

144 FERC ¶ 61,050  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

South Louisiana Electric Cooperative Association

Docket No. RC13-4-000

ORDER GRANTING APPEAL OF ELECTRIC RELIABILITY ORGANIZATION  
COMPLIANCE REGISTRY DETERMINATION

(Issued July 18, 2013)

1. In this order, the Commission grants the appeal of the South Louisiana Electric Cooperative Association (SLECA) of a registry decision by the North American Electric Reliability Corporation (NERC). The Commission finds that the NERC has not adequately supported the registration of SLECA as a distribution provider and load-serving entity (LSE) based on the registry thresholds set forth in NERC's Statement of Compliance Registry Criteria (Registry Criteria).

**I. Background**

**A. Regulatory Background**

2. In July 2006, the Commission certified NERC as the Electric Reliability Organization (ERO) pursuant to section 215 of the Federal Power Act (FPA).<sup>1</sup> In that order, the Commission also approved NERC's Rules of Procedure which, *inter alia*, provide rules for the registration of users, owners and operators of the Bulk-Power System to comply with Reliability Standards.<sup>2</sup> Subsequently, in April 2007, the Commission approved delegation agreements between NERC and eight Regional Entities, including a delegation agreement between NERC and the SERC Reliability Corporation (SERC). Pursuant to that agreement, NERC delegated to SERC certain

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<sup>1</sup> *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, *order on reh'g and compliance*, 117 FERC ¶ 61,126 (2006), *aff'd sub nom., Alcoa Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009); 16 U.S.C. § 824o (2006).

<sup>2</sup> *See* NERC Rules of Procedure, section 500 (Organization Registration and Certification).

authority and responsibilities for oversight and enforcement of Reliability Standards for the region in which SLECA's facilities are located.<sup>3</sup>

3. In Order No. 693, the Commission approved 83 Reliability Standards, which became effective on June 18, 2007.<sup>4</sup> Further, in order No. 693, the Commission approved NERC's compliance registry process, including NERC's Registry Criteria, which describe how NERC and the Regional Entities will identify the entities that should be registered for compliance with mandatory Reliability Standards.<sup>5</sup> While that process allows a Regional Entity to register an entity over its objection, NERC's Rules of Procedure provide a mechanism for such an entity to seek NERC review of the Regional Entity's registration decision and, ultimately, to appeal to the Commission if NERC upholds the Regional Entity's decision.<sup>6</sup>

#### **B. NERC Registry Criteria**

4. NERC currently defines the bulk electric system as follows:

As defined by the Regional Reliability Organization, the electrical generation resources, transmission lines, interconnections with neighboring systems, and associated equipment, generally operated at voltages of 100 kV or higher. Radial transmission facilities serving only load with one transmission source are generally not included in this definition.<sup>7</sup>

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<sup>3</sup> *North American Electric Reliability Corp.*, 119 FERC ¶ 61,060, *order on reh'g*, 120 FERC ¶ 61,260 (2007).

<sup>4</sup> *Mandatory Reliability Standards for the Bulk Power System*, Order No. 693, 72 Fed. Reg. 16,416 (Apr. 4, 2007), FERC Stats. & Regs. ¶ 31,242 (2007), *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

<sup>5</sup> Order No. 693, FERC Stats. & Regs. ¶ 31,242 at PP 92-95. The Commission has approved subsequent amendments to the Registry Criteria. *See North American Electric Reliability Corp.*, 122 FERC ¶ 61,101 (2008) and *North American Electric Reliability Corp.*, 138 FERC ¶ 61,072 (2012).

<sup>6</sup> Rules of Procedure of the North American Electric Reliability Corporation, Rule 501.1.1-1.5 and Appendix 5A (Organization Registration and Certification Manual), section V (Registration Appeals Process).

<sup>7</sup> NERC Registry Criteria, Section I. In Order No. 743, the Commission directed NERC to develop revisions to this bulk electric system definition. *See Revision to Electric Reliability Organization Definition of Bulk Electric System*, Order No. 743, 75 Fed. Reg. 72,910 (Nov. 26, 2010), 133 FERC ¶ 61,150 (2010), *order on reh'g*, Order

(continued...)

5. NERC's Registry Criteria contains three sections. Section I provides that an entity that uses, owns or operates elements of the bulk electric system pursuant to NERC's definition above is a candidate for registration. Section II of the Registry Criteria categorizes registration candidates under fifteen functional entity types, including distribution provider and LSE. Section III contains exclusionary threshold criteria for entities identified as candidates for registration under Sections I and II.

