

---

United States  
Department of Energy

Office of Electricity Delivery and Energy Reliability

International Transmission Company d/b/a  
ITCTransmission

OE Docket No. PP-230-4

---



Presidential Permit  
No. PP-230-4

February 24, 2012

# **PRESIDENTIAL PERMIT**

**International Transmission Company d/b/a ITCTransmission**

**Presidential Permit No. PP-230-4**

## **I. BACKGROUND**

The Department of Energy (DOE) has the responsibility for implementing Executive Order (EO) 10485, as amended by EO 12038, which requires the issuance of a Presidential permit for the construction, operation, maintenance, or connection of electric transmission facilities at the United States international border.<sup>1</sup> DOE may issue such a permit if it determines that the permit is in the public interest and after obtaining favorable recommendations from the U.S. Departments of State and Defense.

On September 26, 2000, DOE issued Presidential Permit No. PP-230 to International Transmission Company (ITC) authorizing it to construct, operate, maintain, and connect electric transmission facilities at the international border of the United States and Canada. Presidential Permit No. PP-230 was issued to ITC as the result of a voluntary transfer of facilities from Detroit Edison Company (Presidential Permit No. PP-221) to ITC. Those facilities are currently authorized by Presidential Permit No. PP-230-3 and include:

- (1) One 230,000-volt (230-kV) transmission line, including one 675-MVA phase-shifting transformer connecting the Bunce Creek Station, located in Marysville, Michigan, with Hydro One Networks, Inc.'s (Hydro One) Scott Transformer Station, located in Sarnia, Ontario (identified as the B3N facility);
- (2) One 230-kV transmission line connecting the Waterman Station, located in Detroit, Michigan, with Hydro One's J. Clark Keith Generating Station, located in Windsor, Ontario (identified as the J5D facility);
- (3) One 345-kV transmission line connecting the St. Clair Generating Station, located in East China Township, Michigan, with Hydro One's Lambton Generating Station, located in Moore Township, Ontario (identified as the L4D facility); and
- (4) One 230-kV transmission line connecting the St. Clair Generating Station with Hydro One's Lambton Generating Station (identified as the L51D facility).

In March 2003, the phase shifting transformer installed on the B3N facilities failed. On January 5, 2009, ITC applied to DOE to amend Presidential Permit PP-230-3 by authorizing it to replace the failed 675-MVA transformer with two 700-MVA phase shifting transformers connected in series. Because of the complexity of the issues raised by this proceeding and in the interest of clarity, a new Presidential Permit is being issued.

---

<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 (OE), in Redelegation Order No. 00-002.10C issued on May 29, 2008.

DOE issued a notice of ITC's application in the *Federal Register* on February 10, 2009 (74 Fed. Reg. 6607), requesting that any comments, protests, or motions to intervene be filed by March 12, 2009. Numerous responsive documents were filed, including late requests to intervene. The filings raised various issues, including the need to review the operational protocols for the facilities with the installation of the new transformers, also known as phase angle regulators (PARs).

On August 9, 2011, DOE received Supplemental Reply Comments from ITC, which completed the ITC response to earlier comments filed in the proceeding by the Midwest Independent Transmission System Operator (MISO), Inc. and the Independent Electricity System Operator of Ontario (IESO). According to ITC, the supplemental filing provided the operational agreements required to complete ITC's application in this proceeding, including a letter agreement between ITC and MISO assigning functional control of the subject facilities at the Bunce Creek Station to MISO.

ITC requested that DOE accept this filing as sufficient to allow DOE to approve its application to amend the ITC Presidential permit on an expedited basis without further notice so that the transformers could be placed into service and benefits from controlling the Lake Erie loop flow could begin. ITC also indicated that placing the PARs into service immediately would allow the parties to better assess the various impacts of the PARs operations and thus, better determine if the current operational procedures would need to be modified.

DOE published a notice in the *Federal Register* on August 24, 2011 (76 Fed. Reg. 52945) inviting comments, to be submitted by September 23, 2011, from prior participants in the proceeding and other interested persons on the ITC supplemental filing. Specifically, DOE was interested in obtaining the views of other affected utilities and system operators on the sufficiency of the operating principles provided by ITC. In response to motions from ITC to extend the comment period in order to allow more time for the parties in the case to finalize ongoing settlement discussions, DOE extended the comment period on the supplemental filing until October 14, 2011 (76 Fed. Reg. 59668, 9/27/11) and then again until November 4, 2011 (76 Fed. Reg. 65503, 10/21/11). Additional comments and requests to intervene were received in response to these notices.

