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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

CONSENT ELECTRIC, CONSENT GAS,
CONSENT HYDRO, CONSENT CERTIFICATES,
DISCUSSION ITEMS, STRUCK ITEMS

1052nd COMMISSION MEETING

Thursday, February 21, 2019
Commission Meeting Room
Federal Energy Regulatory
Commission
888 First Street, NE
Washington, D.C. 20426

1 The Commission met in open session at 2:02 p.m.,

2 when were present:

3 CHAIRMAN NEIL CHATTERJEE

4 COMMISSIONER CHERYL LaFLEUR

5 COMMISSIONER RICHARD GLICK

6 COMMISSIONER BERNARD McNAMEE

7 SECRETARY KIMBERLY D. BOSE

8

9 Agenda Items:

10 Consent-Electric

11 E-2, E-3, E-4, E-5, E-6, E-7, E-8. E-9 E-10, E-11 E-12,

12 E-13, E-14, E-15, E-16, E-17 and E-18

13

14 Consent-Gas

15 G-1, G-2 and G-3

16

17 Consent-Hydro

18 H-1

19

20 Consent-Certificates

21 C-1 and C-2

22

23 Discussion Items

24 E-1

25

1 Struck Items

2 E-19

3

4

5 Commissioner Recusals and Statements for February 21, 2019

6

7 Commissioner McNamee is not participating in the following

8 consent items:

9 E-1

10 C-1 - Commissioner LaFleur concurring with a separate

11 statement

12 C-1 - Commissioner Glick dissenting in part with a separate

13 statement

14 C-2 - Commissioner LaFleur concurring with a separate

15 statement

16 C-2 - Commissioner Glick dissenting in part with a separate

17 statement

18

19 Discussion and/or Presentations

20 E-1 - Presentation by Adam Pan of (OGC) accompanied by

21 Kathleen Ratcliff (OEMR), Tony Dobbins (OEPI) and Jomo

22 Richardson (OER)

23

24

25

1 Struck Items

2 E-19

3

4 Presenter:

5 Adam Pan, Office of the General Counsel, FERC

6

7 At the Table: Kathleen Ratcliff, Office of Energy Market

8 Regulation

9 Tony Dobbins, Office of Energy Policy and Innovation

10 Jomo Ricardson, Office of Electric Reliability

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1 P R O C E E D I N G S

2 (2:02 p.m.)

3 SECRETARY BOSE: Thank you. The purpose of the
4 Federal Energy Regulatory Commission's open meeting is for
5 the Commission to consider the matters that have been duly
6 posted in accordance in the Government in The Sunshine Act.

7 Members of the public are invited to observe,
8 which includes attending, listening, and taking notes, but
9 does not include participating in the meeting or addressing
10 the Commission.

11 Actions that purposely interfere or attempt to
12 interfere with the commencement or conducting of the meeting
13 or inhibit the audience's ability to observe or listen to
14 the meeting, including attempts by audience members to
15 address the Commission while the meeting is in progress, are
16 not permitted. Any persons engaging in such behavior will
17 be asked to leave the building. Anyone who refuses to
18 leave voluntarily will be escorted from the building.

19 Additionally, documents presented to the
20 Chairman, Commissioners, or staff during the meeting will
21 not become part of the official record of any Commission
22 proceeding, nor will they require further action by the
23 Commission.

24 If you wish to comment on an ongoing proceeding
25 before the Commission, please visit our website for more

1 information. Thank you for your cooperation.

2 CHAIRMAN CHATTERJEE: Madam Secretary, we are
3 ready to begin.

4 SECRETARY BOSE: Good afternoon, Mr. Chairman.
5 Good afternoon Commissioners. This is the time and the
6 place that has been noticed for the open meeting of the
7 Federal Energy Regulatory Commission to consider the matters
8 that have been duly posted by the Commission.

9 Please join us in the Pledge of Allegiance.

10 (Pledge of Allegiance recited.)

11 SECRETARY BOSE: Commissioners, since the
12 January open meeting the Commission has issued 82 Notational
13 Orders.

14 Thank you, Mr. Chairman.

15 CHAIRMAN CHATTERJEE: Thank you, Madam
16 Secretary, and good afternoon to everyone.

17 Since I joined the Commission, it has been a
18 priority of mine to streamline our LNG terminal application
19 review process. I am pleased to say that FERC has made
20 tremendous strides towards doing so, and I am exceedingly
21 optimistic that in the coming days those efforts will yield
22 significant results.

23 None of this would have been possible without the
24 multi-pronged approach the Commission undertook over the
25 last year to improve our process.

1 We radically enhanced the efficiency of our
2 review by signing a historic MOU with the Department of
3 Transportation's Pipeline and Hazardous Materials Safety
4 Administration. We have cut through unnecessary red tape
5 and reduced inter-agency friction by signing the One Federal
6 Decision MOU with our federal partners. And we have
7 increased the number of engineers working on our reviews by
8 casting a wide net to capture talent everywhere we could
9 find it.

