

119 FERC ¶ 61,179
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

PJM Interconnection, LLC,
New York System Operator, Inc., and
ISO New England Inc.

Docket No. ER07-231-001

ORDER ACCEPTING COMPLIANCE FILING OF TARIFF REVISIONS FOR THE
PROCEDURE TO PROTECT FOR THE LOSS OF PHASE II IMPORTS

(Issued May 21, 2007)

1. On February 12, 2007, PJM Interconnection, LLC (PJM), New York Independent System Operator, Inc. (NYISO) and ISO New England Inc. (ISO-NE) (collectively, the Filing Parties) submitted, as a compliance filing, tariff revisions for the Procedure to Protect for the Loss of Phase II Imports (the Procedure). As discussed below, the Commission accepts the revised tariff sheets, under section 205(c) of the Federal Power Act (FPA)¹ and makes them effective January 16, 2007.

Background

2. In compliance with the Commission's January 12, 2007 Order,² PJM, NYISO and ISO-NE each submitted tariff filings to reflect the "Procedure[s] to Protect for the Loss of Phase II Imports" for their respective control areas. These tariff filings were made in conformance with Order No. 614.³

¹ 16 U.S.C. § 824d(c) (2000).

² See *PJM Interconnection, LLC*, 118 FERC ¶ 61,017 (2007) (January 12 Order).

³ *Designation of Electric Rate Schedule Sheets*, Order No. 614, 65 Fed. Reg. 18,221 (March 31, 2000), FERC Stats. & Regs. ¶ 31,096 (2000).

3. As explained by the Filing Parties in the transmittal letter of the November 16, 2006 original filing in the captioned docket, the Procedure became effective on January 1, 1991, and was formulated by the predecessors of the Filing Parties. The Procedure has been used continuously since that time as a cooperative protocol to ensure the operation of the Hydro-Quebec/NEPOOL Phase II transmission tie (Phase II Tie) in a manner that protects reliability throughout the three control areas.

4. The Filing Parties stated that the Procedure helps to ensure compliance with certain conditions of the Presidential Permit issued by the U.S. Department of Energy to operate the Phase II Tie.⁴ One such condition is that the Phase II Tie "shall be operated at appropriate levels of import, up to a maximum of 2000 MW, that do not jeopardize regional reliability or place restrictions on the MEN system,⁵ unless such restrictions are agreed to by the affected parties within the interconnected systems in accordance with applicable interpool operating agreements."

5. The Filing Parties explained further that the operation and administration of the Phase II Tie (and the related "Phase I" Tie built prior to the Phase II Tie -- the Phase I Tie and the Phase II Tie collectively are referred to as the "HQ Tie") are addressed in detail in four agreements that were filed with the Commission pursuant to section 205 of the FPA: the HVDC Transmission Operating Agreement (HVDC TOA), the Interconnection Operators Agreement (IOA), the Asset Owners Agreement (AOA), and the Phase I/II HVDC-TF Transmission Service Administration Agreement (TSAA).⁶ Additional operational provisions, as well as rates, terms, and conditions for use of the HQ Tie, are also contained in the ISO-NE Transmission, Markets and Services Tariff (ISO-NE Tariff), FERC Electric Tariff No. 3, on file with the Commission.⁷ In particular,

⁴ *Amendment to Presidential Permit PP-76 authorizing the Vermont Electric Transmission Company to Construct, Connect, Operate and Maintain the Electric Transmission Facilities at the International Border Between the United States and Canada*, (September 16, 1988).

⁵ The Filing Parties explained that the term "MEN system" refers to the utility systems within the "MEN Regions," i.e., the Mid-Atlantic Area Council (MAAC), the East Central Area Reliability Council (ECAR), and the Northeast Power Coordinating Council (NPCC).

⁶ November 16, 2006 Transmittal Letter at 2.

⁷ *Id.*

Schedule 20A to Section II of the ISO-NE Tariff reflects rates, terms and conditions for service over the HQ Tie.⁸

6. According to the Filing Parties, at the time the Procedure was developed, the largest source in any of the three control areas, other than the Phase II Tie, was 1200 MW. Accordingly, imports of energy over the Phase II Tie exceeding 1200 MW are subject to monitoring of reactive conditions at interfaces in PJM and New York. The data are currently transmitted by telemetering equipment to the ISO-NE control room and are used by ISO-NE to develop the hourly schedules for imports over the Phase II Tie consistent with reliable operation of all three control areas. The Procedure is designed to determine the maximum level at which the Phase II Tie could be operated to ensure that the Northeast and Middle Atlantic regions would not experience instability, uncontrolled separation or cascading outages. In addition, to ensure that reliability in the Eastern Interconnection is not put at risk by the occurrence of a contingency in New England that is larger than NYISO or PJM can absorb, the principles and limitations reflected in the Procedure are applied to other large output sources (or combinations of output sources) in New England.

7. The Filing Parties stated that the Procedure has been used consistently by all three control areas since it was finalized in 1991. In addition, the Filing Parties stated that they and Hydro-Quebec TransEnergie periodically review the Procedure on a joint basis to confirm its protocols and improve the efficiency of its implementation.⁹ The Filing Parties further stated that the Procedure (and the loss-of-source-based scheduling limitations calculated pursuant thereto) has played a significant role in New England stakeholders' and ISO-NE's reliability review of large New England generation projects since the time of Phase II energization. Specifically, section I.3.9 of the ISO-NE Tariff provides that new generation projects and project uprates, *inter alia*, must undergo a technical review by ISO-NE (with the assistance of NEPOOL task forces) to determine

⁸ See *ISO New England Inc.*, 111 FERC ¶ 61,244 (2005) (accepting HVDC TOA, TSAA and Schedule 20A); Delegated Letter Order, Docket No. ER05-1250-000 (September 19, 2005) (accepting IOA and AOA).