6. Section II defines distribution provider as an entity that "[p]rovides and operates the 'wires' between the transmission system and the end-use customer. For those end-use customers who are served at transmission voltages, the Transmission Owner also serves as the Distribution Provider. Thus, the Distribution Provider is not defined by a specific voltage, but rather as performing the distribution function at any voltage." Section II defines LSE as an entity that "[s]ecures energy and Transmission Service (and related Interconnected Operations Services) to serve the electrical demand and energy requirements of its end-use customers."

7. Section III of NERC's Registry Criteria provides for the exclusion of registration candidates identified in Sections I and II that do not satisfy certain threshold criteria. For LSE candidates, Section III (a) provides the following criteria:

(III.a.1) Load-Serving Entity peak load is > 25 MW and is directly connected to the Bulk Power (>100 kV) System, or;

(III.a.2) Load-Serving Entity is designated as the responsible entity for Facilities that are part of a required underfrequency load shedding (UFLS) program designed, installed, and operated for the protection of the Bulk Power System, or;

(III.a.3) Load-Serving Entity is designated as the responsible entity for Facilities that are part of a required undervoltage load

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No. 743-A, 134 FERC ¶ 61,210 (2011). The Commission has since approved modifications to the currently-effective bulk electric system definition, along with procedures for obtaining an exclusion from that definition. *See Revisions to Electric Reliability Organization Definition of Bulk Electric System and Rules of Procedure*, Order No. 773, 141 FERC ¶ 61,236 (2012), *order on reh'g*, Order No. 773-A, 143 FERC ¶ 61,053 (2013), *appeal pending sub nom., People of the State of New York v. FERC*, No. 13-2316 (2d Cir. filed June 12, 2013). The revised definition and procedures are to become effective on July 1, 2014. *See Revision to Electric Reliability Organization Definition of Bulk Electric System*, 143 FERC ¶ 61,231 (2013) (granting an extension of time to July 1, 2014 for the effective date of the revised definition of "bulk electric system").

shedding (UVLS) program designed, installed, and operated for the protection of the Bulk Power System.

(III.a.4) Distribution Providers registered under the criteria in III.b.1 or III.b.2 will be registered as a Load-Serving Entity (LSE) for all load directly connected to their distribution facilities.

8. For distribution provider candidates, Section III (b) provides the following criteria:

(III.b.1) Distribution Provider system serving >25 MW of peak load that is directly connected to the Bulk Power System or;

(III.b.2) Distribution Provider is the responsible entity that owns, controls or operates Facilities that are part of any of the following Protection Systems or programs designed, installed, and operated for the protection of the Bulk Power System:

- a required UFLS program.
- a required UVLS program.
- a required Special Protection System.
- a required transmission Protection System.

## **II. Appeal of NERC Registry Decision**

### **A. Overview of SLECA's Facilities**

9. SLECA is a non-profit distribution cooperative that serves over 17,000 members with approximately 119 MW of load over a five-parish area in South Louisiana.<sup>8</sup> SLECA states that it owns two line segments operated at 115 kV used to connect its load and serve SLECA-owned distribution substations located within its service territory. SLECA asserts that it is not interconnected with any other utility system, does not own generation facilities, and does not sell or trade power.

10. SLECA explains that it takes all of its power and energy under a long-term power purchase agreement with Louisiana Generating L.L.C (LaGen). According to SLECA, LaGen delivers energy through a single "bulk transmission line," part of which is owned by Entergy Corporation and part by CLECO Power, LL.C. SLECA asserts that LaGen

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<sup>8</sup> SLECA Appeal at 2.

owns all of the delivery points off the bulk transmission line. Also, SLECA states that it is not designated as the responsible entity for facilities that are included in an underfrequency load shedding (UFLS) program.<sup>9</sup> According to SLECA, its system load is included in LaGen's UFLS program, and LaGen is responsible for the demand and energy forecasts provided to SERC and NERC.<sup>10</sup>

11. SLECA has five substations where it takes service from LaGen: Ashland, Bayou L'Ourse, Bayou Ramos, Greenwood and Landry. While SLECA states that there are no significant differences among the substation connections with LaGen, the focus of the appeal is on the Landry substation. According to SLECA, power flows at the LaGen service points are not bi-directional, as all power flows into SLECA's system and not out to the single bulk transmission line.<sup>11</sup>

