

138 FERC ¶ 61,061  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

NorthWestern Corporation

Docket No. ER12-512-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued January 30, 2012)

1. On December 1, 2011, NorthWestern Corporation (NorthWestern) filed tariff revisions to provisions of its reserve energy service tariff (Tariff).<sup>1</sup> As discussed below, we will accept the proposed Tariff revisions effective January 1, 2012.

**I. Background**

2. NorthWestern states that it is a member of the Northwest Power Pool (NWPP). The NWPP operates under the Commission-approved NWPP Agreement.<sup>2</sup> According to NorthWestern, the NWPP operates a contingency reserve sharing program (Program) that provides reliability service consistent with the North American Electric Reliability Corporation (NERC) guidelines for balancing authorities and permits each participant to maintain a lower individual level of reserves than would be necessary in the absence of the Program.<sup>3</sup>

3. NorthWestern explains that the Program permits provision of reserve energy to be settled using either an index-based price or an in-kind return of energy.<sup>4</sup> NorthWestern adds that all of the members of the NWPP reserve sharing group agree to the proposed

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<sup>1</sup> NorthWestern, FERC Electric Tariff, Volume No. 7, version 2.

<sup>2</sup> *Puget Sound Power & Light Co.*, 77 FERC ¶ 61,247 (1996). The NWPP Agreement was amended and accepted for filing by the Commission. *Washington Water Power Co.*, Docket No. ER97-2847-000 (June 13, 1997) (delegated letter order).

<sup>3</sup> NorthWestern Transmittal Letter at 2.

<sup>4</sup> *Id.*

revisions to the Program set forth in NorthWestern's filing; NorthWestern proposes changes to the Tariff to reflect the agreed-upon revisions.<sup>5</sup>

## **II. Notice and Responsive Pleadings**

4. Notice of NorthWestern's filing was published in the *Federal Register*, 76 Fed. Reg. 77,220 (2011), with interventions and comments due on or before December 22, 2011. A timely motion to intervene and comments were submitted by PPL Energy Plus, LLC and PPL Montana, LLC (The PPL Companies).

## **III. Discussion**

### **A. Procedural Matters**

5. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2011), the PPL Companies' timely, unopposed motion to intervene serve to make it a party to this proceeding.

### **B. NorthWestern's Proposed Tariff Revisions**

6. NorthWestern's proposed modifications to the Tariff include changing the names of the NWPP Contingency Reserve Sharing Procedure to the NWPP Reserve Sharing Program, and the NWPP Operating Committee to the NWPP Reserve Sharing Group.<sup>6</sup>

7. Additionally, NorthWestern proposes to replace the index used to settle reserve energy service from the daily Dow Jones Mid-Columbia Index for on-peak and off-peak firm energy to a "Settlement Price."<sup>7</sup> NorthWestern explains that the Settlement Price is the average of the Powerdex Mid-Columbia hourly prices for the hour during which a participant first requests reserve energy service (Request Hour) and the two hours

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<sup>5</sup> NorthWestern notes that other members of the reserve sharing group have filed changes to their tariffs identical to those NorthWestern proposes in this docket. *See, e.g., Avista Corp.*, Docket No. ER12-506-000 (filed December 1, 2011); *Idaho Power Co.*, Docket No. ER12-582-000 (filed December 9, 2011); *PacifiCorp*, Docket No. ER12-507-000 (filed December 1, 2011); *Portland General Elec. Co.*, Docket No. ER12-510-000 (filed December 1, 2011); *Puget Sound Energy, Inc.*, Docket No. ER12-511-000 (filed December 1, 2011); and *Sierra Pacific Power Co.*, Docket No. ER12-514-000 (filed December 1, 2011).

<sup>6</sup> NorthWestern Transmittal Letter at 3.

<sup>7</sup> *Id.*

immediately following the Request Hour. In addition, the NWPP reserve sharing group has agreed that the Settlement Price “shall not be less than zero nor greater than the applicable price cap pursuant to the Commission’s regulations and orders.”<sup>8</sup> Finally, NorthWestern adds that NWPP will calculate the Settlement Price and post it on the NWPP website.

8. NorthWestern requests waiver of the Commission’s rules to allow an effective date of January 1, 2012, noting that the NWPP reserve sharing group agrees to an effective date of January 1, 2012.

**C. Comments and Motion for Clarification**

9. The PPL Companies support the proposed revisions to the Tariff, but seek clarification. The PPL Companies note that NorthWestern has agreed to extend the benefits of its membership in the NWPP reserve sharing group to its transmission and generation interconnection customers in exchange for such customer’s agreement to share reserves and abide by the Program’s procedures.<sup>9</sup> Consistent with the requirements of the Program, according to the PPL Companies, NorthWestern’s customers will be charged for the sale of reserve energy service using the formula established in the NWPP reserve sharing group procedures set forth in the Tariff. PPL Companies state that they are not NWPP members and did not sign the Program agreement.<sup>10</sup>

10. The PPL Companies argue that further revision is necessary to clarify that NorthWestern’s transmission and generation interconnection customers should be considered buyers under the Tariff, which states that the sale of reserve energy service “shall be available to any entity that has agreed to share reserves (‘Buyer’) pursuant to the Northwest Power Pool Contingency Reserve Sharing Program.”<sup>11</sup>

11. The PPL Companies also request that the Commission direct NorthWestern to post NWPP’s current procedures on its Open Access Same-Time Information System (OASIS), together with any revisions to such procedures.<sup>12</sup> The PPL Companies state that they now have access only to the publicly-available sections of NWPP’s website,

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<sup>8</sup> *Id.*

<sup>9</sup> PPL Companies Comments at 5.

<sup>10</sup> *Id.* at 5-6.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 6.

which do not include NWPP procedures and other reserve sharing group information. Without access to such information, the PPL Companies argue that their obligations to participate through NorthWestern in the NWPP reserve sharing group are not clear.<sup>13</sup>

12. The PPL Companies add that all transmission and generation interconnection customers would benefit from pertinent information, including the Settlement Price, being made publicly available, which would create additional transparency and minimize the risk of undue advantage or preferential treatment for NWPP members.<sup>14</sup>

**D. Commission Determination**

13. The Commission accepts NorthWestern's proposed Tariff revisions to account for changes in the Program. To the extent that NorthWestern extends the benefits of its membership in the NWPP reserve sharing group to PPL Companies and other transmission and generation interconnection customers in exchange for their agreement to share reserves and abide by the Program's procedures, NorthWestern should publish the terms and procedures for participation on its OASIS, as well as the Settlement Price that NorthWestern will charge for the sale of reserve energy service. We note that the Settlement Price is posted on the NWPP website and is publicly available at this time.<sup>15</sup>

14. The Commission will not require NorthWestern to clarify that the transmission or generation interconnection customers to which NorthWestern has extended the benefits of its NWPP membership are considered buyers under the Tariff. The Commission finds that PPL Companies are not signatories to the Program and they have not shown that they should be included as buyers under the Tariff.

15. We grant NorthWestern's request for waiver of the notice provisions of 18 C.F.R. § 35.11 (2011) and accept the proposed tariff sheets effective January 1, 2012.

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<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 7.

<sup>15</sup> NWPP's website is: <http://www.nwpp.org>.

The Commission orders:

NorthWestern's filing is hereby accepted, to be effective January 1, 2012, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.