

# *Update from FERC*



## **Commissioner Philip D. Moeller** **Federal Energy Regulatory Commission**



**Buying & Selling Power in the West**  
**Seattle, Washington • January 16, 2009**

# 2009 Topics

## *What to Expect from FERC During the New Administration*



- Transmission Build out?
- Integration of Renewables
- Reliability of the Transmission Grid and Enforcement of Reliability Standards
- Enforcement of the Commission's Rules, Regulations and Orders



# 2009 Topics cont.

## *What to Expect from FERC During the New Administration*



- Climate and GHG Control Initiatives
- California Market Redesign and Technology Update (MRTU)
- Demand Response, Efficiency and Conservation

# Overview of 2008



- Transmission
- Markets
- Mobile-Sierra
- Enforcement of Reliability Standards
- Liquefied Natural Gas Infrastructure
- Enforcement Matters
- Rulemakings and Policy Statements
- Other Issues
  - Hydrokinetics
  - Puget



# Transmission



- Last year's efforts:
  - Approval of incentives for transmission investment
  - Some examples of projects in the West, include
    - PacifiCorp's Energy Gateway Project (EL08-75-000):
    - Pacific Gas and Electric Company (EL08-24-000)
    - Startrans IO, L.L.C. (ER08-413-000 and ER08-413-001)
    - The Nevada Hydro Company, Inc. (ER06-278-000, et al.)
    - Southern California Edison Company (ER08-375-000)

# Transmission cont.



- Will this change with a new Commission?
  - Preference for transmission tied to renewable resources?
  - Preference for High Voltage Projects?
  - Preference for projects that use new technologies or SmartGrid?
    - Focus on a national grid?
- Siting?



# Transmission cont.

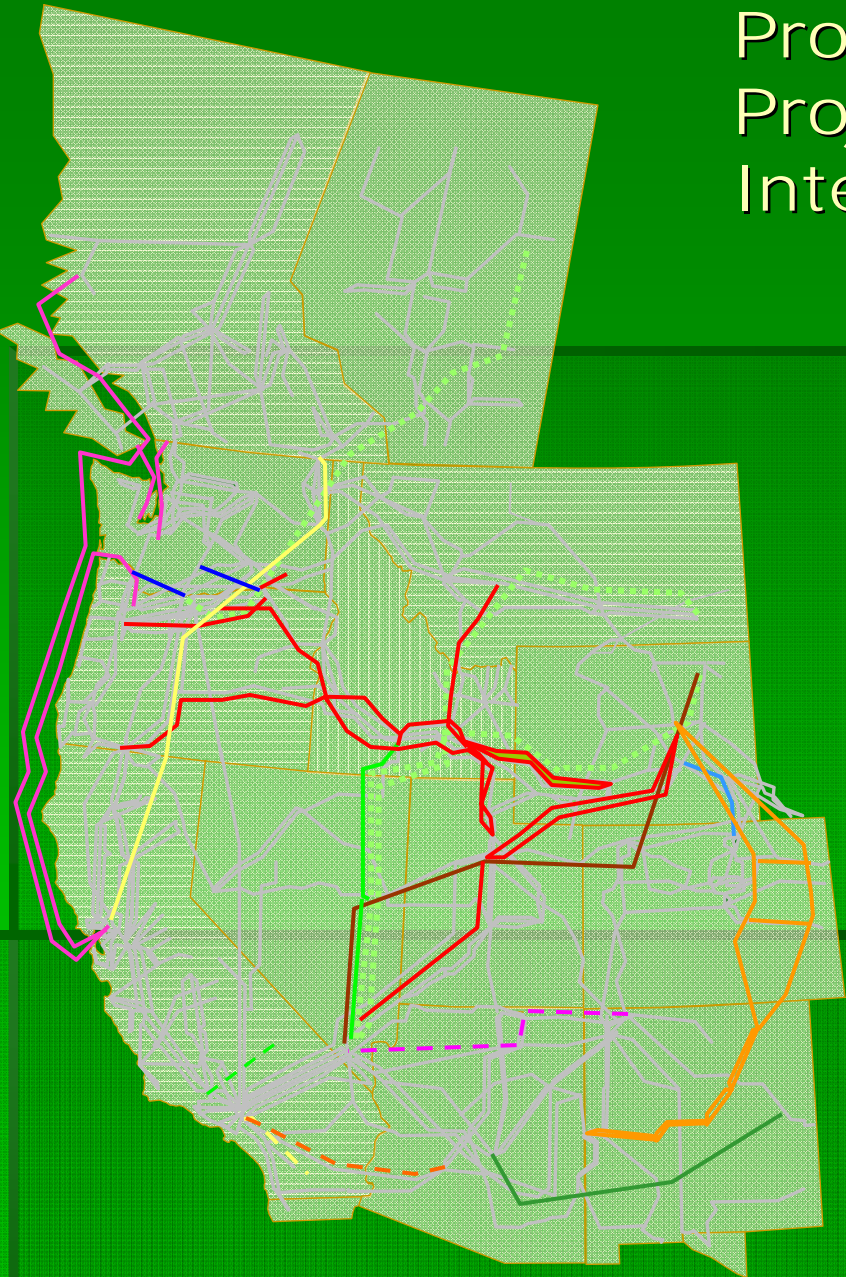
















- Last year's efforts cont.
  - Regional transmission planning under Order No. 890
    - Formation of regional and subregional groups
    - July 2008: FERC accepted transmission compliance filings (Att. Ks) from Western providers
  - WestConnect's Proposal
  - Transmission siting
    - Devers-Palo Verde II: In pre-filing.
- Other transmission-related initiatives
  - Merchant project proposals
  - WREZ
  - Legislative proposals