### **B. Procedural History and NERC's Registry Decision**

12. SLECA states that it has been voluntarily registered as a distribution provider and LSE since May 2008. SLECA asserts that it subsequently determined that its registration was an error given that the SLECA facilities are radial and constitute a local distribution system that, in SLECA's view, is not directly connected to the bulk electric system. On August 23, 2011, SLECA requested that SERC remove it from the Compliance Registry. SERC denied that request on December 9, 2011, and SLECA appealed SERC's decision to NERC, arguing that SLECA is not a user, owner or operator of the bulk electric system. Therefore, SLECA asserted that since it is not a candidate for registration under Section I of NERC's Registry Criteria, no other sections of the Registry Criteria apply.

13. In a decision dated January 8, 2013, the NERC Board of Trustees Compliance Committee (BOTCC) denied the appeal, finding that SLECA is properly registered as a distribution provider and LSE (Registry Decision). The BOTCC determined that SLECA is a user of the bulk electric system because it takes service at greater than 100 kV and "its distribution facilities (and its load) are directly connected to the LaGen 115 kV system, which is part of the BES."<sup>12</sup> The BOTCC agreed that SLECA's facilities are radial and excluded from the bulk electric system under Section I of the NERC

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<sup>9</sup> *Id.* at 3.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 2-3, and SLECA Ex. B, certified engineer's drawing of SLECA's system and SLECA Ex. C, a narrative description of SLECA's distribution substations and distribution system.

<sup>12</sup> NERC Registry Decision at 9.

Compliance Registry. However, the BOTCC stated that “SLECA is not registered as a result of its ownership and operation of such radial lines. Rather, it is registered because its load is directly connected to the BES.”<sup>13</sup> Further, the BOTCC was not persuaded by SLECA’s argument that certain non-bulk electric system facilities owned and operated by LaGen are located “between SLECA and the BES,” because SLECA’s facilities “depicted in Diagram No. 6 ... shows SLECA’s facilities directly connected to LaGen’s 115 kV bus.”<sup>14</sup>

### C. SLECA’s Appeal to the Commission

14. On January 29, 2013, SLECA filed an appeal at the Commission, supplemented on February 14, 2013. SLECA argues that its facilities are used solely for local distribution and, therefore, are exempt from regulation under section 215 of the FPA.<sup>15</sup> SLECA asserts that its facilities are distribution facilities under the seven factor test adopted by the Commission in Order No. 888.<sup>16</sup> SLECA also contends that its facilities are exempt from registration because they are radial in nature.<sup>17</sup>

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

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

<sup>15</sup> SLECA Appeal at 5, quoting the FPA section 215(a)(1) definition of Bulk-Power System:

(A) facilities and control system necessary for operating an interconnected electric energy transmission network (or any portion thereof); and (B) electric energy from generation facilities needed to maintain transmission system reliability. The term does not include facilities used in the local distribution of electric energy.

<sup>16</sup> *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh’g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, *order on reh’g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh’g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff’d in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff’d sub nom. New York v. FERC*, 535 U.S. 1 (2002).

<sup>17</sup> SLECA Appeal at 8, quoting NERC’s definition of bulk electric system, which states in part that “[r]adial transmission facilities serving only load with one transmission source are generally not included in this definition.” SLECA also argues that its facilities  
(continued...)

15. Further, SLECA argues that, to the extent relevant given that SLECA's facilities are radial, SLECA is exempt from registration as a distribution provider and LSE under the specific NERC thresholds set forth in Part III of the Registry Criteria.<sup>18</sup> Specifically, SLECA contends that its facilities are not "directly connected" to the Bulk-Power System as required by the registry thresholds for distribution providers and LSEs. SLECA disputes the NERC BOTCC decision and contends that NERC misinterprets a diagram of SLECA's facilities and the Landry substation. According to SLECA the "Landry Substation is connected to LaGen through wires owned by SLECA, not directly connected through LaGen-owned 'bus,' and the Landry Substation is connected with LaGen in the same manner as all the other SLECA substations."<sup>19</sup> SLECA asserts:

SLECA, in fact, is not directly connected to the BES through its Landry Substation. SLECA's configuration at the Landry Substation is the same as its configuration at its other substations. The Landry Substation is connected to the LaGen Delivery point through a flexible wire, the same type of connection that exists at the other SLECA Substations.<sup>20</sup>

Thus, SLECA argues that its facilities are not directly connected to the Bulk-Power System because "[t]hey are connected to LaGen facilities that are radial and not part of the BES. If LaGen facilities are not part of the BES, then SLECA's cannot be, because the LaGen facilities are between SLECA and the BES."<sup>21</sup>

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would be exempt from reliability regulation under Order No. 773, which approved NERC's revised definition of bulk electric system. SLECA Appeal at 14-15.

