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United States  
Department of Energy

Office of Electricity Delivery and Energy Reliability

Rainbow Energy Marketing Corporation

OE Docket No. EA-296-B

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Order Authorizing Electricity Exports to Canada

Order No. EA-296-B

September 20, 2012

## **Rainbow Energy Marketing Corporation Order No. EA-296-B**

### **I. BACKGROUND**

Exports of electricity from the United States to a foreign country are regulated by the Department of Energy (DOE) pursuant to sections 301(b) and 402(f) of the Department of Energy Organization Act (42 U.S.C. 7151(b), 7172(f)) and require authorization under section 202(e) of the Federal Power Act (FPA) (16 U.S.C.824a(e))<sup>1</sup>.

On November 9, 2004 the Department of Energy (DOE) issued Order No. EA-296 authorizing Rainbow to transmit electric energy from the United States to Canada as a power marketer for a two-year term. That Order expired on November 9, 2006. On September 17, 2007, DOE issued Order No. EA-296-A to Rainbow for a five-year term. That Order will expire on September 17, 2012. On March 13, 2012, Rainbow filed an application with DOE for renewal of the export authority contained in Order No. EA-296-A for an additional five-year term.

In its application, Rainbow states that it “does not own or control any physical electric generation or transmission facilities in the U.S. and does not have any franchised service territory in the U.S.” Therefore, the electric power proposed to be exported to Canada will be surplus to the needs of the entities selling power to Rainbow. The application also indicates that Rainbow is a power marketer authorized by the Federal Energy Regulatory Commission to sell energy, capacity, and specified ancillary services at market-based rates.

The electric energy that Rainbow proposes to export to Canada would be surplus energy purchased from electric utilities, Federal power marketing agencies, and other entities within the United States. The existing international transmission facilities to be utilized by Rainbow have previously been authorized by Presidential permits issued pursuant to Executive Order 10485, as amended, and are appropriate for open access transmission by third parties.

Notice of the Rainbow’s application in Docket No. EA-296-B was published in the *Federal Register* on April 4, 2012 (77 Fed. 20375) requesting that comments, protests, and petitions to intervene be submitted to DOE by May 4, 2012. None were received.

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<sup>1</sup> The authority to administer the International Electricity Regulatory Program through the regulation of electricity exports and the issuance of Presidential permits has been delegated to the Assistant Secretary for the Office of Electricity Delivery and Energy Reliability in Redelegation Order No. 00-002.10C issued on May 29, 2008.

## **II. DISCUSSION AND ANALYSIS**

The authority requested of DOE by Rainbow is a necessary condition for exporting under section 202(e) of the FPA. Before an electricity export authorization is granted, DOE evaluates the impact of the export on the reliability of the U.S. electric system.

Specifically, under the first criterion of section 202(e), DOE shall approve an electricity export application “unless, after opportunity for hearing, it finds that the proposed transmission would impair the sufficiency of electric supply within the United States....” DOE has interpreted this criterion to mean that sufficient generating capacity must exist such that the exporter could sustain the export while still maintaining adequate generating reserves to meet all native load obligations. Power marketers, like Rainbow do not have franchised service areas and, consequently, have no native load obligations like the traditional local distribution utility. Marketers build a power purchase portfolio from electric power purchased from various entities inside and outside the United States. The power purchased by a power marketer is, by definition, surplus to the needs of the selling entities. With no native load obligations, the power marketer is free to sell its power portfolio on the open market domestically or as an export. Because a marketer has no native load obligations and because power purchased by a marketer would be surplus to the needs of the entities selling the power to the marketer, an export occurring under such circumstances would meet the first statutory criterion of section 202(e) of the FPA of not impairing the sufficiency of supply within the United States.

Under the second criterion of section 202(e), DOE shall approve an electricity export application “unless, after opportunity for hearing, it finds that the proposed transmission... would impede or tend to impede the coordination in the public interest of facilities subject to the jurisdiction of the Commission.” DOE has interpreted this second criterion primarily as an issue of the operational reliability of the domestic electric transmission system.

