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United States  
Department of Energy

Office of Electricity Delivery and Energy Reliability

AEP Texas Central Company

OE Docket No. PP-317

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Presidential Permit  
No. PP-317

January 22, 2007

**PRESIDENTIAL PERMIT**  
**AEP TEXAS CENTRAL COMPANY**

**ORDER NO. PP-317**

**I. BACKGROUND**

The Office of Electricity Delivery and Energy Reliability (OE) of the Department of Energy (DOE) has the responsibility for implementing Executive Order (EO) 10485, as amended by EO 12038, which requires the issuance of Presidential permits for the construction, operation, maintenance, and connection of electric transmission facilities at the United States international border.

On January 24, 1975, in Order E-8057 (now Presidential Permit No. PP-57), the Federal Power Commission<sup>1</sup> granted a Presidential permit to Comision Federal de Electricidad (CFE, the national electric utility of Mexico) for a 138,000-volt (138-kV) transmission line extending 0.3 miles from Central Power and Light Company's (CPL) Laredo power plant to the U.S.-Mexican border. The line continues an additional 3.79 miles into Mexico.

On June 12, 2006, American Electric Power Service Corporation (AEPSC), acting as the agent for AEP Texas Central Company (AEP TCC), formerly doing business as CPL, filed an application with OE for a Presidential permit for an electric transmission line that would cross the U.S.-Mexican border. As part of that application, CFE submitted a letter requesting that DOE rescind Presidential Permit No. PP-57 upon issuance of the Presidential permit requested by AEP TCC.

In its application, AEP TCC proposes to rebuild the existing 138-kV transmission line between the Laredo Power Plant and the U.S.-Mexican border to 230-kV, but to continue to operate it at 138-kV. In addition, AEP TCC proposes to construct a new 230-kV circuit to connect the Laredo Power Plant with the CFE system. The new 230-kV line and the rebuilt 138-kV line will cross the international border at the same location as the existing 138-kV line. Inside the U.S., the existing wood transmission structures would be

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<sup>1</sup> The authority to grant Presidential permits for electric transmission lines at the U.S. international border pursuant to EO 10485 was transferred from the Federal Power Commission to DOE by EO 12038, dated February 3, 1978, and made effective retroactively to enactment of the Department of Energy Organization Act (Public Law 95-91, October 1, 1977). The authority to administer the International Electricity Program through the regulation of electricity exports and the issuance of Presidential permits was delegated by the Secretary of Energy to the Office of Electricity and Energy Assurance on April 13, 2005, in Redesignation Order No. 00-002-10. That office has subsequently been renamed the Office of Electricity Delivery and Energy Reliability.



replaced with approximately four steel monopole structures. All facilities and equipment to be constructed will be placed within the existing fence of the Laredo Power Plant. The total length of the transmission line inside the United States will remain 0.3 miles.

Notice of the AEP TCC application for a Presidential permit was published in the *Federal Register* on June 20, 2006, (71 FR 35418) requesting that comments, protests, and petitions to intervene be submitted to DOE by July 20, 2006. A late notice of intervention, which was not opposed, was received from Laredo WLE, LP, the owner and operator of the Laredo Power Plant.

The Secretary of State and the Secretary of Defense have concurred in the issuance of a Presidential permit to TCC for the proposed facilities.

## **II. DISCUSSION AND ANALYSIS**

Electric load in and around Laredo, Texas, is served, via transmission, from generators in other parts of the Electric Reliability Council of Texas (ERCOT), and by 170 megawatts (MW) of local generation currently operated as Reliability Must Run (RMR) generation.

The electric load in the Laredo area has grown to the point that the capacity of the existing domestic transmission lines that deliver the remote generation into the Laredo area is not sufficient to meet ERCOT reliability criteria without the operation of the uneconomic RMR generation. Therefore, ERCOT requested that AEP TCC develop and implement a transmission solution that would meet the reliability criteria without the use of RMR generation. AEP TCC's solution has two components: (1) in the long term, installing a new intra-ERCOT 345-kV transmission line into the Laredo area by the year 2010; and, (2) in the near term, establishment of the proposed Laredo 138/230-kV asynchronous interconnection to CFE by the year 2007.

