

133 FERC ¶ 61,124
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
John R. Norris, and Cheryl A. LaFleur.

Interstate Power and Light Company Docket No. ER10-2548-000
Tennessee Valley Authority
Pioneer Prairie Wind Farm I LLC

ORDER CONDITIONALLY ACCEPTING
COORDINATION AGREEMENT FOR FILING

(Issued November 5, 2010)

1. On September 7, 2010, Interstate Power and Light Company (Interstate), Tennessee Valley Authority (TVA), and Pioneer Prairie Wind Farm I LLC (Pioneer Prairie) (collectively, the Parties) jointly filed, pursuant to section 205 of the Federal Power Act,¹ a proposed Local Balancing Area Operations Coordination Agreement (Coordination Agreement)² to which they are parties. The Parties state that this filing is necessary because of a new dynamic interconnection point with Pioneer Prairie. For the reasons discussed below, we will conditionally accept the Coordination Agreement, effective one day after the date of the filing. In addition, we will require the Parties to revise the Coordination Agreement, as discussed below.

I. Background

2. Interstate is a wholly-owned public utility subsidiary company of Alliant Energy Corporation (Alliant). It is engaged in the generation, distribution, and sale of electric energy. Interstate serves retail and wholesale electric customers in Iowa and Minnesota.

¹ 16 U.S.C. § 824d (2006).

² The Agreement, dated May 12, 2010, has been designated as Interstate's FERC Electric Rate Schedule FERC No. 610.

In 2007, Interstate sold its transmission assets in Iowa, Illinois, Minnesota, and Missouri to ITC Midwest, LLC (ITC Midwest).³

3. TVA is a wholly-owned corporate agency and instrumentality of the United States of America, organized and existing pursuant to the Tennessee Valley Authority Act of 1933, as amended.⁴ TVA is engaged in the generation, distribution, and sale of electric power and energy in parts of Alabama, Georgia, Kentucky, Mississippi, North Carolina, Tennessee, and Virginia.⁵

4. Pioneer Prairie, a Delaware limited liability company, owns, and operates an approximately 300 MW wind-powered electric generating facility located in Howard and Mitchell Counties, Iowa (Pioneer Prairie Facility). The Pioneer Prairie Facility consists of two phases, a 198 MW Phase I and a 102 MW Phase II. Pioneer Prairie, ITC Midwest, and Midwest ISO are parties to a large generator interconnection agreement governing interconnection of the Pioneer Prairie Facility at designated interconnection points with the transmission system owned by ITC Midwest. Beginning in September 2010, Pioneer Prairie commenced selling 115 MW of the metered output from Phase I to TVA pursuant to a long-term power purchase agreement. The remainder of the output from Phase I is sold on a merchant basis into the Midwest ISO wholesale market.⁶

II. Proposed Coordination Agreement

5. The proposed Coordination Agreement sets forth the terms and conditions applicable to the Balancing Authority Points of Interconnection (BAPI) between the Interstate local balancing authority and the TVA balancing authority, which are electrically adjacent to each other.⁷ The Coordination Agreement states (in Exhibit 1)

³ See *ITC Holdings Corp.*, 121 FERC ¶ 61,229 (2007). ITC Midwest is an independent, stand-alone transmission company. It is a transmission-owning member of Midwest Independent Transmission System Operator, Inc. (Midwest ISO) and transmission service over ITC Midwest's transmission facilities is provided by Midwest ISO pursuant to the Midwest ISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff).

⁴ 16 U.S.C. §§ 831-831ee (2006 and Supp. II 2008). See TVA Intervention at 2.

⁵ TVA Intervention at 2.

⁶ Pioneer Prairie sells the entire output from Phase II to Union Electric Company under a long-term power purchase agreement. See Pioneer Prairie Comments at 2.

⁷ Balancing Authority means the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing

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that the Interstate local balancing authority and the TVA balancing authority are interconnected through a pseudo-tie at the Pioneer Prairie owned collector substation located in Mitchell County, Iowa.⁸ The pseudo-tie is operated in coordination with the Midwest ISO Balancing Authority as a Midwest ISO external tie. Under the Coordination Agreement, the 345 kV 2-way metering equipment owned by Interstate shall measure the total amount of energy at the interconnection. The Coordination Agreement provides that Interstate will send all of the data collected for the 198 MW generated at the Pioneer Prairie wind farm to the Alliant Generation Management Center in Madison, Wisconsin (Generation Center). Once at the Generation Center, the TVA pseudo-tie portion will be calculated using the algebraic sum of 115/198ths of the total Phase I project wind farm production. The Coordination Agreement further provides that TVA and Interstate are responsible for balancing their respective resources and load obligations within their balancing authority areas.

