

PG&E Energy Trading - Power, L.P.

Order No. EA-168-A

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 February 25, 1998, in Order EA-168, the Office of Fossil Energy (FE) of the Department of Energy (DOE) authorized PG&E Energy Trading - Power, L.P. (PG&E), a power marketer, to transmit electric energy from the United States to Canada. The authorization will expire on February 25, 2000.

On June 23, 1998, PG&E filed an application with FE to amend its authorization to export electric energy to Canada. In FE Order EA-168, PG&E was authorized to transmit electric energy to Canada using the international transmission lines owned by:

The Detroit Edison Company
Minnesota Power & Light Company
New York Power Authority
Niagara Mohawk Power Corp.

In its application to amend EA-168, PG&E seeks to include in its export authorization the international transmission facilities owned by the following:

Basin Electric Power Cooperative	Long Sault, Incorporated
Bradfield Electric, Incorporated	Maine Electric Power Company
Bonneville Power Administration	Maine Public Service Company
Citizens Utilities Company	Minnkota Power Cooperative
Eastern Maine Electric Cooperative	Northern States Power Company
Joint Owners of the Highgate Project	Vermont Electric Transmission Co.

Notice of PG&E's application to amend Order EA-168 was placed in the Federal Register on July 9, 1998, (63 FR 37096) requesting that comments, protests, and petitions to intervene be submitted to the DOE by August 10, 1998. None were received.

II. DISCUSSION AND ANALYSIS

The circumstances described in the PG&E application are virtually identical to those for which export authority has previously been granted in FE Order EA-168. DOE however, calls

attention to PG&E's request to export electric energy through the facilities of the Bonneville Power Administration (BPA). Similar to the facilities owned and operated by the New York Power Authority (NYPA) that PG&E was authorized to utilize to export electric energy to Canada in EA-168, BPA and its international facilities are non-jurisdictional to section 202(e) of the FPA. As a Federal agency, BPA was never issued an export authorization which DOE could have used to set power limits for exports by PG&E 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 PG&E over the BPA international transmission lines (paragraph B(14) of this Order).

In Order EA-168, DOE discussed the approach used to determine the reliability impacts of exports by power marketers using the transmission systems of "traditional utilities" and allowing these technical studies to suffice for non-traditional exporters. Specifically, DOE discussed the use of a combination of established industry guidelines, operating procedures and/or infrastructure, as well as technical studies supporting authorization issued for traditional entities operating at the border. Some of the facilities PG&E is now being authorized to export electricity over still contain limits on the total amount of energy that can be exported by these utilities. 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.

However, DOE recognizes the potential inequity of retaining energy limits on certain exporters while currently authorizing marketers, or other entities operating in a similar manner, to export unlimited amounts of energy. Until the above proceeding is completed, exports by power marketers or other entities operating in a similar manner will be constrained by the same energy limits, except exports by such entities will not reduce or be "charged against" those energy limits contained in the original export authorization.

The requested transmission of electric energy to Canada using the line owned jointly by Bradfield Electric, Inc. and the Alaska Power Authority (Presidential Permit PP-87) is denied at this time. This line was constructed to serve the 5 MW load of two gold mines in Canada through 1999. Like BPA and NYPA, an export authorization was not required and, therefore, a reliability determination for use of this line in the export mode was not performed. Unlike BPA and NYPA, a transmission analysis is not available upon which DOE can base the required reliability determination. PG&E may independently prepare such a report for submission to DOE. After a DOE review and finding that the facilities authorized in PP-87 can be used for exports, DOE would amend this export authorization to include those facilities.

II. FINDING

The circumstances described in the PG&E application are virtually identical to those for which export authority has previously been granted in FE Order EA-168. Based on the above, and the discussion and analysis contained in Order EA-168, DOE has determined that the export of

electric energy to Canada as requested by PG&E 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.

The authority granted herein by this Order encompasses the exports previously authorized by DOE in EA-168 and updates the ordering language to be in compliance with current DOE orders. with the issuance of this Order.

IV. ORDER

Based on the above, it is hereby ordered that EA-168 is hereby superseded and rescinded and PG&E is authorized to export electric energy to Canada under the following terms and conditions:

(A) The electric energy exported by PG&E 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>
Basin Electric Power Coop.	Tioga, ND	230-kV	PP-64
BPA	Blaine, WA Nelway, WA	2 - 500-kV 2 - 230-kV	PP-10 PP-36 & PP-46
Citizens Utilities	Derby Line, VT	120-kV	PP-66
Detroit Edison	St. Clair, MI Marysville, MI Detroit, MI St. Clair, MI	345-kV 230-kV 230-kV 345-kV	PP-38 PP-21 PP-21 PP-58
Eastern Maine Elect. Coop.	Calais, ME	69-kV	PP-32

<u>Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.</u>
Joint Owners of Highgate Project	Highgate, VT	345-kV	PP-82
Long Sault, Inc.	Massena, NY	2 - 115-kV	PP-24
Maine Electric Power Co.	Houlton, ME	345-kV	PP-43
Maine Public Service Co.	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
Minnesota Power & Light Company	International Falls, MN	115-kV	PP-78
New York Power Authority	Massena, NY	765-kV	PP-56
	Massena, NY	2-230-kV	PP-25
	Niagara Falls, NY	2-345-kV	PP-74
	Devils Hole, NY	230-kV	PP-30
Niagara Mohawk Power Corp.	Devils Hole, NY	230-kV	PP-31
Northern States Power	Red River, ND	230-kV	PP-45
	Roseau County, MN	500-kV	PP-63
Vermont Electric Transmission Co.	Norton, VT	450-kV DC	PP-76

(B) Exports authorized herein shall not cause a violation of the terms and conditions contained in existing electricity export authorizations associated with the international transmission facilities identified in paragraph (A) above. Specifically:

- (1) Exports by PG&E pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-64 (issued to Basin Electric Power Coop.) to exceed an instantaneous transmission rate of 150 MW. The gross amount of energy which PG&E may export over the PP-64 facilities shall not exceed 900,000 megawatt-hours (MWh) during any consecutive 12-month period.

