174 FERC ¶ 61,033
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James P. Danly, Chairman;
Neil Chatterjee, Richard Glick,
Allison Clements, and Mark C. Christie.

Locke Lord LLP Docket No. AC20-103-000

ORDER DENYING ACCOUNTING REQUEST

(Issued January 19, 2021)

1. On April 28, 2020, Locke Lord LLP (Locke Lord) filed a request for confirmation (Request) from the Chief Accountant at the Federal Energy Regulatory Commission (Commission) that the cost of specific wind and solar generating equipment is properly booked to Uniform System of Accounts (USofA) Nos. 343 (Prime Movers), 344 (Generators), and 345 (Accessory Electric Equipment). For the reasons discussed below, we deny Locke Lord's Request.

I. Background

2. Locke Lord states that the purpose of the USofA is to provide standard accounting practices across utility companies so that regulators and interested parties can make proper cost comparisons.[1] Locke Lord explains that the USofA addresses how generating equipment should be booked for many types of electric generation, such as steam and nuclear. However, Locke Lord states that the USofA does not address how wind and solar generating equipment should be booked. Therefore, Locke Lord contends that Commission guidance is needed due to the growing addition of wind and solar generating facilities throughout the nation.[2]

3. Locke Lord, which is a law firm, does not make its request on behalf of a specific entity or facility. In lieu of details about an identifiable entity or facility, Locke Lord provides a description of the configuration of "typical" wind and solar facilities and

[1] Accounting Request at 2.

[2] *Id.* at 1.

proposes an allocation of certain equipment to certain accounts in the USofA based on that "typical" configuration.[3]

4. Locke Lord states that the typical wind generating facility requires a minimum of 30 acres per megawatt (MW) and is configured as follows:[4]

a. The wind turbine generators are connected to collection system feeders through a 0.69/34.5 kilovolt (kV) low-voltage step up transformer. The low-voltage step up transformer that converts the voltage from 690 volts to 34.5 kV is often located either in the nacelle or at the base of the wind turbine generator equipment.

b. Each of the collection system feeders is then connected to a 34.5 kV collection system bus located in the facility substation.

c. The collection system bus is then connected to a 34.5/115 kV or 34.5/500 kV (or other voltage) high-voltage generator step-up transformer (Plant GSU) that also is located in the facility substation and raises the collection system voltage to the transmission interconnection voltage.

d. The high side of the Plant GSU is then connected to a 115 or 500 kV (or other voltage) bus that connects to the transmission owner's interconnection facilities.

e. Static capacitators and/or reactors that supplement the reactive power production capability of the generators may be installed on either the low or high voltage side of the Plant GSU.

5. Locke Lord states that the typical solar generating facility requires a minimum of 7.5 acres/MW and is configured as follows:[5]

a. The individual solar modules are each capable of producing 340 to 400 watts of Direct Current (DC) electric energy.

b. The solar modules are connected in series and parallel circuits and then into one of several combiner circuits, which are each connected to an inverter

[3] *Id.* at 2-3.

[4] *Id.*

[5] *Id.* at 3.

where the DC power from the photovoltaic cells is converted to Alternating Current (AC) power.

c. The inverters are connected to low-voltage step up transformers that raise the voltage from approximately 600 volts to 34.5 kV.

d. The low-voltage step up transformers are connected to collection system feeders, which are then connected to a collection system bus located in the facility substation.

e. The collection system bus is then connected to a 34.5/115 kV or 34.5/500 kV (or other voltage) high-voltage Plant GSU transformer in the facility substation to raise the voltage to the transmission interconnection voltage.

f. The high side of the Plant GSU transformer is connected to a 115 kV or 500 kV (or other voltage) bus that connects to the interconnecting transmission owner's facilities.

g. Static capacitors and/or reactors that supplement the reactive power production capability of the inverters may be installed on the low or high voltage side of the Plant GSU.

6. Based on these configurations, Locke Lord seeks confirmation that it is appropriate to book: (1) wind turbines, solar modules, combiner circuits, and inverters to Account 343; (2) wind turbine generators to Account 344; and (3) DC conductors, individual low-voltage step up transformers, AC conductors (34.5 kV) associated with collection systems, power cables, conduit and underground duct banks, circuit breakers, disconnect switches and accessories, grounding conductors and grounding transformers, collection system buses, main and/or auxiliary transfer buses, collection system control systems, supervisory control and data acquisition systems, static capacitors and reactors, and collector system substations to Account 345.[6]

II. Notice of Filing

7. Notice of Locke Lord's filing was published in the *Federal Register,* 85 Fed. Reg. 26,970 (May 6, 2020), with interventions or protests due on or before May 28, 2020. Ameren Services Company, on behalf of Ameren Illinois Company d/b/a Ameren Illinois and Union Electric Company, d/b/a Ameren Missouri (together, Ameren), and the Edison Electric Institute (EEI) filed motions to intervene and

[6] *See id.* at 4-8.

comments. Locke Lord filed an answer on June 25, 2020. Ameren filed an answer on August 6, 2020. Locke Lord filed an additional answer on August 27, 2020.