10 This is a matter of truly strategic significance,
11 and we as an agency are dedicated to doing our part in this
12 historic American moment by conducting thorough, efficient,
13 and legally durable reviews of every LNG terminal
14 application we receive.

15 I am proud of the hard work and the long hours
16 that FERC staff--specifically our Office of Energy Projects
17 and Office of the General Counsel--has put into bringing us
18 to this point. And I look forward to sharing more updates
19 as we have them.

20 Turning to another important issue:

21 On Tuesday, the D.C. Circuit affirmed the
22 Commission's Certificate Orders authorizing construction and
23 operation of the Mountain Valley Pipeline. This was a
24 consequential decision with the court of appeals affirming
25 the Commission on all 16 issues raised by the challengers.

1 While we don't typically discuss court decisions
2 on FERC cases--our orders, our court filings, and court
3 decisions typically speak for themselves--I raise the
4 Mountain Valley case because I believe that the decision
5 stands as a testament to the dedication and skill of
6 Commission staff. Their outstanding work on every aspect of
7 our certification process, from engineering review to legal
8 analysis, makes the Commission's orders possible.

9 As those familiar with our process can attest,
10 the Commission engages in a painstaking review and
11 thoughtful consideration of comments from all manner of
12 stakeholders. The court's decision this week speaks to the
13 strength of our process.

14 Now turning to another matter:

15 Last week I had the opportunity to join our
16 friends at the NARUC Winter 2019 Meeting, and shared my
17 thoughts on some key opportunities that I see for us as
18 regulators to work together in shaping policies that
19 maximize value for consumers.

20 From modernizing PURPA to integrating renewables,
21 energy storage and Distributed Energy Resources into our
22 wholesale markets, to looking at our transmission policies
23 with a holistic view, there are a number of significant
24 issues currently facing us. But by working together and
25 engaging our state counterparts, I am optimistic about what

1 we will achieve for energy consumers.

2 But with opportunity comes potential hurdles.

3 One of those is the need to bolster cybersecurity
4 and measures to protect the grid from the increasing number
5 and complexity of threats we are seeing. This subject
6 affects us all, from those in the public and private sectors
7 to each and every American who relies on the grid for their
8 day-to-day lives.

9 I have been clear that I believe FERC's efforts
10 to secure our Nation's critical infrastructure should be one
11 of our top priorities, and I have been pleased to see a
12 similar commitment to this issue from the Senate Energy and
13 Natural Resources Committee.

14 A week ago I had the opportunity to appear before
15 the Committee alongside officials from across government and
16 industry to testify regarding cybersecurity in the energy
17 space. Specifically, I focused my comments on FERC's
18 efforts, including: the evolution of mandatory reliability
19 standards; the voluntary partnerships the Commission has
20 established with industry and other agencies; and finally,
21 the interdependency of the electric and natural gas systems.

22 I want to again thank Chairman Lisa Murkowski and
23 Ranking Member Joe Manchin for hosting this critical and
24 timely hearing, as well as the other members of the
25 Committee for their thought-provoking questions.

1 I enjoyed the rich dialogue and insights,
2 including those from Jim Robb of NERC, who of course we work
3 with in our professional capacity on a frequent basis, as
4 well as Karen Evans, DOE Secretary for Cybersecurity, Energy
5 Security, and Emergency Response, or as it's known, CESER.
6 Conversations like these--bringing together both private and
7 public sectors--are essential as we continue to explore how
8 we can better protect our critical infrastructure.

9 On that note, I want to remind everyone about the
10 upcoming joint technical conference that the Commission is
11 hosting with DOE here at FERC on March 28th to discuss
12 investments for cyber and physical security. The conference
13 will explore current threats against energy infrastructure,
14 best practices for mitigation, incentives for investing in
15 physical and cybersecurity protections, and cost recovery
16 practices at both the state and federal level.

17 I know that a lot of effort has gone into this
18 conference already, so I thank staff for their diligence.
19 These topics are of the utmost importance, and I look
20 forward to a productive conversation in just a few weeks.

21 Now I would like to discuss action taken by the
22 Commission this week:

23 I am pleased to report that we took additional
24 significant steps forward this week as part of our ongoing
25 efforts to review natural gas pipeline rates following the

1 Tax Cuts and Jobs Act and the D.C. Circuit's United Airlines
2 decision.

3 Specifically, on Tuesday we initiated an NGA
4 Section 5 investigation to examine the rates of one natural
5 gas pipeline to determine whether that pipeline is
6 substantially over-recovering its cost of service. In
7 orders issued then and today, we also terminated 21 natural
8 gas pipeline rate proceedings, finding that the pipelines
9 complied with the Commission's filing requirements and no
10 further action was needed at this time.

11 In addition, today we will also issue an Order in
12 the Trailblazer paper hearing proceeding, and an Order on
13 Rehearing in the SFPP proceeding. Both presented complex
14 issues warranting our careful consideration and focus. I
15 commend my colleagues and our topnotch staff here at the
16 Commission for their efforts and collaboration to work
17 through these difficult issues. I am pleased that we could
18 reach a consensus to keep making progress towards resolving
19 these proceedings.

