

151 FERC ¶ 61,189
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners:

Public Service Company of New Mexico	Docket Nos. ER13-1447-001
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NorthWestern Corporation	ER13-1448-001
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Arizona Public Service Company	ER13-1450-001
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Puget Sound Energy, Inc.	ER13-1729-001
	ER13-99-004
Avista Corporation	ER13-1730-001

MATL LLP

United States Department of Energy – Bonneville Power
Administration

ER13-1730-002

ER14-346-002

ER14-346-003

NJ13-10-001

ORDER PROVIDING CLARIFICATION AND ACCEPTING FOR FILING
COMPLIANCE FILINGS

(Issued June 1, 2015)

1. On December 18, 2014, the Commission issued an order accepting, subject to further modifications,¹ the filings of the California Independent System Operator (CAISO); Avista Corporation (Avista), MATL LLP (MATL), and Puget Sound Energy, Inc. (Puget Sound) (collectively, ColumbiaGrid Applicants); Deseret Generation & Transmission Co-operative, Inc., Idaho Power Company, NorthWestern Corporation, PacifiCorp, and Portland General Electric Company (collectively, NTTG² Applicants); Arizona Public Service Company, Black Hills Power, Inc. (Black Hills Power), Black Hills Colorado Electric Utility Company, LP, Cheyenne Light, Fuel & Power Company, El Paso Electric Company, NV Energy, Public Service Company of Colorado, Public Service Company of New Mexico, Tucson Electric Power Company, and UNS Electric, Inc. (collectively, WestConnect Applicants), on behalf of the CAISO, ColumbiaGrid, NTTG, and WestConnect transmission planning regions,³ respectively, to comply with the interregional transmission coordination and cost allocation requirements of Order No. 1000.⁴

¹ *Public Service Co. of New Mexico*, 149 FERC ¶ 61,247 (2014) (First Compliance Order).

² NTTG stands for Northern Tier Transmission Group.

³ In this order, we refer to CAISO, ColumbiaGrid Applicants, NTTG Applicants, and WestConnect Applicants collectively as Western Filing Parties.

⁴ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323, at PP 345-483, 566-750 (2011), *order on reh'g and clarification*, Order No. 1000-A, 139 FERC ¶ 61,132, at PP 493-522, 626-747, *order on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044, at PP 61-64 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

2. On January 20, 2015, PacifiCorp filed a request for clarification of the First Compliance Order. On February 18, 2015, Western Filing Parties submitted, pursuant to section 206 of the Federal Power Act (FPA),⁵ further revisions to their respective Open Access Transmission Tariffs (OATTs or tariffs) to comply with the First Compliance Order (Second Compliance Filings). In this order, we grant the request for clarification and accept the Second Compliance Filings, as discussed below.

I. Background

3. In Order No. 1000, the Commission adopted a package of reforms addressing transmission planning and cost allocation that, taken together, are designed to ensure that Commission-jurisdictional services are provided at just and reasonable rates and on a basis that is just and reasonable and not unduly discriminatory or preferential. In particular, the Commission determined that the transmission planning requirements of Order No. 890⁶ were too narrowly focused geographically and failed to provide for adequate analysis of the benefits associated with interregional transmission facilities in neighboring transmission planning regions.⁷ The Commission concluded that interregional transmission coordination reforms were necessary.⁸ Thus, the Commission required each public utility transmission provider to establish further procedures with each of its neighboring transmission planning regions for the purpose of: (1) coordinating and sharing the results of the respective regional transmission plans to identify possible interregional transmission facilities that could address regional transmission needs more efficiently or cost-effectively than separate regional transmission facilities,⁹ and (2) jointly evaluating those interregional transmission

⁵ 16 U.S.C. § 824e (2012).

⁶ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 369.

⁸ *Id.* P 370.

