

# June 2012

## Meeting Summaries

These are summaries of orders voted by the Federal Energy Regulatory Commission at its June 21, 2012 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](http://www.ferc.gov).

E-2 – Press Release

E-3 – Press Release

E-4 – Press Release

### **FERC proposes revisions to process for filing Electric Quarterly Reports**

**E-1**, *Revisions to Electric Quarterly Report Filing Process*, Docket No. RM12-3-000. The order proposes to change the process for filing Electric Quarterly Reports from one that requires downloading software from the Commission's website to one that allows filers to either file data through a web interface on the Commission's website or through an XML formatted file.

### **FERC denies rehearing on cost allocation to Merchant Transmission Facilities**

**E-5**, *PJM Interconnection, L.L.C.*, Docket No. ER06-456-021, *et al.* The order denies requests for rehearing of Opinion No. 503, in which the Commission largely affirmed the Initial Decision's determination that PJM's proposal for allocating the costs of transmission upgrades approved as part of PJM's Regional Transmission Expansion Plan (RTEP) to Merchant Transmission Facilities with Firm Transmission Withdrawal Rights was just and reasonable, and not unduly discriminatory or preferential. The order reaffirms the analysis and conclusions of Opinion No. 503, explaining that Merchant Transmission Facilities with Firm Transmission Withdrawal Rights are unlike generation in that they take energy out of the system and their transmission needs must be planned for accordingly, and instead more closely resemble load and so should be allocated transmission costs as load is allocated transmission costs. As a result, such facilities may appropriately be assigned not only "but for" interconnection costs but also may appropriately be allocated transmission costs.

## **FERC accepts revisions to PJM tariff**

**E-6**, *PJM Interconnection, L.L.C.*, Docket No. ER06-456-022, *et al.* The order accepts PJM's proposed revisions to the PJM Open Access Transmission Tariff to incorporate the methodology for assigning cost responsibility to Merchant Transmission Facilities with Firm Transmission Withdrawal Rights for transmission upgrades approved as part the PJM Regional Transmission Expansion Plan, as directed by Opinion No. 503, and reaffirmed in the companion order in E-5. The order also accepts PJM's refund report.

## **FERC denies rehearing, provides clarification of a Notice of Penalty order**

**E-8**, *North American Electric Reliability Corporation*, Docket No. NP10-18-002. The order denies rehearing and provides clarification of the Commission's March 17, 2011, Order on Review of Notice of Penalty involving Turlock Irrigation District (Turlock). The March 17 order affirmed an \$80,000 penalty that Western Electricity Coordinating Council assessed against Turlock for alleged violations of several Reliability Standards, including a violation of Reliability Standard FAC-003-1 Requirement R2 related to a vegetation-caused outage of transmission facilities on August 29, 2007. The order provides clarification on several issues related to notices of penalty, including load loss and self-reporting violations of Reliability Standards.

## **FERC denies rehearing**

**E-9**, *Powerex Corp. v. United States Department of Energy, Western Area Power Administration – Sierra Nevada Region*, Docket No. EL12-21-001. This order denies Powerex's request for rehearing of an order issued on March 15, 2012, that denied a complaint filed by Powerex against the Western Area Power Administration – Sierra Nevada Region (Western), alleging that Western unlawfully and preferentially awarded transmission service to Morgan Stanley Capital Group Inc.

## **FERC grants, in part, and denies, in part, requests for relief**

**E-10**, *Astoria Generating Co. L.P., et al. v. New York Independent System Operator, Inc.*, Docket No. EL11-42-000. The order grants, in part, and denies, in part, the relief requested in a complaint by Astoria Generating Company (Astoria) and others concerning New York Independent System Operator's (NYISO) implementation of buyer-side mitigation rules. The order finds that, with certain revisions (including not only certain tariff revisions but also disclosure that mitigation has occurred and the provision of an example of its mitigation methodology), NYISO's implementation is sufficiently transparent and objective, that an inflation adjustment should be consistently applied across all parts of the mitigation exemption test and offer floors, and also should be consistent with that used in determining the Installed Capacity Demand Curve. The order also requires NYISO to use values from the same demand curve that is effective at the time NYISO makes an exemption determination when NYISO compares a project's

Default net Cost of New Entry (CONE) with spot market auction prices. Other elements of the complaint (e.g., relating to NYISO review of bilateral contracts and use of natural gas futures prices in calculating Default net CONE) are denied.