⁹ The report of the most recent "Review of the PJM-NY-NE Procedures and Methodology for the TE-NE HVDC Line," issued May 6, 2005, is posted on the ISO-NE website at http://www.iso-ne.com/trans/ops/limits/pjm_ny_ne_proc_method_te_ne_hvdc.doc. Filing Parties state that the purpose of the review is to "assess how the limit is applied in today's operation and to determine any improvement to the existing methodology that could maximize the use of this line to the advantage of all parties."

whether the project/uprate will have a "significant adverse affect on the stability, reliability or operating characteristics of the Transmission Owner's transmission facilities, the transmission facilities of another Transmission Owner, or the system of a Market Participant."¹⁰ If so, section I.3.10 requires, *inter alia*, that the Market Participant take action as the ISO determines is reasonably necessary to avoid such adverse effect.¹¹ This "action" can take the form of compliance with conditions for project operation that are necessary to protect reliability.

8. The Commission concluded in its January 12 Order that the Procedure should have been filed under section 205(c) of the FPA. The January 12 Order did not require any modifications to the Procedure as filed. The Commission found that the Procedure as filed was reasonable, effective and sufficiently up to date. The Commission also concluded that the reasonableness and effectiveness of the Procedure is largely demonstrated by its continuous use and widespread acceptance since January 1, 1991. The Commission accepted the Procedure for filing, without suspension, after sixty days' notice, effective January 16, 2007, subject to the Filing Parties resubmitting the Procedure on tariff sheets that comply with the Commission's Order No. 614.

Interventions, Comments and Answers

9. Notice of the Filing Parties' February 12, 2007 filing was published in the *Federal Register*, 72 Fed. Reg. 8372 (2007), with interventions and protests due on or before March 5, 2007. A timely motion to intervene was filed by New England Power Pool (NEPOOL) Participants Committee and a protest was filed by FirstEnergy Service Company (FirstEnergy).

10. FirstEnergy asserts that the Phase II Tie should be operated in strict adherence to the Presidential Permit such that the Procedure is triggered if and when loading on the line exceeds 1200 MW and that any change to this method of implementation of the Procedure is subject to agreement by the MEN member systems described in the

¹⁰ The section I.3.9 process is currently integrated to be consistent with the large and small interconnection study process.

¹¹ Prior to the establishment of a regional transmission organization in New England, this process was set forth in sections 18.4 and 18.5 of the Restated NEPOOL Agreement. For the purposes of the original filing, the process is referred to as the "section I.3.9 Process."

Presidential Permit.¹² FirstEnergy suggests that implementation of any of the three internal protocols at issue in the initial filing (marginal limit calculation improvement, posting real time limits and significant curtailment analyses) require MEN members' approval. FirstEnergy argues that although the three protocols may not be changes in the Procedure, they are changes in the way it is applied. FirstEnergy further asserts that it has not had the opportunity to participate in ongoing protocol reviews and enhancements.

Discussion

11. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2006), the timely, unopposed motion to intervene serve to make the NEPOOL Participants Committee a party to this proceeding.

12. We note that the Commission has long established that compliance filings must be limited to the specific directives ordered by the Commission. The purpose of a compliance filing is to make the directed changes and the Commission's focus in reviewing them is whether they comply with the Commission's previously stated directives.¹³ We find that the Filing Parties have met these directives with their submittal. Accordingly, the Commission accepts the Filing Parties' Procedure rate schedules and tariff sheets, effective January 16, 2007, and finds that the tariff sheets comply with the Commission's Order No. 614.

13. Regarding FirstEnergy's claims, we find that FirstEnergy's concerns do not address the instant compliance filing. Instead we find FirstEnergy's concerns essentially repeat the same arguments that FirstEnergy made and that the Commission addressed in its January 12 Order and thus are essentially a request for rehearing of the January 12 Order (and an untimely request for rehearing as well).¹⁴

¹² FirstEnergy states that it is its understanding that the original MEN is being reconstituted – in part to reflect changes to the entities within the MEN footprint. Thus, for example, MEN is being reconstituted to recognize the changes to the Filing Parties' predecessor and current entity status, as well as changes to the regional reliability organizations that fall within the MEN footprint.

¹³ See, e.g., *AES Huntington Beach, LLC*, 111 FERC ¶ 61,079 at P 60 & n.25 (2005) (changes rejected as outside scope of compliance filing).

¹⁴ See 16 U.S.C. § 8251 (2000).

14. The Commission's January 12 Order only required that the Filing Parties resubmit the Procedure on tariff sheets that comply with the Commission's Order No. 614.¹⁵ Since the arguments being made by FirstEnergy in this instant proceeding: (1) do not concern whether or not the Filing Parties' submittal is in compliance with Order No. 614; and (2) were already addressed in the January 12 Order and FirstEnergy did not timely seek rehearing, we dismiss FirstEnergy's protest.

The Commission orders:

The Procedure rate schedules and tariff sheets are hereby accepted for filing, to be effective January 16, 2007.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

¹⁵ January 12 Order at P 25.