

UNITED STATES OF AMERICA 100 FERC ¶ 61,230
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, Linda Breathitt,
and Nora Mead Brownell.

PJM Interconnection, L.L.C.)	Docket No. EL02-106-000
Pennsylvania-New Jersey-Maryland Interconnection)))	Docket Nos. OA97-261-000 and 001, ER97-1082-000 and 001
Atlantic City Electric Company)	Docket No. ER97-3189-000
Pennsylvania Electric Company, <u>et al.</u>)	Docket No. EC97-38-000
PJM Interconnection, L.L.C.)	Docket No. OA97-678-000
Atlantic City Electric Company)))	Docket Nos. ER96-2516-002, EC96-28-002, EL96-69-002, and ER96-2516-02
PJM Interconnection, L.L.C. and Allegheny Power))	Docket No. RT01-98-000
Allegheny Power)	Docket No. RT01-10-000

(Not Consolidated)

ORDER ACCEPTING AMENDMENT AND DENYING CLARIFICATION

(Issued August 30, 2002)

1. On July 1, 2002, PJM Interconnection, L.L.C. (PJM) submitted for filing amendments to the Transmission Owners Agreement¹ to make the period that license plate rates will be effective in the PJM control area consistent with the effective period

¹First Revised Sheet No. 12 of PJM's First Revised Rate Schedule FERC No. 29.

Docket No. EL02-106-000, et al.

- 2 -

for such rates in the PJM West region as set forth in the West Transmission Owners Agreement (i.e., December 31, 2004). PJM requests an effective date of August 30, 2002.

2. On July 1, 2002, PJM also filed a motion for clarification that the Commission's July 12, 2002 order in Docket Nos. RT01-98-000 and RT01-10-000 (PJM West Order)² supercedes the Commission's prior order in Docket Nos. OA97-261-000 and 001, ER97-1082-000 and 001, ER97-3189-000, EC97-38-000, OA97-678-000, ER96-256-002, EC96-28-002, EL96-69-002, and ER96-2516-002 (PJM ISO Order)³ such that the current zonal rate structure in both the PJM control area and the PJM West region will remain in effect through December 31, 2004. As discussed below, the Commission accepts the amendment as proposed, to become effective August 31, 2002, and denies PJM's request for clarification as moot. This order is in the public interest because it provides rate certainty.

Background

3. In the PJM ISO Order, the order establishing PJM as an independent system operator, the Commission approved license plate rates for PJM through the end of the transition period on December 31, 2002.⁴ The PJM ISO Order also directed PJM to file a proposal, on or before July 1, 2002, concerning the implementation of a uniform, system-wide rate that would apply to transmission services throughout PJM.⁵

4. In the PJM West Order, the Commission approved the expansion of PJM to include Allegheny Power (Allegheny). The Commission also approved Allegheny's proposal to use a license plate rate design through December 31, 2004.⁶

PJM's Filing and Motion for Clarification

5. On July 1, 2002, PJM submitted for filing amendments to the Transmission

²PJM Interconnection, Inc. and Allegheny Power, 96 FERC ¶ 61,060 (2001).

³Pennsylvania-New Jersey-Maryland Interconnection, 81 FERC ¶ 61,257 (1997).

⁴Id. at 62,249.

⁵Id. at 62,283.

⁶PJM West Order at 61,220.

Docket No. EL02-106-000, et al.

- 3 -

Owners Agreement to make the period that license plate rates will be effective in the PJM control area consistent with the effectiveness period for such rates in the PJM West region. PJM contends that PJM stakeholders support the use of license plate rates in the entire PJM region through 2004 and have unanimously voted to endorse the extension.

6. Specifically, the filing seeks to amend Section 5.1, Rate Design, of the Transmission Owners Agreement to specify that the zonal rate design proposed by the PJM supporting companies and approved by the Commission in Docket No. OA97-261-000 will remain in effect until December 31, 2004. Additionally, the filing seeks to amend Section 5.1.4, Retention of Existing Rate Design, to note that parties to the Transmission Owners Agreement subsequently may propose that the zonal rate design should remain in effect beyond December 31, 2004. Finally, PJM requests that its filing be consolidated with the related motion for clarification filed in Docket No. OA97-261-000, et al described below.

7. On July 1, 2002, PJM also filed a motion for clarification. PJM contends that there is a potential conflict between the periods of effectiveness for license plate rates established by the PJM West Order and the PJM ISO Order. To the extent a conflict exists, PJM seeks clarification that the more current PJM West Order takes precedence with respect to the duration of license plate rates throughout the PJM region. Specifically, PJM asserts that in directing a comprehensive evaluation of its rate design by late 2004 in the PJM West Order, the Commission did not make any distinction between the different regions of PJM. PJM submits that the required evaluation appears to and should apply to the whole of PJM. PJM contends that it would be unreasonable to maintain different pricing structures in PJM and PJM West given the integrated nature of the two control areas operating under a single market.

