

# ORIGINAL

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November 13, 2003

VIA HAND DELIVERY

Blanca S. Bayo, Director  
Commission Clerk and  
Director of Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0800

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COMMISSION  
CLERK

**Re: Docket No. 020233-EI-Review of Grid Florida Regional Transmission Organization (RTO) Proposal.**

Dear Ms. Bayo:

Attached please find the original and fifteen copies of the Comments of JEA on September 15, 2003 Technical Conference. Also attached is a copy to be stamped and returned to our office.

Should you have questions or need any additional information, please contact me. Thank you for your assistance in this matter.

RECEIVED & FILED

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FPSC-BUREAU OF RECORDS

Very truly yours,

*Suzanne Brownless*

Suzanne Brownless  
Attorney for JEA.

SB:dh

Bayo-ltr(m) wpd

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of GridFlorida Regional  
Transmission Organization (RTO)  
Proposal.

Docket No. 020233-EI  
Filed: November 13, 2003

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COMMENTS OF JEA ON  
SEPTEMBER 15, 2003 TECHNICAL CONFERENCE

On September 15, 2003, the Federal Energy Regulatory Commission (FERC), in conjunction with the Florida Public Service Commission (FPSC), held a Technical Conference (Conference) in Tallahassee, Florida.<sup>1</sup> This Conference was an opportunity for the FPSC Commissioners and market participants in the GridFlorida region to give FERC input regarding the most appropriate timetable for implementing the wholesale market platform outlined in FERC's April 28, 2003 White Paper,<sup>2</sup> and to discuss specific conditions in the Florida market which would justify the appropriate time period over which to implement this proposed wholesale market platform, or that would require or allow deviations from it.

At the Conference, representatives from the Florida Reliability Coordinating Council (FRCC), the GridFlorida Applicants,<sup>3</sup> the Partnership for Affordable Competitive

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<sup>1</sup> Notice of Technical Conference, 68 Fed. Reg. 52013 (Aug. 29, 2003).

<sup>2</sup> Federal Energy Regulatory Commission, *White Paper: Wholesale Power Market Platform*, (April 28, 2003), available at [http://www.ferc.gov/industries/electric/industryact/smd/white\\_paper.pdf](http://www.ferc.gov/industries/electric/industryact/smd/white_paper.pdf).

<sup>3</sup> Florida Power and Light Company, Florida Power Corporation, and Tampa Electric Company, (*GridFlorida, LLC, et al.*, 94 FERC ¶ 61,303 at 62,322 (2001)).

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Energy (PACE), Gainesville Regional Utilities (GRU), Tampa Electric Company (TECO), Calpine Energy, the Florida Municipal Power Agency (FMMPA), Reliant Energy, and the Seminole Electric Cooperative (SEC) offered their comments regarding the elements that should be included in a wholesale market platform which best meets the needs of the GridFlorida region. During the public comment portion of the Conference, JEA also offered comments concerning the GridFlorida development process and JEA appreciates this opportunity to further expand upon those comments.

JEA is a municipal, non-jurisdictional utility providing electric service to approximately 370,000 customers over a 900 square mile area located in Duval, Clay, and St. Johns Counties. JEA has a total net generating capability of 3,476 MW in the winter and 3,257 MW in the summer. This power is generated by JEA-owned plants in Jacksonville located at Kennedy, Northside, and Brandy Branch, as well as plants in which JEA has a joint ownership, the St. Johns River Power Park in Jacksonville and the Southern Company's Scherer Unit 4 in Georgia. JEA owns 714 circuit-miles of bulk power transmission lines at four voltage levels: 69kV, 138 kV, 230 kV, and 500 kV. JEA is currently interconnected with Florida Power & Light (FPL), SEC, Florida Public Utilities (FPU), Georgia Power Company (GPC), and the City of Jacksonville Beach. The two interconnections with FPL and the interconnection with SEC are at 230 kV. The FPU and Jacksonville Beach interconnections are at 138 kV. The interconnection with GPC is at 500 kV.

