

Aroostook Valley Electric Company

Order No. EA-239

I. BACKGROUND

Exports of electricity from the United States to a foreign country are regulated and require authorization under section 202(e) of the Federal Power Act (FPA) (16 U.S.C. §824a(e)).

On April 27, 2001, the Office of Fossil Energy (FE) of the Department of Energy (DOE) received an application from Aroostook Valley Electric Company (AVEC) to transmit electric energy from the United States to Canada. AVEC, a Maine corporation, owns and operates a 31-MW wood-burning generation facility located in Fort Fairfield, Maine (“the Plant”). The Plant originally was owned by Fairfield Energy Venture (Fairfield).

On October 8, 1985, DOE issued an order (ERA Docket PP-83EA) authorizing Fairfield and Maine Public Service Company (MPSC) jointly to export the electrical output of the Plant to Canada using the MPSC electric system. On December 4, 1985, DOE approved a request by Fairfield to remove its name from that export authorization, leaving MPSC as the sole entity authorized to export the Plant’s electrical output to Canada. On October 26, 1994, Fairfield sold the Plant to AVEC; however, the Plant remained connected to the MPSC electric system and AVEC, lacking export authority, requested that MPSC continue to deliver the Plant’s electrical output to Canada pursuant to MPSC’s existing export authority. This Order grants AVEC its own and separate authority to export the output of the Plant to Canada using the existing MPSC transmission facilities.

AVEC will deliver the Plant’s electrical output to the NEPOOL power grid. However, in order to do this, it is necessary to transmit the energy across MPSC’s transmission system into Canada where the power is wheeled through the New Brunswick Power Corporation’s (NBPCo) transmission system and transmitted back into the United States over the international electric transmission lines of Maine Electric Power Company (MEPCo).

AVEC will arrange for the delivery of exports to Canada over the existing international transmission facilities owned and operated by MPSC.

Notice of the AVEC export application was placed in the *Federal Register* on May 31, 2001, (66 FR 29563) requesting that comments, protests, and petitions to intervene be submitted to the DOE by June 15, 2001. None were received.

II. DISCUSSION and ANALYSIS

The authority requested of DOE by AVEC is a necessary condition for exporting under section 202(e) of the FPA. Generally, entities authorized by DOE to export using third-party transmission facilities must make the necessary commercial arrangements, including obtaining all necessary transmission access required to wheel the exported energy to the foreign purchaser, and obtain any and all other regulatory approvals which may be required in order to effect the export. In considering the exporter's request for service, the entities owning and/or operating the regional transmission systems would have to assess the electric reliability impacts of moving the export through the system and, presumably, would only provide service under terms and conditions that would not cause reliability problems.

DOE expects entities owning and/or operating international transmission 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 Federal Energy Regulatory Commission (FERC) Order No. 888 (Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; FERC; Stats. & Regs. ¶31,036 (1996)), as amended. The actual rates, terms and conditions of transmission service shall be consistent with the non-discrimination principles of the FPA and the transmitting utility's Open Access Transmission Tariff on file with the 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 pertinent rules, regulations and orders, 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.

Before an electricity export authorization is granted, DOE must find that the proposed export will not impair the sufficiency of electric supply within the U.S. and that it will not impede the coordinated use of regional transmission facilities. DOE has always used a flexible approach in determining the information necessary to evaluate reliability impacts for specific export proposals. In determining reliability impact for exports by power marketers or other entities operating in a similar manner, DOE has used a combination of established industry guidelines, operating procedures and/or infrastructure, as well as technical studies supporting authorizations issued for traditional entities operating at the border. Allowing these existing technical studies to suffice in this docket is sound and, thus, DOE need not perform additional reliability assessments here, provided the maximum rate of

transmission for all exports through a border system does not exceed the previously authorized limit of the system.

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

III. FINDING

The circumstances under which AVEC proposes to export electric energy to Canada are identical to those in the ERA Docket PP-83EA proceeding. Accordingly, DOE finds that its consideration and analysis of the impact that the proposed export would have on the reliability of the U.S. electric power supply system was adequately addressed in that proceeding and that no new reliability analysis is warranted. Based upon the reliability analysis contained in ERA Docket PP-83EA , DOE has determined that the export of electric energy to Canada by AVEC, 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.

DOE also has 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 B4.2 of the revised DOE Regulations implementing NEPA. Specifically, this categorical exclusion is provided for transmission of electric energy using existing transmission systems. Documentation of the use of this categorical exclusion has been placed in this Docket.

IV. ORDER

Based on the above finding, it is hereby ordered that AVEC is authorized to export electric energy to Canada under the following terms and conditions:

(A) The electric energy exported by AVEC pursuant to this Order may be delivered to Canada only over the following existing international transmission facilities for which assessments of the transmission limits for operation in the export mode have been made:

<u>Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.</u>
Maine Public Service Company	Limestone, ME	69-kV	PP-12
	Fort Fairfield, ME	69-kV	PP-12
	Aroostock County, ME	138-kV	PP-29
	Madawaska, ME	2-69-kV	PP-29

(B) Exports by AVEC 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 9.8 MW. The gross amount of energy which AVEC may export over a combination of the PP-12 and PP-29 facilities shall not exceed 40,000 MWh annually.

