

ORIGINAL

PP-230-4

DTE Energy



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May 5, 2011

VIA HAND DELIVERY

Mr. Anthony J. Como
Deputy Assistant Secretary for Permitting, Siting, and Analysis
United States Department of Energy
Office of Electricity Delivery and Energy Reliability
OE-20, Room 8G-024
1000 Independence Avenue, S.W.
Washington, D.C. 20585-0350

US Department of Energy

MAY 05 2011

**Electricity Delivery and
Energy Reliability**

*Re: Docket No. PP-203-04
Comments and Motion in the Alternative for Leave to Intervene Out of Time of
The Detroit Edison Company*

Dear Mr. Como:

Please accept for filing in the above-docketed matter an original and five (5) copies of Comments and Motion in the Alternative for Leave to Intervene Out of Time of The Detroit Edison Company. Please feel free to contact me should you have any questions or concerns, or should you require any additional information.

Very truly yours,

/s/ Brian C. Drumm

Attorney for
The Detroit Edison Company

Enclosure

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

International Transmission Company)
d/b/a ITC*Transmission*)

Docket No. PP-230-4

**COMMENTS AND MOTION IN THE ALTERNATIVE FOR LEAVE TO INTERVENE
OUT OF TIME OF THE DETROIT EDISON COMPANY**

The Detroit Edison Company (“Detroit Edison”) hereby submits these Comments and a Motion in the Alternative for Leave to Intervene Out of Time in response to the January 5, 2009 filing by International Transmission Company d/b/a ITC*Transmission* (“ITC”) in this proceeding, in which ITC sought authorization to amend a Presidential Permit previously issued to ITC by the United States Department of Energy (“DOE”). In support, Detroit Edison states as follows:

I. BACKGROUND

On September 26, 2000, DOE issued a Presidential Permit to ITC¹ authorizing ITC to construct, operate and maintain electric transmission facilities at the United States-Canada border pursuant to Presidential Permit No. PP-230-3. On January 5, 2009, ITC requested that DOE amend the Presidential Permit held by ITC to authorize modifications to facilities interconnecting ITC with Hydro One Networks Inc. (“Hydro One”) on the United States – Canada border (“Interconnection Facilities”). Specifically, ITC requested authorization to replace a failed transformer with two 700-MVA phase shifting transformers (“PARs”), and committed to operate the modified Interconnection Facilities in compliance with all standards

¹ In 2000, Detroit Edison spun-off substantially all of its transmission holdings into a separate wholly-owned affiliate company, International Transmission Company. The initial Presidential Permit was issued to Detroit Edison and International Transmission Company in PP-230 on September 26, 2000. Detroit Edison’s wholly-owned affiliate, International Transmission Company, divested all of its transmission assets to ITC in a sales transaction in 2003. As relevant here, Detroit Edison assigned the Presidential Permit to ITC as part of this 2003 transaction.

and guidelines of North American Electric Reliability Corporation (“NERC”) and directives of the Midwest Independent Transmission System Operator, Inc. (“Midwest ISO”). On February 10, 2009, the DOE issued notice of ITC’s application to amend the Presidential Permit in the Federal Register and set a comment date of March 12, 2009.²

On October 20, 2010, the Midwest ISO and ITC filed before the Federal Energy Regulatory Commission (“FERC”), pursuant to section 205 of the Federal Power Act (FPA), proposed revisions to Midwest ISO’s Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Tariff”) to establish a methodology to allocate and recover the costs of ITC PARs among Midwest ISO, New York Independent System Operator (“NYISO”), and PJM Interconnection, L.L.C. (“PJM”) (the “FERC Proceeding”). Many parties (specifically including NYISO, PJM, and several of their respective Transmission Owners (“TOs”)) intervened and actively participated in the FERC proceeding, which FERC ordered set for settlement discussions.³

On March 25, 2011 and April 5, 2011, respectively, PJM and the New York Transmission Owners (“NYTO”) filed to intervene in the instant proceeding before the DOE. Specifically, PJM submitted comments to DOE concerning an ITC operating agreement that ITC is to file to detail protocols that will govern operation of the PARs. NYTO sought standing to submit comments at a later date. On April 11, 2011, ITC filed an Answer responding to PJM’s comments (“ITC Answer”).

² See Application to Amend Presidential Permit; International Transmission Company d/b/a ITCTransmission, 74 Fed. Reg. 6606 (Feb. 10, 2009).

³ See *Midwest Independent Transmission Sys. Operator, Inc.*, 133 FERC ¶ 61,275 (2010), *reh'g pending*.