20 I want to also note that the orders we discussed
21 this week demonstrate our continued diligent efforts to
22 adjudicate the numerous tax-related filings and proceedings
23 pending before us. In fact, the Commission has now taken
24 action on about three-quarters of the Form 501-G filings in
25 Groups 1 and 2. There is certainly more work ahead of us--

1 there's no doubt about that--but I think I speak for all of
2 us when I say that we remain committed to resolving these
3 matters as swiftly as possible.

4 And finally, before I give my colleagues the
5 floor, I would like to take a moment to shine a spotlight on
6 some of the perhaps unsung--but nevertheless important--
7 orders the Commission will issue today to update our
8 regulations.

9 These orders streamline processes and reduce
10 regulatory burdens, making them well worth highlighting.

11 First, in late January we issued a NOPR as part
12 of our effort to implement the America's Water
13 Infrastructure Act of 2018. Specifically, we proposed to
14 expedite the issuance process for original hydropower
15 licenses for certain qualifying facilities at existing
16 non-powered dams and closed-loop pumped storage projects.
17 The expedited process is intended to ensure a final decision
18 from FERC no later than two years after an application is
19 complete.

20 And today's item, H-1, is another step forward in
21 implementing that Act. The final rule will, among other
22 things, enable the Commission to issue preliminary permits
23 for an initial four-year period, with additional flexibility
24 to extend where warranted. This will give the Commission
25 more tools to process hydropower licenses in a flexible

1 transparent and timely manner.

2 Second, Item E-3 is a final rule to implement
3 statutory changes FPA Section 203. Under the rule,
4 utilities seeking to merge or consolidate jurisdictional
5 facilities only need to secure Commission authorization when
6 the facilities are valued at more than \$10 million.

7 To foster transparency, for mergers or
8 consolidations where the frailties are valued at more than
9 \$1 million but less than \$10 million, notice to the
10 Commission is required. This is a good step towards
11 reducing regulatory burdens while still providing the
12 Commission necessary information to maintain oversight.

13 Finally, on our efforts aimed at good governance,
14 we will issue a third final rule today, Item E-2, to clarify
15 and update requirements related to interlocking officers and
16 directors. The final rule is a common sense policy
17 providing more clarify and transparency regarding our filing
18 requirements while reducing reporting burdens on interlock
19 holders.

20 I want to thank the staff teams that worked on
21 each of these important orders. I am committed to
22 continuing our work to streamline and right-size our
23 processes and rules for today's realities in a way that
24 doesn't compromise our accountability and oversight
25 authority.

1 With that, I will conclude my remarks and turn to
2 my colleagues for any opening statements or announcements
3 they may have.

4 COMMISSIONER LaFLEUR: Thank you very much, Mr.
5 Chairman. I certainly also want to thank staff for all of
6 the orders on today's Consent Agenda. And I have a couple
7 of other statements in addition to the subtle statement I'm
8 making with my jersey.

9 (Laughter.)

10 COMMISSIONER LaFLEUR: There's somebody missing
11 on the couch behind--on the very, very comfortable couch
12 behind me today. Andy Weinstein, who is one of my legal
13 advisers, is not with us this afternoon for a very good
14 reason. Last week Andy and his wife welcomed a new son,
15 Charlie, a big, bouncing boy at almost 10 pounds, 9 pounds 9
16 ounces, and we certain send congratulations to the whole
17 family.

18 I also wanted to mention a couple of other items
19 on the Consent Agenda, on which will be issuing concurring
20 opinions, and they are C-2--excuse me, C-1 and C-2. These
21 are two pipeline orders on today's agenda.

22 The first, C-1, Portland Natural Gas, relates to
23 a pipeline that will serve local distribution companies in
24 New England. And the second, C-2, Northern Natural Gas,
25 relates to a pipeline that will serve gas-fired generation

1 and local distribution companies in Minnesota.

2 In the case of C-2, the Minnesota pipeline,
3 because it will in part serve a generation facility, the
4 Commission Order discloses the indirect GHG emissions from
5 that facility under the Sable Trail requirement. I
6 appreciate that the Order does so, but I believe we are also
7 required to consider the indirect emissions from other gas
8 burned from the pipeline since it's reasonable foreseeable
9 that that's what the gas will be used for, to be burned.
10 And as in past orders in recent months, I have included in
11 my separate statement a full-burn estimate for GHG
12 emissions.

13 I further note in my order that it appears that
14 some of the gas generation that will be served by the
15 pipeline will be replacing coal generation under the
16 policies of the State of Minnesota, so the net--the actual
17 net indirect emissions may be lower than calculated in my--
18 in the order, and in my concurrence. But the record before
19 us didn't support a more precise calculation. As I said
20 before, I believe we should be asking for more information
21 in pipeline applications to support both our need and our
22 environmental review.