With respect to the second criterion, prior to the restructuring of the electric power industry, the only entities able to export were those electric utilities that owned international transmission facilities and were contiguous with the U.S. international border. The exported energy generally originated from within the exporter’s system and standard transmission studies could be performed to determine the impact of the export on regional electric systems.

However, deregulation of wholesale power markets and the introduction of open-access transmission expanded the geographic scope of entities capable of exporting electric energy. Today, at the time it submits its application to DOE, the typical exporter cannot identify the source of the exported energy or the electric systems that might be called upon to provide transmission service to the border. Consequently, traditional transmission studies cannot be used to determine the impact of such exports on the operational reliability of the regional electric transmission systems.

In evaluating the operational reliability impacts of export proposals, DOE has always used a variety of methodologies and information, including established industry guidelines, operating procedures and/or infrastructure, as well as traditional technical studies where available and appropriate. When determining these impacts for exports by power marketers or other entities operating in a similar manner, it is convenient to separate the export transaction into two parts: (1) moving the export from the source to a border system that owns the international transmission connection; and, (2) moving the export through that border system and across the border.

In order to deliver the export from the source to a border system, Rainbow must make the necessary commercial arrangements and obtain sufficient transmission capacity to wheel the exported energy to the border system. In doing so, Rainbow generally would be expected to use domestic transmission facilities for which open-access tariffs have been approved by the Federal Energy Regulatory Commission (FERC). Rainbow also must make reservations for transmission service in accordance with the FERC Open-Access Same-Time Information System (OASIS), and must schedule delivery of the export with the appropriate Regional Transmission Organization (RTO), Independent System Operator (ISO), and/or balancing authority (formerly the control area operator). The posting of transmission capacity on OASIS indicates that transmission capacity is available. Furthermore, it is the responsibility of the RTO, ISO, and/or balancing authority to schedule the delivery of the export consistent with established operational reliability criteria. During each step of the process of obtaining transmission service, the owners and/or operators of the transmission facilities will evaluate the impact on the system and schedule the movement of the export only if it would not violate established operating reliability standards. DOE understands that the existing industry procedures for obtaining transmission capacity on the domestic transmission system provide adequate assurances that a particular export will not cause an operational reliability problem. Therefore, this export authorization has been conditioned to ensure that the export would not cause operating parameters on regional transmission systems to fall outside of established industry criteria or cause or exacerbate a transmission operating problem on the U.S. electric power supply system (paragraphs C, D, and I of this Order).

In determining the operational reliability impacts of moving the export through a border system and across the border, DOE relies on the traditional technical studies that were performed in support of electricity export authorizations issued to that border system. Allowing these technical studies to suffice in this docket is sound and, thus, DOE need not perform additional impact assessments here, provided the maximum rate of transmission for all exports through a border system does not exceed the authorized limit of the system (subparagraph A(2) of this Order).

However, this approach is applicable only for exports over international transmission facilities for which export authorizations have been issued and for which operational reliability studies have been performed. Several of the international

transmission lines over which Rainbow seeks export authority are owned by the New York Power Authority (NYPA) and the Bonneville Power Administration (BPA).

As an instrumentally of the State of New York, NYPA is non-jurisdictional to section 202(e) of the FPA. Consequently, DOE never issued NYPA an export authorization or prepared an impact assessment which could have been used to determine the allowable instantaneous rate of transmission (power) for exports over NYPA's international transmission lines. Thus, in lieu of that, DOE is utilizing the information contained in the report entitled, "Load & Capacity Data, 2001 Report of the Member Electric Systems of the New York Power Pool."<sup>2</sup> This report is prepared and filed with the New York Public Service Commission pursuant to section 6-106 of the Energy Law of New York State. It will be made part of the record in this proceeding and included in the public docket. Section IX of this report lists the transmission transfer capabilities between New York State and surrounding electric systems, including Hydro-Quebec and Ontario Hydro. Since all of the major transmission interconnections between New York State and Ontario, Canada, are operated in parallel, it is appropriate to consider a single export power limit for this "electrically logical" grouping of lines. Accordingly, the transfer capability between New York State and Ontario (as identified in Section IX of the above report) has been used to limit the instantaneous transmission rate for exports by Rainbow over all international transmission lines connecting New York State with Ontario (subparagraph (A)(2)(k) of this Order). A separate limit (subparagraph (A)(2)(j) of this Order) has been assigned for exports over NYPA's 765-kV tie with Hydro-Quebec because of the asynchronous nature of that interconnection.