(C) Amendment of the export authorization issued to MPSC from which the export limit contained in paragraph (B) was derived shall result in a concomitant change to the export limit contained in that paragraph. Notice will be provided to AVEC of any amendment to that export authorization that would impact on this Order. Any request by AVEC for change to the export limit contained in paragraph (B) will be considered by DOE after submission by AVEC of appropriate information demonstrating a change in the transmission transfer capability between MPSC and NBPCo or NBPCo and MEPCo.

(D) AVEC may commence exports only over those international transmission lines identified in paragraph A for which AVEC provides DOE written evidence that sufficient transmission service has been obtained for delivery of the exported energy to the border. This evidence can consist of signed letters of agreement for the service between AVEC and the Presidential permit holder and should identify specific facilities by name and Presidential permit number.

(E) In scheduling the delivery of electricity exports to Canada, AVEC shall comply with all reliability criteria, standards, and guides of the North American Electric Reliability Council, Regional Councils, or independent system operators, as appropriate, on such terms as expressed therein, and as such criteria, standards, and guides may be amended from time to time.

(F) AVEC shall conduct all operations pursuant to the authorization hereby granted in accordance with the provisions of the Federal Power Act and pertinent rules, regulations, and orders adopted or issued thereunder, including the comparable open access provisions of FERC Order No. 888, as amended.

(G) The authorization herein granted may be modified from time to time or terminated by further order of the DOE, but in no event shall such authorization extend beyond the date of termination or expiration of the Presidential permits referred to in paragraph (A).

(H) 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.

(I) AVEC shall make and preserve full and complete records with respect to the electric energy exported to Canada. AVEC shall furnish quarterly reports to the DOE, within 30 days following each calendar quarter, detailing for each month of the previous quarter: (1) the gross amount of electricity delivered, in kilowatt hours; (2) the consideration received for such energy; and (3) the maximum hourly rate of transmission, in kilowatts. Quarterly 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 quarter is sufficient.

Reports shall be submitted to the U.S. Department of Energy, Office of Fossil Energy, FE-27, 1000 Independence Avenue, SW, Washington, D.C. 20585-0305. Properly identified quarterly reports will also be accepted via facsimile at (202) 287-5736 to meet time requirements, but original copies should still be filed at the above address.

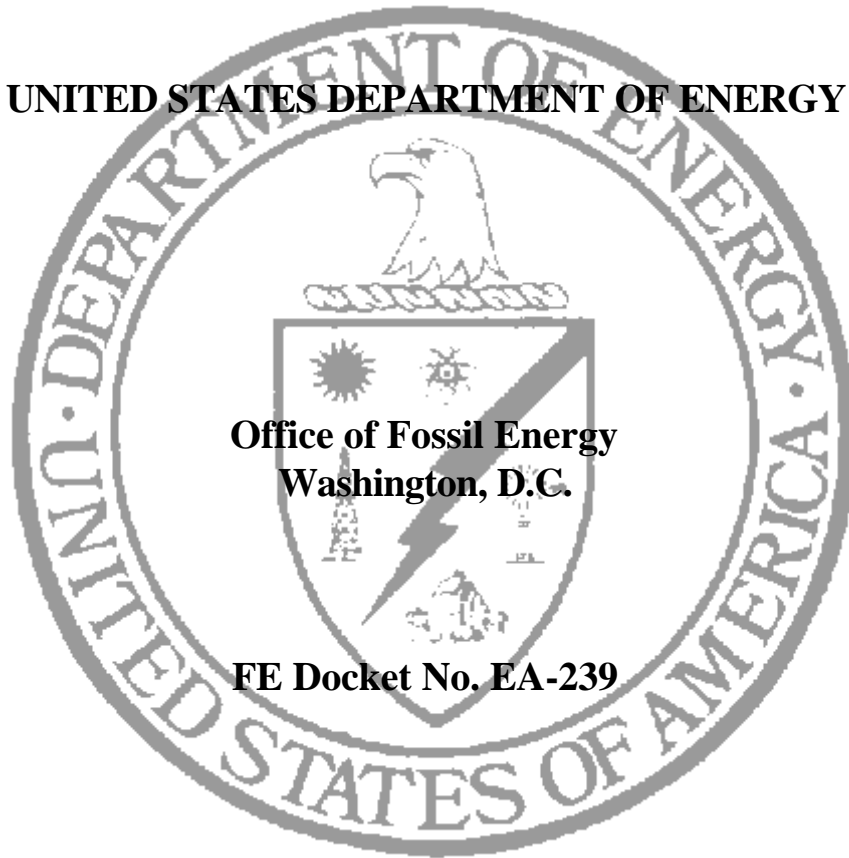
(J) In accordance with 10 C.F.R. §205.305, this authorization is not transferable or assignable, except in the event of the involuntary transfer of this authority by operation of law. Provided written notice of the involuntary transfer is given DOE within 30 days, this authorization shall continue in 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.

(K) Exports authorized herein shall be reduced or suspended, as appropriate, whenever a continuation of those exports would impair or tend to impair the reliability of the U.S. electric power supply system.

Issued in Washington, D.C., on June 27, 2001.

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Office of Coal & Power Systems
Office of Fossil Energy

UNITED STATES DEPARTMENT OF ENERGY



**Office of Fossil Energy
Washington, D.C.**

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