23 In the case of the Portland Pipeline up in New
24 England, I also included in my concurring statement the
25 indirect downstream emissions from the gas consumed by the

1 several LDCs in New England. I also want to just note that
2 in this week's--or was it last week's?--D.C. Circuit Order
3 on the Mountain Valley Pipeline, the court did note
4 approvingly the policy that the Commission had at that time--
5 --since changed--to disclose downstream indirect emissions
6 in our pipeline orders. And I will continue to do so,
7 continue to advocate for that.

8 I believe both of these pipelines are needed by
9 their regions and in the public interest. Thank you.

10 COMMISSIONER GLICK: Thank you, Mr. Chairman.
11 I just want to take a couple of minutes to discuss a few of
12 the items that we're going to be considering today. I
13 wanted to start off with actually two of the proceedings
14 that Commissioner LaFleur just mentioned, C-1 and C-2, two
15 natural gas pipeline orders.

16 And the reason I'm--and I'm actually going to be
17 partially dissenting on both of them, and the reason I'm
18 going to be dissenting is for the same reason I've dissented
19 on a number of other certificate proceedings: the
20 majority's refusal to consider the significance of
21 greenhouse gas emissions associated with the proposed
22 pipelines. I think calculating the numbers are very
23 important, but I think we're actually required by law to
24 consider whether those numbers are significant or not, and
25 the Commission is still not doing that.

1 I'm not going to reiterate a lot of the arguments
2 that I've made in a number of these previous orders here
3 again today, but I do want to point out that if we were to
4 undertake the kind of analysis that I believe both the
5 Natural Gas Act and NEPA require, it would be much easier
6 for the Commission to reach consensus on certain certificate
7 applications.

8 The Portland Natural Gas Pipeline case before us
9 today is an excellent example. In C-1 the applicant is
10 proposing to increase much-needed natural gas transportation
11 capacity into New England. But despite the fact that there
12 are significant benefits associated with the proposed
13 project, the Commission's approach severely limiting
14 consideration of greenhouse gas emissions cuts the
15 Commission's public interest determination under the Natural
16 Gas Act short, leaving me no choice but to dissent.

17 I also wanted to briefly mention the Trailblazer
18 proceeding that the Chairman had discussed briefly, G-1. I
19 think many people here know in the United Airlines
20 Proceeding the court was very clear to us in noting that the
21 Commission is prohibited from permitting a pipeline
22 organized as an MLP to recover and raise both an allowance
23 associated with the tax costs of its owners, and the return
24 on equity that also takes those costs into account.

25 In Trailblazer, we are now being asked to

1 determine whether that same prohibition applies to tax costs
2 applicable to a corporate level owner in a non-MLP
3 partnership. At the outset, I want to note that this is an
4 extremely complicated issue without a clear-cut answer.

5 Staff worked very hard in putting this Order
6 together and should be commended for not only their hard
7 work but for answering the many questions that came from my
8 office, many difficult questions that came from my office
9 about the Order and about this particular issue.

10 Although the order before us today makes some
11 preliminary findings, it also sends this proceeding to an
12 ALJ for additional inquiry and to further develop the
13 record. It is not clear whether this proceeding--where
14 this proceeding is going to end up. There are several
15 potential paths forward so that we better understand the
16 differences between MLPs and other types of pass-through
17 entities. But I look forward to reviewing the additional
18 record and encourage all parties to participate in the
19 proceeding before the ALJ.

20 And finally, I just want to briefly comment on
21 the Section 5 Order that we issued earlier this week
22 regarding the Southwest Gas Storage Company. I want to
23 first commend the Chairman and commend all the
24 Commissioners, and also the Commission staff, for working
25 hard in terms of going through a number of filings that have

1 been made by the various pipeline companies in the aftermath
2 of the tax cuts that were enacted a couple of years ago.

3 It is certainly incumbent, I think we all would
4 agree, it's incumbent upon us to make sure that if there are
5 savings to companies, those savings should get to consumers.
6 But I want to point out that our work isn't nearly done.
7 And the reason is in large part because the Natural Gas Act
8 doesn't--and I've mentioned this several times before--the
9 Natural Gas Act doesn't have refund authority like the
10 Federal Power Act does.

11 And so for instance until these proceedings are
12 completed with, consumers won't be receiving the refunds
13 that I think they're due under the Natural Gas Act, and
14 certainly as a result of the tax cuts that were enacted
15 earlier.

16 So it is something that I think that we need to
17 see if we can expedite as quickly as possible, with the
18 understanding that we need to act before consumers and
19 ratepayers start seeing the benefits of these particular
20 actions. But I also want to reiterate my call on Congress
21 to, again, try to amend the Natural Gas Act to add that
22 refund authority that, again, exists in the Federal Power
23 Act.

24 With that, thank you very much, Mr. Chairman.

25 CHAIRMAN CHATTERJEE: Commissioner McNamee.

1 COMMISSIONER McNAMEE: Thank you, Mr. Chairman.

2 I would also like to thank the Commission staff
3 and my fellow Commissioners as we work through a number of
4 these Orders. The issues are complex. They are often ones
5 that don't have clear-cut answers, and yet we as a
6 Commission are required to come to a conclusion. And having
7 the advice of our staff, having the pleadings from the
8 different parties clearly helps us make, hopefully, a better
9 decision. But especially in those cases where we send them
10 back to an ALJ in which we say we've made preliminary
11 conclusions, that does not mean the parties should feel that
12 they cannot make the arguments.