As a Federal agency, BPA also is non-jurisdictional to section 202(e) of the FPA. Consequently, BPA was never issued an export authorization which DOE could have been used to describe power limits for exports by Rainbow over BPA's international transmission ties with Canada. However, DOE has obtained information from BPA on the transmission limits assigned to the two 500-kV and the two 230-kV lines connecting the BPA system with British Columbia Hydro and West Kootenay Power for operation in the export mode. This information has been made a part of this Docket. It has been used by DOE in setting limits on the power to be exported by Rainbow over the BPA international transmission facilities (subparagraph (A)(2)(l) of this Order).

Rainbow requested, and is being authorized, to export electricity over the transmission facilities of some border utilities whose export authorizations still contain limits on the total amount of energy that can be exported by these utilities. These energy limits no longer have any direct relevance to the way DOE addresses reliability. DOE expects to initiate a future proceeding regarding the removal of these limits.

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<sup>2</sup> This report increases the New York-Ontario transfer limit to 1650 MW from the 550-MW limit contained in the 1995 version of the report. On September 26, 2002, DOE authorized the New York ISO to export at this higher transfer limit in Order EA-227-A. New York Power Pool no longer exists and all of the operational responsibilities of the pool are now being performed by the New York ISO.

However, DOE recognizes the potential inequity of retaining energy limits on certain exporters while currently authorizing marketers, or other entities operating in a similar manner, to export unlimited amounts of energy. At least until the initiation, completion and decision in the above referenced proceeding, exports by power marketers, or other entities operating in a similar manner, will be constrained by the same energy limits, except exports by such entities will not reduce or be “charged against” those energy limits contained in the original export authorization.

Rainbow is being authorized to export electricity to Canada over any international transmission facility authorized by Presidential permit that is appropriate for “open access” transmission by third parties, including the facilities of Sea Breeze Olympic Converter LP and Montana Alberta Tie Ltd. that have been authorized, but not yet constructed and placed into operation. Although Presidential permits have been issued for these facilities, obviously they can not be utilized for export until they are placed into commercial operation.

### **Open Access**

An export authorization issued under section 202(e) does not impose on transmitting utilities a requirement to provide service. However, DOE expects transmitting utilities owning border facilities to provide access across the border in accordance with the principles of comparable open access and non-discrimination contained in the FPA and articulated in FERC Order No. 888 (Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities, FERC Statutes and Regulations 61 FR 21540 (1996)), as amended. The actual rates, terms and conditions of transmission service should be consistent with the non-discrimination principles of the FPA and the transmitting utility’s Open-Access Transmission Tariff on file with FERC.

All recipients of export authorizations, including owners of border facilities for which Presidential permits have been issued, are required by their export authorization to conduct operations in accordance with the principles of the FPA and any pertinent rules, regulations, directives, policy statements, and orders adopted or issued thereunder, which include the comparable open access provisions of FERC Order No. 888, as amended. Cross-border electric trade ought to be subject to the same principles of comparable open access and non-discrimination that apply to transmission in interstate commerce. (See Enron Power Marketing, Inc., 77 FERC ¶61,013 (1996)). Thus, DOE expects owners of border facilities to comply with the same principles of comparable open access and non-discrimination that apply to the domestic, interstate transmission of electricity.

