

June 2011 Meeting Summaries

These are summaries of orders voted by the Federal Energy Regulatory Commission at its June 16, 2011 public meeting. The summaries are produced by FERC's Office of External Affairs and are intended to provide only a general synopsis of the orders. These are not intended as a substitute for the Commission's official orders. To determine the specific actions and the Commission's reasoning, please consult the individual orders when they are posted to FERC's eLibrary found at www.ferc.gov.

FERC grants request to terminate PURPA mandatory purchase obligations

E-7, *Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company*, Docket No. QM11-2-000. The order grants the application filed by Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (Joint Applicants) to terminate the PURPA mandatory purchase obligation. More specifically, the order grants termination of the requirement that the Joint Applicants enter into new obligations or contracts to purchase electric energy and capacity from qualifying cogeneration and small power production facilities with net capacity in excess of 20 MW on a service territory-wide basis for Joint Applicants' interconnected systems under the control of the California Independent System Operator Corporation (CAISO). The order finds that the California market meets the criteria of section 210(m)(1)(C) of PURPA, in light of the existence of California's Combined Heat and Power Program, California's Renewable Portfolio Standard Program, California's Resource Adequacy requirements, and CAISO's implementation of its Market Redesign and Technology Upgrade (i.e., MRTU) day-ahead market.

E-9, News Release

FERC denies appeals of NERC's Compliance Registry

E-10, *Cedar Creek Wind Energy, LLC*, Docket No. RC11-1-000; ***Milford Wind Corridor Phase I, LLC***, Docket No. RC11-2-000. This order denies the appeals of two registry decisions in which the North American Electric Reliability Corporation (NERC) found that Cedar Creek Wind Energy, and Milford Wind Corridor Phase I, were properly included on the NERC Compliance Registry as transmission owners and transmission operators. Western Electricity Coordinating Council (WECC) registered Cedar Creek and Milford as transmission owners and

transmission operators. Both Cedar Creek and Milford appealed WECC's decisions to NERC, arguing that their respective tie-line facilities do not fall within NERC's registration criteria as transmission owners and operators. Although Cedar Creek and Milford submitted separate appeals of the respective NERC registry decisions, both appeals are addressed in this order given the similarity of issues raised in the two proceedings. Based on the specific facts of these proceedings, this order denies the appeals and affirms NERC's registry decisions. The order also finds that, to prevent a reliability gap, a limited set of Reliability Standards and requirements should apply to Cedar Creek and Milford as transmission owners and operators based on their transmission tie-line facilities.

FERC addresses response to prior show cause order

E-11, *Moussa I. Kourouma d/b/a Quntum Energy LLC*, Docket No. IN11-2-000. This order addresses a response to a prior Commission order directing Moussa I. Kourouma to show cause why he should not be found to have violated section 35.41(b) of the Commission's regulations under the Federal Power Act and be assessed a civil penalty in the amount of \$50,000. The order finds that Mr. Kourouma violated section 35.41(b) by providing false and misleading information to the Commission as part of a market-based rate application and to PJM in communications related to a PJM membership application. The order also finds that Mr. Kourouma failed to exercise due diligence to prevent the submission of these statements to the Commission and PJM and ordered a \$50,000 civil penalty given the seriousness of the violations and the lack of any effort by Mr. Kourouma to remedy the violations. Finally, given Mr. Kourouma's financial circumstances, the order instituted a payment plan.

FERC denies requests for rehearing on credit reforms in the organized wholesale electric markets

E-12, *Credit Reforms in Organized Wholesale Electric Markets*, Docket No. RM10-13-002. The order denies requests for rehearing of Order No. 741-A, specifically, the Commission's decision in Order No. 741-A to eliminate one of the two caps on unsecured credit it had earlier adopted, i.e., elimination of the separate \$100 million cap on unsecured credit for corporate families, and to allow only the \$50 million cap.

FERC denies clarification and rehearing

E-15, *Central Maine Power Company and Maine Public Service Company*, Docket No. EL08-77-002. The order denies a request filed by Central Maine Power Company and Maine Public Service Company that the Commission clarify

certain conditions associated with the transmission rate incentives the Commission previously authorized. Specifically, the companies requested clarification that the abandonment incentive granted to Central Maine's and Maine Public Service's planned Maine Power Connection Project is not subject to the conditions applicable to the other incentive granted, specifically that (1) ISO New England include the Project in its Regional System Plan as a Market Efficient Transmission Upgrade, and (2) the companies submit a subsequent filing explaining how the Project's designation as a Market Efficiency Transmission Upgrade satisfies FPA section 219's eligibility requirement. The order explains that the abandonment incentive is subject to the two conditions.

FERC approves settlement agreement governing MISO/PJM dealings

E-16, *Midwest Independent Transmission System Operator, Inc. and PJM Interconnection, L.L.C.*, Docket Nos. EL10-45-000, EL10-46-000, and EL10-60-000. The order approves a settlement agreement between MISO and PJM. On March 9, 2010, MISO filed two complaints against PJM contending that PJM had failed to initiate the market-to-market redispatch provisions of the Joint Operating Agreement (JOA) between MISO and PJM, and that PJM erroneously calculated charges to MISO for market-to-market settlements made from 2005-2009. On April 12, 2010, PJM filed a complaint against MISO alleging that MISO had improperly calculated the market-to-market settlements under the JOA. The Commission consolidated the three complaint proceedings and established hearing and settlement judge procedures. On January 4, 2011, MISO and PJM filed a settlement agreement to resolve the two MISO complaints against PJM, and the PJM complaint against MISO. The settlement provides, among other things, for initial and subsequent biennial reviews of the means and processes pursuant to which MISO and PJM implement market-to-market settlements under the JOA, as well as guiding principles governing market-to-market coordination.