A. Protests

1. Ameren

8. Ameren contends that, because the issues raised in Locke Lord's filing are generic, the Commission's acceptance of Locke Lord's proposed accounting treatment would be binding on all Federal Power Act jurisdictional wind and solar facilities. Ameren argues that an accounting request is not the appropriate vehicle to address an industry-wide matter.[7] Ameren states that these issues should be examined in a technical conference or generic proceeding, not in a request for confirmation of accounting treatment. Furthermore, Ameren suggests that the Commission consider creating accounts specific to solar and wind facilities rather than "force-fitting" equipment for wind and solar facilities into Other Production Accounts.[8]

9. Furthermore, Ameren argues that Locke Lord's Request is based on its presentation of a "typical" configuration for a wind or solar facility, which may not be entirely accurate. Ameren notes that the filing contains no affidavits or expert witness testimony, and that the "statements in places appear misleading[.]"[9] In fact, Ameren points out that, at times, Locke Lord's statements are contrary to expert industry views.[10] Ameren provides several specific examples of where it disagrees with Locke Lord's characterization of equipment.

10. Ameren explains how its disagreements with Locke Lord's characterization of equipment can implicate broader issues such as reactive power compensation. Ameren argues that if the Commission were to grant Locke Lord's Request, without clarifying that accounting does not drive ratemaking, it could be implicitly deciding contested ratemaking issues.[11] Specifically, pursuant to the *AEP* Methodology,[12] costs booked to

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[7] Ameren Comment at 4.

[8] *Id.* at 11.

[9] *Id.* at 7.

[10] *Id.* at 10.

[11] *Id.* at 8.

[12] *Am. Elec. Power Serv. Corp.*, 80 FERC ¶ 63,006, at 65,071 (1997), *aff'd in part, rev'd in part*, Opinion No. 440, 88 FERC ¶ 61,141, at 61,437 (1999) (establishing the *AEP* Methodology). The *AEP* Methodology identifies costs associated with four groups

Account 345 are treated as being involved in the production of reactive power. Ameren claims that Locke Lord's characterization of wind and solar equipment places more of the costs into Account 345, thereby increasing reactive power rates.

11. For example, Ameren disagrees with Locke Lord's assertion that the "high-voltage step up transformer" at the end of the collection system is the "Plant GSU," a term which Ameren contends blurs the lines between "GSU" and the significance of "Plant."[13] Rather, Ameren contends that the GSU is the transformer that steps up the generation voltage from the inverters (referred to in Locke Lord's Request as the low voltage step up transformer).[14] Ameren states that Locke Lord's assertion that the GSU is the transformer that steps up the voltage from the collector system allows Locke Lord to argue that everything before that transformer leading back to the generator, including the collection system, is involved in the production of reactive power. However, Ameren explains that it has argued in multiple proceedings before the Commission that the collector system and its associated costs are not necessary for the production of reactive power and should not be included in reactive power rates.[15] Instead, Ameren concludes that "the entire collection system, busses, 'Plant GSU,' and the like serve more as a distribution system rather than an 'auxiliary generating apparatus, conversion equipment, and equipment used primarily in connection with the control and switching' of electric energy produced in power stations."[16] Therefore, Ameren disagrees with Locke Lord's proposed cost allocation.

2. EEI

12. EEI argues that the "Locke Lord proposal is not an appropriate mechanism to establish accounting requirements that would be binding on all jurisdictional companies" and would effectively result in an amendment to the USofA.[17] EEI states that, in the absence of specific guidance from the Commission, its member companies have applied

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of plant investment: (1) the generators/exciters; (2) generator step-up transformers; (3) accessory electric equipment; and (4) the remaining production plant investment. These costs are then allocated between real and reactive power using an allocation factor.

[13] *Id.*

[14] *Id.* at 9.

[15] *Id.* (citing Rail Splitter Wind Farm, LLC, Docket No. ER18-2487, Motion to Intervene and Protests of Ameren Services Company at 7).

[16] *Id.*

[17] *Id.* at 3-4.

reasonable judgment in classifying their non-hydro renewable assets in existing USofA Accounts.[18] EEI contends that the classification of assets proposed by Locke Lord should not alter these reasonable judgments; even if the proposed classifications are appropriate for Locke Lord's unidentified client, these classifications should not be imposed on all other jurisdictional companies.

