

144 FERC ¶ 62,135
FEDERAL ENERGY REGULATORY COMMISSION
888 First Street, NE
Washington, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
Silver Merger Sub, Inc., et al
EC13-128-000

August 14, 2013

Dr. William R. Holloway
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Columbia Square
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Reference: Application For Authorization Under Section 203 of the Federal Power Act

Dear Gentlemen:

On July 12, 2013, you filed an application on behalf of Silver Merger Sub, Inc.; NV Energy Inc.; Nevada Power Company; Sierra Pacific Power Company; and MidAmerican Energy Holdings Company (collectively, Applicants) pursuant to section 203(a)(1) and 203(a)(2) of the Federal Power Act¹ for authorization of a disposition of jurisdictional assets and merger. Please be advised that to process your filing, the Commission requires additional information.

Pursuant to 18 C.F.R § 33.10 the Commission requires further information to analyze the application as described below.

As part of the horizontal market power analysis, you submitted simultaneous transmission import limits (SIL) studies for the relevant geographic markets: Nevada

¹ 16 U.S.C. § 824 (2006).

Power Company (NEVP), Sierra Pacific Power Company (SPPC), PacifiCorp East (PACE), PacifiCorp West (PACW), and a future NV Energy Consolidated Balancing Authority Area (NVE). Commission staff requires additional information to evaluate the validity of these studies.

1. Applicants did not provide benchmark models for the NEVP, SPPC, or NVE study areas – that is, the submitted models do not reflect the generation dispatch, before scaling, to meet the seasonal peak load.² Instead, Applicants provided reference base case models and “final” models. The dispatch in the “final” models shows that a generation shift has already been applied and, in some cases, no additional generation is available for scaling. For example, the NEVP study area winter 2013-14 model has only 8 MW of generation dispatched in the study area footprint, compared to a study area load of approximately 2,900 MW.³

Provide all seasonal benchmark models for the NEVP, SPPC, and NVE study areas in EPC and RAW format.⁴

2. Applicants provided only benchmark models for the PACE study area, and not the “final” models showing the results of the generation scaling.

Consistent with the submissions for the other study areas, provide the “final” models for PACE in RAW format.⁵

3. For both NV Energy and PacifiCorp, Applicants state that simulated generation in the study and first tier areas was adjusted to obtain SIL values, while “maintain[ing] certain generation on-line for reliability.”⁶

² See “Submittal 4” in Appendix B of *Puget Sound Energy, Inc.* 135 FERC ¶ 61,254.

³ See submitted model “14hw2a_-1300ps-b_separateBA.epc.”

⁴ See “Submittal 4” in Appendix B of *Puget Sound Energy, Inc.* 135 FERC ¶ 61,254.

⁵ *Id.*

⁶ Solomon Affidavit at 26-27.

For each study area, provide a narrative description of the rationale for the adjustments, a list showing which generators were adjusted, and a list showing which generators were excluded from scaling.

4. Applicants provided models for the PACW study area in PowerWorld format.

Provide the models for PACW in RAW format.⁷

5. Applicants did not submit a narrative explanation of the study results for PACW, or identify the limiting elements and constraints which were used to establish the First Contingency Incremental Transfer Capability (FCITC) for each season.⁸

Provide a narrative description of the PACW study and FCITC results.

6. Contingency results submitted by Applicants show unaddressed overloads and voltage criteria violations. These could result in lower FCITC if valid. For SPPC and NVE, the rationale and operating guides for resolving some, but not all, violations were provided in the study results. For NEVP, no rationale or operating guides were provided.

Provide an explanation of why the studies disregard the overloads and voltage criteria violations that were reported in the results files and continue to scale generation. If any additional operating guides are necessary, provide copies of these guides.

7. Applicants' contingency results show that models did not solve/converge for certain contingencies.⁹

⁷ See "Submittal 3" and "Submittal 4" in Appendix B of *Puget Sound Energy, Inc.* 135 FERC ¶ 61,254.

⁸ See Submittals 4, 8, 9, 10, and 11 in Appendix B of *Puget Sound Energy, Inc.* 135 FERC ¶ 61,254.

⁹ See, for example, the file "postpro.out" provided with NEVP 2014 Summer study, which reports that outages 30, 96, and 97 failed to converge.