On November 4, 2011, ITC filed a Settlement Agreement executed by ITC and most of the interveners, including those who initially raised objections to the proposed operating plan for the PARs. The Settlement Agreement addressed the concerns raised by the interveners and the parties to the Settlement Agreement withdrew their opposition to the operation of the PARs as proposed by ITC.

## II. DISCUSSION

As noted above, in support of its Presidential permit application, on August 9, 2011, ITC submitted the operational agreements required to complete ITC's application in this proceeding, including a letter agreement between ITC and MISO assigning functional control of the subject facilities at the Bunce Creek Station to MISO. MISO is

the Regional Transmission Operator (RTO) and operates as the Reliability Coordinator for the ITC system. Therefore, MISO is obligated to operate the PARs and associated facilities consistent with the standards of the North American Electric Reliability Corporation (NERC) and other regulatory and statutory requirements. Thus, by accepting functional control of the facilities, MISO agrees that it will operate the facilities in a manner that will ensure that system reliability is maintained. A condition was added to this Permit in Article 10 clarifying that with the filing of this letter agreement the assignment of operational responsibility to MISO is authorized under this Permit without the need for further action.

According to these operational documents filed and made a part of the record in this proceeding, the installation and operation of the two 700 MVA PARs will not have an adverse impact on the reliability of the U.S. electric grid if operated consistent with the policies and standards of the North American Electric Reliability Corporation (NERC), and operated in accordance with Schedule I of the Amended and Restated Interconnection Facilities Agreement between ITC and Hydro One, dated August 8, 2011 (IFA). The IFA standard is consistent with the standard set forth in Section 3 (PAR Operations) of the MISO and IESO Operating Instruction entitled "Operation of the Michigan-Ontario Tie Lines and Associated Facilities" of the same date.

Pursuant to these agreements, under normal conditions, the PARs will be operated such that the electrical flow on the Michigan-Ontario interface will match Michigan-Ontario scheduled transactions across the interface to the maximum extent possible considering operational feasibility, safety, equipment limitations, and regulatory and statutory requirements. The agreements permit the PARs to be operated without electrical flow matching scheduled transactions across the interface (1) if anomalous market results occur in the market of the RTO that has functional control over the transformers or in Ontario, (2) as necessary to respect system operating limits within Michigan or Ontario, or (3) in order to prevent or resolve declared emergency operating situations consistent with NERC standards and the provisions of Schedule I of the IFA.

### **Settlement Agreement**

The Settlement Agreement filed by ITC on November 4, 2011, and signed by most of the entities that intervened and submitted comments in this proceeding, included the following major provisions:

1. PJM Interconnection, L.L.C. (PJM) and the PJM Transmission Owners that submitted comments withdrew their opposition to the operation of the PARs on a flow to schedule basis as proposed by ITC in the operational agreements filed by ITC on August 9, 2011.
2. A data collection procedure was agreed to whereby data on the impacts of the PARs operations would be collected and shared over a two to three year period. After collection of one year's data, ITC, MISO, IESO, and PJM will begin discussions as to whether changes to the PARs operations are warranted and can be agreed upon. Any agreed upon changes will be filed with DOE and implemented upon DOE approval.

3. If the signatories cannot agree on the operational changes to the PARs, any signatory may submit the proposed operational changes to DOE for approval. The settlement proposes that DOE include in this Presidential Permit a process whereby DOE would open a docket to address the proposed operational changes and delegate to the Federal Energy Regulatory Commission the responsibility for assembling an evidentiary record, including proposed findings of fact, that would be returned to DOE for final decision on any changes to the PARs operating procedures.

Because most of the interveners that filed comments in opposition to the proposed operation of the PARs are signatories to the Settlement Agreement and withdrew their opposition, a summary of those comments is not being provided by DOE in this Permit. However, all of the comments, protests, and requests to intervene still remain a part of the record in this docket.