⁹ While the Commission required public utility transmission providers to establish further procedures with each of its neighboring transmission planning regions to coordinate and share the results of their respective regional transmission plans to identify possible interregional transmission facilities that could address regional transmission needs more efficiently or cost-effectively than separate regional transmission facilities, the Commission neither required nor precluded public utility transmission providers from

(continued ...)

facilities that the pair of neighboring transmission planning regions identify, including those proposed by transmission developers and stakeholders.¹⁰ The Commission defined an interregional transmission facility as “one that is located in two or more transmission planning regions.”¹¹ Furthermore, the Commission required each public utility transmission provider to describe the methods by which it will identify and evaluate interregional transmission facilities and to include a description of the type of transmission studies that will be conducted to evaluate conditions on neighboring systems for the purpose of determining whether interregional transmission facilities are more efficient or cost-effective than regional transmission facilities.¹² Consistent with the requirement that public utility transmission providers must describe the methods by which they will identify and evaluate interregional transmission facilities, the Commission explained that “each public utility transmission provider must explain in its OATT how stakeholders and transmission developers can propose interregional

conducting interregional transmission planning. *See, e.g.*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 399 (clarifying that “the interregional transmission coordination requirements that [the Commission] adopt[s] do not require formation of interregional transmission planning entities or creation of a distinct interregional transmission planning process to produce an interregional transmission plan” and, “[t]o the extent that public utility transmission providers wish to participate in processes that lead to the development of interregional transmission plans, they may do so and, as relevant, rely on such processes to comply with the requirements of this Final Rule.”). The Commission also required that “the developer of an interregional transmission project to first propose its transmission project in the regional transmission planning processes of each of the neighboring regions in which the transmission facility is proposed to be located.” *Id.* P 436.

¹⁰ Order No 1000-A, 139 FERC ¶ 61,132 at P 493 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 396). The Commission clarified that “the requirement to coordinate with neighboring regions applies to public utility transmission providers within a region as a group, not to each individual public utility transmission provider acting on its own. For example, within an RTO or ISO, the RTO or ISO would develop an interregional cost allocation method or methods with its neighboring regions on behalf of its public utility transmission owning members.” Order No. 1000-A, 139 FERC ¶ 61,132 at P 630 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 584).

¹¹ *Id.* P 494 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 482 n.374).

¹² *Id.* P 493 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 398).

transmission facilities for the public utility transmission providers in neighboring transmission planning regions to evaluate jointly.”¹³

4. In addition, in Order No. 1000, the Commission required that each public utility transmission provider in a transmission planning region have, together with the public utility transmission providers in its own transmission planning region and a neighboring transmission planning region, a common method or methods for allocating the costs of a new interregional transmission facility among the beneficiaries of that transmission facility in the two neighboring transmission planning regions in which the transmission facility is located.¹⁴ The Commission also required that each public utility transmission provider’s interregional cost allocation method or methods satisfy six interregional cost allocation principles.¹⁵ To be eligible for interregional cost allocation, an interregional transmission facility must be selected in the relevant transmission planning regions’ regional transmission plans for purposes of cost allocation.¹⁶

5. On May 10, 2013, Western Filing Parties filed common tariff language to comply with the interregional transmission coordination and cost allocation requirements of Order No. 1000 (First Compliance Filing).¹⁷ On December 18, 2014, in the First Compliance Order, the Commission accepted Western Filing Parties’ First Compliance Filings, subject to further modifications, and directed Western Filing Parties to submit further compliance filings within 60 days of the date of issuance of the order.

II. Notice of Filing and Responsive Pleadings

6. Notice of the NTTG Applicants’ interregional compliance filings was published in the *Federal Register*, 80 Fed. Reg. 10,472 (2015), with interventions and protests due on or before March 11, 2015. Notice of WestConnect Applicants’ (except for Black Hills

¹³ *Id.* P 522.

¹⁴ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 578, 582, *order on reh’g* Order No. 1000-A, 139 FERC ¶ 61,132 at P 626.