### **III. DATA COLLECTION AND REPORTING**

The responsibility for the data collection and reporting under Presidential permits authorizing electric transmission facilities at the U.S. international border and orders authorizing electricity exports to a foreign country has been transferred from OE to

DOE's Energy Information Administration (EIA). In August 2010, EIA began collecting that data on a monthly basis in accordance with the data collection and reporting procedures required by Form OE-781R, "Monthly Electricity Imports and Exports Report." The data collection requirements of Form OE-781R were approved by the Office of Management and Budget (OMB) on November 23, 2009 (OMB Control No. 1901-0296)

On August 3, 2011, EIA issued a notice in the *Federal Register* soliciting public comment on new quarterly data collection procedures under proposed Form EIA-111, "Quarterly Electricity Imports and Exports Report" (76 FR 49757, 8/11/11). The new survey form would replace the monthly reporting requirements of existing Form OE-781R. The new proposal modifies the data being collected and, although data would still be collected monthly, respondents will only need to file the form quarterly.

Pending the receipt of authorization from OMB to administer the revised data collection procedures under the new form, EIA suspended the current data collection and reporting under Form OE-781R, effective June 1, 2011. Upon receipt of such authorization from OMB, EIA will terminate Form OE-781R. Because EIA intends to retroactively collect the core import and export data for the period of the suspension, EIA expects respondents to continue to collect monthly data. However, that data will not need to be reported to EIA until such time as the new survey under Form EIA-111 takes effect.

Therefore, a data collection and reporting requirement that reflects the transfer of the data collection responsibility to EIA has been added to this Order in paragraph G. However, the new data collection and reporting procedures under Form EIA-111 will not take effect until EIA obtains authorization from OMB to administer the revised form and begins operation of the new survey.

#### **IV. FINDING AND DECISION**

DOE has assessed the impact that the proposed export would have on the reliability of the U.S. electric power supply system. Based on the above, DOE has determined that the export of electric energy to Canada by Rainbow, as ordered below, would not impair the sufficiency of electric power supply within the United States and would not impede or tend to impede the coordination in the public interest of facilities within the meaning of section 202(e) of the FPA.

The circumstances described in the Rainbow application in this Docket are virtually identical to those for which export authority had previously been granted to Rainbow in Order No. 296-A. Consequently, DOE believes that it has satisfied its responsibilities under DOE's National Environmental Policy Act Implementing Procedures (10 CFR Part 1021) by the documentation of a categorical exclusion in the Docket No. EA-296 proceeding.

Based on these findings, DOE has granted Rainbow request for authorization to export electric energy to Canada.

## **V. COMPLIANCE**

DOE expects Rainbow to abide by the terms and conditions established for its authority to export electric energy to Canada, as set forth below. DOE intends to closely monitor Rainbow's compliance with these terms and conditions, especially the requirement in paragraph G of this Order that Rainbow create and preserve full and complete records and file reports with EIA as discussed above. A violation of any of those terms and conditions, including the failure to submit timely and accurate reports, may result in the loss of authority to export electricity and subject Rainbow to sanctions and penalties under the FPA.

DOE notes that paragraph J of this Order allows Rainbow to file an application for renewal of this authorization up to six months prior to its expiration. This Order also puts Rainbow on notice that DOE requires at least sixty days to adequately process any renewal application. Accordingly, DOE expects Rainbow to implement appropriate internal procedures to monitor the status of its authorization so as to ensure timely application to DOE for renewal of this authorization. Failure to provide DOE with sufficient time to process a renewal application may result in a gap in Rainbow's authority to export electricity and, therefore, may affect its ability to satisfy its contractual obligations.

As noted above, obtaining a valid Order from DOE authorizing the export of electricity under section 202(e) of the FPA is a necessary condition before engaging in the export. Failure to obtain such an Order, or continuing to export after the expiration of such an Order, may result in a denial of authorization to export in the future and subject the exporter to sanctions and penalties under the FPA. DOE expects transmitting utilities owning border facilities and entities charged with the operational control of those border facilities, such as ISO's or RTO's, to verify that companies seeking to schedule an electricity export have the requisite authority from DOE to export such power.

## **VI. TERMS AND CONDITIONS**

Based on the above and pursuant to section 202(e) of the FPA and the Rules and Regulations issued thereunder (Title 10, Code of Federal Regulations, sections 205.300-309), it is hereby ordered that Rainbow is authorized to export electric energy to Canada under the following terms and conditions:

(A) The electric energy exported by Rainbow pursuant to this Order may be delivered to Canada over any authorized international transmission facility that is appropriate for



open access transmission by third parties in accordance with the export limits authorized by DOE.