### **FERC conditionally accepts an unexecuted service agreement**

**E-13**, *Southwest Power Pool, Inc.*, Docket No. ER12-1600-000. The order conditionally accepts an unexecuted service agreement between Southwest Power Pool, Inc. (SPP) and Exelon Generation Company, LLC (Exelon), effective April 1, 2012, as requested by SPP, subject to modification to include proposed revisions necessary to reflect the rights of Exelon's 12 wind qualifying facilities (QFs) under the Public Utility Regulatory Policies Act of 1978 (e.g., the right to sell a QF's net output to the host utility). Without the revisions, Exelon's 12 wind QFs otherwise would be required by the service agreement to obtain transmission service and to participate in the Energy Imbalance Market or be subject to incurrence of credits and charges in that Market.

### **FERC rules off-system sales were permitted under System Agreement, but method for allocating energy for those sales violated System Agreement, thus requiring refunds**

**E-14**, *Louisiana Public Service Commission v. Entergy Corporation, Entergy Services, Inc., Entergy Louisiana, L.L.C., Entergy Arkansas, Inc., Entergy Mississippi, Inc., Entergy New Orleans, Inc.*, Docket No. EL09-61-001. The order addresses exceptions to an Initial Decision issued on December 9, 2010, in which the Presiding Judge found that Entergy Corporation (Entergy) and its affiliates violated Entergy's Commission-approved generation and transmission pooling arrangement, the Entergy System Agreement (System Agreement), when affiliate Entergy Arkansas, Inc. sold excess electric energy to third-party power marketers and others that are not members of the System Agreement. The order affirms in part and reverses in part the Initial Decision and establishes further hearing procedures to determine refunds. The order finds that, although the sales at issue were permitted under the System Agreement, the method used to allocate energy for those sales violated the System Agreement, thus requiring refunds.

### **FERC denies request for clarification**

**E-20**, *Interpretation of Protection System Reliability Standard*, Docket No. RM10-5-001. The order denies a request for clarification filed by National Rural Electric Cooperative Association (NRECA) in response to Order No. 758, which approved the North American Electric Reliability Corporation's (NERC) interpretation of mandatory Reliability Standard PRC-005-1 (Transmission and Generation Protection System Maintenance and Testing). NRECA filed a motion for clarification of the characterization of NRECA's comments on reclosing relays. The order denies NRECA's request, explaining that the final rule accurately conveyed NRECA's comments.

### **FERC denies request for rehearing**

**E-27**, *Puget Sound Energy, Inc.*, Docket No. EL10-72-001. This order denies Puget's request for rehearing of the Commission's November 18, 2010, order in this proceeding. The November 18 order rejected Puget's petition for a declaratory order that sought confirmation of firm priority rights on generator lead lines associated with a multi-phased wind generation project that Puget was planning to construct. The order finds that Puget's request for rehearing impermissibly raised materially different facts from facts that were presented in its petition.

### **FERC grants a request for a declaratory order**

**G-2**, *Shell Pipeline Company LP*, Docket No. OR12-11-000. The order grants Shell's March 30, 2012, petition requesting that the Commission issue a declaratory order approving Shell's proposed contract rates, proposed service priority rights and prorationing provisions for shippers, and its use of a net present value methodology to allocate requests for contract capacity during its binding open season, for proposed transportation service from Houston, Texas to Houma, Louisiana and certain other destinations and origins.

### **FERC accepts filing, orders further revisions**

**G-3**, *TransColorado Gas Transmission Company, LLC*, Docket No. RP12-245-000. The order accepts, with conditions, a filing by TransColorado to revise its reservation charge credits tariff provisions. The order requires TransColorado to make further revisions, including changes it had agreed to make in its answer to protests to its filing. The order also requires TransColorado to revise its definition of *force majeure*, since it may be overly broad, or explain why it need not make any change.

### **FERC denies rehearing**

**H-2**, *Percheron Power, LLC*, Project No. 14208-001. The order denies rehearing of a Commission staff order that rejected Percheron's conduit exemption application for the Potholes East Project, proposed to be located on the Potholes East Canal at Station 1973, near Othello, Franklin County, Washington.