13 I can say for myself I am confident, as are my
14 fellow Commissioners, that when issues are taken to the ALJ
15 and they come back up to us, we want to consider them on the
16 merits and the law as they're presented; and that our minds
17 are not made up and that we're willing to listen to what the
18 arguments are and make those determinations based on what's
19 before us in the record.

20 Also, on a wider note, I want to talk about--I've
21 added one more person to my team. Taygan Flynn has joined
22 me. She is one of my legal and policy advisers. She's
23 actually been with the Commission for ten years. Before
24 joining my office she was with the Office of Enforcement
25 where she handled complex investigations involving

1 allegations of abuse in energy markets. She also was in
2 private practice before joining the Commission. She's a
3 native New Yorker. She says she's a New Englander in
4 spirit, probably because she's a proud graduate, as she
5 says, from Smith College where she got her Economics Degree,
6 and from Harvard Law School in Cambridge, Massachusetts.

7 So thank you for all your help so far, and from
8 all my team. I've enjoyed working with you.

9 Thank you, Mr. Chairman.

10 CHAIRMAN CHATTERJEE: Madam Secretary, we are
11 ready to go to the Consent Agenda.

12 SECRETARY BOSE: Thank you, Mr. Chairman. Since
13 the issuance of the Sunshine Act Notice on February 14th,
14 2019, Item E-19 has been struck from this morning's agenda.
15 Your Consent Agenda is as follows:

16 Electric Items: E-2, E-3, E-4, E-5, E-6, E-7,
17 E-8, E-9, E-10, E-11, E-12, E-13, E-14, E-15, E-16, E-17,
18 and E-18.

19 Gas Items: G-1, G-2, and G-3.

20 Hydro Items: H-1.

21 Certificate Items: C-1 and C-2.

22 As to E-1, Commissioner McNamee is not
23 participating. As to C-1, Commissioner LaFleur is
24 concurring with a separate statement and Commissioner Glick
25 is dissenting in part with a separate statement. As to

1 C-2, Commissioner LaFleur is concurring with a separate
2 statement, and Commissioner Glick is dissenting in part
3 with a separate statement.

4 We are now ready to take a vote on this morning's
5 Consent Agenda. The vote begins with Commissioner McNamee.

6 COMMISSIONER McNAMEE: Except for E-1, I vote
7 aye.

8 SECRETARY BOSE: Commissioner Glick?

9 COMMISSIONER GLICK: Noting my partial dissents
10 on C-1 and C-2, I vote aye.

11 SECRETARY BOSE: Commissioner LaFleur.

12 COMMISSIONER LaFLEUR: Noting my concurrences on
13 C-1 and C-2, I vote aye.

14 SECRETARY BOSE: And Chairman Chatterjee.

15 CHAIRMAN CHATTERJEE: Aye.

16 SECRETARY BOSE: We're ready to move on to the
17 Discussion and Presentation portion for this morning. The
18 Presentation and Discussion Item is Item E-1, a draft order
19 on rehearing concerning the Reformation of Certain Generator
20 Interconnection Procedures and Agreements. There will be a
21 presentation by Adam Pan from the Office of the General
22 Counsel. He is accompanied by Kathleen Ratcliff from the
23 Office of Energy Market Regulation; Tony Dobbins from the
24 Office of Energy Policy and Innovation; and Jomo Richardson
25 from the Office of Electric Reliability.

1 MR. PAN: Good afternoon, Mr. Chairman and
2 Commissioners.

3 Item E-1 is a draft order on rehearing and
4 clarification of Order No. 845, Reform of Generator
5 Interconnection Procedures and Agreements.

6 Order No. 845 adopted ten reforms to improve
7 certainty for interconnection customers, promote more
8 informed interconnection decisions, and enhance the
9 interconnection process.

10 The Commission received 12 requests for rehearing
11 and/or clarification of Order No. 845. The draft order
12 grants in part and denies in part the requests for rehearing
13 and clarification.

14 The majority of reforms remain unchanged, but the
15 draft order grants rehearing and clarification as to certain
16 reforms. The draft order grants rehearing with regard to
17 two aspects of the reform to remove a limitation on the
18 interconnection customer's option to build.

19 First, the draft order requires that transmission
20 providers explain why they do not consider a specific
21 network upgrade to be a stand-alone network upgrade. And,
22 second, allows transmission providers to recover option to
23 build oversight costs.

24 The draft order also grants clarification with
25 regard to two aspects of the option to build reform by

1 finding, first, that the Order No. 845 option to build
2 provisions apply to all public utility transmission
3 providers including those that reimburse interconnection
4 customers for network upgrades; and, second, that the option
5 to build does not apply to stand-alone network upgrades on
6 affected systems.

7 The draft order also grants rehearing with regard
8 to the reform to create a surplus interconnection service
9 process. It explains that the Commission does not intend to
10 limit the ability of RTOs and ISOs to argue that an
11 independent entity variation is appropriate.