¹⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 603.

¹⁶ *Id.* P 400.

¹⁷ Avista and Puget Sound submitted their Order No. 1000 interregional compliance filings on June 19, 2013. MATL submitted its compliance filing on November 7, 2013, and subsequently submitted an amendment, via errata, on November 14, 2013.

Power),¹⁸ ColumbiaGrid Applicants,' and CAISO's interregional compliance filings was published in the *Federal Register*, 80 Fed. Reg. 9706 (2015), with interventions and protests due on or before March 11, 2015. Notice of Black Hills Power's interregional compliance filing was published in the *Federal Register*, 80 Fed. Reg. 10,472 (2015), with interventions and protests due on or before March 12, 2015. No comments or protests were filed.

III. Discussion

7. As discussed below, we grant PacifiCorp's request for clarification and find that Western Filing Parties' Second Compliance Filings comply with the interregional transmission coordination and cost allocation requirements of Order No. 1000. Accordingly, we accept CAISO's, NTTG Applicants', and WestConnect Applicants' Second Compliance Filings, effective October 1, 2015, as requested. We also accept ColumbiaGrid Applicants' Second Compliance Filings, effective January 1, 2015, as requested.

A. Request for Clarification

1. First Compliance Order

8. In the First Compliance Order, the Commission made the following statement regarding Bonneville Power:

We recognize that Bonneville Power is not a public utility under section 201 of the FPA, 16 U.S.C. § 824 (2012), and is not subject to Commission directives made pursuant to FPA section 206. At the time of submitting its Petition on June 9, 2013, Bonneville Power had on file with the Commission a safe harbor transmission tariff that was found to substantially conform with or be superior to the Commission's *pro forma* tariff. However, on November 21, 2013, the Commission found that several provisions of Bonneville Power's tariff needed to be modified to substantially conform with or be superior to the *pro forma* tariff; thus, the Commission was unable to grant Bonneville Power's request for safe harbor

¹⁸ Black Hills Power submitted its interregional compliance filing in a timely manner on February 18, 2015, when all other interregional compliance filings were submitted. However, during the filing process in eTariff, Black Hills Power's interregional compliance filing was inadvertently filed in the wrong docket. Accordingly, Black Hills Power withdrew its filing and refiled it on February 19, 2015.

reciprocity status at the time. *Bonneville Power Admin.*, 145 FERC ¶ 61,150 (2013). Notwithstanding, in this order, we address revisions to Bonneville Power's Attachment K in the context of the Western Filing Parties' common proposal and also indicate further revisions needed in order for Bonneville Power's Attachment K to substantially conform to the *pro forma* OATT, as modified by Order No. 1000.¹⁹

2. Request for Clarification

9. PacifiCorp requests clarification regarding the following part of the statement that the Commission made in the First Compliance Order regarding Bonneville Power:

At the time of submitting its Petition on June 9, 2013, Bonneville Power had on file with the Commission a safe harbor transmission tariff that was found to substantially conform with or be superior to the Commission's *pro forma* tariff.²⁰

10. PacifiCorp asserts that this is not an accurate statement because it represents that Bonneville Power's OATT qualified for reciprocity safe harbor status as recently as June of 2013. PacifiCorp states, however, that the Commission has not found that Bonneville's OATT substantially conforms with or is superior to the Commission's *pro forma* tariff since the issuance of Order No. 890.²¹ PacifiCorp therefore requests that the Commission clarify that Bonneville Power did not have a safe harbor transmission tariff that was found to substantially conform with or be superior to the Commission's *pro forma* tariff on file with the Commission at the time of its June 9, 2013 filing.

¹⁹ First Compliance Order, 149 FERC ¶ 61,247 at n.6.

²⁰ PacifiCorp Request for Clarification at 2 (quoting First Compliance Order, 149 FERC ¶ 61,247 at n.6).

²¹ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261, *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299, *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126.