JEA and FPL jointly own the two 500 kV lines that interconnect Peninsular Florida to GPC and the rest of the interstate grid. JEA, FPL, Progress Energy of Florida

(PEF), and the City of Tallahassee each own transmission interconnections with GPC. In 1990, these four utilities agreed to allocate import rights for the firm import capacity which now equals 3,600 MW. JEA's entitlement is 1,228 MW of the 3,600 MW. As a result of firm purchases from Southern Company, FPL, and PEF have fully utilized their allocated firm import share. Under the 1990 agreement, the City of Tallahassee is generally limited to using its import allocation for its own load, so its import rights cannot generally be used by the rest of the state. As a result, JEA owns virtually all of the non-committed firm transmission capability on the state's interface with the nation's electric grid.

As testified by FRCC at the Conference, Florida's geographic location at the terminus of the nation's electric grid, plus its limited interconnections with the rest of the electric grid, ultimately led to the creation of the North American Electric Reliability Council's (NERC) 10<sup>th</sup> reliability region, the FRCC. Florida's unique geography has also been acknowledged by FERC in its initial approval of the creation of GridFlorida as a separate, single-state regional transmission organization.<sup>4</sup>

In their development of the proposed GridFlorida RTO, the self-selected Applicants have decided that only the jurisdictional utilities should have a vote in how the RTO will be designed. All other transmission owning utilities have been invited to comment on certain items selected by the Applicants.

JEA, as well as the other non-jurisdictional utilities that own transmission, should have the opportunity to provide input on a level playing field with the jurisdictional

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<sup>4</sup> 94 FERC at 62,366.

transmission owners. All non-jurisdictional utilities merit a chance to do more than merely offer “comments”, which the GridFlorida Applicants may accept, deny or ignore as they wish. Given JEA’s size, location, and strategic importance to the ultimate viability and success of GridFlorida, JEA deserves to be more than a passive recipient of operations and market design decisions made in a backroom solely by the current GridFlorida Applicants, the state’s three largest investor-owned utilities.

During the Technical Conference the GridFlorida Applicants attempted to defend the exclusion of JEA as a GridFlorida Applicant/sponsor on the grounds that JEA is not FERC-jurisdictional and therefore, could not be an “Applicant” under the provisions of the Federal Power Act. This attempt was misguided. As conceded by the GridFlorida Applicants, the proposed SeTrans RTO has both jurisdictional and non-jurisdictional sponsors. All of the SeTrans sponsors are voting members of the sponsor organization and are actively involved in developing and shaping the RTO, rather than simply commenting on decisions already made by the jurisdictional transmission owners. The diversity of sponsors in the proposed SeTrans RTO has required that they work together to harmonize the financial, political, and structural issues of each type of utility in order to create an RTO that offers the opportunity for broad, universal benefits. The SeTrans sponsors have worked effectively to do so. GridFlorida would benefit from a similar approach.

The Midwest Independent System Operator (MISO) was developed through the collaborative efforts of twenty-five Midwestern transmission-owning utilities, with various ownership structures, representing the majority of the transmission owners in the

Mid-America Interconnection Network (MAIN) and East Central Reliability Coordination Agreement (ECAR) councils.<sup>5</sup> All of these transmission-owning utilities participated in the development of, and voted on the elements of, the FERC filing made in January, 1998.<sup>6</sup>

The Southwest Power Pool is currently taking the same approach in the formation of the Southwest Power Pool RTO (SPP-RTO). The 1999 SPP-RTO filing, the foundation for the current SPP-RTO, was developed by the SPP-RTO task force comprised of jurisdictional and non-jurisdictional transmission owners, state regulatory authorities, a federal power marketing agency, wholesale power generators, and power marketers.<sup>7</sup> In its further attempt to create an Order-2000 compliant RTO, the Southwest Power Pool submitted an RTO proposal on October 15, 2003. It appears that submittal was made on behalf of 50 SPP members, including 14 investor-owned utilities, 6 municipal systems, 8 generation and transmission cooperatives, 3 state authorities, 1 federal power marketing agency, 2 independent power producers, and 16 power

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<sup>5</sup> *Midwest Independent System Operator Inc.*, 84 FERC ¶ 62,231 at 62,139.