12 The draft order also grants two clarifications
13 with regard to study model and assumption transparency. It
14 finds that: First, transmission providers may use the
15 Commission's critical energy/electric infrastructure
16 information regulations as a model for evaluating entities
17 that request network model information and assumptions; and,
18 second, that the phrase "current system conditions" does not
19 require transmission providers to maintain network models
20 that reflect current real-time operating conditions of the
21 transmission provider's system but should reflect the system
22 conditions currently used in interconnection studies.

23 With regard to the reform to institute
24 interconnection study deadline reporting requirements, the
25 draft order grants clarification regarding the date for

1 measuring study performance metrics, and clarifies that the
2 reporting requirements do not require transmission providers
3 to post 2017 interconnection study metrics. Instead, the
4 first required report will be for the first quarter of 2020.

5 With respect to the reform on requesting
6 interconnection service below generating facility capacity,
7 the draft order grants rehearing in part to find that an
8 interconnection customer may propose control technologies at
9 any time at which it is permitted to request interconnection
10 service below generating facility capacity. Finally, with
11 regard to the same reform, the draft order grants
12 clarification that a transmission provider must provide a
13 detailed explanation if it determines that additional
14 studies at the full generating facility capacity are
15 necessary when the interconnection customer has requested
16 service below full generating facility capacity. The draft
17 order denies all other requests for rehearing and
18 clarification.

19 The draft order becomes effective 75 days after
20 publication in the Federal Register. Each public utility
21 transmission provider must submit a single compliance filing
22 within 90 days of the issuance of this order to comply with
23 Order No. 845 and this draft order on rehearing and
24 clarification. This compliance timeline is in accordance
25 with the notice issued by the Office of the Secretary on

1 October 3rd, 2018.

2 Thank you, and we are happy to answer your
3 questions.

4 CHAIRMAN CHATTERJEE: Thank you, Adam and the
5 team for that informative presentation and for your hard
6 work on this order.

7 As I've said on a number of occasions, I think
8 Order 845 was an important step forward to help improve
9 interconnection processes and facilitate the interconnection
10 of new technologies like storage.

11 Today's action is also significant because, as
12 mentioned during the presentation, this officially starts
13 the clock for submitting compliance filings.

14 I think that was a very thorough presentation
15 that covered the changes in the order. But for those in the
16 audience who may not be as steeped in the intricacies of
17 Order 845, would it be fair to say that today's order is
18 making a number of technical corrections and clarifications
19 and is not reversing any major aspects of Order 845?

20 MR. PAN: Yes, I think that is a fair
21 characterization.

22 CHAIRMAN CHATTERJEE: Thank you. I have no
23 further questions.

24 COMMISSIONER LaFLEUR: Thank you very much.
25 And thank you to the team at the table and the larger team

1 for that presentation and your work on this order. And of
2 course this order really is the culmination of many years of
3 work on this. It's kind of like a little Schoolhouse Rock,
4 "How A Petition Becomes A Rule."

5 (Laughter.)

6 COMMISSIONER LaFLEUR: But it started in 2015
7 with a petition from the American Wind Energy Association
8 asking us to relook at our interconnection rules. They
9 asked for a look at 24 issues. We had a technical
10 conference to try to develop a broad record on this. And in
11 2016, under the leadership of then-Chairman Bay, the
12 Commission issued a proposed rule addressing 14 issues. And
13 then that NOPR culminated in a final rule that addressed 10
14 issues that are still in the rehearing order that you are
15 reporting on today.

16 I don't usually do this, but I also want to thank
17 a member of my own team, Jessica Cockrill, who has not only
18 worked on this in my office for the last two years, but
19 played a leadership role on staff before she came to my
20 office and the work at that time.

21 While that was going on, during our rulemaking
22 process the D.C. Circuit issued the Ameren Decision which
23 vacated and remanded a set of Commissioner Orders relating
24 to the option to build in the mid-Continent ISO. Talk about
25 complicated things that Ernie was talking about, and through

1 a lot of thoughtful examination of that issue I believe in
2 today's order we correctly identified that the issues
3 identified in the D.C. Circuit Ameren case solely relate to
4 unique features of the MISO tariff and don't implicate the
5 overall final rule.

6 In the rehearing order we provide several
7 clarifications and grant rehearing in a few areas, as you
8 already summarized. The record that led to this shows there
9 were concerns on each side of the transaction: the
10 interconnection customers, the generation owners had
11 concerns, and the transmission providers or transmission
12 owners did as well.

13 Could you give a couple of examples of how the
14 rule balanced those issues from both sides?

15 MS. RATCLIFF: Sure. Thanks for the question,
16 Commissioner LaFleur. So like in Order No. 845, the reforms
17 adopted in this draft order balance the interests of both
18 interconnection customers and transmission providers, as you
19 mentioned, by improving and streamlining the interconnection
20 process.

21 The draft order, we believe, appropriately
22 considers concerns expressed on rehearing and clarification
23 by interconnection customers and transmission providers. As
24 an example, I will discuss two instances where the draft
25 order grants rehearing that Adam mentioned in his

1 presentation.

