

169 FERC ¶ 61,187  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;  
Richard Glick and Bernard L. McNamee.

Meadow Lake Wind Farm VI LLC

Docket No. ER20-80-000

ORDER ACCEPTING AND SUSPENDING PROPOSED RATE SCHEDULE AND  
ESTABLISHING HEARING AND SETTLEMENT JUDGE PROCEDURES

(Issued December 5, 2019)

1. On October 10, 2019, pursuant to section 205 of the Federal Power Act (FPA)<sup>1</sup> and Part 35 of the Commission's regulations,<sup>2</sup> Meadow Lake Wind Farm VI LLC (Meadow Lake) submitted a proposed rate schedule (Rate Schedule),<sup>3</sup> to begin receiving payment for Reactive Supply and Voltage Control from Generation Sources Service (Reactive Service), as defined in the PJM Interconnection, L.L.C. (PJM) Open Access Transmission Tariff (Tariff), at Schedule 2.<sup>4</sup> In this order, we accept Meadow Lake's Rate Schedule for filing and suspend it for a nominal period, to become effective December 9, 2019, as requested, subject to refund, and set the filing for hearing and settlement judge procedures.<sup>5</sup>

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<sup>1</sup> 16 U.S.C. § 824d (2018).

<sup>2</sup> 18 C.F.R. pt. 35 (2019).

<sup>3</sup> Meadow Lake Wind Farm VI LLC, Tariffs and Agreements, [Reactive Supply Service, Rate Schedule FERC No. 1, 0.0.0.](#)

<sup>4</sup> See PJM, Intra-PJM Tariffs, OATT, Schedule 2 (3.1.0).

<sup>5</sup> Although Meadow Lake has not previously filed for approval of a Reactive Service tariff, we conclude that Meadow Lake's filing is a proposed rate change under section 205(d) of the FPA, not an initial rate, because Meadow Lake has been providing Reactive Service to PJM prior to the instant filing. See *Calpine Oneta Power, L.P.*, 103 FERC ¶ 61,338, at P 11 (2003) (finding that the proposed rates for Reactive Power Service "are not initial rates, but are changed rates," where the relevant project had been providing service under an interconnection agreement, albeit without charge).

## I. Background

2. Schedule 2 of the PJM Tariff provides that PJM will compensate owners of generation and non-generation resources for the capability to provide reactive power to PJM to maintain transmission voltages. Specifically, Schedule 2 states that, for each month of Reactive Service provided by generation and non-generation resources in the PJM region, PJM shall pay each resource owner an amount equal to the resource owner's monthly revenue requirement, as accepted or approved by the Commission.<sup>6</sup>

## II. Filing

3. Meadow Lake states that it is an indirect subsidiary of EDP Renewables North America LLC.<sup>7</sup> Meadow Lake further states that it owns and operates a 200.4 MW wind turbine generating facility (Facility) in Benton and White Counties, Indiana, which began commercial operation in December of 2018. Meadow Lake notes that the Facility is interconnected with the transmission system of Indiana Michigan Power Company (IMPC), within the PJM region. Meadow Lake adds that the terms of this interconnection are governed by an Interconnection Service Agreement, which was accepted by the Commission on November 20, 2018. Meadow Lake states that the Commission authorized it to sell capacity, energy, and ancillary services at market-based rates in 2018.<sup>8</sup>

4. Meadow Lake states that, under the Interconnection Service Agreement, the Facility is required to provide reactive power within the power factor range of at least 0.95 leading to 0.95 lagging, as measured at the generator's terminals.<sup>9</sup> Meadow Lake adds that it calculated the Facility's Fixed Capability Component in accordance with the methodology for determining the cost-of-service associated with providing reactive power capability that the Commission originally adopted in *American Electric Power Service Corp (AEP Methodology)*.<sup>10</sup> Meadow Lake notes that the *AEP* methodology

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<sup>6</sup> Transmittal Letter at 4 (citing PJM, Intra-PJM Tariffs, OATT, Schedule 2).

<sup>7</sup> *Id.* at 2.

<sup>8</sup> *Id.* (citing *Meadow Lake Wind Farm VI LLC*, Docket No. ER18-1189-000, (May 14, 2018) (delegated order)).

<sup>9</sup> *Id.* at 3 (citing Interconnection Service Agreement at Section 12.0).

<sup>10</sup> *Id.* at 4-5 and 9 (citing *American Elec. Power Serv. Corp.*, 88 FERC ¶ 61,141 (1999), *order on reh'g*, 92 FERC ¶ 61,001 (2000) (*AEP*); *Dynegy Midwest Generation, Inc.*, 121 FERC ¶ 61,025 (2007), *order on reh'g*, 125 FERC ¶ 61,280 (2008)).

considers the costs associated with four groups of plant investments: (i) the generators/excitors; (ii) generator step-up transformers (GSU); (iii) accessory electric equipment; and (iv) the remaining production plant investment.<sup>11</sup>

5. Meadow Lake calculates the total investment in reactive power production facilities as the sum of the costs attributable to: (i) the reactive portions of the generator/exciter and accessory electric equipment; (ii) the Facility's static capacitors; (iii) the reactive portions of the GSU transformer; and (iv) the portion of the remaining total production plant used to support reactive power production.<sup>12</sup> Meadow Lake states that it uses IMPC's capital structure as a proxy to establish a rate of return. Based on these inputs, Meadow Lake states that it calculated the total annual revenue requirement for Reactive Service of \$709,625.91, with a monthly revenue requirement of \$59,135.49.<sup>13</sup>

6. Meadow Lake requests a waiver of any applicable requirement of Part 35 and any other section of the Commission's regulations, as necessary, in order to allow this filing to become effective as proposed.