- (1) The following international transmission facilities located at the United States border with Canada are currently authorized by Presidential permit and available for open access transmission:

<b><u>Present Owner</u></b>	<b><u>Location</u></b>	<b><u>Voltage</u></b>	<b><u>Presidential Permit No.</u></b> <sup>3</sup>
Bangor Hydro-Electric Company	Baileyville, ME	345-kV	PP-89
Basin Electric Power Cooperative	Tioga, ND	230-kV	PP-64
Bonneville Power Administration	Blaine, WA	2-500-kV	PP-10
	Nelway, WA	230-kV	PP-36
	Nelway, WA	230-kV	PP-46
Eastern Maine Electric Cooperative	Calais, ME	69-kV	PP-32
International Transmission Company	Detroit, MI	230-kV	PP-230
	Marysville, MI	230-kV	PP-230
	St. Claire, MI	230-kV	PP-230
	St. Claire, MI	345-kV	PP-230
Joint Owners of the Highgate Project	Highgate, VT	120-kV	PP-82
Long Sault, Inc.	Massena, NY	2-115-kV	PP-24
Maine Electric Power Company	Houlton, ME	345-kV	PP-43
Maine Public Service Company	Limestone, ME	69-kV	PP-12
	Fort Fairfield, ME	69-kV	PP-12
	Madawaska, ME	138-kV	PP-29
	Aroostook, ME	2-69-kV	PP-29
Minnesota Power, Inc.	International Falls, MN	115-kV	PP-78
Minnkota Power Cooperative Montana Alberta Tie Ltd.	Roseau County, MN	230-kV	PP-61
	Cut Bank, MT	230-kV	PP-305 <sup>4</sup>

<sup>3</sup> These Presidential permit numbers refer to the generic DOE permit number and are intended to include any subsequent amendments to the permit authorizing the facility.

<sup>4</sup> These transmission facilities have been authorized but not yet constructed or placed in operation.

New York Power Authority	Massena, NY	765-kV	PP-56
	Massena, NY	2-230-kV	PP-25
	Niagara Falls, NY	2-345-kV	PP-74
	Devils Hole, NY	230-kV	PP-30
Niagara Mohawk Power Corp.	Devils Hole, NY	230-kV	PP-190
Northern States Power Company	Red River, ND	230-kV	PP-45
	Roseau County, MN	500-kV	PP-63
	Rugby, ND	230-kV	PP-231
Sea Breeze Olympic Converter LP	Port Angeles, WA	±450-kV DC	PP-299 <sup>5</sup>
Vermont Electric Power Co.	Derby Line, VT	120-kV	PP-66
Vermont Electric Transmission Co.	Norton, VT	±450-kV DC	PP-76

(2) The following are the authorized export limits for the international transmission lines listed above in subparagraph (A)(1):

- (a) Exports by Rainbow made pursuant to this Order shall not cause the total exports on facilities authorized by Presidential Permit PP-64 (issued to Basin Electric Power Coop.) to exceed an instantaneous transmission rate of 150 megawatts (MW). The gross amount of energy which Rainbow may export over the PP-64 facilities shall not exceed 900,000 megawatt-hours (MWH) during any consecutive 12-month period.
- (b) Exports by Rainbow made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-32 (issued to Eastern Maine Electric Coop.) to exceed an instantaneous transmission rate of 15 MW. The gross amount of energy which Rainbow may export over the PP-32 facilities shall not exceed 7,500 MWH annually.
- (c) Exports by Rainbow made pursuant to this Order shall not cause the total exports on a combination of the facilities authorized by Presidential Permit PP-230 (issued to International Transmission Company) to exceed a coincident, instantaneous transmission rate of 2.2 billion volt-amperes (2,200 MVA).
- (d) Exports by Rainbow made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-82 (issued to the Joint Owners of the Highgate Project) to exceed an instantaneous transmission rate of 200 MW nor cause a violation of the following security constrained export limits:

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<sup>5</sup> These transmission facilities have been authorized but not yet constructed or placed in operation.