<sup>18</sup> *Id.* at 11.

<sup>19</sup> *Id.* at 4.

<sup>20</sup> *Id.* at 11-12. *See also* SLECA Ex. E, a photograph of the Landry substation, and SLECA Ex. G (Landry Diagram 6) and SLECA Ex. H, engineering diagrams of the Landry interconnection.

<sup>21</sup> *Id.* at 13. SLECA argues that the facts in *City of Holland, Michigan Board of Public Works*, 139 FERC ¶ 61,055 (2012) (*City of Holland*), in which the Commission denied a NERC Compliance Registry appeal, are different than this case. The bases for the outcome in *City of Holland* included the Commission's finding of bi-directional flows and a looped system that contained generation serving load from more than one transmission source. SLECA argues its system has none of these characteristics. SLECA Appeal at 9.

### **III. Interventions and Comments**

16. Notice of SLECA's appeal was published in the *Federal Register* on February 25, 2013, 78 Fed. Reg. 12,750 (2013), with interventions and protests due on or before March 18, 2013. SERC filed a timely motion to intervene. NERC filed a timely motion to intervene, protest and comment.

17. On April 2, 2013, SLECA filed a Motion to Reply and Reply to NERC's Protest and Comments. On April 30, 2013, NERC filed a Motion for Leave to Answer and Answer to SLECA's Reply.

#### **NERC Comments**

18. NERC maintains that SLECA is properly registered because SLECA is a user of the bulk electric system in its role as a distribution provider and LSE, and meets the Registry Criteria for such functions. NERC contends that SLECA's claims are "rooted in a misapplication of the [Registry Criteria] which provides that users, owners and operators of the [Bulk-Power System] are candidates for registration."<sup>22</sup> NERC agrees that SLECA's facilities are distribution facilities, exempt from the definition of Bulk-Power System under section 215.<sup>23</sup> According to NERC, for this reason, SLECA's distribution facilities are not considered BES facilities, and SLECA is not registered as a transmission owner or transmission operator.

19. Rather, NERC maintains that SLECA, as a user of the Bulk-Power System, "is registered because (1) its local distribution, radial facilities connect directly to the BES; and (2) SLECA takes service at greater than 100 kV."<sup>24</sup> NERC asserts that LaGen, the owner of the "BES transmission facilities" to which SLECA interconnects, is a registered transmission owner "because it owns facilities that are part of the BES."<sup>25</sup> In particular, NERC contends that "SLECA's interconnection at Landry directly connects with the BES because it connects with LaGen's 115 kV transmission network facilities. The interface interconnection arrangement at the Landry station is included in the BES as it permits through flow and contains elements that are greater than 100 kV in a networked

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<sup>22</sup> NERC Comments at 7.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 9. Further, according to NERC, SLECA's load exceeds the 25 MW threshold, as service at the five interconnects with LaGen represent 119.3 MW. *Id.*

<sup>25</sup> *Id.*

configuration.”<sup>26</sup> Further, NERC asserts that SLECA’s facilities connect to the bulk electric system at 115 kV and that those facilities include bulk electric system assets “in the form of relays, protection schemes, interrupting devices [switches, circuit switchers, etc].”<sup>27</sup> Accordingly, NERC asserts that SLECA’s registration as a distribution provider and LSE is necessary to avoid any potential registration and compliance gaps.