### **III. Notice**

7. Notice of Meadow Lake's filing was published in the *Federal Register*, 84 Fed. Reg. 55,569 (2019), with interventions and protests due on or before October 31, 2019. PJM and Monitoring Analytics, LLC, acting in its capacity as PJM's Independent Market Monitor, filed timely motions to intervene.

### **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 (2019), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

#### **B. Substantive Matters**

9. Our preliminary analysis indicates that Meadow Lake's proposed Rate Schedule has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Meadow Lake's proposed Rate

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<sup>11</sup> *Id.* at 9-12.

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

<sup>13</sup> Filing at Attachment B, Prepared Direct Testimony of John L. Simpson at 36.

Schedule raises issues of material fact that cannot be resolved based on the record before us and are more appropriately addressed in the hearing and settlement judge procedures ordered below. Accordingly, we accept Meadow Lake's proposed Rate Schedule for filing and suspend it for a nominal period, to be effective December 9, 2019, as requested, subject to refund, and establish hearing and settlement judge procedures.

10. Although we are setting the Rate Schedule for hearing in its entirety, we note that Meadow Lake's accessory electric equipment cost and allocator, balance of plant allocator, administrative and general costs, operation and maintenance costs, and generator and exciter costs may be excessive. Meadow Lake has not provided sufficient data to support its calculation of the reactive power allocator for the Facility, such as the manufacturer's nameplate data and reactive power capability tests reports, and Meadow Lake has not provided underlying support for the costs claimed.<sup>14</sup>

11. While we are setting these matters for a trial-type evidentiary hearing, we encourage the parties to make every effort to settle their disputes before hearing procedures commence. To aid the parties in their settlement efforts, we will hold the hearing in abeyance and direct that a settlement judge be appointed, pursuant to Rule 603 of the Commission's Rules of Practice and Procedure.<sup>15</sup> If the parties desire, they may, by mutual agreement, request a specific judge as the settlement judge in the proceeding.<sup>16</sup> The Chief Judge, however, may not be able to designate the requested settlement judge based on workload requirements which determine judges' availability. The settlement judge shall report to the Chief Judge and the Commission within thirty (30) days of the date of the appointment of the settlement judge, concerning the status of settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions or provide for commencement of a hearing by assigning the case to a presiding judge.

The Commission orders:

(A) Meadow Lake's proposed Rate Schedule is hereby accepted for filing and suspended for a nominal period, to become effective December 9, 2019, subject to refund, as discussed in the body of this order.

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<sup>14</sup> *Wabash Valley Power Ass'n, Inc.*, 154 FERC ¶ 61,246, at P 28 (2016).

<sup>15</sup> 18 C.F.R. § 385.603 (2018).

<sup>16</sup> If the parties decide to request a specific judge, they must make their joint request to the Chief Judge by telephone at (202) 502-8500 within five days of this order. The Commission's website contains a list of Commission judges available for settlement proceedings and a summary of their background and experience (<http://www.ferc.gov/legal/adr/avail-judge.asp>).

(B) Pursuant to the authority contained in and subject to the jurisdiction conferred on the Commission by section 402(a) of the Department of Energy Organization Act and the Federal Power Act, particularly sections 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 C.F.R. Chapter I), a public hearing shall be held concerning the justness and reasonableness of Meadow Lake's proposed Rate Schedule. However, the hearing will be held in abeyance to provide time for settlement judge procedures, as discussed in Ordering Paragraphs (C) and (D) below.

(C) Pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (2019), the Chief Judge is hereby directed to appoint a settlement judge in this proceeding within fifteen (15) days of the date of this order. Such settlement judge shall have all powers and duties enumerated in Rule 603 and shall convene a settlement conference as soon as practicable after the Chief Judge designates the settlement judge. If the participants decide to request a specific judge, they must make their request to the Chief Judge within five (5) days of the date of this order.

(D) Within thirty (30) days of the appointment of the settlement judge, the settlement judge shall file a report with the Commission and the Chief Judge on the status of the settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions, if appropriate, or assign this case to a presiding judge for a trial-type evidentiary hearing, if appropriate. If settlement discussions continue, the settlement judge shall file a report at least every sixty (60) days thereafter, informing the Commission and the Chief Judge of the parties' progress toward settlement.

(E) If settlement judge procedures fail and a trial-type evidentiary hearing is to be held, a presiding judge, to be designated by the Chief Judge, shall, within fifteen (15) days of the date of the presiding judge's designation, convene a prehearing conference in these proceedings in a hearing room of the Commission, 888 First Street, NE, Washington, DC 20426. Such a conference shall be held for the purpose of establishing a procedural schedule. The presiding judge is authorized to establish procedural dates, and to rule on all motions (except motions to dismiss) as provided in the Commission's Rules of Practice and Procedure.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.