6. The Parties request waiver of the 60-day prior notice requirement pursuant to 18 C.F.R. § 35.3 of the Commission's regulations to allow the proposed Coordination Agreement to be effective either September 3, 2010, or September 8, 2010.⁹ The Parties contend that good cause exists to grant this waiver because Interstate, TVA and Pioneer Prairie are the only parties who will be affected by the proposed Coordination Agreement and the proposed Coordination Agreement will not have any rate or billing impact.

Authority Area, and supports interconnection frequency in real-time. Local Balancing Authority means an operational entity which is: (i) responsible for compliance to North American Electric Reliability Corporation (NERC) for the subset of NERC Balancing Authority reliability standards defined for its local area within the Midwest ISO Balancing Authority Area; and (ii) a party (other than the Midwest ISO) to the Balancing Authority Amended Agreement. *See Joint Reliability Coordination Agreement Among And Between Midwest Independent Transmission System Operator, Inc., PJM Interconnection, L.L.C., And Tennessee Valley Authority (JRO)*, available at http://mktweb.midwestiso.org/publish/Folder/2b8a32_103ef711180_-75ee0a48324a?rev=1

⁸ A pseudo-tie is a telemetered reading or value that is updated in real time and used as a tie-line flow in an area control error equation but for which no physical tie or energy metering actually exists. It allows a generator in one control area to appear to be in another control area electrically.

⁹ The Parties requested two different effective dates, September 3, 2010 and September 8, 2010. *See* Transmittal Letter at 1 and 2.

III. Notice of Filings and Responsive Pleadings

7. Notice of the Parties' filing was published in the *Federal Register*, 75 Fed. Reg. 56,087 (2010), with interventions and comments due on or before September 28, 2010. On September 28, 2010, Midwest ISO filed a timely motion to intervene with comments, and ITC Midwest filed a timely motion to intervene with a limited protest. On September 29, 2010, TVA filed a motion for leave to intervene out of time, and on October 1, 2010, Pioneer Prairie filed a late motion to intervene with comments in response to Midwest ISO and ITC Midwest. On October 13, 2010, Interstate filed a motion for leave to answer and answer to the comments and protest in which, among other things, Interstate proposed certain new language to the Coordination Agreement, as originally filed. On October 26, 2010, ITC Midwest filed a motion for leave to answer and limited answer to Interstate's proposed new language.

IV. Discussion

A. Procedural Matters

8. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2010), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

9. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2010), we will grant the motions to intervene out of time of TVA and Pioneer Prairie given their interests in the proceeding, the early stage of the proceeding and the absence of undue prejudice or delay.

10. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2010), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept Interstate and Midwest ITC's answers because they have provided information that assisted us in our decision-making process.

B. Substantive Matters

11. We will conditionally accept the proposed Coordination Agreement. It is appropriate for the Parties to memorialize the terms and conditions associated with the pseudo-tie between the Interstate and TVA systems, which is located at the Pioneer Prairie-owned substation. However, as discussed further below, the Parties must coordinate with Midwest ISO to revise the Coordination Agreement so that it correctly describes the authority and responsibility of each of the Parties.

1. Comments and Protests

12. Midwest ISO states that it supports the effort of the Parties to document their respective roles and obligations with regard to the pseudo-tied Pioneer Prairie Facility, but it also believes the Coordination Agreement should be clarified in certain respects.¹⁰ First, Midwest ISO expresses concern about the description of the pseudo-tie in the Coordination Agreement as “the algebraic sum of 115/198ths of the total Project wind farm production.”¹¹ According to Midwest ISO, this language, as written, means that as Midwest ISO dispatches or curtails the non pseudo-tied portion of the Project (i.e., the 83/198ths of the metered output registered in Midwest ISO’s market), the pseudo-tied TVA portion (i.e., the 115/198ths of the metered output pseudo-tied to TVA) would move at the same time. However, Midwest ISO contends that this proposed language does not allow it to issue curtailments consistent with the 115 MW of firm transmission capacity priority that TVA has reserved, which could lead to an unnecessary over-curtailment of the Phase I project. To alleviate its concern, Midwest ISO requests that the description of the pseudo-tie in the Coordination Agreement be revised to be 115/198ths of the *capacity* of the project instead of 115/198ths of the actual output. Midwest ISO states that this change would allow it to dispatch or curtail the output of the Pioneer Prairie Facility that remains in the Midwest ISO footprint without affecting the portion of the output that is pseudo-tied to TVA.¹²

13. In addition, Midwest ISO asserts that certain provisions in the Coordination Agreement are unclear or do not describe correctly the relationship and division of responsibilities between Midwest ISO as a balancing authority and Interstate as a local balancing authority. Midwest ISO notes that one provision in the Coordination Agreement states that Interstate is responsible for balancing the resources and loads within its balancing authority area, but Midwest ISO states that it has that responsibility, not Interstate.¹³ Midwest ISO also argues that language in Sections 2.01,¹⁴ 2.05¹⁵, and

¹⁰ Midwest ISO states it was not given the opportunity to participate in the discussions leading up to the signing of the Coordination Agreement nor to comment on its contents. In addition, Midwest ISO states that it was not served or notified of the filing.