13. EEI argues that a rulemaking is required to address the broader implications of the issues raised in Locke Lord's Request and to amend the USofA.[19] In support, EEI points to a protest filed in a separate proceeding claiming that the Commission has not established how the *AEP* Methodology applies to non-synchronous generation.[20] Therefore, EEI maintains that important questions remain outstanding with respect to reactive power compensation for non-hydro renewable resources, and that this proposal implicates those issues. EEI argues that these issues should not be addressed through an accounting request; rather, if the Commission wishes to decide these questions, the Commission should open a rulemaking. EEI also suggests that, in the context of such a rulemaking, the Commission could establish separate Plant, Operation, and Maintenance Accounts for each major type of non-hydro renewable asset, including separate accounts for wind, solar, and other non-hydro renewable assets.

3. Locke Lord's Answers

14. Locke Lord disagrees with EEI and Ameren that the confirmation sought in the Request would be binding on all jurisdictional companies.[21] Instead, Locke Lord argues that an opinion from the Chief Accountant would be limited to the specific information listed in the Request. Locke Lord argues that its descriptions are sufficient to allow the Chief Accountant to provide guidance and that Ameren fails to offer countervailing

[18] *Id.*

[19] *Id.* at 3.

[20] In Docket Nos. ER20-1618-000 and ER20-1619-000, Red Horse Wind 2 and Red Horse Wind III filed rate schedules for Reactive Supply and Voltage Control with Tucson Electric Power Company. The companies adopted the *AEP* Methodology, explaining that the methodology can be applied to non-synchronous solar generation facilities. Tucson Electric Power Company protested the filing, noting that the Commission has not established how to specifically apply the *AEP* Methodology to non-synchronous generation. The proposed rate schedules were accepted for filing, suspended for a nominal period, and set for hearing and settlement judge procedures. *Red Horse Wind 2, LLC*, 171 FERC ¶ 61,247, *reh'g denied*, 172 FERC ¶ 61,147 (2020).

[21] Locke Lord First Answer at 3.

information or find genuine factual errors in the Request.[22] Locke Lord responds to Ameren's disagreements about the proper categorization of the collection system by explaining how its descriptions balance engineering requirements with economic considerations.[23]

15. Locke Lord argues that the Request falls within the Chief Accountant's delegated authority, which allows the Chief Accountant to "issue interpretations of the [USofA] for public utilities."[24] Furthermore, Locke Lord claims that the reactive power compensation issues raised by EEI and Ameren are outside the scope of this docket.[25] Locke Lord also contends that a technical conference or rulemaking proceeding should not prevent the Chief Accountant from issuing the requested guidance.[26]

4. Ameren's Answer

16. Ameren argues that the Request does not fall within the Chief Accountant's delegated authority to "issue interpretations of the [USofA] for public utilities" because Locke Lord is not representing a public utility in this Request.[27] Ameren contends that if the Commission issues the requested accounting guidance, it will be adopted by the entire industry because the Request is framed around generic hypothetical facilities rather than specific facts pertaining to an identifiable facility.[28] Given the industry-wide implications of such guidance, Ameren maintains that the Commission should conduct a technical conference or issue a rulemaking instead of granting the Request.

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[22] *Id.* at 6.

[23] *Id.* at 7-8.

[24] *Id.* at 4 (citing 18 C.F.R. § 375.311 (2020)).

[25] *Id.* at 5; Locke Lord Second Answer at 2.

[26] Locke Lord Second Answer at 3.

[27] Ameren Answer at 2.

[28] *Id.* at 3.

III. Discussion

A. Procedural Matters

17. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2020), the timely, unopposed motions to intervene serve to make Ameren and EEI parties to this proceeding.

18. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure prohibits an answer to a protest unless otherwise ordered by the decisional authority.[29] We accept Locke Lord's and Ameren's answers because they provided information that assisted us in our decision-making process.

B. Substantive Matters

19. We find the record in this proceeding insufficient to support the issuance of the requested guidance. The record reflects substantial disagreement regarding equipment functions and categorizations. Additionally, due to the generic nature of the Request and the lack of specific details about an identifiable facility, we agree that such guidance would likely have implications beyond just this proceeding. Therefore, we find that it would be inappropriate to issue the guidance requested by Locke Lord.

20. However, Locke Lord, EEI, and Ameren all agree that the industry would benefit from Commission guidance on the accounting treatment of solar and wind generating assets. To that end, the Commission is concurrently issuing a Notice of Inquiry to begin a proceeding in which the Commission can solicit input from interested parties to evaluate the need for such guidance and to consider creating separate categories of accounts in the USofA for wind and solar generating assets.

[29] 18 C.F.R. § 385.213(a)(2) (2020).

The Commission orders:

Locke Lord's Request is hereby denied, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.