Provide an explanation of why the studies disregard these contingencies and continue to scale generation. If the contingencies can be solved with different settings or solution options, provide the necessary settings.

8. Applicants did not monitor any first tier areas in the study of SPPC for the Summer 2014 season.¹⁰

Submit an updated study and report which includes monitoring of both the study area and the first tier areas.

9. In Applicants' study of the PACW area, the models do not include monitoring of SPPC (a first tier area).¹¹

Submit an updated study and report which includes monitoring of all first-tier areas.

10. The modeled load for the NEVP, SPPC, and NVE study areas in the instant application is higher than what was recently reported in the docket EC13-113-000 for the same study areas.¹²

Provide an explanation of this difference.

11. The study report for PACE states that “[t]here is an accepted waived voltage criteria between” PacifiCorp, NorthWestern Energy, and Idaho Power for certain buses in the system.¹³

¹⁰ See the submitted file “2008-pvload.cnt” and “Submittal 6” in Appendix B of *Puget Sound Energy, Inc.* 135 FERC ¶ 61,254.

¹¹ See, for example, the submitted file “0-SUM-2014-15hs3sa-PACW.pwb.” The area filter applied to the contingency results indicates that only the “NORTHWEST” and “PACW” areas were monitored.

¹² For example, the instant application has a total load of 4,874 MW modeled for the Winter 2013-2014 season in the NEVP and SPPC study areas. In EC13-113-000, the modeled load for the same study area is 4,279 MW for the same season.

¹³ See “2013-14 Test Year Simultaneous Import Limit Study Report for PacifiCorp-East” at 3.

Describe the voltage criteria that were applied at these buses, including the post-contingency voltages and post-transient voltage deviations that are considered acceptable.

12. Applicants used different contingency lists than were provided for the studies submitted in EC13-113-000.¹⁴

Provide an explanation for this difference.

13. If the updated simultaneous transmission import limits study produces different results, please resubmit the delivered price test available economic capacity analysis for the following geographic markets:

- SPPC
- NEVP
- NVE
- PACE
- PACW

The Commission also requires further explanations of certain assumptions made by Applicants in their analysis:

14. When adjusting past EQR prices for future fuel prices, Applicants use an assumed heat rate of 10,000 for super-peak 1 (top load hour) and super-peak 2 periods in the summer and winter and 7,000 for peak periods in the summer, winter, shoulder, and the summer off-peak periods.

Provide support for using these heat rates to adjust for future prices.

15. In the summer super-peak 1 (top load hour), Applicants use a price of \$100 per megawatt hour rather than the price indicated by the EQRs in the respective geographic markets. Applicants note this adjustment is a departure but fail to explain why this is appropriate.

Explain why \$100 is an appropriate assumption for the price during the summer super peak hour in both the PacifiCorp markets and the NV Energy markets.

¹⁴ For example, the contingency list submitted for the NVE study area in EC13-113-000 includes 497 outages for the Summer 2014 season. In the instant application, the contingency list for NVE includes 176 outages for the Summer 2014 season.

The information requested in this letter will constitute an amendment to the application. A notice of amendment will be issued upon receipt of your response. Accordingly, you are directed to submit a form of notice of amendment to the filing pursuant to §33.6 of the Commission's regulations.

This letter is issued pursuant to the authority delegated to the Director, Division of Electric Power Regulation – West, under 18 C.F.R. § 375.307(n)(2) and is interlocutory. This order is not subject to rehearing pursuant to 18 C.F.R. § 385.713. Please file the requested information within twenty one days of this letter. Documents filed with the Commission for which confidentiality is sought may be filed under the provisions of 18 C.F.R. § 388.112.

Please submit seven copies of your response. Six copies should be sent to:

Office of the Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

The seventh copy and a copy of any discs with privileged material should be directed to:

Federal Energy Regulatory Commission
Attn: Eric Olesh
Office Number: 92-26
Office of Energy Market Regulation
888 First Street, N.E.
Washington, D.C. 20426

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In addition, please provide a copy of the response to all parties that have either requested or been granted intervention in this proceeding. Pending receipt of the above information, a filing date will not be assigned to the filing. Failure to respond to this letter within the time period specified may result in an order rejecting the filing.

Sincerely,

Steve P. Rodgers, Director
Division of Electric Power
Regulation – West

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