The main CFE electrical grid and the U.S. electrical grid are not synchronized in the area of the proposed project<sup>2</sup> and, therefore, cannot be operated in parallel. In order for electric energy to flow from the U.S. to Mexico in the Laredo area, a portion of the CFE electrical load must be disconnected from the CFE grid and then supplied directly by AEP TCC. Conversely, when electric energy is supplied from Mexico to the U.S., a portion of the AEP TCC load is disconnected and supplied directly by CFE. This arrangement is known as a block-over synchronous radial supply. The proposed new facilities include the use of a Variable Frequency Transformer (VFT). Use of the VFT will convert the interconnection between AEP TCC and CFE to an asynchronous connection that will allow electric energy to flow continuously between the U.S. and

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<sup>2</sup> On the date of this Order, the electricity transmission systems of the United States and Mexico are synchronized only at the border region between California and Mexico's State of Baja California.

Mexico without the use of the block-over arrangement. This also will allow the new international facilities to function as an additional transmission supply into the Laredo area, reduce the use of RMR generation, and provide real and reactive power during contingency or emergency conditions.

AEP TCC participated in the CFE/ERCOT Interconnection Study that was finalized on December 19, 2003. The Study analyzed the transfer capabilities of existing and proposed interconnections along the U.S.-Mexican border. The transfer capability of the existing Laredo 138-kV Tie line was determined to be 90 MW. With the proposed Laredo 138/230-kV double-circuit facilities in service, the transfer capability between the AEP TCC and CFE systems will increase to 300 MW. Therefore, DOE has placed a condition in this permit requiring that the facilities authorized herein be operated consistent with this higher limit.

DOE has consistently expressed its expectation that owners of international transmission facilities provide access across the border in accordance with the principles of comparable open access and non-discrimination contained in the Federal Power Act and articulated in the Federal Power Commission's Order No. 888 (Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; FERC; Stats. & Regs. ¶31,036 (1996)), as amended. In a related proceeding, FE Docket No. 99-1 (64 FR 40580, July 27, 1999), DOE indicated its intention to amend certain Presidential permits to require permit holders to provide non-discriminatory open access transmission services over their international transmission lines. This proceeding has not yet been concluded. However, in its permit application, AEP TCC asserts that it intends to operate the proposed transmission facilities in an "open access" mode making them available for use by other parties, including CFE, to transfer electric power between the United States and Mexico.

### **III. FINDING AND DECISION**

In determining whether issuance of a Presidential permit for a proposed action is in the public interest, DOE considers the environmental impacts of the proposed project pursuant to the National Environmental Policy Act of 1969 (NEPA), determines the project's impact on electric reliability by ascertaining whether the proposed project would adversely affect the operation of the U.S. electric power supply system under normal and contingency conditions, and any other factors that DOE may also consider relevant to the public interest.

DOE has assessed the impact that the installation and operation of the proposed international transmission facilities would have on the reliability of the U.S. electric power supply system. Based on the information in the docket and as discussed above, DOE has determined that authorizing this Presidential permit, as requested by AEP TCC



and as conditioned herein, would not adversely impact the reliability of the U.S. electric power supply system.

DOE has also determined that this action is among those classes of actions not normally requiring preparation of an environmental assessment or an environmental impact statement and, therefore, is eligible for categorical exclusion under Appendix B to Subpart D, paragraph B4.11 of the revised DOE Regulations implementing NEPA. Specifically, this categorical exclusion is for construction of electric power substations (including switching stations and support facilities) with power delivery at 230 kV or below, or modification (other than voltage increases) of existing substations and support facilities, that could involve the construction of electric transmission lines approximately 10 miles in length or less, or relocation of existing electric transmission lines approximately 20 miles in length or less, but not the integration of major new generation resources into a main transmission system. Documentation of the use of this categorical exclusion has been placed in this Docket.

Based on the above discussion and analysis, DOE has determined that the issuance of a Presidential permit to AEP TCC is consistent with the public interest.

The late intervention filed by Laredo WLE, LP to become a party to this proceeding is granted.

#### **IV. ORDER**

Pursuant to the provision of EO 10485, as amended by EO 12038, and the Rules and Regulations issued there under (Title 10, Code of Federal Regulations, section 205.320 et. Seq.): (1) the Presidential permit issued by the Federal Power Commission to Comision Federal de Electricidad on January 24, 1975, in Order E-8057 (Presidential Permit No. PP-57), is hereby rescinded; and (2) AEP TCC is hereby authorized to construct, operate, maintain, and connect electric transmission facilities at the international border of the United States and Mexico, as further described in Article 2 below, upon the following conditions:

Article 1. The facilities herein described shall be subject to all conditions, provisions and requirements of this permit. This permit may be modified or revoked by the President of the United States without notice, or by DOE after public notice, and may be amended by DOE after proper application thereto.

