *New York Independent System Operator, Inc.*, Docket No. ER07-521-009. The order accepts NYISO's April 16, 2010 implementation plan for offering long-term firm transmission rights (LTTRs) for non-historic points of injection and withdrawal, in compliance with the Commission's April 16, 2008 order, *New York Independent System Operator, Inc.*, 123 FERC ¶ 61,044 (2008). The order accepts NYISO's proposal to coordinate the timing for offering the non-historic LTTRs with the previously-approved timing for developing End-State Auction procedures, currently scheduled for 2012. The order directs additional compliance filings to provide a definite timeline and status reports.

FERC Seeks Additional Information on Effect of Lake Erie Region Loop Flows on NYISO's System

E-13, *New York Independent System Operator, Inc.*, Docket No. ER08-1281-004. The draft order addresses the issue of Lake Erie region loop flows. The draft order explains that, for a number of years, the Lake Erie region has experienced loop flows, an occurrence that arises when a contract path, or scheduled flow, between a source and sink does not match the physical flow of electricity. In a first order, issued August 21, 2008, the Commission accepted revisions to the NYISO's OATT precluding scheduling over eight transmission paths for which there were more direct routing options, and encouraged the parties to develop long-term solutions. In a second order, issued July 16, 2009, the Commission reaffirmed its encouragement of the parties developing long-term solutions, and directed NYISO to develop and file a report on long-term solutions. On January 12, 2010, the NYISO filed its report, recommending four long-term, interconnected, comprehensive initiatives, including the introduction of interface pricing, enhanced congestion management, enhanced inter-regional transaction coordination,. The draft order conditionally accepts NYISO's report, and directs NYISO and other interested parties to answer questions and provide additional support regarding their proposals.

FERC Grants Relief in Complaint Against PJM Interconnection, LLC

E-15, *Virginia Electric and Power Company v. PJM Interconnection, LLC*, Docket No. EL10-69-000. The draft order grants the relief sought in the complaint filed by VEPCO against PJM, which challenged a change in PJM's load forecasting methodology. The order directs PJM to revert to its previous load forecasting methodology.

FERC Denies Rehearing; Reaffirms that Maritimes Cannot Charge Portland Natural Gas or its Shippers for Fuel Attributable to Phase IV Expansion Project

G-1, *Portland Natural Gas Transmission System*, Docket No. RP09-2-002. The draft order reaffirms that Maritimes & Northeast Pipeline, L.L.C. (Maritimes) was not permitted to charge Portland Natural Gas Transmission System (Portland) or its shippers for fuel attributable to Maritimes' Phase IV Expansion Project, and directed Maritimes to refund, with interest, any such fuel charges paid by Portland or its customers. The draft order rejects Maritimes' arguments on rehearing that, inter alia, the intent of the parties and certain provisions in Definitive Agreements between the parties require Portland to bear cost responsibility for a proportionate share of compressor fuel.

FERC Grants Rehearing in Rate Changes for Transco's Station 85 Project

G-2, *Transcontinental Gas Pipe Line Company, LLC*, Docket No. RP01-245-031. On March 22, 2010, Transcontinental Gas Pipe Line Company (Transco) and Florida Power Corporation d/b/a Progress Energy Florida, Inc. filed requests for clarification or, in the alternative, rehearing of the Commission's February 18, 2010 Order, which accepted a filing by Transco to establish a rate for pooling at Station 85. The order grants rehearing to adjust the rate, pursuant to section 5 of the Natural Gas Act, to accommodate changes in the use of Transco's system at Station 85 (reflecting the fact that a line that previously was a lateral feeding the mainline is now one that can move gas in both directions, and that Station 85 has now become a market center) since the record in the proceeding was established. The order explained that there should now be at least two pools in the Station 85 vicinity.