### **Non-Signatory Commenters**

The entities that filed comments and interventions in this proceeding that were not a signatory to the Settlement Agreement include the New York Independent System Operator (NYISO), the New York Transmission Owners (NYTO), the Independent Electricity System Operator of Ontario (IESO), and The Public Utilities Commission of Ohio (PUCO). NYISO filed a comment with DOE on March 9, 2009 in support of ITC's filing. On November 4, 2011, NYISO filed supplemental comments with DOE supporting ITC's proposed operation of the PARs as well as expressed its intention to work with ITC, MISO, and PJM to consider whether, and on what terms, NYISO is willing to participate in the data collection arrangement. NYTO submitted a request to intervene in this proceeding on April 5, 2011, requesting an opportunity to review the operational agreement when it became available. As discussed above, DOE provided an opportunity for public comment on ITC's proposed operation of the PARs by notice in the *Federal Register*, and NYTO did not comment. According to the November 4, 2011 ITC filing accompanying the Settlement Agreement, IESO, which is a Canadian entity and not subject to U.S. jurisdiction, authorized ITC to inform DOE that it supports the settlement and intends to voluntarily participate in the data collection process and the PARs operational discussions. That same filing also indicated that PUCO did not oppose the Settlement Agreement.

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

In determining whether issuance of a Presidential permit is in the public interest, DOE considers the environmental impacts of the proposed project pursuant to DOE's National Environmental Policy Act (NEPA) Implementing Procedures (10 CFR Part 1021), the project's impact on electric reliability, and any other factors that DOE may also consider relevant to the public interest.

DOE 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 (CX) under paragraph B4.6 of Appendix B to Subpart D of the DOE NEPA Implementing Procedures

in 10 CFR Part 1021. Specifically, this CX is for additions or modifications to electric power transmission facilities that would not affect the environment beyond the previously developed facility area including, but not limited to, switchyard rock grounding upgrades, secondary containment projects, paving projects, seismic upgrading, tower modifications, changing of insulators, and replacement of poles, circuit breakers, conductors, transformers, and crossarms.

DOE has also assessed the impact the operation the proposed international transmission facilities would have on the reliability of the U.S. electric power supply system. Based on the information filed in this docket as discussed above, DOE has determined that the installation and operation of the proposed international transmission facilities by ITC, as conditioned herein, would not adversely impact the reliability of the U.S. electric power supply system.

In regards to the Settlement Agreement, DOE appreciates the effort of the parties to resolve their differences and allow the installation and operation of the PARs in a manner that should better control the Lake Erie loop flow. DOE also supports the decision to collect data regarding the impacts of the operation of the PARs in order to achieve the best operating principles to mitigate any negative impact on electric reliability. However, DOE is not in a position at this time to prejudge how it may evaluate concerns from parties regarding changes to the operation of the PARs. As noted in the Settlement Agreement, nothing prevents any of the parties to this proceeding from proposing to DOE at any time changes in the operating principles of the PARs in order to protect the reliability of the U.S. electric transmission grid. DOE will evaluate any request at that time to determine the appropriate manner in which to handle the matter and the best course of action to follow.

The Departments of State and Defense have concurred in the granting of this Permit.

Based upon the above, DOE has determined that issuing this Presidential Permit No. PP-234-4 to ITC is consistent with the public interest.

All requests to intervene filed in this proceeding, including those filed late, are hereby granted.

Any party to this proceeding aggrieved by this permit is being given an opportunity by DOE to file a request for a rehearing within thirty (30) days of the issuance of this Permit.

#### **IV. 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). In August 2010, EIA began collecting that data on a monthly basis in accordance with the data collection and reporting

procedures required by Form OE-781R, “Monthly Electricity Imports and Exports Report.” The data collection requirements of Form OE-781R were approved by the Office of Management and Budget (OMB) on November 23, 2009 (OMB Control No. 1901-0296)

On August 3, 2011, EIA issued a notice in the *Federal Register* soliciting public comment on new quarterly data collection procedures under proposed Form EIA-111, “Quarterly Electricity Imports and Exports Report” (76 FR 49757, 8/11/11). The new survey form would replace the monthly reporting requirements of existing Form OE-781R. The new proposal modifies the data being collected and, although data would still be collected monthly, respondents will only need to file the form quarterly.

Pending the receipt of authorization from OMB to administer the revised data collection procedures under the new form, EIA suspended the current data collection and reporting under Form OE-781R, effective June 1, 2011. Upon receipt of such authorization from OMB, EIA will terminate Form OE-781R. Because EIA intends to retroactively collect the core import and export data for the period of the suspension, EIA expects respondents to continue to collect monthly data. However, that data will not need to be reported to EIA until such time as the new survey under Form EIA-111 takes effect.

Therefore, a data collection and reporting requirement that reflects the transfer of the data collection responsibility to EIA has been added to this Order in Article 9. However, the new data collection and reporting procedures under Form EIA-111 will not take effect until EIA obtains authorization from OMB to administer the revised form and begins operation of the new survey.

