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United States  
Department of Energy

Office of Electricity Delivery and Energy Reliability

Twin Rivers Paper Company Inc.

OE Docket No. EA-366

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Order Authorizing Electricity Exports to Canada

Order No. EA-366

May 25, 2011

# **Twin Rivers Paper Company Inc.**

## **Order No. EA-366**

### **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 August 25, 2010, DOE received an application from Twin Rivers Paper Company (Twin Rivers) for authority to transmit electric energy from the United States to Canada over the existing international transmission facilities owned by Twin Rivers and authorized by Presidential Permit No. PP-366. The international transmission facilities authorized by PP-366 consist of a three-phase 6.6-kV line together with a 138-kV line, operated at 69-kV, crossing the St. John River and connecting the integrated pulp and paper operations owned by Twin Rivers and its affiliate on either side of the international border. Twin Rivers has requested an export authorization in order to be able to supply emergency power as needed to Twin Rivers' Canadian operations using the PP-366 facilities.

The Twin Rivers export application in Docket No. EA-366 was published in the *Federal Register* on December 17, 2010 (75 FR 78979) requesting that comments, protests, and petitions to intervene be submitted to DOE by January 18, 2011. None were received.

### **II. DISCUSSION AND ANALYSIS**

The authority requested of DOE by Twin Rivers 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

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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 Redefinition Order No. 00-002.10C issued on May 29, 2008.

must exist such that the exporter could sustain the export while still maintaining adequate generating reserves to meet all native load obligations.

Twin Rivers has no native load obligation. Twin Rivers operates a paper mill in Madawaska, Maine, and a pulp mill in Edmundston, New Brunswick. Each facility has on-site generation and the electrical operation of both facilities is integrated through the use of the PP-366 facilities. Exports would occur over the international transmission lines only if an emergency outage or equipment failure of the on-site generation at the Edmundston pulp mill required the Madawaska paper mill to provide emergency supplies of electricity. Therefore, the proposed export would not cause a violation of the first criterion of section 202(e).

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.

The facilities authorized by PP-366 are not directly connected to the electrical grid in the United States. Therefore, it is not possible for the proposed export to cause a violation of the second criterion of section 202(e).

### **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). EIA will be collecting that data on a monthly basis in accordance with the data collection procedures now required by EIA’s Form OE-781R, “Monthly Electricity Imports and Exports Report.”

On December 1, 2008, EIA placed a notice in the *Federal Register* (73 FR 72782) proposing a restructuring of Form OE-781R by increasing the number of data fields collected and requiring both U.S. transmission system operators and electricity importers and exporters to submit the information on a monthly basis. EIA received several comments in response to the December 1, 2008 notice. EIA addressed these comments in a document titled, “Supporting Statement for the Monthly Electricity Import and Export Survey,” submitted to the Office of Management and Budget (OMB) as an attachment to EIA’s request to begin implementation of this data collection (74 FR 31936, 7/6/09; also see correction 74 FR 34562, 7/16/09). The Supporting Statement, along with a draft of the proposed new form, was made available on the EIA website for comment.



OMB approved the new data collection requirements of Form OE-781R on November 23, 2009 (OMB Control No. 1901-0296). EIA opened the new monthly electronic data collection process using the computer-based Form OE-781R in August 2010.

Therefore, a data collection and reporting requirement consistent with the new EIA data collection procedures has been added to this Order in paragraph E.

#### **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 Twin Rivers, 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 and, therefore, is eligible for categorical exclusion under paragraph B4.2 of Appendix B to Subpart D of Part 1021 of DOE's National Environmental Policy Act Implementing Procedures (10 CFR Part 1021). 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.

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

#### **V. COMPLIANCE**

DOE expects Twin Rivers 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 Twin Rivers' compliance with these terms and conditions, especially the requirement in paragraph E of this Order that Twin Rivers create and preserve full and complete records and file monthly reports with EIA as discussed above. A violation of any of those terms and conditions, including the failure to submit timely and accurate monthly reports, may result in the loss of authority to export electricity and subject Twin Rivers to sanctions and penalties under the FPA.

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. ORDER**

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 Twin Rivers is authorized to export electric energy to Canada under the following terms and conditions:

(A) 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 reliability entities, 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.

(B) 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.

(C) 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 subparagraph (A)(1) extend beyond the date of termination of the Presidential permit authorizing such facility.

(D) 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.

(E) Twin Rivers shall make and preserve full and complete records with respect to the electric energy transactions between the United States and Canada. Twin Rivers shall submit monthly data to EIA as required by and in accordance with the procedures of Form OE-781R, "Monthly Electricity Imports and Exports Report." (Approved by the Office of Management and Budget under OMB Control No. 1901-0296).


(F) 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.

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

(H) This authorization shall be effective upon issuance.

Issued in Washington, D.C., on May 25, 2010.



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