(2) Exports by PG&E pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-66 (issued to Citizens Utilities) to exceed an instantaneous transmission rate of 50 megawatts (MW). The gross amount of energy which PG&E may export over the PP-66 facilities shall not exceed 50,000 MWh annually.

(3) Exports by PG&E pursuant to this Order shall not cause the total exports on a combination of the facilities authorized by Presidential Permits PP-21, PP-38, and PP-58 (issued to Detroit Edison) to exceed a coincident, instantaneous transmission rate of 2.2 billion volt-amperes (2,200 MVA).

(4) Exports by PG&E made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-32 (issued to Eastern Maine Electric Coop.) to exceed an instantaneous transmission rate of 15 MW. The gross amount of energy which PG&E may export over the PP-32 facilities shall not exceed 7,500 MWh annually.

(5) Exports by PG&E made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-82 (issued to the Joint Owners of the Highgate Project) to exceed an instantaneous transmission rate of 200 MW nor cause a violation of the following security constrained export limits:

<u>Vermont Total Load (MW)</u>	<u>Security Constrained Maximum Export (MW)</u>
1000	0
900	40
800	90
700	125
600	150
500	170

(6) Exports by PG&E made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-43 (issued to Maine Electric Power Company) to exceed an instantaneous transmission rate of 500 MW.

(7) Exports by PG&E 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 PG&E may export over a combination of the PP-12 and PP-29 facilities shall not exceed 40,000 MWh annually.

(8) Exports by PG&E made pursuant to this Order shall not cause total exports on the facilities authorized by Presidential Permit PP-78-1 (issued to Minnesota Power and Light Company) to exceed an instantaneous transmission rate of 100 MW. Exports by PG&E may cause total exports on the PP-78-1 facilities to exceed 100 MW only when total exports between the Mid-Continent Area Power Pool (MAPP) and Manitoba Hydro are

below maximum transfer limits and/or whenever operating conditions within the MAPP system permit exports on the PP-78-1 facilities above the 100-MW level without violating established MAPP reliability criteria. However, under no circumstances shall exports by PG&E cause total exports on the PP-78-1 facilities to exceed 150 MW.

(9) Exports by PG&E made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-61 (issued to Minnkota Power) to exceed an instantaneous transmission rate of 350 MW. The gross amount of energy which PG&E may export over the PP-61 facilities shall not exceed 3,000,000 MWh annually.

(10) Exports by PG&E made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-63-4 (issued to Northern States Power) to exceed an instantaneous transmission rate of 500 MW.

(11) Exports by PG&E made pursuant to this Order shall not cause a violation of the following conditions as they apply to exports over the \pm 450-kV direct current transmission line authorized by Presidential Permit PP-76, as amended by PP-76A (issued to Vermont Electric Transmission Company):

NEPOOL		
<u>Exports Through</u>	<u>Load Condition</u>	<u>Export Limit</u>
Comerford converter	Summer, Heavy	650 MW
Comerford converter	Winter, Heavy	660 MW
Comerford converter	Summer, Light	690 MW
Comerford converter	Winter, Light	690 MW
Comerford & Sandy Pond converters	All	2,000 MW

(12) Exports by PG&E made pursuant to this Order shall not cause the total exports on the facilities authorized by Presidential Permit PP-56 (issued to NYPA) to exceed an instantaneous transmission rate of 1000 MW.

(13) Exports by PG&E made pursuant to this Order shall not cause: (a) the total exports on the facilities authorized by Presidential Permits PP-25, PP-30, PP-31 and PP-74 (issued to NYPA and Niagara Mohawk) to exceed a combined instantaneous transmission rate of 550 MW; and (b) the total exports on the 115-kV facilities authorized by Presidential Permit PP-24 (issued to Long Sault, Inc.) to exceed an instantaneous transmission rate of 100 MW. In addition, the gross amount of energy which PG&E may export over the PP-24 facilities shall not exceed 300,000 MWH annually.

(14) Exports by PG&E pursuant to this Order shall not 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 (issued to BPA) 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) Amendment of the export authorizations from which the export limits contained in subparagraphs (B)(1) through (B)(11) were derived shall result in a concomitant change to the export limits contained in those subparagraphs. Any request by PG&E for change to the export limits contained in subparagraphs B(12), B(13), and B(14) will be considered by DOE after submission by PG&E of appropriate information demonstrating a change in the transmission transfer capability between NYPP and Ontario Hydro, NYPP and Hydro-Quebec, BPA and BC Hydro, or BPA and West Kootenay Power.

(D) PG&E may commence exports only over those international transmission lines identified in paragraph (A) for which PG&E 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 PG&E and each Presidential permit holder and should identify specific facilities by name and Presidential permit number.

(E) In scheduling the delivery of electricity exports to Canada, PG&E 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) PG&E 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) PG&E shall make and preserve full and complete records with respect to the electric energy exported to Canada. PG&E 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.

(L) This authorization shall expire on August 25, 2000. Within six months prior to the expiration of this authorization, PG&E may reapply for renewal of this authorization.

Issued in Washington, D.C., on August 25, 1998.

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