20. Further NERC states its understanding that the Landry Diagram No. 6 (included in the SLECA petition as Exhibits G and H) indicates that the 115 kV circuit switchers at the substation are “associated protection schemes requiring coordination with the BES assets of Landry” and that the connection at the Landry substation is “bus work” with loop flow capability.<sup>28</sup>

### **SLECA Reply**

21. In a reply to NERC, SLECA reiterates that it is not directly connected to the bulk electric system. SLECA argues that the Landry substation does not have looped flow capabilities beyond the point where the LaGen radial overhead conductor connects to the 230 kV bus.<sup>29</sup> SLECA states that “[t]he revised Diagram No. 6 clearly shows that the LaGen facilities at the Landry substation are radial at a point before the interconnection at Landry. It also shows that there is a normally open switch on the bus work at Landry that prohibits any ‘flow through’ as claimed by NERC.”<sup>30</sup>

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<sup>26</sup> *Id.* at 9. While the NERC Registry Decision focuses on the connection at Landry substation (Registry Decision at 9), NERC appears to go further in its Comments, stating that “SLECA’s Landry interconnection as well as the four others, connect to the BES at 115 kV, they each include BES assets in the form of relays, protection schemes, and interrupting devices ... and as a result would make SLECA eligible [for registration].” NERC Comments at 9.

<sup>27</sup> *Id.* at 9.

<sup>28</sup> *Id.* at 11.

<sup>29</sup> SLECA Reply at 9-10, and SLECA Reply Ex. A, revised Landry Diagram No. 6. SLECA explains that the revised Diagram corrected an error in the prior, simplified one-line drawing. The revised diagram shows a normally opened switch on the bus work at Landry preventing loop flows within the substation. The revised Landry Diagram No. 6 is included in this order as Attachment A.

<sup>30</sup> *Id.* at 10.

22. Regarding the circuit switchers on the 115 kV side of SLECA's 115-24.9 kV transformers, SLECA contends that the purpose of these devices is to provide protection to SLECA's radial facilities, and states they are coordinated with LaGen's radial facilities, which are not bulk electric system assets. Therefore, SLECA argues that its circuit switchers are not subject to NERC Compliance Registry Section III.b.2, requiring the registration of entities that operate protection systems to protect the bulk electric system. SLECA argues that because the switches at the bus section are normally open, there is no looped flow capability. SLECA asserts that NERC does not treat buses differently than other elements, and "the bus does not create a direct connection to the BES."<sup>31</sup>

23. In its Answer, NERC indicates that the diagrams in the record support NERC's position that SLECA's facilities at the Landry substation are directly connected to the bulk electric system.

#### **IV. Discussion**

##### **A. Procedural Matters**

24. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,<sup>32</sup> the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

25. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2012), prohibits an answer to an answer or protest unless otherwise ordered by the decisional authority. However, the Commission will permit answers where it will not delay the proceeding and where it will assist the Commission in its decision-making process.<sup>33</sup> We will accept SLECA's reply and NERC's answer, as they have assisted us in our decision-making.

##### **B. Commission Determination**

26. Based on the specific facts set forth in the Registry Decision, appeal materials and responsive pleadings, we find that NERC has not adequately supported its assertion that SLECA is properly registered as a distribution provider and LSE. As discussed below, NERC has not adequately demonstrated that SLECA is "directly connected" to the Bulk-

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<sup>31</sup> *Id.* at 11-12.

<sup>32</sup> 18 C.F.R. § 385.214 (2012).

<sup>33</sup> *See, e.g., Maine Public Service Co.*, 132 FERC ¶ 61,061 (2010).

Power System as set forth in NERC's Registry Criteria as a threshold for registering an entity as a distribution provider or LSE.<sup>34</sup> Accordingly, based on the specific facts and information provided in this proceeding, the Commission grants SLECA's appeal of the NERC Registry Decision and directs NERC to remove SLECA from the Compliance Registry as a distribution provider and LSE.

27. As discussed above, NERC's Registry Criteria state a threshold for registering an entity as a distribution provider when the "Distribution Provider system serving >25 MW of peak load that is directly connected to the Bulk Power System." Similarly, for LSEs, the criteria is "[LSE] peak load is > 25 MW and is directly connected to the Bulk Power (>100 kV) System." There is no dispute in the record that SLECA serves a peak load greater than 25 MW. Further, there is no dispute that SLECA's facilities are interconnected to LaGen's facilities at above 100 kV. Rather, SLECA and NERC disagree whether SLECA's load is "directly connected" to the Bulk-Power System.