3. Commission Determination

11. We grant PacifiCorp's request for clarification. We confirm that at the time of submitting its petition on June 9, 2013, Bonneville Power's OATT did not qualify for safe harbor status because the Commission had not made a finding that Bonneville Power's OATT substantially conforms with or is superior to the Commission's *pro forma* tariff since the issuance of Order No. 890.

B. Compliance

1. ColumbiaGrid Applicants

a. First Compliance Order

12. In the First Compliance Order, the Commission found it unclear how ColumbiaGrid Applicants' interregional transmission coordination procedures and cost allocation, relying on the Fourth Restated Planning and Expansion Function Agreement (PEFA), will be conducted, consistent with the Order No. 1000 regional processes under the new Columbia Grid Order No. 1000 Functional Agreement (Functional Agreement).²² The Commission directed ColumbiaGrid Applicants to make further compliance filings to: (1) establish an appropriate effective date for their respective Attachment Ks; (2) clarify the status of the Fourth Restated PEFA, specifically when or if it will be filed for Commission-approval; and (3) revise the references in their respective Attachment Ks to remove any references to the PEFA.²³

b. Second Compliance Filing

13. ColumbiaGrid Applicants state that the Fourth Restated PEFA has been replaced with the Functional Agreement.²⁴ ColumbiaGrid Applicants add that the Functional Agreement will facilitate ColumbiaGrid Applicants' compliance with both the regional and interregional requirements of Order No. 1000.²⁵ In addition, ColumbiaGrid

²² First Compliance Order, 149 FERC ¶ 61,247 at P 27.

²³ *Id.*

²⁴ *E.g.*, Avista Transmittal at 5 (referencing ColumbiaGrid Applicants' Compliance Filing, Docket Nos. ER13-94-004 and ER15-422-000 (Nov. 17, 2014)). The Commission conditionally accepted the Functional Agreement for filing, subject to further compliance filings, in the ColumbiaGrid Order No. 1000 regional compliance proceeding. *See, Avista Corp.*, 151 FERC ¶ 61,127 (2015).

²⁵ *E.g.*, Avista Transmittal at 5.

Applicants have removed from their Attachment Ks all references to the Third and Fourth Restated PEFA and have requested an effective date of January 1, 2015 to coincide with the ColumbiaGrid Applicants' regional compliance proceeding.²⁶

c. Commission Determination

14. We find ColumbiaGrid Applicants' explanation and proposed revisions comply with the requirements of the First Compliance Order. We also find ColumbiaGrid Applicants' requested effective date of January 1, 2015 to be reasonable. This date corresponds to ColumbiaGrid Applicants' requested effective date for their regional compliance filings.²⁷

2. Cost Allocation

a. First Compliance Order

15. In its First Compliance Filing, CAISO proposed to develop an initial estimate of the benefits of the interregional transmission project according to the estimated avoided costs of the regional transmission solution for which it eliminates or defers the regional need.²⁸ The Commission found that the difference between CAISO's avoided cost-only method to calculate benefits and the other Western Filing Parties' methods of calculating avoided costs-plus other benefits may result in CAISO consistently paying a disproportionately lower share of costs for an interregional transmission project.²⁹ The Commission therefore directed CAISO to submit a further compliance filing that remedies the discrepancy between the estimation of regional benefits among the four transmission planning regions.³⁰

16. In addition, the Commission noted that CAISO's Commission-accepted regional cost allocation method did not include any regional determination of benefits to be applied to regional or interregional transmission facilities, and, therefore, it was unclear how CAISO would determine regional benefits under the common tariff language.³¹ The

²⁶ *Id.* at 5-6.

²⁷ *Electric Utilities-Avista Corp.*, 151 FERC ¶ 61,127, at P 2 (2015).

²⁸ First Compliance Order, 149 FERC ¶ 61,247 at P 116.

²⁹ *Id.* P 166.