<sup>6</sup> The entities sponsoring the Midwest ISO included Cinergy Corp. (for Cincinnati Gas & Electric Co., PSI Energy, Inc., and Union Light Heat & Power Co.), Commonwealth Edison (including Commonwealth Edison of Indiana), Wisconsin Electric Power Co., Hoosier Energy Rural Electric Cooperative, Inc., Wabash Power Association, Inc., Ameren (for Central Illinois Public Service Co. and Union Electric Co.), Kentucky Utilities Co., Louisville Gas & Electric Co., and Illinois Power Co. *Id.*, at 62,138 n.2. Other utilities subsequently signed on to participate in the effort, including Allegheny Energy, Duquesne Light Co., Alliant Corporation (on behalf of Wisconsin Power & Light, Interstate Power Co., IES Utilities and South Beloit Water, Gas and Electric), and Central Illinois Light Co. *Id.*, at 62,139

<sup>7</sup> *Southwest Power Pool, Inc.*, 91 FERC ¶ 61,137 (2000)(at that time the SPP had “55 members including 12 investor-owned utilities, seven municipal systems, eight generation and transmission cooperatives, three state authorities, one Federal power marketing agency, one wholesale generator and 23 power marketers.

marketers.<sup>8</sup>

The necessity for the broadest coalition of transmission owning utilities, whether jurisdictional or non-jurisdictional, to participate in the formation of an effective RTO is put in sharp relief in the Pacific Northwest. The White Paper acknowledges that in order for RTO West to succeed, the Bonneville Power Administration (Bonneville), a non-jurisdictional entity, must participate fully.<sup>9</sup> To the extent that regional flexibility and certain deviations from FERC's proposed wholesale market platform are necessary for Bonneville and the other transmission owners to craft the operational terms and conditions necessary to meet their obligations and operational responsibilities within the framework of an RTO, the White Paper sanctions those deviations.<sup>10</sup> Likewise, if it is going to participate in GridFlorida, JEA must be allowed to participate fully and be actively involved in the development of GridFlorida.

In sum, MISO, RTO West, SPP-RTO and the proposed SeTrans RTO are all being developed with the full participation of jurisdictional and non-jurisdictional utilities. Contrary to the GridFlorida Applicant's suggestion, these regions have found no jurisdictional bar to the full participation of all transmission-owning utilities in FERC RTO filings. GridFlorida should do the same.

The full participation of non-jurisdictional utilities in the development of an RTO will necessarily result in operational and structural decisions affecting rate design, governance, expansion planning, market operations, dispute resolution, and market

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<sup>8</sup> Southwest Power Pool, Inc., Docket Nos. RT04-1-000 and ER04-48-000, Volume I, p. 16, Oct. 15, 2003.

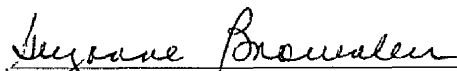
<sup>9</sup> White Paper at 4.

monitoring that differ from regions where non-jurisdictional issues are not addressed. The diverse sponsors of the proposed SeTrans RTO are addressing these issues; the exclusive, self-selected "Applicants" of GridFlorida are not.

### CONCLUSION

FERC should not sanction the formation of a Florida RTO which purposely excludes willing non-jurisdictional transmission owning utilities from becoming sponsors with full voting rights.

Respectfully submitted this 13<sup>th</sup> day of November, 2003 by:



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Attorney for JEA

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<sup>10</sup> *Avista Corp., et al.*, 101 FERC ¶ 61,346 at P 55 (2002).



**CERTIFICATE OF SERVICE**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by U.S. Mail to all parties listed below and also by (\*) Hand-Delivery, (\*\*) E-mail or (\*\*\*) Overnight courier as indicated on this 13th day of November, 2003.

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