28. Specifically, SLECA and NERC disagree over the fact-intensive issue regarding the nature of SLECA's connection at the Landry substation and the proper understanding of revised Landry Diagram No. 6 that illustrates the substation. NERC, however, has not adequately explained how revised Landry Diagram No. 6 supports NERC's contention that LaGen's facilities into which SLECA connects are part of the bulk electric system.<sup>35</sup> Revised Landry Diagram No. 6 shows SLECA is directly connected to LaGen's 115 kV bus, which itself is connected to LaGen's two 230-115 kV transformers. However, revised Landry Diagram No. 6 also shows a normally opened switch on LaGen's 115 kV bus that prevents power from flowing on one of the two transformers. As presently configured, it appears that these facilities can only transfer power delivered from Entergy's 230 kV transmission lines to SLECA's load through a single line. NERC does not explain how these facilities could deliver power from SLECA to the bulk electric system, or experience networked flow.<sup>36</sup>

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<sup>34</sup> See *Direct Energy Services, LLC*, 121 FERC ¶ 61,274, at PP 36-38 (2007) (the Registry Criteria "do not speak in terms of load being 'served through' the Bulk-Power System but, rather, requires a 'direct connection' to the Bulk-Power System").

<sup>35</sup> Though LaGen is registered as a transmission owner, NERC has not identified whether it was on the basis of the facilities at the Landry substation or other transmission facilities, nor has it sufficiently explained why these particular facilities constitute bulk electric system transmission facilities.

<sup>36</sup> In contrast to the circumstances in the immediate proceeding, in *City of Holland*, 139 FERC ¶ 61,055, at PP 39-45, the facilities at issue were looped through a single substation (and energy could in certain circumstances flow back to the bulk electric system).

29. NERC asserts that SLECA's "interface interconnection arrangement" at Landry directly connects it with the bulk electric system because LaGen's "transmission network facilities" permit through flow, and include elements greater than 100 kV "in a networked configuration."<sup>37</sup> A review of the revised Landry Diagram No. 6 does not appear to support NERC's position. NERC's characterization of the Landry substation as a "transmission network" with "looped flow capability" exaggerates the nature and operation of LaGen's facilities. Although revised Landry Diagram No. 6 shows two parallel 230-115 kV transformers connecting LaGen's 230 kV bus to SLECA's facilities, the record does not support that these transformers are operated in a networked fashion. Rather, revised Landry Diagram No. 6 indicates that a normally open switch prevents bi-directional or looped flows from occurring on these facilities.<sup>38</sup> Accordingly, NERC has not adequately demonstrated that SLECA is directly connected to networked transmission facilities.<sup>39</sup>

30. Further, section III.b.2 of the Compliance Registry establishes threshold criteria for distribution providers based upon an entity's ownership, control or operation of a "required transmission Protection System" that is "designed, installed, and operated for the protection of the Bulk Power System." While not mentioned as a basis for NERC's Registry Decision, NERC asserts in its comments that removing SLECA's registration would create potential gaps because the Landry interconnection "include(s) BES assets in the form of relays, protection schemes, and interrupting devices [switches, circuit switches, etc.]"<sup>40</sup> NERC also asserts that SLECA's 115 kV circuit switchers have associated protection schemes "requiring coordination with the BES assets of Landry."<sup>41</sup>

31. SLECA claims that its circuit switchers protect its own radial facilities and, considering that LaGen's facilities into which SLECA connects are not part of the bulk

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<sup>37</sup> NERC Comments at 9.

<sup>38</sup> SLECA Reply at 10

<sup>39</sup> Revised Landry Diagram No. 6 indicates that the Landry substation is designed to eliminate the possibility of networked flow even if the normally opened switch were closed. The diagram indicates no connections to the 115 kV bus other than those for SLECA's 115-24.9 kV transformers. As such, electrical energy can only flow from the 230 kV bus through one or both of the 230-115 kV transformers, through the radial feed, and to the 115-24.9 kV transformers. Therefore, the diagram indicates that SLECA's facilities are not connected to a transmission network with loop flow capability.

<sup>40</sup> NERC Comments at 9.

<sup>41</sup> *Id.* at 11.

electric system, SLECA's protection system does not interface with bulk electric system assets. While SLECA's operation of its circuit switchers could have an indirect impact on upstream BES facilities that interface with LaGen's radial facilities, nothing in the record indicates that this is more than a remote possibility. Also, NERC does not point to any evidence in the record to support the position that SLECA's circuit switchers were "designed, installed, and operated for the protection of the Bulk Power System" as stated in Section III.b.2 of the Compliance Registry.

32. Based on the facts in the record before us, we conclude that NERC has not adequately supported SLECA's registration as a distribution provider and LSE.

The Commission orders:

The Commission hereby grants SLECA's appeal of NERC's Registry Decision, as discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

**ATTACHMENT A**  
**Revised Landry Diagram No. 6**