FERC Approves Uncontested Settlement

G-3, *Great Lakes Gas Transmission Limited Partnership*, Docket No. RP10-149-000. The draft order approves an uncontested settlement resolving all issues in the Natural Gas Act section 5 proceeding established by the Commission's November 19, 2009 order, which initiated a proceeding to determine whether the rates currently charged by Great Lakes are just and reasonable. Among other things, the settlement reduces Great Lakes' firm transportation rates by about eight percent, effective May 1, 2010, provides for sharing certain revenues with

qualifying shippers, and bars the filing of a Natural Gas Act section 4 rate case before June 1, 2011.

FERC Denies Rehearing

H-1, *York Haven Power Company, LLC*, Project No. 1888-028. The draft order denies the rehearing request filed by Susquehanna River Basin Commission of the Director's study plan determination for the York Haven Project No. 1888, because the SRBC is not an agency with mandatory conditioning authority. The order follows *Exelon Generation Company, LLC*, 131 FERC ¶ 61,166 (2010).

FERC Denies Motion for Stay

H-2, *L.S. Starrett Company*, Docket No. UL09-1-002. The draft order denies L.S. Starrett Company's motion to stay Commission orders finding licensing required for proposed rehabilitation activities to a hydroelectric project on the Millers River in Massachusetts.

FERC Approves Amended License

H-3, *City of Tacoma, Washington*, Project Nos. 460-033, 460-040, and 460-021. The order amends the license for the 131-megawatt (MW) Cushman Hydroelectric Project No. 460, located on the North Fork of the Skokomish River in Mason County, Washington, consistent with the terms of a settlement agreement filed by the City of Tacoma, Washington (the licensee), the Skokomish Indian Tribe, and federal and state resource agencies. The Commission issued a new license for the project in 1998, but later stayed most of its provisions pending judicial review and further order. After a court remand in 2006, Tacoma and the Skokomish Indian Tribe entered into negotiations that ultimately led to the settlement.

FERC Addresses Complaint

H-4, *FPL Energy Maine Hydro LLC v. Great Lakes Hydro America, LLC and Rumford Falls Hydro LLC*, Docket No. EL10-53-000. The order addresses a complaint filed by the owner of storage projects on the Androscoggin River, in Maine, against two downstream licensees. The complaint asked the Commission to find the respondents in violation of their licenses by obstructing complainant's efforts to recover certain project costs that complainant alleged are owed pursuant to a 1983 headwater benefits settlement approved by Commission staff in 1992.

The order concludes that staff approval of a headwater benefits settlement does not obligate the Commission to interpret and rule on the provisions of that settlement, which, in any event, involves in this instance payment obligations that exceed the scope of reimbursements authorized under the headwater benefits provisions of section 10(f) of the Federal Power Act.

FERC Denies Rehearing

H-5, Exelon Generation Company, LLC, Project No. 2355-014. The draft order denies the rehearing requests filed by Pennsylvania Department of Environment and the Department of the Interior of the Director's formal study dispute resolution determination for the Muddy Run Pumped Storage Project No. 2355.

FERC Exempts Gas Gathering Project From Jurisdiction

C-2, *TGGT Holdings, LLC*, Docket No. CP10-73-000. TGGT Holdings, LLC filed a petition requesting the Commission make a finding that its proposed facilities would be exempt from the Commission's jurisdiction under NGA section 1(b). The draft order applies the Commission's primary function test and concludes that the facilities perform a gathering function and are exempt from the Commission's jurisdiction. The draft order also concludes that the construction of the proposed facilities will not change the gathering status of the existing TGGT gathering systems.

FERC Grants Certificate for Project Expansion in Alabama

C-3, *Florida Gas Transmission Company, LLC and Transcontinental Gas Pipeline Company, LLC.*, Docket Nos. CP09-455-000 and CP09-456-000. Florida Gas filed an application to construct and operate an extension of its existing Mobile Bay Lateral. On the same date Transco and Florida Gas filed a joint application to construct and operate the Pascagoula expansion. The draft order grants the requested certificate authority, as modified and conditioned in the order.