<u>Vermont Total Load (MW)</u>	<u>Security Constrained Maximum Export (MW)</u>
1000	0
900	40
800	90
700	125
600	150
500	170

- (e) Exports by Rainbow made pursuant to this Order shall not cause the scheduled rate of transmission over a combination of facilities authorized by Presidential Permits PP-43 (issued to Maine Electric Power Company) and PP-89-1 (issued to Bangor Hydro-Electric) to exceed 550 MW.
- (f) Exports by Rainbow made pursuant to this Order shall not cause the total exports on the combination of facilities authorized by Presidential Permits PP-12 and PP-29 (issued to Maine Public Service Company) to exceed a coincident, instantaneous transmission rate of 97.8 MW.
- (g) Exports by Rainbow made pursuant to this Order shall not cause total exports on the facilities authorized by Presidential Permit PP-78-1 (issued to Minnesota Power) to exceed an instantaneous transmission rate of 100 MW. Exports by DC Energy may cause total exports on the PP-78-1 facilities to exceed 100 MW only when total exports between the Mid-Continent Area Power Pool (MAPP) and Manitoba Hydro are below maximum transfer limits and/or whenever operating conditions within the MAPP system permit exports on the PP-78-1 facilities above the 100-MW level without violating established MAPP reliability criteria. However, under no circumstances shall exports by Rainbow cause the total exports on the PP-78-1 facilities to exceed 150 MW.
- (h) Exports made by Rainbow pursuant to this order shall not cause total exports on a combination of the international transmission lines authorized by Presidential Permits PP-45 and PP-63 issued to Northern States Power, PP-61 issued to Minnkota Power, and PP-231 issued to Northern States Power/Xcel, shall not exceed an instantaneous transmission rate of 700 MW on a firm basis and 1050 MW on a non-firm basis.
- (i) Exports by Rainbow made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-66 (issued to Vermont Electric Power Co.) to exceed an instantaneous transmission rate of 50 MW. The gross amount of energy which Rainbow may export over the PP-66 facilities shall not exceed 50,000 MWH annually.

- (j) Exports by Rainbow made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-56 (issued to NYPA) to exceed an instantaneous transmission rate of 1000 MW.
- (k) Exports by Rainbow made pursuant to this Order shall not cause: (a) the total exports on the facilities authorized by Presidential Permits PP-25, PP-30, PP-74, and PP-190 (issued to NYPA and Niagara Mohawk) to exceed a combined instantaneous transmission rate of 1650 MW; and (b) the total exports on the 115-kV facilities authorized by Presidential Permit PP-24 (issued to Long Sault, Inc.) to exceed an instantaneous transmission rate of 100 MW. In addition, the gross amount of energy which Rainbow may export over the PP-24 facilities shall not exceed 300,000 MWH annually.
- (l) Exports by Rainbow pursuant to this Order shall not cause total exports on the two 500-kV lines authorized by Presidential Permit PP-10, the 230-kV line authorized by Presidential Permit PP-36, and the 230 kV line authorized by Presidential Permit PP-46 (issued to BPA) to exceed the following limits:

<u>Condition</u>	<u>PP-36 &amp; PP-46 Limit</u>	<u>PP-10 Limit</u>	<u>Total Export Limit</u>
All lines in service	400 MW	1500 MW	1900 MW
1-500 kV line out	400 MW	300 MW	700 MW
2-500 kV lines out	400 MW	0 MW	400 MW
1-230 kV line out	400 MW	1500 MW	1900 MW
2-230 kV line out	0 MW	1500 MW	1500 MW

- (m) Exports by Rainbow made pursuant to this Order shall not cause a violation of the following conditions as they apply to exports over the facilities authorized by Presidential Permit PP-76 as amended (issued to the Vermont Electric Transmission Company):

<u>Exports Through</u>	<u>NEPOOL Load Condition</u>	<u>Export Limit</u>
Comerford converter	Summer, Heavy	650 MW
Comerford converter	Winter, Heavy	660 MW
Comerford converter	Summer, Light	690 MW
Comerford converter	Winter, Light	690 MW
Comerford & Sandy Pond converters	All	2,000 MW

- (n) Exports by Rainbow made pursuant to this Order over the international transmission facilities authorized by Presidential Permit PP-305 issued to Montana Alberta Tie Ltd. shall not exceed an instantaneous transmission rate of 300 MW.