¹¹ Midwest ISO Comments at 3 (citing Coordination Agreement, Exhibit 1).

¹² *Id.* Midwest ISO also states that it is preparing to submit proposed tariff revisions to implement the dispatch of intermittent resources, which may necessitate a change to the terms and conditions in the Coordination Agreement.

¹³ Midwest ISO Comments at 4 (citing the seventh Whereas clause in the Coordination Agreement, which reads: “WHEREAS, TVA and Interstate are responsible for balancing their respective resources and load obligations within their Balancing

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2.07¹⁶ of the Coordination Agreement are unclear with regard to the scope of Interstate's authority as a local balancing authority.

14. In its protest, ITC Midwest also objects to Section 2.05 of the Coordination Agreement on the grounds that it conflicts with certain Tariff provisions and is inconsistent with responsibilities imposed by NERC on Midwest ISO, ITC Midwest, Interstate, and Pioneer Prairie. Accordingly, ITC Midwest requests that the Parties either delete or revise this provision of the Coordination Agreement.

15. In addition, Midwest ISO notes that Section 2.04 of the Coordination Agreement obligates Pioneer Prairie and Interstate to operate within certain standards, including those promulgated by NERC, the applicable Regional Entities and TVA. However, Midwest ISO argues that while NERC standards are readily obtainable, TVA's reliability and operating standards are not. Therefore, Midwest ISO requests that the Parties include a link or provide a copy of the TVA standards applicable to this Pioneer Prairie Facility.

Authority areas, and their respective Balancing Authorities are electrically adjacent via the Midwest ISO BA at certain BAPIs.”

¹⁴ Section 2.01 reads: “TVA and Interstate shall establish and maintain Balancing Authority Area operations in compliance with applicable reliability organizations, applicable state or federal regulations, or any higher standards established by mutual agreement of the Parties.”

¹⁵ Section 2.05 states: “TVA and Interstate shall coordinate Balancing Authority Area operations to ensure continuous synchronism of their respective systems. If the synchronous operation of the TVA or Interstate systems is interrupted because of reasons beyond the control of either TVA or Interstate or because of scheduled construction or maintenance that has been agreed to by the Parties and the transmission owner ITCM, TVA and Interstate shall cooperate so as to remove the cause of such interruption as soon as practicable and restore such facilities to normal operation condition. Neither TVA nor Interstate shall be responsible to the other for any damage or loss of revenue caused by any such interruption in service.”

¹⁶ Section 2.07 reads: “TVA and Interstate shall act to minimize deviations between actual deliveries of energy between their systems. Interstate shall install and maintain the communication, telemetering, and control equipment required to achieve that objective. Such equipment shall meet the metering and telecommunication standards of the parties for pseudo tie arrangements. In so doing, Interstate shall coordinate with TVA, ITCM, Midwest ISO and any other party whose system is either directly or indirectly interconnected with the systems of the Parties.” Midwest ISO's Comments at 4-5.

Finally, Midwest ISO states that the Parties should be required to file all amendments to Exhibit 1 of the Coordination Agreement with the Commission and to serve Midwest ISO with all subsequent pleadings.

2. Answers

16. In its comments in answer to Midwest ISO's comments and ITC Midwest's protest, Pioneer Prairie asserts that acceptance of the Coordination Agreement does not obviate the applicability of the Midwest ISO Tariff. Pioneer Prairie argues, therefore, that the Commission should decline to adopt the changes requested by Midwest ISO and ITC Midwest and should approve the Coordination Agreement without modification.

17. In its answer, Interstate states that it agrees with Pioneer Prairie's comments that the Coordination Agreement does not obviate, and the Parties do not intend to obviate, the applicability of the Midwest ISO Tariff. Therefore, Interstate requests that the Commission approve the Coordination Agreement as filed.

18. In response to Midwest ISO's request that the Coordination Agreement be changed to describe the pseudo-tie as 115/198ths of the capacity of the Pioneer Prairie Facility instead of 115/198ths of the actual output, Interstate contends that no control equipment is available to dispatch the TVA and non-TVA portions of the Phase I project at different levels. Consequently, according to Interstate, the flow is strictly based on a 115/198ths ratio of the actual output. Interstate asserts that although it is not included in the Coordination Agreement, TVA agrees to have its share of the output of the Pioneer Prairie Facility curtailed using the 115/198ths ratio to meet Midwest ISO's curtailment requirements. Interstate argues, therefore, that the Coordination Agreement as written accurately reflects the operation of the pseudo-tie.