2 Both instances relate to different aspects of the
3 interconnection customers' options to build, as you
4 mentioned the Ameren decision. So for some background, in
5 Order 845 the Commission removed an Order 2003 limitation to
6 allow interconnection customers to build certain facilities,
7 including stand-alone network upgrades, regardless of
8 whether a transmission provider can construct those
9 facilities on the interconnection customer's preferred
10 construction schedule.

11 Stand-alone network upgrades are network upgrades
12 that an interconnection customer may construct without
13 affecting the day-to-day system operations on the
14 transmission provider's system.

15 The interconnection customer and transmission
16 provider must agree that these network upgrades qualify as
17 stand-alone network upgrades.

18 On rehearing, several generation developers
19 argued that the Commission erred by not requiring
20 transmission providers to explain their reasoning for not
21 considering a network upgrade to be a stand-alone network
22 upgrade.

23 The draft order would grant the generation
24 developer's rehearing on this issue. It would require that
25 transmission providers explain the technical reasoning for

1 why they do not consider a network upgrade to be
2 stand-alone.

3 On the other hand, the draft order also grants a
4 request for rehearing from transmission providers related to
5 a different aspect of the option to build. On rehearing,
6 transmission providers raised a concern about their ability
7 to recover oversight costs when an interconnection customer
8 exercises the option to build.

9 When the Commission previously considered
10 oversight costs in Order 2003-A, transmission providers can
11 avoid those costs by agreeing to meet the interconnection
12 customer's proposed timeline, which would preclude the
13 customer from using the option to build.

14 Because of the reforms adopted in Order 845, this
15 reasoning no longer holds true. Consequently, the draft
16 order allows transmission providers to recover those
17 oversight costs by revising the pro forma interconnection
18 agreement to require transmission providers and
19 interconnection customers to negotiate the amount of those
20 costs and clearly state that amount in their interconnection
21 agreement. Thank you for the question.

22 COMMISSIONER LaFLEUR: Well thank you very much.
23 As the Chairman observed, this is a highly technical rule.
24 It reminds me of my former colleague, Commissioner
25 Powelson's copywrited comment about "the boring good." But

1 these sorts of technical rules are a big part of the way
2 this Commission is working to help adapt all the changes in
3 resource mix on the grid, particularly all the renewables
4 and storage that are coming on, as well as changes in the
5 ownership structures of who's developing and who is doing
6 work on the grid.

7 So I think it is really important and I really
8 appreciate all your work. Thank you.

9 CHAIRMAN CHATTERJEE: I got nervous for a second
10 there as to which of Commissioner Powelson's copywrited
11 phrases you were going to.

12 (Laughter.)

13 CHAIRMAN CHATTERJEE: I'm glad you went with
14 that one.

15 Commissioner Glick?

16 COMMISSIONER GLICK: Thank you, Mr. Chairman. I
17 actually got nervous earlier because I thought Commissioner
18 LaFleur was going to start breaking out into song about how
19 much of the petition--

20 (Laughter.)

21 COMMISSIONER GLICK: But I too want to thank the
22 staff for their presentation and the hard work that they put
23 into getting this rehearing order out.

24 I am very pleased we're moving forward with the
25 generator interconnection reform outlined in Order No. 845.

1 The changes to the interconnection process adopted in Order
2 845 reflect one of the Commission's most significant areas
3 of responsibility: ensuring that the rules of the road are
4 adapted to industry transformations such as the ones
5 Commissioner LaFleur just mentioned, such as the evolving
6 generation resource mix and the introduction of new
7 technologies and capabilities.

8 The reforms we have adopted and affirmed today
9 will enable interconnection customers to better utilize the
10 interconnection processes and procedures, and ultimately
11 make more efficient use of the existing transmission grid.

12 By no means should we consider this job complete.
13 We still have important work to do, particularly as we
14 continue to consider reforms related to affected systems
15 coordination as we review and consider each compliance
16 filing to today's rule.

17 So thank you again for the hard work that you put
18 into this, and thank you, Mr. Chairman.

19 COMMISSIONER McNAMEE: Since I'm not
20 participating, I won't ask any questions.

21 (Laughter.)

22 SECRETARY BOSE: We are now ready to take a vote
23 on this item. The vote begins with Commissioner Glick,
24 since Commissioner McNamee is not participating.

25 COMMISSIONER GLICK: Aye.

1 SECRETARY BOSE: Commissioner LaFleur.

2 COMMISSIONER LaFLEUR: Aye.

3 CHAIRMAN CHATTERJEE: And Chairman Chatterjee.

4 CHAIRMAN CHATTERJEE: Aye.

5 SECRETARY BOSE: There are no further items on
6 this morning's discussion--or this afternoon's discussion
7 and presentation agenda.

8 CHAIRMAN CHATTERJEE: Thank you, Madam
9 Secretary.

10 In closing, at the past few Commission meetings
11 I've had the distinct pleasure of recognizing several
12 employees who have made significant contributions to the
13 agency and, in turn, to the public. Today is no exception.