Article 2. The facilities covered by and subject to this permit shall include the following facilities and all supporting structures within the right-of-way occupied by such facilities:

One 230,000-volt electric transmission circuit, operated at 138,000-volts AND one 230,000-volt circuit, operated at 230,000-volts, connected to a Variable Frequency Transformer (VFT) installed at the Laredo Power Plant located in Laredo, Texas, and extending approximately 0.3 mile south to the U.S. international border.

These facilities are more specifically shown and described in the application filed in this docket.

Article 3. The facilities described in Article 2 above shall be designed and operated in accordance with the applicable criteria established by the Electric Reliability Council of Texas and consistent with that of the North American Electric Reliability Council or its successor. AEP TCC shall coordinate the operation of the subject facilities such that the instantaneous rate of transmission of electric energy in the import and export modes is consistent with ERCOT requirements.

The maximum instantaneous rate of transmission of electric energy over the facilities authorized herein shall be limited to 300 MW.

Article 4. No change shall be made in the facilities covered by this permit or in the authorized operation of these facilities unless such change has been approved by DOE.

Article 5. AEP TCC shall at all times maintain the facilities covered by this permit in a satisfactory condition so that all requirements of the National Electric Safety Code in effect at the time of construction are fully met.

Article 6. The operation and maintenance of the facilities covered by this permit shall be subject to the inspection and approval of a properly designated representative of DOE, who shall be an authorized representative of the United States for such purposes. AEP TCC shall allow officers or employees of the United States, with written authorization, free and unrestricted access into, through, and across any lands occupied by these facilities in the performance of their duties.

Article 7. AEP TCC shall investigate any complaints from nearby residents of radio or television interference identifiably caused by the operation of the facilities covered by this permit. AEP TCC shall take appropriate action as necessary to mitigate such situations. Complaints from individuals residing within one-half mile of the center of the transmission circuit are the only ones which must be resolved. AEP TCC shall maintain written records of all complaints received and of the corrective actions taken.

Article 8. The United States shall not be responsible or liable: for damages to or loss of the property of, or injuries to, persons; for damages to, or loss of the facilities covered by this permit; or for damages to, or loss of the property of, or injuries to the



person of AEP TCC officers, agents, servants or employees or of others who may be on said premises; any of which may arise from or be incident to the exercise of the privileges granted herein; and AEP TCC shall hold the United States harmless from any and all such claims.

Article 9. AEP TCC shall arrange for the installation and maintenance of appropriate metering equipment to record permanently the hourly flow of all electric energy transmitted between the United States and Mexico over the facilities authorized herein. AEP TCC shall make and preserve full and complete records with respect to the electric energy transactions between the United States and Mexico. AEP TCC shall furnish annual reports to DOE, by the 15<sup>th</sup> of February each year, detailing for each month of the previous year: (1) the gross amount of electricity imported into the U.S., in kilowatt hours; (2) the consideration associated with the import; and (3) the maximum hourly rate of transmission, in kilowatts. Annual reports must be filed regardless of current activity and whether or not deliveries of electric energy have been made. If no transactions have been made, a one-sentence report indicating "no activity" for the previous year is sufficient.

Reports shall be submitted to the U.S. Department of Energy, Office of Electricity Delivery and Energy Reliability, OE-20, Forrestal Building, 1000 Independence Avenue, SW, Washington, D.C. 20585-0305. Properly identified quarterly reports will also be accepted via facsimile at (202) 586-5860 to meet time requirements, but original copies should still be filed at the above address.

Article 10. Neither this permit nor the facilities covered by this permit, or any part thereof, shall be transferable or assignable, except in the event of the involuntary transfer of the facilities by the operation of law. In the case of such an involuntary transfer, this permit shall continue in effect for a period of 60 days and then shall terminate unless an application for a new permit pursuant to Title 10, Code of Federal Regulations, section 205.323, as been received by DOE. Upon receipt by DOE of such an application, this existing permit shall continue in effect pending a decision on the new application. During this decision period, the facilities authorized herein shall remain substantially the same as before the transfer.

Article 11. Upon the termination, revocation or surrender of this permit, the 138/230-kV transmission facilities which are owned, operated, maintained, and connected by AEP TCC and described in Article 2 of this permit, shall be removed and the land restored to its original condition within such time as DOE may specify and at the expense of AEP TCC. If AEP TCC fails to remove such facilities and/or any portion thereof authorized by this permit, DOE may direct that such actions be taken for the removal of the facilities or the restoration of the land associated with the facilities at the expense of AEP TCC. AEP TCC shall have no claim for damages by reason of such possession, removal or repair. However, if certain facilities authorized herein are useful for other utility operations within the bounds of the United States, DOE may not require

that those facilities be removed and the land restored to its original condition upon termination of the international interconnection.

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