II. COMMUNICATIONS

The names and addresses of the persons to whom communications concerning this matter should be addressed on behalf of Detroit Edison are as follows:

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III. MOTION IN THE ALTERNATIVE FOR LEAVE TO INTERVENE OUT OF TIME

Detroit Edison, a wholly-owned subsidiary of DTE Energy Company, is a public utility operating company engaged in the generation and distribution of electric energy in the State of Michigan. Detroit Edison provides retail electric service to approximately two million customers throughout portions of southeastern Michigan, and also engages in wholesale sales of electric energy at market-based rates pursuant to authority granted by the Commission.⁴ Detroit Edison is a non-transmission owning member of the Midwest Independent Transmission System Operator, Inc (“Midwest ISO”) and is located in Midwest ISO’s ITC transmission sub-zone. In addition, Detroit Edison previously owned the Interconnection Facilities and was ITC’s predecessor-in-interest for the Presidential Permit at issue in the relevant proceeding.⁵ Furthermore, Detroit Edison is an active participant in the FERC Proceeding. Thus, Detroit Edison will be directly affected by the resolution of issues respecting the installation and operation of the PARs at issue in the instant proceeding. Detroit Edison’s interests cannot be adequately represented by any other party.

⁴ See *Detroit Edison Co.*, 80 FERC ¶ 61,348 (1997).

⁵ See n.1, *supra*.

Given that Detroit Edison was the entity to which the Presidential Permit was first issued in this proceeding, Detroit Edison should still have standing to file comments herein. In the alternative, and to the extent that DOE may believe that Detroit Edison must first obtain leave to intervene out of time before filing comments, Detroit Edison respectfully requests that DOE grant it leave to intervene out of time. As of the date of this filing, seven parties,⁶ each of which is a participant in the FERC Proceeding, have filed late interventions or comments in this proceeding. Should DOE permit these other entities to participate, equity dictates that Detroit Edison be granted the same opportunity.

IV. COMMENTS

Detroit Edison supports ITC's attempts to place the PARs in service as soon as possible so that participants of numerous transmission systems located near Lake Erie may obtain anticipated reliability benefits and increased market and transmission system efficiencies.

Detroit Edison concurs with both ITC and the Midwest ISO that putting the PARs in service will mitigate the well-known detrimental effects of loop flows that have been described in joint studies performed by the various regional transmission entities around Lake Erie (*i.e.*, Midwest ISO, NYISO, PJM, and the Independent Electricity System Operator of Ontario ("IESO")).⁷ Detroit Edison believes that the detrimental effects of loop flows directly translate into increased costs for consumers on these affected systems. Specifically, Detroit Edison, as ITC's single largest transmission customer, bears the largest share of the costs imposed on ITC's system as a result of these Lake Erie loop flows. Operating the PARs as proposed by ITC and

⁶ Specifically, American Municipal Power and Old Dominion Electric Cooperative, PJM, NYTO, PEPCO Holdings, Inc., Baltimore Gas & Electric Company, and FirstEnergy Service Co.

⁷ See, e.g., *New York Indep. Transmission Sys. Operator, Inc.*, 132 FERC ¶ 62,031 (2010), and orders/documents cited therein.

the Midwest ISO (*i.e.*, so that actual flow across the Michigan-Ontario interface matches actual scheduled flow), and as previously recommended by all of the various transmission organizations around Lake Erie,⁸ will contribute to reducing these costs and will also increase reliability in the region.

Furthermore, to the extent that loop flows “use up” available transmission capacity that might otherwise be sold, Detroit Edison and other Midwest ISO transmission customers are robbed of revenue credits that would otherwise result from the collection of “Through and Out” rates for transactions between Midwest ISO and IESO. These revenues would directly reduce transmission charges assessed to customers within Midwest ISO.

As a practical matter, the PARs which ITC seeks to place into service are intended to replace the single PAR that failed at the Bunce Creek location. This single PAR had previously received authorization from DOE to operate in the same manner in which ITC and Midwest ISO now seek to operate its replacements. It would seem that the only relevant difference in the intervening years between ITC’s initial Presidential Permit request in 2001 and its 2009 request to amend that authorization is the emergence of much broader and robust regional wholesale energy markets. Detroit Edison agrees with ITC that the opposition of certain parties to ITC’s request for authorization to operate the PARs appears to stem from their desire to prolong a status quo that is economically advantageous to these parties.⁹ However, continuation of this status quo (*i.e.*, the well-documented Lake Erie loop flow problem) comes at the direct and greater expense of a far larger number of parties in terms of system economics, efficiencies, and grid reliability, and is thus without merit and is inconsistent with the public interest .

V. CONCLUSION

⁸ *See id.*

⁹ *See ITC Answer at 3-6.*

For these reasons, Detroit Edison supports ITC's and the Midwest ISO's response to the recent late-filed interventions and respectfully requests that the DOE permit ITC and Midwest ISO to install and operate the PARs as first proposed by ITC and the Midwest ISO.

Respectfully submitted,

/s/ Brian C. Drumm
Brian C. Drumm

*Attorney for
The Detroit Edison Company*

Dated: May 5, 2011