19. In response to Midwest ISO's and ITC Midwest's concerns about language in the Coordination Agreement relating to Interstate's authority over balancing authority operations, Interstate states that the Coordination Agreement is not intended to usurp any of Midwest ISO's authority as the balancing authority. Interstate also notes that other sections of the Coordination Agreement clearly recognize that Interstate is a signatory to a balancing authority agreement with Midwest ISO, and that the Midwest ISO is the Regional Reliability Coordinator for the Interstate system. Therefore, Interstate believes further clarification is unnecessary. Nevertheless, to the extent the Commission finds that such further clarification is needed, Interstate proposes changes to each of the provisions in the Coordination Agreement cited by Midwest ISO and ITC Midwest, which it states could be submitted in a compliance filing.

20. In response to Midwest ISO's concern about the applicable reliability standards, Interstate clarifies that it will operate to applicable standards promulgated by NERC and the applicable Regional Entities. However, Interstate does not take any position on the provision related to TVA's standards and believes that Midwest ISO and TVA should

resolve the matter between themselves. Finally, Interstate states that to the extent the Commission's rules require revisions to exhibits to agreements such as the Coordination Agreement to be filed for Commission review and approval, it will abide by the Commission's rules.

21. In its answer, ITC Midwest states that the new language to Section 2.05 proposed by Interstate in its October 13, 2010 answer is flawed and that the Coordination Agreement should, therefore, be rejected. ITC Midwest contends that the proposed language is flawed because it seeks to impose obligations on ITC Midwest and Midwest ISO, entities that are not parties to the agreement, and it is inconsistent with the roles of balancing authorities, transmission owners, transmission operators and transmission planners under approved Reliability Standards.¹⁷

3. Commission Determination

22. We will conditionally accept the Coordination Agreement for filing. We reject as unnecessary Midwest ISO's request to revise the description of the pseudo-tie in Exhibit 1 of the Coordination Agreement to reference the capacity of the Pioneer Prairie Facility instead of its actual output. Midwest ISO has failed to demonstrate why the language, as written, is unjust and unreasonable or how its proposed revision is necessary to resolve any curtailment or dispatch issues. Further, as Interstate points out, TVA has agreed to its share of the output of the Pioneer Prairie Facility being subject to Midwest ISO's curtailment requirements. We also will not require that the Coordination Agreement be revised to include a link to TVA's reliability or operating standards. We expect, however, that to the extent Midwest ISO does not have a copy of TVA's applicable standards, it will be able to obtain them without difficulty.¹⁸

23. We do agree, however, with Midwest ISO and ITC Midwest that certain provisions of the Coordination Agreement are inaccurate or unclear regarding the scope of Interstate's authority as a local balancing authority within Midwest ISO's Balancing Authority Area. Interstate notes in its October 13, 2010 answer that while it believes they are unnecessary, certain changes could be made to the Coordination Agreement to address Midwest ISO and ITC Midwest's concerns. Although Interstate's proposed changes may address certain of the concerns raised by Midwest ISO and ITC Midwest, we believe it is appropriate for Interstate to coordinate with Midwest ISO to ensure the language it proposes is correct. Therefore, we direct Interstate to work with Midwest ISO

¹⁷ See ITC Answer at 2-3.

¹⁸ For example, we note that Midwest ISO and TVA are parties to a Joint Reliability Coordination Agreement, providing for exchanges of data and information in furtherance of inter-regional coordination and the reliability of their systems. See JRO.

to revise the language in the Coordination Agreement so that it accurately describes the roles and responsibilities of the Parties, particularly in regard to Midwest ISO as the balancing authority. We will direct the Parties to file the Coordination Agreement with that revised language in a compliance filing due within 60 days of the date of this order.

24. We will grant waiver of the 60-day prior notice requirement¹⁹ for good cause shown so that the proposed Coordination Agreement, as modified, becomes effective one day after the date of the filing.

25. Regarding the concern about amendments to the Coordination Agreement, we agree with Midwest ISO that any amendments to the Coordination Agreement must be filed with the Commission.²⁰ In addition, to avoid any similar issues regarding future changes to the Coordination Agreement, we expect Interstate will coordinate with and inform Midwest ISO about any future amendments.

The Commission orders:

The Coordination Agreement is conditionally accepted, effective one day after the date of the filing, subject to a compliance filing made within 60 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹⁹ See *Central Hudson Gas & Electric Corp.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992).

²⁰ 18 C.F.R. § 35.1(a) and 35.17(b) (2010).