## **V. ORDER**

Pursuant to the provisions of EO 10485, as amended by EO 12038, and the Rules and Regulations issued thereunder (Title 10, Code of Federal Regulations, section 205.320 et. seq.), Presidential Permit No. PP-230-3 is hereby rescinded and ITC is authorized to construct, operate, maintain, and connect electric transmission facilities at the international border of the United States and Canada, as further described in Article 2 below, upon the following terms and 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:

- (1) One 230,000-volt (230-kV) transmission line, including two 700-MVA phase-shifting transformers, connected in series, connecting the Bunce Creek Station,

- located in Marysville, Michigan, with Hydro One's Scott Transformer Station, located in Sarnia, Ontario (identified as the B3N facility);
- (2) One 230-kV transmission line connecting the Waterman Station, located in Detroit, Michigan, with Hydro One's J. Clark Keith Generating Station, located in Windsor, Ontario (identified as the J5D facility);
  - (3) One 345-kV transmission line connecting the St. Clair Generating Station, located in East China Township, Michigan, with Hydro One's Lambton Generating Station, located in Moore Township, Ontario (identified as the L4D facility); and
  - (4) One 230-kV transmission line connecting the St. Clair Generating Station with Hydro One's Lambton Generating Station (identified as the L51D facility).

Article 3. The facilities described in Article 2 above, including the phase-shifting transformers in the B3N circuit, shall be designed and operated in accordance with all policies and standards of the NERC, Regional Entities, Reliability Coordinators, and independent system operators, or their successors, as appropriate, on such terms as expressed therein and as such criteria, standards, and guides may be amended from time to time.

Furthermore, the two 700-MVA phase shifting transformers at the B3N circuit shall be operated consistent with the operating principles set forth in Schedule I of the Amended and Restated Interconnection Facilities Agreement, dated August 8, 2011, between ITC and Hydro One, which has been filed with DOE and made a part of this docket.

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

Article 5. ITC 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. ITC 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. ITC shall investigate any complaints from nearby residents of radio or television interference identifiably caused by the operation of the facilities covered by this Permit. ITC shall take appropriate action as necessary to mitigate such situations. Complaints from individuals residing within one-half mile of the centerline of the transmission line are the only ones which must be resolved. ITC 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 ITC 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 ITC shall hold the United States harmless from any and all such claims.

Article 9. ITC 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 Canada over the facilities authorized herein. ITC shall make and preserve full and complete records with respect to the electric energy transactions between the United States and Canada. ITC shall collect and submit the data to EIA as required by and in accordance with the procedures of Form EIA-111, "Quarterly Electricity Imports and Exports Report." The data reporting requirements of this section shall not take effect until EIA obtains authorization from OMB to administer the form and begins operation of the new survey.

Article 10. In accordance with Title 10, Code of Federal Regulations, section 205.323, this Permit and the facilities covered by this Permit, or any part thereof, shall not be transferable or assignable, except in the event of the involuntary transfer of the facilities by operation of law. Provided written notice is given to DOE within 30 days of the involuntary transfer, this Permit shall continue in effect temporarily for a period of 60 days and then shall terminate, unless an application for a new permit has 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. In the event of a proposed voluntary transfer of the facilities, the existing permit holder and the party to whom the transfer would be made shall file a joint application with DOE for a new permit together with a statement of the reasons for the transfer. During the decision period on an application for a permit, the facilities authorized herein and their operation shall remain substantially the same as before the transfer.

Notwithstanding the foregoing, operational or functional control of the facilities covered by this Permit may be assigned to a RTO, or similar entity with operational or functional control, approved by the Federal Energy Regulatory Commission upon providing notice to DOE and the filing with DOE of an agreement between the permit holder and the RTO, or similar entity, whereby the RTO, or similar entity, agrees to comply with all of the applicable terms and conditions of this Permit.

Article 11. Upon the termination, revocation or surrender of this Permit, the permitted facilities which are owned, operated, maintained, and connected by ITC 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 ITC. If ITC 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 ITC. ITC 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 will not require that those facilities be removed and the land restored to its original condition upon termination of the international interconnection.

Issued in Washington, D.C., on February 24, 2012

A handwritten signature in black ink, appearing to read "B. Mills", written over a horizontal line.

Brian Mills  
Director, Permitting and Siting  
Office of Electricity Delivery and  
Energy Reliability