# Proposed Transmission Projects in the Western Interconnection

*Note: This map includes selected projects from Table 3.2 of 2008 TEPPC Study Plan (v7). Projects have been grouped to simplify coding.*



-  Sea Breeze Projects
-  TransCanada Projects
-  Gateway & Other NTTG Projects
-  Columbia Grid Projects
-  TransWest Express
-  LS Power & Great Basin Projects
-  WY-CO Intertie Project
-  High Plains Express
-  Sun-ZIA
-  Canada/PacNW-NoCalif
-  Central CA Clean Energy (C3ET)
-  Green Path North
-  Devers-Palo Verde 2
-  Navajo Transmission Project

Map courtesy of WECC, Fall 2008



# Markets



- Market design
  - California ISO's Market Redesign (MRTU)
    - Pre-startup filings expected soon
- California ISO's Integrated Balancing Authority Area Proposal
- WestConnect's experimental transmission pricing plan

# Mobile-Sierra Doctrine



- *Morgan Stanley Capital Group, Inc. v. Pub. Util. Dist. No. 1 of Snohomish County*, 128 S. Ct. 2733 (2008)
- *Maine PUC v. FERC*, 520 F.3d 464 (D.C. Cir. 2008)
- Will settlements be handled differently under a new FERC?
- Other Western Crisis matters
  - Settlements
  - BPA remand case



# Enforcement of Reliability Standards



- July 3<sup>rd</sup> Notice of Penalties order
  - FERC completed the penalty-setting matrix for violations of mandatory standards.
  - FERC gave guidance to NERC and Regional Entities:
    - Assess most penalties on a “per violation, per day” basis
    - Inquire into possible violations of other requirements related to self-reported violations
  - Emphasized completeness of the record
- Audits and enforcement actions
  - Expect more in the future
  - Non-jurisdictional entities can be reached under both these programs
- WECC: Regional Entity has been very active and taken on several initiatives.

# Liquefied Natural Gas in the West



- Bradwood Landing Project in Oregon
  - First U.S. West Coast LNG Import Terminal
  - 1.3 Bcf capacity
  - 109 mitigation measures to enhance safety and security of the facilities and to ensure that the project has limited effects on the environment.
  - approved by 4-1 vote
  - Rehearing
- Other proposed projects
  - Jordan Cove
  - Oregon LNG
- Economic prong: Need is determined by the market
- Environmental prong: Construction and operation of the project would result in only limited adverse environmental impact
- Is the project in the public interest and safe?
- LNG competing with Pipeline expansions
- Effect of credit crunch on gas infrastructure
- Effect of lower natural gas prices on gas infrastructure



# Enforcement



- Energy Policy Act of 2005 included major provisions that focused on increasing transparency in electric and gas markets and increasing consumer protection.
- FERC directed to facilitate price transparency in electric and gas markets
- Prohibition on Filing False Information
- Prohibitions on Market Manipulation in Electric and Gas Markets
- Increased Civil and Criminal Penalty Authority Under the FPA, NGA, NGPA
- FERC initiated several proceedings in light of the statute

# Enforcement cont.

- Investigations
- Audits
- Rulemakings





# Enforcement Rulemakings



- Rulemakings
  - Order No. 720, Pipeline Posting Requirements under Section 23 of the NGA
  - Order No. 717, Standards of Conduct

# Guidance on the Enforcement Process



- Policy Statements (May and November 2008)
  - Revised Policy Statement on Enforcement
  - Obtaining Guidance on Regulatory Requirements
  - Submission to the Commission upon Staff Intention to Seek an Order to Show Cause
  - Compliance with Statutes, Regulations and Orders
- New rule clarifying off-the record contacts and separation of functions



# Guidance on Enforcement Matters cont.



- Annual Enforcement Reports
  - Issued in 2007 and 2008
  - Provides statistics
  - Case studies
  - General trends
- Highlight future areas of FERC's focus in conducting investigations

# Major Rulemakings and Policy Statements



- Competition Rule
- Capacity Release Rule
- Form 2 Final Rule
- Policy Statement allowing MLPs in Pipeline Rate of Return Proxy Groups



# Other Issues



- Hydrokinetics
  - Hastings Project
  - PG&E
  - Makah Bay
  - MOUs with States
- Puget Order
- Relicensing major hydropower projects
  - E.g., Priest Rapids
- Pipeline Expansions



# Concluding Remarks