(o) Exports by Rainbow made pursuant to this Order over the international transmission facilities authorized by Presidential Permit PP-299 issued to Sea Breeze Olympic Converter LP shall not exceed an instantaneous transmission rate of 550 MW.

(B) Changes by DOE to the export limits in other orders shall result in a concomitant change to the export limits contained in subparagraph (A)(2) of this Order. Changes to the export limits contained in subparagraphs (A)(2)(j), (k), and (l) will be made by DOE after submission of appropriate information demonstrating a change in the transmission transfer capability between the electric systems in New York State and Ontario and New York State and Quebec, and between BPA and BC Hydro or BPA and West Kootenay Power. Notice of these changes will be provided to Rainbow.

(C) The scheduling and delivery of electricity exports to Canada shall comply with all reliability criteria, standards, and guides of the North American Electric Reliability Corporation, Regional Councils, Regional Transmission Organizations, Independent System Operators, and/or balancing authorities, as appropriate, on such terms as expressed therein, and as such criteria, standards, and guides may be amended from time to time.

(D) Exports made pursuant to this authorization shall be conducted in accordance with the provisions of the Federal Power Act and any pertinent rules, regulations, directives, policy statements, and orders adopted or issued thereunder, including the comparable open access provisions of FERC Order No. 888, as amended.

(E) The authorization herein granted may be modified from time to time or terminated by further order of the DOE. In no event shall such authorization to export over a particular transmission facility identified in subparagraphs (A)(1) and (2) extend beyond the date of termination of the Presidential permit or treaty authorizing such facility.

(F) This authorization shall be without prejudice to the authority of any State or State regulatory commission for the exercise of any lawful authority vested in such State or State regulatory commission.

(G) Rainbow shall make and preserve full and complete records with respect to the electric energy transactions between the United States and Canada. Rainbow shall collect and submit the data to EIA as required by and in accordance with the procedures of Form EIA-111, "Quarterly Electricity Imports and Exports Report." The data reporting requirements of this section shall not take effect until EIA obtains authorization from OMB to administer the form and begins operation of the new survey.

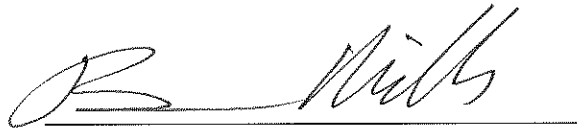
(H) In accordance with 10 C.F.R. §205.305, this authorization is not transferable or assignable, except in the event of the involuntary transfer of this authority by operation of law. Provided written notice of the involuntary transfer is given DOE within 30 days, this authorization shall continue in effect temporarily. This continuance also is contingent on the filing of an application for permanent authorization within 60 days of

the involuntary transfer; the authorization shall then remain effective until a decision is made on the new application. In the event of a proposed voluntary transfer of this authority to export electricity, the transferee and the transferor shall file jointly an application for a new export authorization, together with a statement of reasons for the transfer.

(I) Exports authorized herein shall be reduced or suspended, as appropriate, whenever a continuation of those exports would cause or exacerbate a transmission operating problem.

(J) This authorization shall be effective starting on September 18, 2012, and remain in effect for a period of five (5) years from that date. Application for renewal of this authorization may be filed within six months prior to its expiration. Failure to provide DOE with at least sixty (60) days to process a renewal application and provide adequate opportunity for public comment may result in a gap in Rainbow's authority to export electricity.

Issued in Washington, D.C., on September 20, 2012.

A handwritten signature in cursive script, appearing to read "Brian Mills", is written over a horizontal line.

Brian Mills  
NEPA Compliance Officer  
Office of Electricity Delivery and  
Energy Reliability