### **FERC denies rehearing**

**H-3**, *PPL Montana, LLC*, Project No. 2188-201. The order denies rehearing of Commission staff's letter orders of February 1, 2011, and January 10, 2012, addressing concerns raised in numerous letters and at on-site meetings by an adjoining landowner, Mr. Thomas Andersen, regarding erosion along the shoreline of Lake Helena, part of the Missouri-Madison Project No. 2188. The project is located on the Madison and Missouri Rivers in Gallatin, Madison, Lewis and Clark, and Cascade Counties in southwestern

Montana. The order affirms staff's finding that project operations do not cause or contribute to ice movement along Lake Helena, which is a natural phenomenon. In addition, the order affirms that the project's approved erosion plan does not require PPL Montana to address shoreline erosion along Lake Helena. Finally, the order explains that PPL Montana has voluntarily taken actions to monitor and control shoreline erosion adjacent to Mr. Andersen's property in an effort to respond to his concerns.

### **FERC grants certificates and vacates certificate authorizations**

**C-1**, *Caledonia Energy Partners, L.L.C.*, Docket No. CP12-33-000. This order grants authorization under the Natural Gas Act for the construction and operation of the Delta Pressure –DP33 Project that would modify Caledonia's existing natural gas storage facility in Lowndes County, Mississippi. The order also vacates its certificate authorization for the County Line Expansion Project, and permits Caledonia to continue to charge market-based rates.

### **FERC approves abandonment and grants a certificate of public convenience and necessity**

**C-2**, *Southern Natural Gas Company and High Point Gas Transmission, LLC*, Docket Nos. CP12-4-000 and CP12-9-000. This order approves Southern Natural Gas' request to abandon the South of Toca Facilities, which bring production volumes of natural gas from the Gulf of Mexico to onshore Louisiana, by sale to High Point Gas Transmission, LLC. This order also issues certificates to High Point Gas Transmission, LLC, to acquire and operate those segments of the South of Toca Facilities that function as jurisdictional transmission facilities.

### **FERC grants abandonment and grants a certificate of public convenience and necessity**

**C-3**, *ANR Pipeline Company and TC Offshore, LLC*, Docket Nos. CP11-543-000 and CP11-544-000. The order authorizes ANR Pipeline Company's proposal to abandon by sale to its wholly owned subsidiary, TC Offshore LLC, all of its offshore pipeline facilities in the Gulf of Mexico and certain onshore pipeline facilities in Louisiana and Texas. The order also grants TC Offshore a certificate of public convenience and necessity to acquire and operate those facilities that will primarily function as jurisdictional transmission facilities.

### **FERC grants abandonment and grants a certificate of public convenience and necessity**

**C-4**, *Trunkline Gas Company, LLC and Sea Robin Pipeline Company, LLC*, Docket No. CP12-5-000. The order grants Trunkline's request for approval of abandonment by sale to its affiliate, Sea Robin of Trunkline's facilities in the Gulf of Mexico, offshore

Louisiana and Texas, and certain associated onshore pipeline facilities in Louisiana. The order also grants Sea Robin's request for Natural Gas Act section 7(c) certificate authority to own and operate the facilities.

**FERC grants abandonment authority**

**C-5**, *Columbia Gulf Transmission Company and Texas Eastern Transmission, LP*, Docket No. CP11-13-000 and CP11-103-000. This order authorizes Columbia Gulf and Texas Eastern to abandon their obligations to provide transportation service using their ownership interests in two small discrete undersea pipelines located in the Gulf of Mexico, offshore Louisiana. One of the pipelines has previously been determined to perform a gathering function.

**FERC terminates prior authorization as requested, and grants new authority for facilities to transport imported and exported gas between the US and Canada,**

**C-6**, *Bluewater Gas Storage, LLC*, Docket No. CP12-5-000. This order terminates the Presidential Permit and Natural Gas Act (NGA) section 3 authorizations issued to Bluewater for the import and export of natural gas between the United States and Canada through facilities that Bluewater currently leases from Nova Chemicals, Inc. The order also issues a new Presidential Permit and NGA authorization for Bluewater's proposed St. Clair River Crossing Replacement Project. Bluewater would construct, operate and maintain its own new border crossing facilities at the United States/Canada international boundary in St. Clair County, Michigan, to transport the natural gas between the United States and Canada.