14 I would like to take this opportunity to
15 recognize David Mead for 40 years of distinguished federal
16 service at the Commission. Over the course of his tenure at
17 FERC, Dave has demonstrated his vast expertise on economic
18 analysis related to the energy markets, supporting the
19 Commission's goal of ensuring just and reasonable rates in
20 hundreds of decisions.

21 Dave joined the Commission as a Ph.D. Economist
22 in 1978, after already having served for four years at the
23 Federal Energy Administration and the Energy Information
24 Administration. The Commission, FERC staff and industry
25 have all benefitted immensely from Dave's commitment to

1 public service. I know those who have worked with Dave
2 would agree: he is without question one of the best
3 economists to ever tackle the incredible complexities of
4 organized electricity markets.

5 As one of the Commission's senior analysts, Dave
6 trained scores of FERC staff, translated technical economic
7 issues in detail to FERC Commissioners, and became an
8 institution unto himself. Never hesitant to go to a white
9 board and work through technical policy issues, Dave also
10 brought a sense of continuity to Commission decisions on
11 market design. And, it is worth pointing out the impact he
12 made having lived through and led a number of important
13 market reforms.

14 Within this building, Dave has taken a unique
15 interactive economic approach to understanding proposals.
16 Not only has he proven himself adept at pinpointing the
17 information necessary to make well-informed policy
18 decisions, but he has also shown himself to be exceptionally
19 skilled at proposing the best economic solutions.

20 Importantly, Dave would never hesitate to deliver
21 the bad economic news along with the good, and he was quick
22 to explain when the proposal at hand fell short. Though the
23 issues he was working on were often complex in nature, Dave
24 possessed a rare ability to quickly identify the most
25 important policy objectives and to translate the economics

1 into simple terms. And while Dave delivered his economic
2 advice directly and without bias, he always did so in a very
3 gentle and respectful way, which so many have come to
4 appreciate through the years.

5 Dave's deep experience, wisdom, curiosity,
6 analytical mind, sound judgment, and collaboration have made
7 him a truly extraordinary public servant over his four
8 decades here at the Commission. For each of those reasons,
9 he is particularly deserving and I am proud to present him
10 with the Exemplar of Public Service Award.

11 But before I call Dave up, I would like to turn
12 it over to my colleagues for any comments they may have.

13 COMMISSIONER LaFLEUR: Well, Mr. Chairman, I
14 thought your comments were really well stated. Dave has
15 been a treasure in the building on any manner of things, but
16 I would particularly call out his leadership on all issues
17 related to capacity markets. And he hasn't just trained
18 staff. He has trained Commissioners for sure. And at his
19 reception at OPI a few weeks ago, I presented him with a
20 supply and demand curve chart with the in-between resources
21 that he had guided me through in 2011 that I kept in my--I
22 still had in my files as a reference.

23 It's just really good that, now that you're
24 leaving, we don't have any more complicated capacity
25 markets--

1 (Laughter.)

2 COMMISSIONER LaFLEUR: But we certainly wish you
3 and yours--I know you have a lot of hobbies in music and
4 other things, and I wish you and yours good health and
5 happiness in your next chapter. God speed.

6 COMMISSIONER GLICK: I just want to say
7 congratulations. Forty years? That is truly amazing, so
8 congratulations again.

9 COMMISSIONER McNAMEE: I just want to say thank
10 you so much for your service. You are a great example to
11 what a great public servant is and can be, and your
12 willingness to serve the American people for this many years
13 is really to your credit. And we are better off as a people
14 because you chose to serve. So thank you.

15 CHAIRMAN CHATTERJEE: With that, please come on
16 up.

17 (Applause and off-mike presentation to David
18 Mead.)

19 CHAIRMAN CHATTERJEE: That concludes our
20 business for the meeting. But before I adjourn, I do want
21 to, Commissioner LaFleur, extend right now an invitation for
22 you to come next February wearing your jersey when Bill and
23 his goats win their 7th Superbowl, and we'll look forward to
24 that.

25 COMMISSIONER LaFLEUR: I can be here--

1 (Laughter.)

2 CHAIRMAN CHATTERJEE: Absolutely. With that,
3 that concludes our meeting. Thank you.

4 (Whereupon, at 2:45 p.m., Thursday, February 21,
5 2019, the meeting of the Commissioners of the United States
6 Federal Energy Regulatory Commission was adjourned.)

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1 CERTIFICATE OF OFFICIAL REPORTER

2

3 This is to certify that the attached proceeding
4 before the FEDERAL ENERGY REGULATORY COMMISSION in the
5 Matter of:

6 Name of Proceeding:

7 1052ND COMMISSION MEETING

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16 Docket No.:

17 Place: Washington, DC

18 Date: Thursday, February 21, 2019

19 were held as herein appears, and that this is the original
20 transcript thereof for the file of the Federal Energy
21 Regulatory Commission, and is a full correct transcription
22 of the proceedings.

23

24 Larry Flowers

25 Official Reporter