8. As an alternative request, and to the extent the Commission did not intend the PJM West Order to supercede the PJM ISO Order with regard to the duration of the license plate rates, the motion requests an extension of the time period set forth in the PJM ISO Order to permit license plate rates in PJM until December 31, 2004. PJM also requests that its motion be consolidated with its filing in Docket No. EL02-106-000 described above.

Notice of Filing, Interventions, Protest and Answers

9. Notice of the filing was issued on July 11, 2002, with motions to intervene and protest due on or before July 22, 2002. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2002)), all timely motions to intervene

Docket No. EL02-106-000, et al.

- 4 -

and any motion to intervene out-of-time filed before the issuance of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. A protest to the filing and an answer to the motion for clarification were filed by DTE Energy Company (DTE) on July 17, 2002. Answers in support of the motion for clarification were filed by Baltimore Gas and Electric Company and jointly by Jersey Central Power and Light Company, Metropolitan Edison Company and Pennsylvania Electric Company.

10. DTE submits that the Commission should not grant the relief requested "without a full understanding of the effect which: (a) the entrance of GridCo Companies to PJM; and (b) the agglomeration of GridCo and GridAmerica (under the control of National Grid USA), will have on transition period transmission rates in the combined PJM-Midwest ISO region." DTE thus contends that the Commission should not approve PJM's transition period extension request unless and until the Commission has held a hearing on the transition period rates at issue i.e., the rates which will be filed to accommodate the Grid America and GridCo proposals, and any inter-RTO rate proposals necessary for the combining of PJM and the Midwest ISO).

11. Additionally, DTE requests consolidation of PJM's filing and motion for clarification. DTE, however, also requests that these dockets be consolidated with the GridAmerica and GridCo proceedings.⁷

Discussion

12. The Commission finds PJM's filing to amend Sections 5.1 and 5.1.4 of the Transmission Owners Agreement to specify that the license plate rates will be effective in the PJM control area until December 31, 2004 to be just and reasonable and accepts the revised tariff sheet⁸ to be effective August 31, 2002. The Commission has recently issued a Notice of Proposed Rulemaking that among other issues addresses various transmission pricing issues.⁹ Acceptance of PJM's filing does not relieve PJM of its

⁷DTE identifies the GridAmerica and GridCo dockets as including EL02-65, EC02-90, ER02-2233, and RT01-88, and associated sub-dockets.

⁸First Revised Sheet No. 12 of PJM's First Revised Rate Schedule FERC No. 29.

⁹Remedying Undue Discrimination through Open Access Transmission Service and Standard Electricity Market Design, Notice of Proposed Rulemaking, Docket No. (continued...)

Docket No. EL02-106-000, et al.

- 5 -

obligation to comply with the requirements of any Final Rule issued in that proceeding. Given the acceptance of the tariff provisions, the Commission denies PJM's motion for clarification as moot. This order will apply to all relevant dockets noted in PJM's motion for clarification.¹⁰

13. The Commission is cognizant of DTE's concerns regarding the impact of the GridCo and GridAmerica proceedings on transition period transmission rates in PJM and in the combined PJM-Midwest ISO region. However, the extension of the period that license plate rates will be effective in PJM does not affect how transition costs or surcharges (*i.e.*, lost revenues) are allocated among transactions within PJM and transactions through and out of PJM. Moreover, concerns regarding inter-RTO rate proposals between PJM and the Midwest ISO, are already being addressed in the Alliance Companies proceeding in Docket No. EL02-65-000, et al.¹¹ Specifically, the Commission in that proceeding initiated an investigation and hearing before an administrative law judge with regard to rates for through and out service under the Midwest ISO and PJM tariffs and with respect to the protocols relating to the distribution of revenues associated with through and out service in the PJM, PJM West, and Midwest ISO Transmission Owners Agreements.¹² The concerns raised by DTE in this proceeding are therefore more appropriately addressed in the EL02-65-000, et al. proceeding.

14. PJM requested an effective date of August 30, 2002. That date, however, is only the 60th day after the filing, and PJM's filing cannot take effect until after the 60th day of notice and not on the 60th day itself.¹³ As PJM has not requested waiver of the Commission's notice requirement, the Commission denies PJM's request for an effective

⁹(...continued)

RM01-12-000, 100 FERC ¶ 61,138 (2002).

¹⁰The dockets set forth in PJM's motion for clarification are as follows: OA97-261-000 and 001, ER97-1082-000 and 001, ER97-3189-000, EC97-38-000, OA97-678-000, ER96-256-002, EC96-28-002, EL96-69-002, ER96-2516-002, RT01-98-000, and RT01-10-000.

¹¹100 FERC ¶ 61,137 (2002).

¹²Id. 61,528.

¹³See Federal Power Act § 205(d).

Docket No. EL02-106-000, et al.

- 6 -

date of August 30, 2002 and makes the tariff sheet effective August 31, 2002.

The Commission orders:

(A) PJM's filing to amend the Transmission Owners Agreement is granted as discussed in the body of this order to be effective on August 31, 2002.

(B) PJM's motion for clarification is denied as moot.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.