³⁰ *Id.*

³¹ *Id.* P 159.

Commission therefore directed Western Filing Parties to revise the common tariff language to incorporate CAISO's method for determining the regional benefits of a proposed interregional transmission facility.³²

b. Second Compliance Filings

17. CAISO states that it has revised its OATT to include a method for quantifying the regional benefits of an interregional transmission project for purposes of interregional transmission cost allocation and determining whether the proposed interregional project is a more efficient or cost-effective solution to a regional transmission need than the regional solution identified by CAISO.³³ Specifically, for purposes of allocating the costs for an interregional transmission project, CAISO will determine the regional benefits of an interregional project to CAISO, in dollars, by calculating: (1) the net cost of the regional transmission solution for which the interregional transmission project eliminates or defers the regional need, where net cost is the cost of the regional transmission solution minus net economic benefits as determined in accordance with tariff section 24.4.6.7 (Economic Studies and Mitigation Solutions) and the Business Practice Manual for Transmission Planning Process; and (2) the regional economic benefits of the interregional transmission solution consistent with tariff section 24.4.6.7 and the Business Practice Manual for Transmission Planning Process.³⁴ CAISO states that by determining the regional benefits of an interregional transmission project consistent with tariff section 24.4.6.7, CAISO's proposed method will consider, in addition to avoided costs, benefits such as "reduction in production costs, Congestion costs, Transmission Losses, capacity or other electric supply costs resulting from improved access to cost-efficient resources,"³⁵ which it asserts is consistent with the benefits considered by the other Western Filing Parties. CAISO states that it is thus moving from an avoided cost-only method to calculate regional benefits to an avoided cost-plus other benefits method. Further, CAISO states that its revised method will calculate the regional benefits of an

³² *Id.*

³³ CAISO Transmittal at 3.

³⁴ California Independent System Operator Corporation, CAISO eTariff (OATT), §§ 24.17.2 (Interregional Transmission Project Assessment) (2.0.0) and 24.17.3 (Selection in the Comprehensive Transmission Plan) (2.0.0).

³⁵ CAISO Transmittal at 5 (citing California Independent System Operator Corporation, CAISO eTariff (OATT), § 24.4.6.7 (Economic Studies and Mitigation) (6.0.0)).

interregional transmission project, in dollars, consistent with the methods of the other Western Filing Parties.³⁶

18. Western Filing Parties state that CAISO is proposing tariff language that fits within the common tariff language regarding regional cost allocation,³⁷ as applied to interregional transmission facilities.³⁸ Western Filing Parties state that CAISO's revisions to the CAISO tariff set forth a method for determining, in dollars, regional benefits of an interregional transmission facility, and provide a means for allocating the costs of an interregional project to the CAISO.³⁹ Western Filing Parties do not believe changes to the common tariff language are necessary to incorporate CAISO's revised cost allocation method.⁴⁰

c. Commission Determination

19. We find that CAISO's proposed tariff revisions and Western Filing Parties' explanation that no changes are needed to the common tariff language comply with the requirements of the First Compliance Order.

The Commission orders:

(A) CAISO's, NTTG Applicants', and WestConnect Applicants' compliance filings are hereby accepted for filing, effective October 1, 2015, as requested;

(B) ColumbiaGrid Applicants' compliance filings are hereby accepted for filing, effective January 1, 2015, as requested; and

(C) PacifiCorp's request for clarification is hereby granted.

³⁶ *Id.*

³⁷ Common Tariff, § 5.2 (c). *E.g.*, PacifiCorp OATT, Attachment K § 4.5.2(c).

³⁸ *E.g.*, Public Service Company of New Mexico Transmittal at 2 (citing CAISO Tariff §24.17 (Evaluation of Interregional Transmission Projects)).

³⁹ *E.g.*, Public Service Company of New Mexico Transmittal at 2.

⁴⁰ *Id.*

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By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

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