

Portland General Electric

Order No. EA-97-C

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 29, 1994, the Office of Fossil Energy (FE) of the Department of Energy (DOE) issued Order No. EA-97 to Portland General Electric (PGE) to export electric energy to Canada. Amendments to this authorization were granted on February 9, 1996 (Order No. EA-97-A), and again on March 5, 1998 (Order No. EA-97-B). Order No. EA-97-B expired on March 5, 2003.

On March 13, 2004, PGE filed an application with FE to renew the export authority contained in Order No. EA-97-B and requested that the maximum rate of transmission be increased from 400 megawatts (MW) to 600 MW and that the authorization be issued for a 10-year term. The energy PGE proposes to export would be delivered to Canada over the international electric transmission facilities presently owned by Bonneville Power Administration (BPA).

PGE is a generation and transmission-owning electric utility which provides retail electric service in Oregon. PGE proposes to export electric energy to Canada under the PGE-2 and PGE-11 tariffs which have been approved by the Federal Energy Regulatory Commission (FERC).

Notice of the PGE export application was placed in the *Federal Register* on April 16, 2004, (69 FR 20605) requesting that comments, protests, and petitions to intervene be submitted to the DOE by May 17, 2004. None were received.

II. DISCUSSION and ANALYSIS

The authority requested of DOE by PGE is a necessary condition for exporting under section 202(e) of the FPA. Before an electricity export authorization is granted, DOE must evaluate the impact of the export on the reliability of the U.S. electric system by determining whether the export will impair the sufficiency of electric supply within the U.S. and whether it will impede or tend to impede the coordinated use of regional transmission facilities.

Prior to the restructuring of the electric power industry, the only entities able to export were those electric utilities that were contiguous with the U.S. international border that owned international transmission facilities. The exported energy 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 of application, 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 reliability impacts of the export on regional electric systems.

In evaluating 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 reliability 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, PGE must make the necessary commercial arrangements and obtain sufficient transmission capacity to wheel the exported energy to the border system. In doing so, PGE would use domestic transmission facilities for which open-access tariffs have been approved by the Federal Energy Regulatory Commission (FERC). PGE 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 Independent System Operator(s) (ISO) and/or control areas. The posting of transmission capacity on OASIS indicates that transmission capacity is available. Furthermore, it is the responsibility of the ISO and/or control area to schedule the delivery of the export consistent with established reliability criteria. During each step of the process of obtaining transmission service, the owners and/or operators of the transmission facilities will evaluate the reliability of the system and schedule the movement of the export only if it would not violate established operating reliability standards. Therefore, DOE has determined that the existing industry procedures for obtaining transmission capacity on the domestic transmission system provide adequate assurances that an export will not impair the reliability of the U.S. electric power supply system.

In determining the 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 reliability assessments here, provided the maximum rate of transmission for all exports through a border system does not exceed the authorized limit of the system.

However, this approach is applicable only for exports over international transmission facilities for which export authorizations have been issued and for which reliability studies have

been performed. The international transmission lines over which PGE seeks export authority are owned and operated by BPA.

As a Federal agency, BPA is non-jurisdictional to section 202(e) of the FPA. Consequently, BPA was never issued an export authorization which DOE could have used to set power limits for exports by PGE 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 PGE over the BPA international transmission lines subparagraph (B) of this Order.

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; 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.

III. FINDING

PGE contemplates selling only economy energy and firm surplus energy to Canada under the PGE-2 and PGE-11 tariffs. These tariffs contain umbrella agreements which require mutual agreement of the seller and purchaser and allow for the seller to determine, in its sole discretion, the amount and extent of power available for sale. Furthermore, PGE is a member of Western Systems Power Pool and the Western Electric Coordinating Council. The operating requirements of both of these organizations prohibit exports of power if it would jeopardize the reliability of the exporter's system or that of the regional system. Based on these facts and the above discussion and analysis, DOE has determined that the export of electric energy to Canada by PGE, 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 PGE application are virtually identical to those for which export authority had previously been granted in FE Order No. EA-97. Consequently, DOE believes that it has adequately satisfied its responsibilities under the National Environmental Policy Act of 1969 through the documentation of a categorical exclusion in the FE Docket No. EA-97 proceeding.

IV. ORDER

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

(A) The electric energy exported by PGE pursuant to this Order may be delivered to Canada only over the following international transmission facilities:

<u>Present Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.¹</u>
Bonneville	Blaine, WA	2-500 kV	PP-10
Power	Nelway, WA	230-kV	PP-36
Administration	Nelway, WA	230-kV	PP-46

(B) Exports by PGE shall be limited to a maximum rate of transmission of 600 MW. However, in no event shall exports made by PGE pursuant to this Order 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 to exceed the following limits:

<u>Condition</u>	<u>PP-36 & 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 lines out	0 MW	1500 MW	1500 MW

(C) Changes to the export limits contained in subparagraph (B) will be made by DOE after submission of appropriate information demonstrating a change in the transmission transfer

¹ 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.

capability between the electric systems between BPA and BC Hydro, or BPA and West Kootenay Power. Notice of these changes will be provided to PGE.

(D) In scheduling the delivery of electricity exports to Canada, PGE 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.

(E) PGE 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.

(F) 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 paragraph (A) extend beyond the date of termination of the Presidential permit authorizing such facility.

(G) 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.

(H) PGE shall make and preserve full and complete records with respect to the electric energy exported to Canada. PGE 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.

(I) 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.

(J) 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.

(K) This authorization shall be effective for a period of ten (10) years from the date of this Order. Application for renewal of this authorization may be filed within six months prior to expiration of this authorization.

Issued in Washington, D.C., on June 25, 2004.



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