FERC grants request for transmission rate incentives

E-17, *Northeast Transmission Development, LLC*, Docket No. EL11-33-000. The order grants Northeast Transmission Development, LLC's request for certain transmission rate incentives – including, among other incentives, deferred recovery of pre-commercial expenses, and allowing recovery of abandoned plant costs, should abandonment be for reasons beyond the company's control – with respect to two new transmission projects (the Liberty East Project in southeastern Pennsylvania and the Kanawha Project in West Virginia and Virginia), contingent on PJM Interconnection, L.L.C. (PJM) including the projects as economic enhancements in PJM's Regional Transmission Expansion Plan through its regional planning process. The order rejects Northeast Transmission's request for authorization to use a forward-looking formula rate subject to true-up, without

prejudice to Northeast Transmission proposing a formula rate in a subsequent proceeding.

FERC grants request to modify prior order

E-18, *Public Service Company of New Mexico*, Docket No. EC05-29-002. This order grants Public Service Company of New Mexico's (PNM) request to modify a prior Commission order in Docket No. EC05-29-000. Specifically, the order grants PNM's request to remove the independent market monitor and the requirement to submit semi-annual reports on the progress toward a consolidated transmission plan for the Southwest.

FERC grants motion to establish procedures to develop a record to respond to U.S. District Court's questions

E-19, *Duquesne Light Co.*, Docket Nos. ER08-194-000, *et al.* The order grants MISO's motion to establish procedures to develop a record that may enable the Commission to respond to the U.S. District Court's questions regarding MISO's breach of contract claim against Duquesne Light Company. In order to supplement the record of the combined proceeding, the order establishes briefing procedures that will afford the parties an opportunity to make additional written submissions to the Commission concerning the U.S. District Court's questions.

FERC directs removal of a provision for a non-conforming discounted rate service agreement

G-1, *Northwest Pipeline Company*, Docket No. RP11-59-001. The orders accepts, with revisions, Northwest Pipeline GP's (Northwest) compliance filing submitted in response to an earlier Commission order. Northwest previously filed tariff records to reflect a non-conforming discounted rate service agreement with its shipper, Northwest Natural Gas Company (NW Natural). The Commission accepted the agreement, subject to the compliance filing at issue in this proceeding explaining the non-conforming provisions. The order largely accepts the compliance filing, but directs Northwest to remove a provision that bars NW Natural from opposing third party discounts in other Northwest rate cases.

FERC denies rehearing

H-2, *Northern Lights, Inc.*, Project No. 2594-014. This order denies a request for rehearing of the new 30-year license issued to Northern Lights, Inc., for the continued operation and maintenance of the 4.5-megawatt Lake Creek Hydroelectric Project located on Lake Creek in Lincoln County, Montana.

Specifically, the order denies Northern Lights' request for a longer license term and affirms the 30-year term.

FERC grants certificate for Appalachian Gateway Project in PA and WVA

C-1, *Dominion Transmission, Inc.*, Docket No. CP10-448-000. This order authorizes the construction and operation, subject to conditions, of the Appalachian Gateway Project, proposed by Dominion Transmission, Inc. In response to increasing Appalachian gas production, Dominion proposes: (1) to construct 107 miles of 20-, 24-, and 30-inch diameter pipeline, four new compressor stations, upgrade two existing compressor stations, and (2) to integrate its 2008 TL-263 Expansion Project with the new facilities. The proposed project will be able to provide firm transportation for 484,260 dekatherms per day from supply areas in West Virginia and Pennsylvania to an interconnection with Texas Eastern Transmission in Westmoreland County, PA.

The order also denies protests lodged against the proposal by coal companies who contend the presence of a pipeline will preclude their extraction of coal reserves. In response, Dominion altered its initially proposed route to diminish impacts on present and future mining areas and has described measures it will employ to monitor and maintain the integrity of its pipeline when mining takes place beneath in-service segments of pipe.

FERC denies application for authorization to construct and operate a new gas storage facility in Liberty and Chambers Counties, TX

C-3, *Turtle Bayou Gas Storage Company, LLC*, Docket No. CP10-481-000.

This order denies Turtle Bayou's application for certificate authorizations to construct and operate a natural gas storage facility in Liberty and Chambers Counties, Texas. Turtle Bayou did not hold an open season, and its application relies only on general statements of national or regional need for natural gas storage from 2003-2006. Turtle Bayou's proposed project could adversely affect one property owner, which owns the rights to the minerals in, on, and under the property in which the project would be constructed. This property owner protests Turtle Bayou's application. Consistent with the Commission's Certificate Policy Statement, this order denies Turtle Bayou's application because it has not demonstrated a demand for its project in proportion to the adverse impact on the affected property owner.